



COUNTRY GROUP  
HOLDINGS



# ANNUAL REPORT 2016

COUNTRY GROUP HOLDINGS PCL





In Remembrance of His Majesty

# King Bhumibol Adulyadej

Board of Directors, Management, and Staff of  
Country Group Holdings PCL

## THE NEW EDGE OF INVESTMENT



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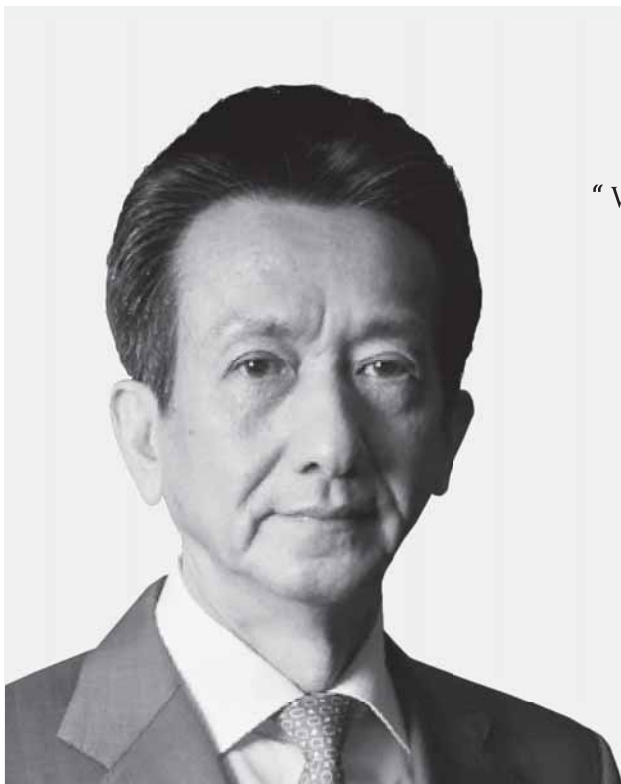


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Nature of Business
Risk Management & Risk Factors
Shareholding Structure
Company Structure
Management Structure
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## MESSAGE FROM THE CHAIRPERSON

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“We believe that doing business with morality, honesty, integrity, and responsibility to all stakeholders will be a driving force for stable and sustainable growth.”

A stylized, handwritten signature in black ink.

Sadawut Taechaubol  
Chairperson

### Dear Shareholders,

In the past year, economic circumstances both in Thailand and overseas were unstable due to a variety of factors, among them the United Kingdom's referendum that saw them voting to exit the European Union (Brexit), the results of the United States' Presidential Election in November, and the relaxed monetary policies of several central banks including the Bank of Japan and the European Central Bank.

At the same time, Country Group Holdings PCL (CGH) remains able to continue producing profits at a rather satisfactory rate with the Subsidiary Securities Company Country Group Securities PCL (CGS) serving as the core of its business. The Organization was strengthened through restructuring and changing strategies to better handle competition and decreasing securities trading brokerage fees, allowing it to manage income and lower unnecessary expenses. As a result, the Company was able to earn profits for the eighth consecutive year. In the meantime, it increased its investment in Padaeng Industry PCL (PDI) to 24.9 percent, and became a majority shareholder.

The Company's management is determined to operate the business under the principles of Good Corporate Governance.

We believe that doing business with morality, honesty, integrity, and responsibility to all stakeholders will be a driving force for stable and sustainable growth. The Company has also sent staff members to study various courses such as 1. Anti-Corruption, so that personnel understand, possess knowledge of, and realize the importance of preventing and suppressing of wrongdoing, as well as being able to utilize such knowledge in the Company's work, 2. utilizing resources properly, which should foster individuals' senses of responsibility, knowledge, and understanding of the importance of working for society and preserving the environment, and 3. Corporate Performance Improvement, so that staff members are able to notice problems and obstacles in the Organization's procedures that need to be rectified their own, their division's, their group's, or the Company's work. Furthermore, the Company has provided staff training with experts from outside the Company on 21 occasions.

On behalf of the Board of Directors, I sincerely thank you shareholders, clients, and business partners who have offered us support all this time. I also offer my appreciation for the directors, executives, and staff members whose determination and devotion have driven the Company toward success.

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MESSAGE FROM  
THE CHIEF EXECUTIVE OFFICER

“ In 2016, Country Group Holdings PCL (CGH) was able to achieve a strong result both in terms of its financial performance, and in its continued efforts to transform the business into a diversified investment company. ”



Tommy Taechaubol  
Chief Executive Office



## Dear Shareholders,

In 2016, Country Group Holdings PCL (CGH) was able to achieve a strong result both in terms of its financial performance, and in its continued efforts to transform the business into a diversified investment company.

For the year of 2016, the company posted a net profit figure of 392 mm baht, which was an increase of 545.7% from the previous year. The strong result can be attributed to three major factors. The first and most notable is that the growth in income from our strategic investments excluding our core securities business. This accounted for 134.7 mm in share of profit from investments, up 632.9% from the previous year. The Second factor was due to the fact that the company was able to successfully navigate through a very turbulent year in financial markets to achieve a 15.2% return across its short term investments portfolio. The third is due to a special income booked from the partial sale of our retail securities brokerage business. This sale is consistent with the long term goal of diversification into businesses with higher return margins.

Keeping in line with the company goal to become a leading diversified investment company, there were two notable transactions that occurred in the year. On August 8, 2016, our core subsidiary Country Group Securities (CGS) announced that we successfully sold a significant portion of

our retail brokerage business and associated branches and booked an income of 306 mm baht. This strategic move allowed the company to restructure to become more cost efficient. Going forward, CGS will continue to operate and grow our retail business focusing on a more cost effective online business model. Several initiatives are underway to modernize and expand our revenue sources which should see more balanced and consistent returns in the future.

The second notable transaction that occurred throughout 2016 was the increased stake in our affiliate, Padaeng Industries PCL (PDI), to 24.9%. Following the recovery in commodity prices and continued restructuring of the company which includes the ceasing of the zinc business and cost saving measures, the company posted strong results. The company is in a strong financial position to explore investments in new businesses which will ultimately contribute to CGH's performance.

The ultimate goal of CGH in becoming a leading diversified investment holding is carefully being realized. The management will continue to diligently find exciting new investments and to increase efficiencies in our existing investments to maximize the return for our shareholders. On behalf of the management team, I would like to take this opportunity to sincerely thank all of our shareholders, board members, clients and employees for the continued support given to us.

# BOARD OF DIRECTORS

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DETAIL OF THE  
BOARD OF DIRECTORS



Sadawut Taechaubol

/ Chairman /

Age 64

Position

- Chairman (Appointed on 15/05/2014)

Education

- Business Administration graduate (with distinction), Kensington University, USA
- Commerce Diploma, Davis School, Brighton, UK
- Bachelor of Arts in Political Science, Ramkhamhaeng University

Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 66/2007

Training in 2016 Corporate Governance for Capital Market Intermediaries, Class (14/2016)

Shareholding (%) 13.94 %

Family Relationship Father of Tommy Taechaubol

Last 5 years experience

- Director of 4 listed Companies

2014 - Present	Chairman Country Group Holdings PCL Holding
2015 - Present	Director Padaeng Industry PCL Resource
2012 - Present	Chairman of the Executive Committee and Director MFC Asset Management PCL Financial
2010 - Present	Vice Chairman Country Group Development PCL Property & Construction

- Director of 8 None-listed Companies

2015 - Present	Director EDP Enterprise Co., Ltd. Property Development
2015 - Present	Director Asia Zone Venture Co., Ltd. Property Development
2015 - Present	Director BBT Enterprise Co., Ltd. Property Development

2013 - Present	Executive Director China Overseas Exchange Association Association
2010 - Present	Chairman Sing Sian Yer Pao Co. Ltd. Newspaper
2010 - Present	Chairman Thai Industry and Trade Association Association
2009 - Present	Chairman of the Executive Committee and Director Country Group Securities PCL Financial
2006 - Present	Director Profit Ventures Co., Ltd. Property Development
2006 - Present	Director Baan Rai Taechaubol Co., Ltd. Property Development
1994 - Present	Director and Chairman Country Group Co., Ltd. Property Development

# Surabhon Kwunchaithunya

/ Vice Chairman /

Age

65



## Position

- Vice Chairman (Appointed on 15/05/2014)
- Chairman of Risk Management Committee (Appointed on 24/06/2014)
- Investment Committee (Appointed on 24/06/2014)

## Education

- Master of Business Administration (MBA) (sponsored by the University's scholarship), University of Washington, USA
- Bachelor of Engineering in Industrial Engineering (sponsored by the University's scholarship), University of Washington, USA
- Bachelor of Engineering in Electrical Engineering, University of Washington, USA
- Bachelor of Engineering in Electrical Engineering, University of Washington, USA

- Securitization, Fannie Mae of USA
- Certificate for High Level Executive Capital Market Academy (CMA11)
- Finance and Banking, HSBC (Hongkong)

## Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 14/2004
- Director Certification Program (DCP), Class 44/2004
- Role of the Chairman Program (RCP), Class 32/2013
- Corporate Governance for Capital Market Intermediaries (CGI), Class 8/2015

## Training in 2016

None

## Shareholding

10 Shares

## Family Relationship

None

## Last 5 years experience

### • Director of 4 listed Companies

2014 - Present	Vice Chairman, Chairman of Risk Management Committee and Investment Committee Country Group Holdings PCL Holding
2016 - Present	Executive Director Triton Holding PCL Holding
2011 - Present	Director, Executive Director, Chairman of the Nomination and Remuneration Committee and Good Corporate Governance Committee MFC Asset Management PCL Financial
2003 - Present	Independent Director and Chairman of the Audit Committee Tycoons Worldwide Group (Thailand) PCL Industrial

### • Director of 1 None-listed Companies

2016 - Present	Chairman Country Group Securities PCL Financial
2010 - 2012	Director, Chairman of Risk Management Committee and Member of Discipline Committee The Stock Exchange of Thailand
2010 - 2012	Director Thailand Futures Exchange PCL
2006 - 2015	Director and Vice Executive Chairman Country Group Securities PCL Financial

## DETAIL OF THE BOARD OF DIRECTORS



### Tommy Taechaubol / Chief Executive Officer /

Age 33

#### Position

- Director (Appointed on 22/05/2014)
- Chief Executive Officer (Appointed on 22/05/2014)
- Investment Committee (Appointed on 24/06/2014)

#### Education

- Master of Business Administration (with distinction), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Laws, The University of New South Wales, Australia
- Bachelor of Commerce in Finance Major (with distinction) The University of New South Wales, Australia
- The Real Estate Development RE-CU, Class40

#### Last 5 years experience

##### • Director of 2 listed Companies

2014 - Present	Director, Chief Executive Officer and Investment Committee Country Group Holdings PCL Holding
2015 - Present	Director, Executive Director and Nomination and Remuneration Committee Padaeng Industry PCL Resource
2014 - Present	Advisor to the Executive Committee MFC Asset Management PCL Financial
2011 - 2014	First Executive Vice President (Business Development) MFC Asset Management PCL Financial

#### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 88/2011

Training in 2016 Corporate Governance for Capital Market Intermediaries, Class (13/2016)

Shareholding (%) 4.97 %

Family Relationship Son of Sadawut Taechaubol

##### • Director of 4 None-listed Companies

2012 - Present	Director Country Group Securities PCL Financial
2010 - Present	Chairman of Executive Board Sing Sian Yer Pao Co. Ltd. Newspaper
2006 - Present	Director Baan Rai Taechaubol Co., Ltd. Property Development
2005 - Present	Director Country Group Co., Ltd. Property Development

# Somkad Sueptrakul

/ Director /

Age

64



## Position

- Director (Appointed on 15/05/2014)
- Risk Management Committee (Appointed on 24/06/2014)

## Education

- MPA, Public Administration (Public Policy and Strategic Management), National Institute of Development Administration (NIDA)
- Bachelor of Law, Ramkhamhaeng University
- Democratic Politics and Governance for High-Level Administrators, King Prajadhipok's Institute (Class 10)
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives

- Advanced Certificate Course in Administrative Justice for Executives, Administrative Court

- Advanced Certificate Course in Urban anagement for Executives, Urban Green development Institute

## Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 77/2009
- Director Certification Program (DCP), Class 115/2009

## Training in 2016

None

## Shareholding (%)

None

## Family Relationship

None

## Last 5 years experience

### • Director of 4 listed Companies

2014 - Feb 2017 Director, Risk Management Committee, and Chairman of the Investment Committee  
Country Group Holdings PCL Holding

2013 - 2016 Vice President  
Electronics Industry PCL Technology

2010 - Present Director and Audit Committee  
Thai Rubber Latex Corporation (Thailand)  
PCL  
Agro & Food Industry

2002 - Present Legal Consultant  
Areeya Properties PCL  
Property & Construction

### • Director of 1 None-listed Companies

2008 - 1 Mar 2016 Director  
Country Group Securities PCL  
Financial

## DETAIL OF THE BOARD OF DIRECTORS



### Dej Namsirikul / Independent Director /

Age 81

#### Position

- Independent Director (Appointed on 22/05/2014)
- Good Corporate Governance Committee (Appointed on 24/06/2014)
- Chairman of the Nomination and Remuneration Committee (Appointed on 11/11/2016)

#### Education

- High School Diploma, Assumption Bangrak

#### Last 5 years experience

- Director of 2 listed Companies

2014 - Present	Independent Director, Chairman of the Nomination and Remuneration Committee and Good Corporate Governance Committee Country Group Holdings PCL Holding
1993 - Present	Director Vejthani Hospital PCL Hospital

#### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 98/2012

#### Training in 2016

Director Certification Program (DCP), Class 225/2016

#### Shareholding (%)

None

#### Family Relationship

None

- Director of 4 None-listed Companies

2010 - Present	Chairman Unicca Pattaya Properties Co.,Ltd. Property
2006 - 1 Mar 2016	Independent Director, Audit Committee and Vice Chairman Country Group Securities PCL Financial
1994 - Present	Chairman Union Power Properties Co.,Ltd. Property & Construction
1989 - Present	Director Omnoi Complex Co., Ltd. Property
1982 - Present	Director D.U.K Co., Ltd. Property
1979 - Present	Director Das Alloy Steel (1979) Co., Ltd. Steel

## Pol. Lt. Gen Werapong Chuenpagdee / Independent Director /

Age

58



### Position

- Independent Director (Appointed on 22/05/2014)
- Audit Committee (Appointed on 24/06/2014)
- Chairman of the Good Corporate Governance Committee (Appointed on 24/06/2014)
- Nomination and Remuneration Committee (Appointed on 11/11/2016)

### Education

- Master of Public Administration, National Institute of Development Administration (NIDA)
- Master of Public Administration Chulalongkorn University
- Bachelor of Public Administration from the Royal Police Cadet Academy

### Last 5 years experience

#### • Director of 2 listed Companies

2014- Present	Independent Director, Audit Committee, Chairman of the Good Corporate Governance Committee and Nomination and Remuneration Committee Country Group Holdings PCL, Holding
2009- Present	Independent Director, Audit Committee Country Group Development PCL Property & Construction

#### • Director of 5 None-listed Companies

Present	Director Foo Sin Mining Industry Co., Ltd. Metal
2016 - Present	Assistant Commissioner, Commissioner of National The Royal Thai Police , Government
2015 - 2016	Commissioner, Commissioner of provincial police region 9 The Royal Thai Police , Government
2014 - 2015	Commissioner, Commissioner of provincial police region 7 The Royal Thai Police , Government

### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 86/2010
- Director Certification Program (DCP), Class 146/2011
- Audit Committee Program (ACP), Class 34/2011
- Financial Statements for Directors (FSD), Class 12/2011
- Role of the Compensation Committee (RCC), Class 13/2011
- Corporate Governance for Capital Market Intermediaries (CGI), Class 10/2015

### Training in 2016

None

### Shareholding (%)

None

### Family Relationship

None

2013 - 2014	Deputy Commissioner, Commissioner of provincial police region 4 The Royal Thai Police , Government
2011 - 1 Mar 2016	Independent Director Country Group Securities PCL , Financial
2010 - Present	Director, Independent Director and Chairman of the Audit Committee Sing Sian Yer Pao Co. Ltd. , Newspaper
2011 –2013	Deputy Commissioner, office of the Police Commission The Royal Thai Police , Government
2012	Deputy Commissioner, Commissioner of provincial police region 8 The Royal Thai Police , Government
2011 - 2013	Legal and Management Advisor Por Kaew Engineering Co., Ltd. Property
2010 - 2012	Deputy Commissioner, Commissioner of provincial police region 1 The Royal Thai Police , Government
2009 - 2010	Deputy Commissioner, Budget Division The Royal Thai Police , Government

## DETAIL OF THE BOARD OF DIRECTORS



### Nippon Wisityuthasart / Independent Director /

Age 77

#### Position

- Independent Director (Appointed on 22/05/2014)
- Chairman of the Audit Committee (Appointed on 24/06/2014)
- Nomination and Remuneration Committee (Appointed on 24/06/2014)

#### Education

- Master of Public Administration, National Institute of Development Administration (NIDA)
- Bachelor of Law, Thammasart University
- Certificate for High Level Executive Capital Market Academy (CMA12)
- Advanced Certificate Course in Public relation for Executives class 2

- Advanced Certificate Course in Urban development class for Executives class 3
- Certificate in Asian Disaster Preparedness Center (ADPC)

#### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 43/2005

Training in 2016 None

Shareholding (%) None

Family Relationship None

#### Last 5 years experience

##### • Director of 3 listed Companies

2014 - Present	Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Committee Country Group Holdings PCL Holding
2010 - Present	Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee Member Grand Canal Land PCL Property & Construction

1999 - Present	Independent Director and Chairman of the Audit Committee Vanachai Group PCL Property & Construction
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##### • Director of 1 None-listed Companies

2011 - 1 Mar 2016	Independent Director Country Group Securities PCL Financial
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## Pisuth Viriyamettakul

/ Director /

Age

35



### Position

- Director (Appointed on 28/08/2015)

### Education

- Master of Business Administration Finance, California State University, Long Beach, USA
- Bachelor of International Business Management, Assumption University (ABAC)

### Last 5 years experience

- Director of 1 listed Companies

2015 - Present	Director Country Group Holdings PCL Holding
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### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 178/2013

### Training in 2016

Director Financial Statements  
For Directors Program (FSD),  
Class 31/2016

### Shareholding (%)

None

### Family Relationship

None

- Director of 3 None-listed Companies

2013 - Present	Director Ratchada Office Building Co., Ltd. Property
2012 - Present	Director Teparak Phatthanakan Co., Ltd. Property
2012 - Present	Director and Managing Director CMT Network Solutions Co., Ltd. Installed Communication Systems



Dr.Veeraphat Phetcharakupt  
/ Director /

Age 36

Position

- Director (Appointed on 04/05/2016)

Education

- Doctor of Philosophy in Finance, University of Essex, 2008
- Master of Science in Finance, University of Essex, 2004
- Bachelor of Business Administration Program in Finance and Banking Chulalongkorn University, 2011
- CFA Level III, CFA Institute
- Tone at the Top Series "Operatings Transparent Business in asia" (3/2016)

Last 5 years experience

- Director of 1 listed Companies

2016 - Present	Director Country Group Holdings PCL Holding
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Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 113/2014

Training in 2016 None

Shareholding (%) None

Family Relationship None

- Director of 6 None-listed Companies

1 Nov 2016 - Present	Director and Chief Executive Officer Country Group Securities PCL Financial
2014 - Present	Independent Director and Audit Committee Asian Insulators PCL Electrical Insulators
2016 - Present	Director Genki Power Co., Ltd. Energy
2016 - Present	Director Genki Power One Co., Ltd. Energy
2016 - Present	Director Sun Change Co., Ltd. Energy
2016 - Present	Director Tech Reform Co., Ltd. Energy

## Jitmanee Suwannapool

/ Independent Director /

Age

63



### Position

- Independent Director (Appointed on 11/11/2016)

### Education

- Master of Public Administration, National Institute of Development Administration (NIDA)
- Master Degree in Business Law, Ramkhamhaeng University
- Bachelor of Business Administration Program in Account Ramkhamhaeng University

### Last 5 years experience

- Director of 3 listed Companies

11 Nov 2016 - Present	Independent Director and Audit Committee Country Group Holdings PCL , Holding
2015 -Present	Independent Director and Audit Committee NCL International Logistics PCL The National Legislative Assembly
2014 - Present	Independent Director and Audit Committee Grand Canal Land PCL Property Development

### Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP), Class 197/2014

### Training in 2016

None

### Shareholding (%)

None

### Family Relationship

None

- Director of 2 None-listed Companies

2015 -Present	Independent Director and Chairman of Audit Committee Thailand Privilege Card Co., Ltd. Providing foreign tourist facilities that are members in tourism in Thailand.
2015 -Present	Honorary counsel Economic Commission Finance and finance, The National Legislative Assembly
2014 - Present	Chairman , People Develop Center Develop people to be honest and do social and environmental benefits.

## DETAIL OF MANAGEMENT TEAM & COMPANY SECRETARY

### Annop Kettratad

/ Management /

Age 34

#### Education

- Master Degree in Business Administration  
Sasin Graduate Institute of Business Administration of  
Chulalongkorn University

#### Last 5 years experience

2015 - Present	Vice President Country Group Holdings PLC Business Type : Holding
2011 - 2015	Assistant Manager Samsung Electric (Thailand) Co.,Ltd. Business Type : Consumer

### Kaweewat Pothanun

/ Management /

Age 38

#### Education

- Master Degree in Business Administration  
Chulalongkorn University

#### Last 5 years experience

2015 - Present	Vice President Country Group Holdings PLC Business Type : Holding
2008 - 2014	Senior Manager MFC Asset Management PLC Business Type : Financial

### Thanachote Rungsitivat

/ Management /

Age 29

#### Education

- Master Degree in Finance (International Program)  
Thammasat University

#### Last 5 years experience

2015 - Present	Vice President Country Group Holdings PLC Business Type : Holding
2014 - 2015	Vice President CIMB Bank Business Type : Financial

### Boonsong Sumnuk

/ Management /

Age 35

#### Education

- Bachelor Degree in Accounting  
Kasetsart University

#### Last 5 years experience

2016 - Present	Senior Manager Country Group Holdings PLC Business Type : Holding
2012 - 2015	Manager UOB Kay Hian Securities PLC Business Type : Financial

## Thanika Padungpattanapong

/ Vice President of Compliance (Acting) /

Age	44	Training	
Position		2015	Intensive Course CG Report Evaluation
• Vice President of Compliance (Acting) (Appointed on 1/11/2016)		2016	Company Secretary Program (CSP), Thai Institute of Directors Association (IOD)
Education		2016	The Practical Guideline of Anti-Corruption, Thai Institute of Directors Association (IOD)
• Master Degree in Business Law, Ramkhamhaeng		2016	CSR for Corporate Sustainability, The Stock Exchange of Thailand
• Diploma of Business Law, Thammasat University			
• Bachelor Degree of law, Thammasat University			
Last 5 years experience			
2015 – Present	Company Secretary and Vice President* Country Group Holdings PCL	2011 - 2012	Legal Manager VIA card (Thailand) Co., Ltd
2012 - 2015	Legal Manager Canon Marketing (Thailand) Co., Ltd	2003 - 2011	Legal Manager Cetelem (Thailand) Co., Ltd

Remark\* : Appointed as a Manager, Board Secretary and Legal Division, effective 11 November 2016

### Authorities of Company Secretary

1. Advise the board of directors on the Company's laws, rules and regulations and ensure the directors will follow the company's laws, rules and regulations
2. Encourage the board of directors to have knowledge and understanding of corporate governance and follow practices.
3. Prepare agenda and notice of the shareholders and board of directors meetings.
4. Arrange the shareholders and board of directors meetings in compliance with the Company's laws, rules and regulations and good practices.
5. Take minutes of the shareholders and board of directors meetings and ensure related parties will follow resolutions of the shareholders and board of directors meetings.
6. Prepare and maintain the board of directors' registration, annual reports, notice of the shareholders and board of directors meetings, minutes of the shareholders.
7. Monitor the directors and management to make reports on their stakeholders including related persons' stakeholders as specified by the law.
8. Maintain the stakeholder reports reported by the directors or management as specified by laws.
9. Ensure information is disclosed. And report the information to the responsible regulators.
10. Coordinate with shareholders and regulators.
11. Other duties as assigned by the board of director.

Our vision is to be one of the fastest growing and most diverse investment companies in Thailand. We utilize our extensive network and market insights to make investments and our synergistic infrastructure to enhance performance.

# VISION





# MISSION

Our mission is to deliver sustainable growth for our stakeholders which builds from five core business :

- Our approach to investment explores new regions and emerging sectors for untapped opportunities, diversifying across investment types to minimize risk while maximizing returns.
- Our strong track record of transactions and real operational experience accross several regions and industries provides us a well-established network for access and operational capability.
- Our systems and methods capitalize resources across all subsidiaries, achieving unique insightful, and long-term views for stable and sustainable investment.
- Our management of portfolio companies is proactive and strategically aggressive, for the delivery of sustained growth and consistent returns.
- Our unique ability to see and unlock all potential value from under-performing assets is the key to maximizing shareholder value.

# FINANCIAL SUMMARY

Unit : Million Baht

FIANACIAL STATEMENTS	31 DECEMBER 2016	31 DECEMBER 2015	31 DECEMBER 2014
<b>FINANCIAL DATA</b>			
Total Assets	7,925.21	6,928.88	5,757.17
Total Liabilities	1,903.72	1,089.46	2,269.67
Equity	6,001.61	5,818.88	3,455.63
Paid-up Capital	4,336.77	4,336.77	2,566.23
Total Revenues	1,357.63	1,189.38	1,600.37
Net Profit	391.33	60.19	380.55
Earnings per Share	0.0902	0.0166	0.1470
<b>STATISTICS AS OF*</b>			
Last Price(Baht)	1.61	1.25	N/A
Market Cap.(MB)	6,982.20	5,420.96	N/A
F/S Period (As of date)	30 September 2016	30 September 2015	N/A
P/E (Times)	23.11	14.38	N/A
P/BV (Times)	1.17	0.94	N/A
Book Value per share (Baht)	1.37	1.34	N/A
Dvd. Yield (%)	2.86	N/A	N/A

\* Reference from Stock Exchange of Thailand.

# FINANCIAL RATIO

		2016	2015	2014
<b>PROFITABILITY RATIO</b>				
Gross Profit	%	90.00	89.46	90.24
Net Profit	%	28.82	5.06	24.00
Return on Equity	%	6.62	1.30	11.19
Return on Investment	%	10.21	11.68	15.55
<b>EFFICIENCY RATIO</b>				
Return on Asset	%	5.73	1.84	7.31
Asset Turnover	Time	0.18	0.19	0.30
<b>FINANCIAL RATIO</b>				
Liquid Assets to Borrowing	Time	*	*	*
Earning Assets to Borrowing	Time	*	*	*
Liquid Assets to Total Asset Ratio	%	60.94	42.11	39.95
Earning Assets to Total Asset Ratio	%	73.91	78.41	75.66
Debt to Equity	Time	0.32	0.19	0.65
Dividend payout	%	33.33**	25.21**	-
<b>OTHERS RATIO</b>				
Securities Investment to Total Assets	%	57.27	51.56	25.98
Net Capital Ratio (NCR) - CGS	%	93.10	216.39	88.00
<b>PER SHARE</b>				
Earnings per Shares	Baht	0.0902	0.0166	0.1470
Dividends	Baht	0.0460	-	-
Book Values	Baht	1.38	1.35	1.36
<b>GROWTH RATE</b>				
Total Assets	%	14.38	20.35	21.25
Total Liabilities	%	74.74	(52.00)	65.61
Securities Business Income	%	(21.83)	(11.55)	(33.87)
Operating Expenses	%	(12.88)	(5.94)	(29.26)
Net Profit (Loss)	%	545.70	(84.19)	11.38

\* N/A due to CGH and its subsidiaries has no borrowing in the consolidated Financial Statements

\*\* Dividend payout ratio is only CGH

# HIGHLIGHT OF OUR PORTFOLIO IN 2016

COUNTRY GROUP HOLDINGS PCL (CGH)

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Country Group Holdings PCL (CGH) is an investment holding company listed on the Stock Exchange of Thailand (SET) that makes long term investments across multiple sectors.

We focus on the acquisition of controlling stakes in established businesses that can be improved by implementing our management expertise and drawing from the Group's synergistic advantages.





“ RESTRUCTURED & RECAPITALIZED BUSINESSES ARE  
MADE READY FOR NEW INVESTMENT OPPORTUNITIES ”

73.91 %  
EARNING ASSETS TO  
TOTAL ASSETS RATIO

57.27 %  
RETURN ON  
INVESTMENT RATIO

10.21 %  
SECURITIES INVESTMENT TO  
TOTAL ASSETS RATIO

60.94 %  
LIQUID ASSETS TO  
TOTAL ASSETS RATIO

0.32 TIME  
DEBT TO EQUITY RATIO

0  
LONG-TERM DEBT

# HIGHLIGHT OF OUR PORTFOLIO IN 2016

COUNTRY GROUP SECURITIES PCL (CGS)

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Country Group Securities PCL (CGS) is a leading, full-service securities brokerage firm in Thailand. CGS is a well-known securities company with 40 years of experience in the industry and eight consecutive years of profit.





58.56 %  
EARNING ASSETS TO  
TOTAL ASSETS RATIO

33.70 %  
SECURITIES INVESTMENT TO  
TOTAL ASSETS RATIO

12.79 %  
RETURN ON  
INVESTMENT RATIO

62.80 %  
LIQUID ASSETS TO  
TOTAL ASSETS RATIO

93.10 %  
NET CAPITAL RATIO (NCR)

0.68 TIME  
DEBT TO EQUITY RATIO

87.16 %  
GROSS PROFIT MARGIN RATIO

# HIGHLIGHT OF OUR PORTFOLIO IN 2016

MFC ASSET MANAGEMENT PCL (MFC)

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MFC asset Management PCL (MFC) is Thailand's oldest Asset Management Company. Founded by the Thai ministry of Finance on December 29, 1975

it is now a private, fully licensed fund manager and remains Thailand's only listed asset management firm.



**1,616.84** MILLION BAHT

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IN TOTAL ASSETS

**918.08** MILLION BAHT

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IN TOTAL REVENUE



## AWARDS

### SET AWARDS 2016

The Best of the Asset Management  
Company of the Year



## AWARDS

### MONEY AND BANKING AWARDS 2016

The Winner of Mutual Fund of the Year :  
Class of Foreign Investment Fund Award

# HIGHLIGHT OF OUR PORTFOLIO IN 2016

PADAENG INDUSTRY PCL (PDI)

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Padaeng Industry PCL (PDI) is a leading producer of special high-grade zinc metal and customized zinc alloys. In 2014, PDI has restructured its operations to move towards Green Business and bring sustainable growth to the Company by establishing three groups of businesses: 1. PDI Energy 2. PDI Materials, and 3. PDI Eco



478 MILLION BAHT

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NET PROFIT OR INCREASE 216%  
FROM THE PREVIOUS YEAR



0.39 TIME

(LOWEST IN 5 YEARS):  
DEBT TO EQUITY RATIO

1,412 MILLION BAHT

NET CASH

# 1. POLICIES AND BUSINESS OVERVIEW

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Country Group Holdings PCL (CGH) was registered as a public company on May 15, 2014. The Company is a holding company with major source of revenue coming from its shareholdings in other companies. At the present time, the Company has 6,075,927,916 baht in registered capital and 4,336,768,278 in paid-up capital. After the restructuring, in addition to investments in a couple companies, Country Group Securities PCL (CGS) was established as a core subsidiary company and Genki Power Co., Ltd. was subsidiary company under its umbrella. Other subsidiaries include MFC Asset Management PCL (MFC) Padaeng Industry PCL (PDI) and Country Group Development PCL (CGD).

CGS was originally known as "Atkinson Enterprises Company Limited," and was registered in 1966. In 1974, it was permitted to operate in securities. In 1991, its common shares were allowed for use as securities in the Stock Exchange of Thailand (SET), with the company later changing its name to CGS in 2009.

On April 29, 2014, the Securities Company's resolution was a plan to restructure its business operations, with permission to do so having been acquired at the 2014 General Shareholders' Meeting. Under the plan, the company established CGH as its holding company, and registered it in the SET to replace the Securities Company's common shares on January 8, 2015. This continuously increased its capabilities and business development opportunities for future growth, as well as offering greater flexibility in operating new ventures, allowing for rapid changes. The Company made an offer to purchase all the securities from the Securities Company at an exchange rate of one common share of the Securities Company for one common share of the Company. After successfully making the offer, the Company became the Securities Company's majority shareholder.

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## 1. VISION, MISSION, AND OBJECTIVES

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### VISION

Our vision is to be one of the fastest growing and most diverse investment companies in Thailand. We utilize our extensive network and market insights to make investments and our synergistic infrastructure to enhance their performance

### MISSION

Our mission is to deliver sustainable growth for our stakeholders which builds from five core business strengths :

- Dynamic Portfolio : Our approach to investment explores new regions and emerging sectors for untapped opportunities, diversifying across investment types to minimize risk while maximizing returns.

- Extensive Network : Our strong track record of transactions and real operational experience across several regions and industries provides us with a well-established network for access and operational capability.
- Synergistic Infrastructure : Our systems and methods capitalize resources across all subsidiaries, achieving unique insightful, and long-term views for stable and sustainable investment
- Active Investment Approach : Our management of portfolio companies is proactive and strategically aggressive, for the delivery of sustained growth and consistent returns.
- Optimal Value : Our unique ability to see and unlock all potential value from under-performing assets is the key to maximizing shareholder value.

## BUSINESS OBJECTIVES

It is CGH's vision to be the leading Investment Holding Company in Thailand. We believe in building a team consisting of experts across different fields. This diversity will allow us to diversify our investments across many industries and yield superior returns. Moreover, each of our subsidiaries and associates are leaders in their own industries and they also have a high liquidity ratio. Our business portfolio spans across the following industries: brokerage, real estate, fund management, and energy. This enables us to focus on both short- and long-term investments across multiple sectors.

To be the leading investment company in Thailand, we have set our proactive strategy in delivering sustained growth and consistent returns to stakeholders. We believe in resource capitalization and efficient operation cost across all subsidiaries, which provides for superior returns. Furthermore, agility in investment opportunities and business expansions are the keys to maximizing returns and minimizing risk in order to produce infinite growth toward the future.

## BUSINESS STRATEGIES

CGH focuses on both short- and long-term investments. Our core long-term investments are focused on well-established income generating companies, while short term investments are focused on superior return opportunities. Both types of investments are managed in tandem to achieve optimal value and lucrative returns that either provide back to shareholders or are reinvested.

For our core Brokerage business, CGH plans to increase its competitive edge by developing superior customer services, offering new investment products, upgrading the Information Technology infrastructure, and offering an insightful equities analysis reports.

Moreover, in order to minimize the risk of overly relying on the brokerage fee as our main stream of revenue, CGH plans to diversify its resources into other high contribution products. These products include Proprietary Trading, Bonds, Institutions (both local and foreign), and Private Wealth. CGH also plans to manage CGS's resources efficiently and lean the SG&A expenses in order to maintain its income and profitability.

## 2. MAJOR CHANGES AND DEVELOPMENTS IN THE PAST THREE YEARS

YEAR	MAJOR CHANGES AND DEVELOPMENTS
2014	<ul style="list-style-type: none"> <li>• Establishment of Country Group Holdings PCL (CGH) to serve as a holding company replacing CGS, with a tender offer for the entire securities company</li> <li>• Appointed Tommy Taechaubol as Chief Executive Officer, on May 22, 2014</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Listed on SET in place of the shares of the securities company on January 8, 2015</li> <li>• Issued new warrants to purchase the Company's ordinary shares Number1 in an amount not exceeding 863.25 million units to existing shareholders, at the allocation ratio of three existing ordinary shares per unit of warrants (1)</li> <li>• Issued new warrants to purchase the Company's ordinary shares Number2 in an amount not exceeding 427.70 million units to the existing shareholders at the allocation ratio of 12 existing ordinary shares per unit of warrants (2)</li> <li>• Appointed Pisuth Viriyamettakul as Director (no management authority), replacing Nattcharinphon Jesadapisit on July 28, 2015</li> <li>• Increased paid-up capital from 2,566.23 million baht to 4,336.77 million baht at the allocation ratio of 1 existing ordinary share per 1 ordinary share, offered by Baht1.30 per share.</li> <li>• Acquired additional stakes in Padaeng Industry PCL (PDI) totaling to a20.69% stake. Consequently, PDI became an associated company of CGH</li> </ul>
2016	<ul style="list-style-type: none"> <li>• The headquarters were relocated to 132 Sinthorn Tower 3, 20th floor, Wireless Road, Tambon Lumpini, Prathumwan District, Bangkok Metropolitan on May 1, 2016.</li> <li>• Establishment of Genki Power on Feb 1, 2016 with the capital 100-Million-Baht.</li> <li>• Appointment of Suraphon Kwanchaithany as still held the titles of Vice Chairman and Director (non-authorized director) and Dr. Veeraphat Phetcharakupt as Director (authorized director) effective as of May 4, 2016.</li> <li>• Sadawut Taechaubol could sign using the Company's seal, or Tommy Taechaubol and Dr. Veeraphat Phetcharakupt could jointly sign with the Company's seal and legally act on its behalf.</li> <li>• Cancelled the Company's Option Issuing Program to Directors, Management, staff, and/or the Company's advisors and CGH-ESOP 1.</li> <li>• Reduced the Company's registered capital from 7,015,571,370 baht to 5,553,543,822 baht by eliminating 1,462,027,548 shares of its unoffered stock at a rate of 1 baht per share, as well as amending Clause 4 of the Company's memorandum of association to comply with the registered reduction in capital.</li> <li>• Increased shareholding in Padaeng Industry PCL, with the Company holding 24.9 percent of paid registered capital as of the end of 2016.</li> <li>• Issued and offered common shares in order to increase capital by 92,384,094 shares at a value of one baht per share in order to implement CGH's First Common Share Option (CGH-W1).</li> <li>• The issuing and offering of 430 million General Mandate common shares at one baht per share was done to implement Private Placement.</li> <li>• The Company's registered capital increased from 5,553,543,822 baht to 6,075,927,916 baht as a result of the issuing of 522,384,094 General Mandates common shares at a value of one baht per share and amending the capital increase.</li> <li>• Appointment Jitramanee Suwanpool in the position of Independent Director and Auditing Director on November 11, 2016 to replace Pitinun Matitanaviroon who resigned.</li> <li>• At the time the Company had 6,075,927,916 baht in registered capital and 4,336,768,278 baht in paid-up capital.</li> </ul>

### 3. BUSINESS GROUP STRUCTURE

Shareholder structure of CGH as of December 31, 2016 :



#### BUSINESS POLICY OF THE COMPANY AND ITS SUBSIDIARIES

In 2016, the business policies of the Company and its subsidiaries were as follows:

##### THE COMPANY'S BUSINESS

The Company will operate as an investment holding company with the following activities:

- Investing in subsidiaries and associated companies within the Company's group
- Sourcing funds for the Company, its subsidiaries, and associated companies
- Investing in other companies (besides the Company's group) to maintain a liquid portfolio and generate superior returns. The core business of CGH subsidiaries needs to be in the financial business, unless the investment value does not exceed 25 percent of CGH's consolidated total assets
- Other support for the group the Company is getting support from the securities company (outsourcing) to utilize human resources. The securities company will provide support and advisory services to the Company:
  - Services in risk management
  - Services in information technology systems

In addition, the Company has set up a Monitoring Department for controlling investment policy and corporate governance of the invested companies relating to supervision of its subsidiaries and associated companies. The subsidiaries and associated companies will be operating under the Company's guidelines and policies

#### SUBSIDIARIES

##### COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

CGS, formally known as "Adkinson Enterprise Company Limited" was established in 1966 and granted its securities business license in 1974 as Broker Number 3 by the SET's Board of Governors. Later, the company was approved by the Ministry of Finance to be listed on the SET in 1991.

Country Group Holdings PLC (CGH) replaced CGS as part of a restructuring plan to become listed on the SET on up capital of 2,589,743,484 baht. CGH thus became its majority shareholder – January 8, 2015 with paid 99.30 percent of the company's issued shares. The securities company was granted the securities business license from the Ministry of Finance and the Office of the Securities and Exchange Commission Thailand (SEC). The company operates the following businesses: 1. Securities brokerage, 2. Securities trading, 3. Securities underwriting, 4. Investment advisory, 5. Mutual fund management, 6. Private fund management, 7. Sock borrowing and lending and 8. Venture capital management

Furthermore, the securities company was also granted the derivatives business license from the SEC to act as a Financial Adviser.

##### GENKI POWER COMPANY LIMITED

Establishment on February 1, 2016 with capital 100-Million-Baht, paid-up capital 25-Million-Baht, and the business objective is to produce and distribute electric energy. Now, it does not conduct business.

## 2. GENERAL INFORMATION

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### GENERAL INFORMATION

NAME	:	COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED (CGH)
Address	:	132 Sindhorn Tower 3, 20 Floor Wireless Road, Lumpini, Pathumwan Bangkok, Thailand 10330
Type of Business	:	Holdings Company
Registration Number	:	0107557000187
Telephone	:	0-2256-7999
Fax	:	0-2256-7888
Website	:	www.cgholdings.co.th
Registered Capital	:	6,075,927,916 baht
Paid-up Capital	:	4,336,768,278 baht
Type of Shares	:	4,336,768,278 ordinary shares at par value of one baht per share

### ENTITIES THAT THE COMPANY OWNS MORE THAN 10 PERCENT OF TOTAL STOCKS IN

NAME	:	COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED (CGS)
Address	:	132 Sindhorn Tower 1, 3 <sup>rd</sup> Floor and Tower 3, 20 Floor Wireless Road, Lumpini, Pathumwan Bangkok, Thailand 10330
Type of Business	:	Securities
Registration Number	:	0107537000572
Telephone	:	0-2205-7000
Fax	:	0-2205-7171
Website	:	www.cgsec.co.th
Registered Capital	:	2,589,743,484 baht
Paid-up Capital	:	2,589,743,484 baht
Type of Shares	:	2,589,743,484 ordinary shares at par value of one baht per share

NAME	:	MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED (MFC)
Address	:	199 Column Tower, Ground Floor & 21 <sup>st</sup> –23 <sup>rd</sup> Floors, Ratchadapisek Road, Khlong Toei, Bangkok 10110
Type of Business	:	Financial & Securities
Registration Number	:	0107536001371
Telephone	:	0-2649-2000
Fax	:	0-2649-2100
Website	:	www.mfcfund.com
Registered Capital	:	180,000,000 baht
Paid-up Capital	:	120,998,374 baht
Type of Shares	:	120,998,374 ordinary shares at par value of 1 baht per share

NAME : PADAENG INDUSTRY PUBLIC COMPANY LIMITED (PDI)

Address : 191/18-25 CTI Tower, Floor 26-27, Ratchadaphisek Road,  
Khlong Toei, Bangkok, 10110

Type of Business : Resources

Registration Number : 0107537000467

Telephone : 0-2695-9499

Fax : 0-2695-9495

Website : www.padaeng.com

Registered Capital : 2,260,000,000 baht

Paid-up Capital : 2,260,000,000 baht

Type of Shares : 226,000,000 ordinary shares at par value of 10 baht per share

NAME : GENKI POWER CO.,LTD

Address : 132 Sindhorn Tower 3, 20 Floor  
Wireless Road, Lumpini, Pathumwan Bangkok, Thailand 10330

Type of Business : Energy

Registration Number : 0105559018324

Telephone : 0-2256-7999

Fax : 0-2256-7888

Website : None

Registered Capital : 100,000,000 baht

Paid-up Capital : 25,000,000 baht

Type of Shares : 10,000,000 ordinary shares at par value of 10 baht per share

## OTHER REFERENCES

Share Registrar : Thailand Securities Depository Company Limited  
93 The Stock Exchange of Thailand Building, Ratchadaphisek Road,  
Dindaeng, Dindaeng, Bangkok 10400  
Tel. : 0-2009-9000  
Fax : 0-2009-9991

Debt-holder Representative : None

Auditor : Chavala Theinprasertkit , CPA Number 4301  
Deloitte Touche Tohmatsu Jalyos Audit Co., Ltd.  
11/1 AIA, Sathorn Tower, Floor 23<sup>rd</sup>-27<sup>th</sup>, South Sathorn Road,  
Kwaeng Yannawa, Khet Sathorn Bangkok 10120  
Telephone: 0-2676-57000 Fax: 0-2676-5757

Advisors or Management under Management Contracts : None

## CGH INITIATIVES IN 2016

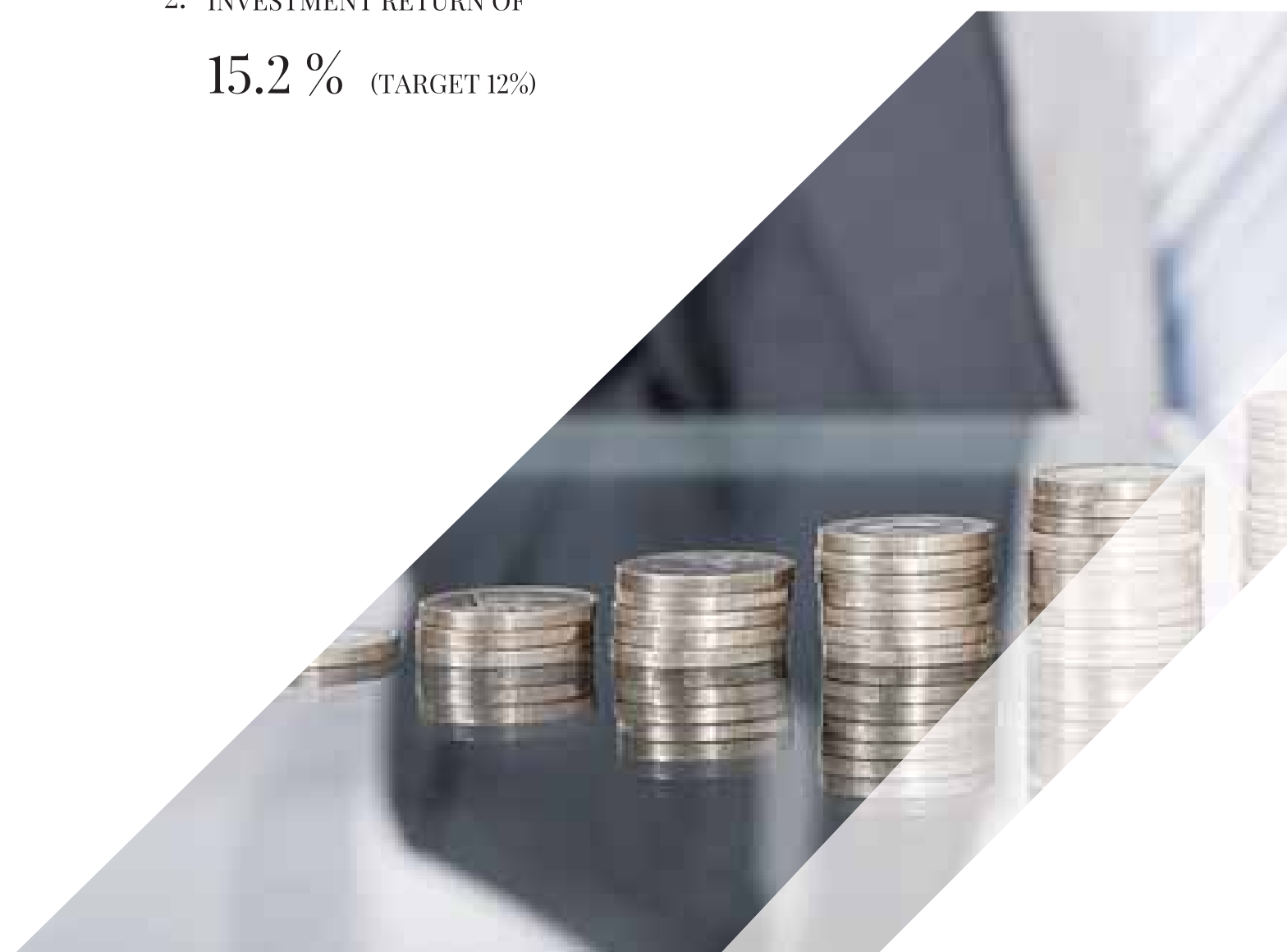
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1. + 545.7 % NET PROFIT

AND + 4.66 % REVENUE YOY

2. INVESTMENT RETURN OF

15.2 % (TARGET 12%)





3. SUCCESSFULLY REORGANIZED CGS  
BY TRANSFER PART OF RETAIL BUSINESS  
TO UOBKH

4. BECAME MAJOR SHAREHOLDER OF  
PDI WITH 24.9%  
SHAREHOLDING AND REORGANIZED  
ITS BUSINESS MODEL

### 3. NATURE OF BUSINESS

#### 1. REVENUE STRUCTURE OF THE COMPANY AND ITS SUBSIDIARY

Unit: Million Baht

REVENUES	2016		2015		2014	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
1. Revenues						
• Brokerage fees	541.61	39.92	867.15	73.12	1,024.70	64.03
• Fees and services income	79.06	5.83	60.64	5.11	61.72	3.86
• Gain (losses) on investments	168.15	12.39	110.74	9.34	99.04	6.19
• Gain (losses) on derivatives	(1.00)	(0.07)	3.52	0.30	3.16	0.20
• Interest and dividends	77.46	5.71	63.17	5.33	68.29	4.27
• Interest on margin loans	34.88	2.57	46.33	3.91	45.07	2.82
2. Share of profit from investments in associated companies	134.75	9.93	18.39	1.55	60.41	3.77
3. Other income	321.72	23.71	15.94	1.34	237.98	14.87
<b>Total revenues</b>	<b>1,356.63</b>	<b>100.00</b>	<b>1,185.88</b>	<b>100.00</b>	<b>1,600.37</b>	<b>100.00</b>

#### 2. PRODUCTS AND SERVICES

The majority of CGH's revenue comes from its gain on equity investment from its subsidiary and associated companies. CGH's core subsidiary is Country Group Securities PCL, a brokerage firm conducting the following businesses:

##### 2.1 SECURITIES TRADING BUSINESS

The Company's investment policy (in both the short and long terms) focuses on Bills of Exchange and Bonds. The Investment Committee (IC) was appointed to determine clear investment guidelines and associated policies. Limits and strategies are meticulously prepared for each type of investment prior to being sold to our clients. Moreover, the Company plans to expand its customer portfolio for bonds through institution clients and retail customers.

##### 2.2 BROKERAGE BUSINESS

CGS was the third brokerage firm to be established on the SET. The Company provides brokerage services for individual, juristic, and institutional clients, both local and foreign. The company provides highly experienced brokers

and teams of analysts that provide advice and answers (both technical and fundamental) for all client demands. Moreover, investors are able to trade securities, read analyst reports, and find investment information through CGS website or phone applications (on iOS AND Android). Clients can open up to three types of trading accounts with the company: Cash, Cash Balance, and Credit Balance.

As of 2016, the Company has 68,150 trading accounts, of which 25,135 accounts are actively traded

For the past three years, CGS's market shares (Volume and Values) were the following:

Unit: Million Baht

TRADING VALUE	2016	2015	2014
SET	12,259,772.49	9,997,371.75	10,193,179.07
MAI	556,486.51	768,097.75	946,111.84
Trading Value of CGS	360,416.55	539,076.30	632,781.88
Market share (%)	1.65	2.76	3.11

## POLICY ON APPROVING CLIENT CREDIT LINES

CGS sets a clear policy on setting appropriate credit limits for clients. Such clear policies and guidelines help the Company control and mitigate clients' investment risk to a satisfactory degree. The process of opening and approving new client accounts and their credit limits are all documented in writing. The policy mandates that prior to opening a new account, marketers should be aware of their customer's investment profiles prior to providing investment advice. This ensures that the Company's services will answer to all clients' investment objectives, risk appetites, conditions, and purchasing power.

CGS's new clients credit limits policy is in line with the rules and regulations from the Stock Exchange of Thailand (SET) and the Stock Exchange Commission of Thailand (SEC). We also have clear preventive measures against those who use the Brokerage as a mean to money laundering or terrorist funding.

## APPROVAL MATRIX

In order to increase the efficiency of the new applicant's process, the approval matrix for the new applicant's credit limit varies:

Unit: Million Baht

CREDIT LINE	AUTHORIZED PERSONS
Not exceeding 2 million baht	Managers – Securities Business Division/Branch Office or Higher
Not exceeding 20 million baht	Head of Securities/ Derivatives Business Division or Higher
Not exceeding 30 million baht	Managing Director of Business Div./ Or of higher
Not exceeding 50 million baht	Credit Committee or Higher
Not exceeding 150 million baht	Executive Committee

The Credit Committee consists of the following members:

1. Chief Executive Officer
2. Chief Operation Officer
3. Head of Securities Business Division
4. Head of Operation Division
5. Head of Risk Management Division

A credit line is "approved" when at least half of the attending committee members give their approval.

## POLICY ON SETTING MARGINABLE SECURITIES

It is CGS's policy to allow trades on marginable securities to be only within the limits of a pre-approved list. The list is comprised of marginable securities that are evaluated based on business performance, assets, and liquidity. The approved list of marginable securities together with interest rates is announced through the Company's communication channels (as per SET and SEC regulations).

CGS appointed the Risk Management Committee to set the list of marginable stocks and their interest rates. Clients can invest into these equities through their Credit Balance accounts. The Risk Management committee consists of one

Executive Committee, two Heads of the Securities Business Division, one Head of the Risk Management Division, one Head of Securities Operations, and one Head of the Research Division. A Client's credit line is approved when at least three out of six committee members agree to do so.

The list of marginable securities and their initial margins is reviewed at least once every quarter (though the frequency of this can increase depending on the situation). The policy on the initial margin's rate is categorized into groups based on different risk levels per below:

TYPE	MARGIN'S RATE (%)
A	50
B	60
C	70
F	100
N	100

Note :

- The securities type A, B, C and F are classified as liquid able equities and could be used as marginable securities for above credit limit ratio.
- The securities type N are clarified as a non-marginable securities, and are not applicable.

### 3. DERIVATIVES AGENT BUSINESS

CGS obtained its permit to operate as a Derivatives Agent from the SEC, beginning activities on September 22, 2008 and started to operate as such in September of that year. As a Derivatives Agent, the Company provides derivatives trading services through its investment advisers. We have also developed a trading system that supports all orders from various trading channels. For instance, orders might come from the Company's website over the Internet, or through the Investment Advisers' terminals at the Company's branches throughout the country. As of December 31, 2016, CGS has increased its Thailand Future Exchange (TFEX) market share volume to 0.93 percent.

Moreover, in 2016, CGS continued its goal of educating Investment Advisers and clients. This was achieved by organizing seminars on new TFEX products for Investment Advisers, as well as seminars organized together with the SET on TFEX technical analysis throughout the years for clients organized.

In 2017, the Company plans to increase its TFEX market share by one percent by expanding its retail client base as well as increasing its number of marketing officers.

### 4. INVESTMENT ADVISORY BUSINESS

The SET has approved CGS conducting business in the Equities Investment Advisers industry. The sole responsibility of these Advisers to their clients is to point out a particular equity's value and the opportunity to invest in it.

Such advice should be based upon clients' investment objectives, financial standing, liabilities, conditions, and risk appetite, along with the Adviser's in-depth knowledge of risk factors and experiences.

### 5. INVESTMENT BANKING BUSINESS

CGS is one of the leading Investment Banking (IB) business providers. Our IB team consists of investment experts that are well-trusted by clients.

#### 5.1 FINANCIAL ADVISORY SERVICES

CGS's Investment Banking Department (IB) was established in December 2006, and later joined the IBC on January 23, 2007. The SEC later granted CGS a 10-year financial advisory services license from March 21, 2012 to March 20, 2017. Currently, CGS's IB team comprised of investment experts (from those handling small to large businesses as well as those handling local and foreign ones) in order to meet any of our clients' investment demands. Our IB team emphasizes providing excellent customer service, building continuing customer relationships, and providing insightful advice that answers to the client's investment objectives.

The IB team's services can be categorized as follows:

- Advisory services to companies interested in IPOs
- Advisory services on issuing and offering Bonds (Debentures, Subordinated) and Equities (Common Shares, Preferred Shares)
- Advisory services on mergers and acquisitions to both local and foreign companies Cross-Border M&A
- Advisory services on conducting company valuations and corporate restructuring
- Advisory services to joint ventures
- Advisory services as an Independent Financial Advisor
- Other advisory services for investment banking such as corporate refinancing

## 5.2 SECURITIES UNDERWRITING BUSINESS

CGS was granted a Securities Underwriting business license from the SEC on November 19, 2008. This strategic business expansion is an extension of CGS's Financial Advisory business. Though this, CGS can provide its Securities Underwriting services as either a Lead Underwriter or Co-Underwriter to other institutions and brokerages.

## 6. SECURITIES BORROWING AND LENDING (SBL)

On the July 12, 2010, CGS obtained the SEC's approval to operate its Securities Borrowing and Lending (SBL) business. CGS Clients will be able to lend their whole securities (debt-free) port for a fee. At the same time, CGS's clients who wish to borrow securities will have to pay a fee. CGS's policies for SBL are as follows:

1. CGS will lend only approved securities that are within the top SET 100 and ETF to clients who wish to short sell.
2. At present, shorting can only be done through Client's Cash accounts. In the near future, CGS plans to expand to short selling channels through Cash Balance and Credit Balance accounts.
3. Borrowers will be charged a borrowing fee by CGS. At the same time, lenders will receive a lending fee from CGS.
4. Rights to the lending securities will remain with the lender throughout the SBL period. CGS believes that the SBL business will give its clients an alternative choice of investment.

CGS believes that the SBL business will provide clients with an alternative choice of investment. During a period when the market is highly volatile, SBL provides an alternative investment choice that is manageable within a client's risk levels. Because of the growing SBL market, the Company believes that the business will be one of the key drivers for its revenue. The goals for 2017 are as follows:

1. Developing the SBL trading system to better provide clients with more investment options
2. Expanding the SBL customer base from both potential institutional and retail customers

## 7. SELLING AGENT BUSINESS

CGS is the Selling Agent of more than 13 Assets Management companies, totaling over 200 funds. Coupling with our investment experts who give insightful advice, CGS's clients will have good alternatives to diversify their investments.

As of December 31, 2015, CGS is the Selling Agent for the following Asset Management Companies:

1. Aberdeen Asset Management Co., Ltd
2. Assets Plus Fund Management Co., Ltd
3. CIMB-Principal Asset Management Co., Ltd
4. Krungsri Asset Management Co.,Ltd.
5. Krung Thai Asset Management PCL
6. Land and House Fund Management Co., Ltd
7. MFC Asset Management PCL
8. One Asset Management Co., Ltd
9. Phatra Asset ManagementCo., Ltd
10. Phillip Asset Management Co., Ltd
11. Solaris Asset Management Co., Ltd
12. SCB Asset Management Co., Ltd
13. UOB Asset Management (Thailand) Co., Ltd

## 8. DEBENTURE BUSINESS

CGS has a policy of expanding its investment services through the Debenture Business. With the draws of high returns, low investment risk, and flexibility in investments' lock-up period, the Debenture business is the new investment option for CGS's clients.

There are many ways to trade debentures. Clients can trade between themselves through CGS brokerage or trade directly with other debenture selling agents.

In either case, clients will need to specify the selling price and amount to CGS. CGS will then deliver the purchase order confirmation letter and the updated total value of the client's account. The methods of delivery to clients are either through mail or email.

Different debentures have different risk levels and lock-up periods. Therefore, it is up to each client to determine one that matches their risk appetite and preferred lock-up period.

#### INCOME STRUCTURE OF THE COMPANY

REVENUES	SEPARATE FINANCIAL STATEMENTS				FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED			
	FOR THE YEAR ENDED DECEMBER 31							
	2016		2015		2015		2014	
	MILLION BAHT	PERCENTAGE	MILLION BAHT	PERCENTAGE	MILLION BAHT	PERCENTAGE	MILLION BAHT	PERCENTAGE
Brokerage Fee	548.32	50.02	868.50	67.74	868.50	68.64	1,024.70	64.03
Fee and Service Income	79.06	7.21	61.14	4.77	61.14	4.83	61.72	3.86
Gain (loss) on investment	70.74	6.45	113.95	8.89	113.95	9.01	99.04	6.19
Gain (loss) on trading in derivatives	(0.99)	(0.09)	3.59	0.28	3.59	0.29	3.16	0.20
Share of gain from investment in which equity method is applied	-	-	-	-	(4.28)	(0.34)	60.41	3.77
Interest and dividends	42.15	3.85	56.72	4.42	56.72	4.49	68.29	4.27
Interest on margin loan	34.88	3.18	46.33	3.61	46.33	3.66	45.07	2.81
Profit from sales of investments in associated companies	-	-	116.34	9.08	103.78	8.20	-	-
Income from the partial transfer of retail securities business	306.00	27.92	-	-	-	-	-	-
Other Income	16.03	1.46	15.47	1.21	15.47	1.22	237.98	14.87
Total revenue	1,096.19	100.00	1,282.04	100.00	1,265.20	100.00	1,600.37	100.00

Note :

- On November 15 and 28, 2016, the Company dispensed its investments in Padaeng Industry PCL and Country Group Development PCL shown above to the Parent Company, Country Group Holdings PCL. The financial statements and income statements for 2015 and 2016, which are compared here, are thus separate financial statements.
- Please see the accompanying details covering investment policies under the subjects of 'Assets used in the Business' and the Company's 'Income Restructuring' under the subject of 'Analysis and Comments by Management.'

#### ABILITY TO MAINTAIN NEW LIQUID CAPITAL RATIO (NCR)

According to SEC regulations, the Securities Company is required to maintain a minimum NCR ratio of seven percent of the general liabilities

and marginable securities' value. As of December 31, 2016, the Company was able to maintain its NCR at 93.10 percent.

### 3. MARKET AND COMPETITION

#### MARKETING POLICY

The Company remains determined to be a leading holding business among Thai companies. Its work covers various kinds of operations and is flexible enough to provide excellent returns on investment on a continual and sustainable basis. The Company is also searching for new business opportunities, an example being finding new investors or partners who are experts in a field.

Due to the Company owning 99.3 percent of CGS stocks, the primary source of income shown in its financial statements are from securities operations, of which CGS plans to become the best service provider and offer a complete range of services. The Company maintains the intention of continuing to expand its market share through the following methods:

- Increasing the efficiency and stability of securities trading and derivatives trading in order to support long-term trade volume and making services more convenient.
- Improving services and new products to satisfy clients' needs and ensuring that they are able to find proper and efficient investment management.
- Training and educating staff in order to increase their potential to make investment suggestions and provide effective services to clients.
- Restructuring the Company so that the General Management is flexible in pursuing the goal of providing the fastest service possible to clients.
- Continuing to set up booths at fairs and offering seminars to educate investors and clients, as well as marketing

personnel in both the Bangkok Metropolitan area and other provinces throughout the year. Special training is provided on a case-by-case basis when the SET presents innovations to stimulate investor interest by participating in the stock exchange (which also serves as a means for the Company to expand its customer base while sharing up its existing one).

#### CUSTOMER PROFILES AND THEIR DEPENDENCE ON MARKETING OFFICERS

Most of the Securities Company's clients are regular customers of both Thai and foreign nationality. Not that many of its clients are institutional. The Securities Company does not depend upon any particular major clients or groups of marketing staff.

The Securities Company sold some assets involving the retailed securities brokerage trading business and liabilities to UOB Kay Hian (Thailand) Public Company Limited (UOBKH) to adjust its business structure and reduce the amount of risk from depending on fluctuations in brokerage fees due to the current investing atmosphere on the stock exchange. At the same time, it still emphasizes the retail securities trading business with a capability for both domestic and international investing institutions. Working as a securities trader, investment adviser, and a securities and bonds seller serves a plan to set up a private fund management business in 2017 with higher primary profit yields.

#### DOMESTIC AND FOREIGN CLIENTS' CONTRIBUTIONS

As of December 31, 2016, the proportions of the Company's clients between domestic and foreign clients were as follows:

CLIENT TYPE	NUMBER OF ACCOUNTS OPENED	NUMBER OF ACTIVE ACCOUNTS	PERCENTAGE	TRADING VALUE OF EACH ACCOUNT	
				EQUITY VALUE (BAHT)	TFEX CONTRACT VALUE (CONTRACT)
Securities company's account	82	60	0.24	231,289,538,176.28	602,220
Retail – Thai	65,809	24,241	96.44	279,664,475,751.73	556,255
Retail – Foreign	1,402	471	1.87	2,379,422,873.06	12
Juristic – Thai	162	45	0.18	2,859,465,659.00	-
Juristic – Foreign	7	1	-	-	-
Institutional – Domestic	645	317	1.26	70,093,059,208.80	-
Institutional – Foreign	43	-	-	-	-
<b>Total</b>	<b>68,150</b>	<b>25,135</b>	<b>100.00</b>	<b>586,285,961,668.87</b>	<b>1,158,487</b>

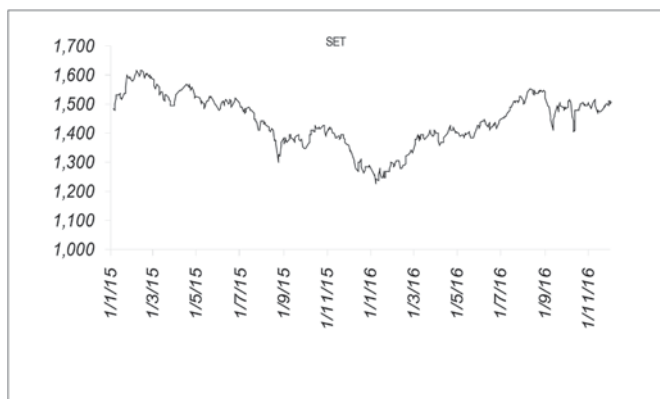
Note : Number of accounts (Total and Active) also includes accounts that were closed during the year.

## COMPETITIVE CONDITIONS

At present, competition in the Securities business continues to be heavy, as is indicated in the reduction in brokerage fee rates, frequent changes of work place among investment advisers, and the birth of new securities companies in the form of discount brokers. There are a total of 36 securities trading-related firms with a scattered share of the market in Thailand. 32 of these companies have individual shares of less than five

percent of the market (for a total of approximately 75 percent of the market), while only four individually hold more than five percent shares of the total market (for a total of approximately 25 percent of said market). As competition within the industry increases, companies are forced to look for additional base income by expanding to other types of businesses such as those pertaining to income from fees and services from investment banking.

## MARKETING AND COMPETITION



### Stock Exchange of Thailand

At the end of 2016, the SET index closed at 1,542.94 points

A 254.94 point increase from the previous year  
( + 19.79% YOY )

Maximum index value: 1,558.32 points

Minimum index value: 1,220.96 points

Average trading volume: 50 billion baht/day.

Source : SETSMART

The overall picture of the stock market in 2016 showed the index closing at 1,542.94 points on December 30, 2016, up 19.79 percent from the same time in 2015 (1,220.96 points). The market climbed to its highest level since the end of January of that year to 1,558.32 points on August 15, 2016, with the lowest point to which the market fell being 1,220.96 points on January 11. The average trading value per day was 50,000 million baht, up 22.1 percent from the year before.

The essential factors for investments in 2016 consisted of:

- Oil prices rising following meetings by OPEC and non-OPEC groups from November to December 2016, along with agreements of to jointly reduce output to 1.8 million barrels per day in order to keep the market stabilized in terms of both demand and supply. Information at the end of the year indicated that the price of WTI crude oil was at US\$53.68 per barrel (+45 percent YTD).
- The US Federal Reserve (Fed) adjusting the Federal Funds Rate during the FOMC meeting in December, resulting in a 0.50 to 0.75 increase in the interest rate.
- Government efforts such as stimulus packages throughout the year, including large-scale public utility investment projects amounting to hundreds of millions of baht, maintaining the VAT rate, and economic stimulus measures at the end of the year to promote tourism and domestic spending that revived the country's economy in the third and fourth quarters. The Bank of Thailand's forecast that Thailand's economic GDP would grow by 3.2 percent.

- Other factors such as Brexit (the United Kingdom's referendum decision to leave the European Union (EU), the U.S. Presidential election in November, and more relaxed monetary policies in many countries (e.g. those by the Bank of Japan and the European Central Bank).

### FIRST HALF

The SET index rose along with the rest of the worldwide stock market as it was believed that the U.S. Fed would not rush to raise interest rates. That, Japan's negative interest procedures, and the monetary adjustments to purchasing bonds from the European Central Bank were probably the main factors supporting the return of foreign investment back into emerging markets. Foreign investors accumulated 3.65 billion baht in purchases in the first half, to which the stock market adapted, with the index increasing from 1,293 points in February to 1,445 points by the end of June.

### SECOND HALF

The SET index continued trending as it did from June to September while foreign investors were buying due to positive effects external to the country. Examples of such were: 1. delays in changes in U.S. interest rates, 2. the limited market response to the risk of Brexit, and 3. results from registered companies with a tendency to recover from a lower base the year before.

However, after October 2016, the market experienced volatility due to the passing of His Majesty King Bhumibol Adulyadej on October 13.

The result of this was foreign investors selling to the amount of 1.8 billion baht while daily trading was at 6.1 billion baht. Marketing investors expected the Fed to increase interest rates in December, while the purchasing power of the LTF/RMF toward the end of the year and the government's economic stimulus helped the Thai stock market recover continuously from November to December to close at 1,542.94 points by the end of the year.

Among newly registered companies on the SET and Market for Alternative Investment (MAI) in 2016, a total of 29 firms came

out with results similar to the previous year's (which itself had 36 newly registered firms), while one company moved from the mai to the SET, with eight companies' licenses being revoked.

In 2016, trading values among investors' net sales and purchases came out to the following: 1. Securities companies' accounts' purchases came out to 25,372 billion baht, 2. foreign investors' purchases came out to 77,927 billion baht, 3. institutional investors' sales came out to 8,657 billion baht, and 4. domestic investors' sales totaled 94,642 billion baht.

#### INVESTORS' TOTAL TRADING VALUES PER YEAR AND PER MONTH IN 2016

Units: Millions Baht

YEAR	INSTITUTIONAL INVESTORS	SECURITIES ACCOUNTS	FOREIGN INVESTORS	DOMESTIC INVESTORS	MONTH IN 2016	INSTITUTIONAL INVESTORS	FOREIGN INVESTORS	DOMESTIC INVESTORS	SECURITIES ACCOUNTS
2005	(51,204)	(121)	118,542	(67,217)	January	8,626	3,010	(7,966)	(3,670)
2006	(12,757)	1,084	83,446	(71,772)	February	(4,390)	5,689	491	(1,790)
2007	3,764	(1,601)	55,018	(57,181)	March	(9,571)	5,969	26,453	(22,851)
2008	45,177	924	(162,346)	116,246	April	2,908	(420)	(5,598)	3,110
2009	(2,303)	1,388	38,231	(37,316)	May	5,665	2,134	4,735	(12,534)
2010	(15,200)	(449)	81,724	(66,075)	June	(6,225)	115	18,396	(12,286)
2011	(29,149)	1,307	(5,119)	32,962	July	(11,607)	3,875	44,369	(36,636)
2012	(24,302)	7,256	76,388	(59,342)	August	(19,320)	1,950	34,373	(17,003)
2013	108,163	(1,723)	(193,911)	87,471	September	(16,180)	(3,270)	17,227	2,223
2014	71,424	3,582	(36,584)	(38,421)	October	22,015	(697)	(18,071)	(3,247)
2015	79,055	(6,418)	(154,346)	81,709	November	8,449	5116	(36,934)	23,369
2016	(8,656)	25,372	77,927	(94,642)	December	10,973	1,902	453	(13,327)

## MAJOR STATISTICS

	2017	2016	2015	2014	2013
GDP Growth	3.2% (F)	3.2% (F)	2.8%	0.8%	2.7%
Market Capitalization (Millions of baht)	-	15,079,272	12,282,755	13,856,283	11,496,765
Market Turnover (Millions of baht)	-	11,119,824	9,997,372	10,193,179	11,777,210
Number of Registered Companies	-	522	517	502	489
Newly Registered Companies	-	29	23	17	13
Daily Trading(SET)	-	50,245	41,141	41,604	48,070
Index at Closing Time(High)	-	1,558	1,616	1,600	1,643
Index at Closing Time(Low)	-	1,220	1,262	1,224	1,275
P/E (Times)	-	18.55	22.57	17.81	14.60
Dividend Return Rate	-	3.04	3.36	2.94	3.24

Source: BOT and SETSMART

Note: Estimated figures and data at end of period

## SECURITIES INDUSTRY TRENDS IN 2017

In 2017, the securities industry expects continuous growth and heavy competition in terms of both quality and quantity among the 36 brokerage firms in it. Although the number of brokers is constant, competition over commission fees should remain high. As a result, many companies will attempt to reduce their dependence on income from brokerage-related business and shift the weight to other businesses such as investment banking services, and advisory roles in finances and private wealth.

On January 14, 2016, the SEC announced a plan for linking those involved in the SET together. The plan is for them to be categorized as: 1. people who entail fundraising such as registered companies, financial advisers, auditors, registered companies' management and investors, 2. those who are concerned with the Securities market and central business: the SET, as well as securities companies and investment management securities companies whose strategies and primary goals revolve around improve the Thai stock exchange's credibility, improving its ability to compete, and supporting investment and small and medium-sized enterprises (SMEs). Furthermore, the plan also emphasizes increasing the efficiency of bonds, equity, funding, and company registration in the securities market and the like.

Sometime from 2018 to 2019, Thailand will have to engage in the World Bank and International Monetary Fund (IMF)'s Financial Sector Assessment Program (FSAP), which will assess the Bank of Thailand, the Office of Insurance Commission, and the SEC. These assessments will be for measures to control and procedures to enforce measures in an efficient manner. In the case of Thailand, if this goes well, the results should attract interest and increase trust among investors.

In 2017, the SET's strategy is to push forward for the registration of new securities. This comes from the targeted industries, which are Thailand's strong point, emphasizing food and energy groups, strengthening companies through enlargement of registered companies, encouraging them to utilize different tools for fundraising, and building a startup ecosystem in order to lay the groundwork for the local economy. For the plan to create cultural investment tools, the SET stresses an investment culture that is sustainable through investment in equity funding, along with the Provident Fund (PVD) and allowing employees' choice of investments in order to support the ageing society, as well as information, marketing, and improving the capabilities of investment securities companies' personnel and the like. Moreover, the SET also has plans for improving and investing in the market structure and developing personnel to support the long-term direction of the business. This is to prepare for advancement between interregional stock markets.

The main goal of the SET in 2017 consists of: 1. targeting industries (namely food and energy groups) to register 25 percent of the market value of the newly registered securities companies, 2. see to it that the market capitalization of these newly registered companies comes out to 280 billion baht, 3. ensure that previously registered companies have raised additional funds of 270 billion baht, 4. seeing the registration of more companies in the Global Index with calculations in the MSCI & DJSI Index, 5. build new platforms for startups and other new products, 6. bring about 100,000 new equity investors and 10,000 new derivative securities investors, 7. develop investment information for learning and investment approaches, 8. arrange so that there are central registrars to support the mandatory PVD, and 9. prepare to support deferred accounts within two working days (T+2).

#### STRATEGIES OF COMPANIES IN THE SECURITIES BUSINESS

The highly competitive conditions in the securities business in the past year had a tendency to grow more so. At present, a total of 36 firms acting as securities trading brokers have engaged in price competitions. As a result, companies have compensated for prices by increasing the quality of their services, as well as setting up higher quality asset analysis in order to increase their shares of the market and retain their present positions while at it. They also have sought to expand to other businesses such as the financial advisory industry in order to reduce their dependence on income from commissions.

As the SET has announced their 2017 strategy of emphasizing support for new opportunities for fundraising and setting a total market value goal of 550 billion baht – 270 billions of which is to come from registered companies' fundraising activities and 280 billion from newly registered companies. This should increase trading value and positively impact the industry. Furthermore, it plans to promote the development of knowledge-based skills and enhance investment with digital platforms that answer to individual investors' needs for the various types of investments, be they stocks, equity, or the PVD. The purpose of this is to create 110,000 new individual investors on the stock exchange and Thailand Future Exchange (TFEX) markets. Securities companies are preparing to support these plans as securities companies are equipped with investment banking teams to provide advice for fundraising to registered companies, and can also provide securities analytic teams to provide investment information to potential investors.

Commonly used strategies by securities companies include:

- Providing new products and services for additional income on top of that from commission as the latter is not enough to sustain companies.
- Making arrangements to train clients so they develop better understanding and trust regarding products and financial services.
- Developing the ability of staff members to efficiently provide advice to clients about products and services.

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## 4. ACQUISITION OF PRODUCTS AND SERVICES

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#### SOURCE OF FUNDS

The Company is mostly self-financed.

#### UNDELIVERED TASKS

- None -

#### LENDING TO PARTIES RELATED TO THE MANAGEMENT OR MAJOR SHAREHOLDERS

As at December 31, 2016, short-term loan is a loan from Country Group Securities which is a subsidiary company amounting to Baht 400.0 million due at call, carrying interest rate at 3.0 % per annum and no collateral. (2015: nil)

## 4. RISK MANAGEMENT AND RISK FACTORS

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### 1. RISK MANAGEMENT OVERVIEW

The Company recognizes the importance of risk management, having established means of managing risk that comply with laws and regulations that promote growth and long-term success. Each area of risk management also includes operations in sectors where the Company has made investments and looks at risk management as part of the Organization's culture through setting policies regarding acceptable levels of risk (risk appetite) and management guidelines, risk at the Board level, Risk Management Committees, and a Risk Management Division.

Risk management is regulated by the Company's Board of Directors in order to ensure that risk levels are appropriate for business operations according to its risk management policy. The Risk Management Committee was assigned to set up a risk appetite system. The Risk Management Department analyzes, assesses, monitors, and reports risks to the Risk Management Committee and the Board of Directors on a regular basis.

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### 2. OTHER AREAS OF RISK MANAGEMENT

The Company, having established a business structure in which most income comes from being a holding company, recognizes that risk can impact operations and its Subsidiaries, and seeks to assess, take preventive measures, and reduce risk by:

#### 2.1 RISK FROM OPERATING AS A HOLDING COMPANY

The Company has invested in two subsidiaries Company (Country Group Securities PCL and Genki Power Co., Ltd) and three Associated Companies (MFC Asset Management PCL, Padaeng Industry PCL, and Country Group Development PCL). According to the Company's financial statements, the Company acknowledges profits from the Subsidiary and dividends based on the shares held in the Associated Companies. Thus, the results of the operations of both the Subsidiary and Associated Companies directly impact the Company's profits and dividends.

During a meeting, the Board set the Company's investment policy for selecting companies for future investment. They must be companies with the capacity for providing suitable returns and acceptable risk appetites, while also providing opportunities for future growth.

#### 2.2 RISK FROM OPERATING IN THE INVESTMENT INDUSTRY

The Company's investment risk is that such an investment may not generate the return expected. Given that the Company is aware of such risks, an IC was appointed to determine the proper investment policy and strategy. The IC was responsible for implementing a proper investment policy and risk management control system that fit within the policy set by the Risk Management Committee. The policy and control system should be adaptable to the investment climate. Not only will this help ensure that the Company gets the maximum return on investment, but it also makes it so that the Company is acting in accordance with the regulations and frameworks set up by the Board of Directors.

#### 2.3 RISK FROM COMPETITION IN THE SECURITIES INDUSTRY

The Securities Business' main source of income relies on the brokerage fee, which is based on the trading volume. Since the brokerage commission fee was liberalized in 2010, the Company has faced competition in various areas. Apart from the commission fee, the Securities Company faces competition in retail branch expansions, the entrance of new brokerage firms, new customer service campaigns, and so on. It is imperative then that the Securities Company adapts its strategy to recruit high-caliber human resources, expand the customer base, stimulate higher trading volumes, and develop the infrastructure for information technology.

CGS must proceed with the restructuring of its business, which emphasizes the development of information technology, reducing its dependency on income from retailed securities trading, expanding its customer base and paying close attention to businesses that will serve as primary sources of profit such as domestic and foreign institutional businesses, proprietary trading, bonds, and private funds. At the moment, CGS is waiting for permission from the SEC to adjust its strategy that would enable it to sufficiently contend within the highly competitive business environment both in the present day and in the future.

CGS has a policy of improving the quality of its personnel and developing its working process in order to reduce the risks of the Securities business through the following means:

- Recruit high-caliber human resources: the Company focuses on recruiting only veterans of Securities and similar industries.
- Expand the customer base and stimulate higher trading volume: the Company: a) develops its marketers' capabilities through numerous seminars and trainings. This training happens continuously throughout the year, particularly when the SET launches new products and services.

- b) Ensures constant communication between management and our marketers about any changes in our industry. c) Increase the quality of analyst reports to answer client demands.
- Develop strong information technology infrastructure: the Company continuously updates its information technology infrastructure to be up-to-date and be capable of meeting customer demand.

#### 2.4 RISK FROM DEFAULTS

As of December 31, 2016, CGS has business receivables total 397.25 million baht. However, CGS has already reserved a contingency fund ("allowance for doubtful accounts") amounting to total receivables less collateral values in the case of default. The Company currently has a policy of reducing the risks of defaults, with subtypes including those from Securities payments and from clients' deposits guarantees. The policy stresses screening clients and limiting their credit lines used for trading Equities and Derivatives. As part of the process, CGS evaluates a client's financial standing, solvency, liquidity, and investment experience. A client's financial standing and credit limit are also reviewed on a regular basis in strict adherence to the policy.

In cases where defaults occur, clients will be prohibited from any additional purchases of Securities until the receivables are fully paid. Both Marketing and Settlement officers are responsible for following up with the client. If the receivables are not paid in full within the given timeframe, the Legal Department take the necessary legal actions.

#### 2.5 RISK FROM CLIENTS SWITCHING OUT

Most of the Company's client base comes from retail, corporations, and institutions (both local and from abroad). As of December 31, 2016, the Company has a total of 68,150 accounts, of which 25,135 accounts were actively traded. The total brokerage fee contributed to 50.02 percent of the Company's total income. Realizing the importance of the Brokerage business, the Company has implemented the strategic initiatives mentioned in Section 2 ("Risk from Competition in the Securities Business") to minimize the risk of our clients switching out.

#### 2.6 RISK FROM DEPENDING UPON MAJOR CLIENTS OR A LIMITED NUMBER OF CLIENTS

In 2015 and 2016, the Company's top ten major clients amounted to 18.46 and 25.38 percent of CGS total securities trading value, respectively. If CGS were to lose such clients, that would impact its income as fees from the clients' securities trading.

However, the Securities Company recognizes the risk of depending on major clients and is adjusting its business structure by focusing on income from investment banking, domestic and international institutional businesses, proprietary trading by companies, bonds, as well as private funds for the purpose of helping it survive a highly competitive business environment in the present day and down the line.

#### 2.7 RISK FROM HUMAN RESOURCES

In a Securities business, having good employees is one of the key factors to success. Good employees that possess valuable skill sets such as deep knowledge of investment, experience, and expertise are very hard to find. In a competitive Securities business, companies are aggressive in headhunting from their competitors. Such direct recruitment is a major threat to CGS's income. As the Company recognizes the importance of its employees, we emphasize building strong employee training and development programs and a competitive compensation and benefits package.

#### 2.8 RISK FROM INVESTMENTS IN SECURITIES

There is the risk of the Company not achieving the returns it expected. It has thus assigned an Investment Committee to establish clear guidelines, investment ratios, regulations, and procedures for handling investments in equities and derivatives. There is an emphasis on investment in securities that are low risk with a strong base, an adaptation of the investment strategy of abiding by the SET's policies. The Risk Management Committee in turn sets a risk management policy so executives may assess and control risks. Damages may be incurred due to risks on the marketing side, with the ceiling for risk being set while taking into account open position limits, stop loss limits, sensitivity limits, and Value at Risk (VaR).

#### 2.9 RISK FROM UNDERWRITING BUSINESS

In the investment banking operations of distributing and underwriting securities, the Securities Company faces the risk of being unable to sell all the securities guaranteed of sale. This can be due to uncertainty on the part of investors, fluctuations in the money market or SET, or from underwriting to distribute securities at inappropriate prices and quantities. This forces the Securities Company to put the rest of the securities into its own accounts and accept the losses. In order to reduce the risk of this, the first consideration is that the Securities Company meticulously assesses information about companies that issue securities and investor interest in securities. The Underwriting Committee was set up to assess and approve operations for distributing and underwriting securities.

## **2.10 RISK FROM MARGIN LOANS**

The Securities Company has established operating guidelines for controlling the risk of margin loans. In order to grant credit lines to clients, the amounts must be appropriate given the client's financial status and ability to repay debts. The credit limit must also be reviewed periodically to assess whether any adjustments are necessary.

The Securities Company has established a Credit Committee that meets at least once a month. They also set policies on the placement of marginable securities, as well as the enforcement of call margins and force margins. Policies are strictly enforced in order to prevent any damages that might be incurred upon the Company and clients.

On December 31, 2016, the Company's receivables account (money lent out to clients for the purpose of purchasing securities) amounted to 137.59 million baht, a decrease of 71.73 percent from the year before. Part of this came from selling some assets concerning retailed securities trading brokerage businesses and debts owed to UOBKH, that is 26.92 percent of decreasing debt.

## **2.11 RISK FROM DERIVATIVES AGENT BUSINESS**

The risks of the Securities Company serving as a derivatives agent include clients lacking sufficient collateral to repay debts, with the risk being particularly high when clients lose their investments from derivatives warrants. Mitigating this risk involves screening clients with the purpose of looking for those who are knowledgeable, experienced, and in good financial standing. In addition, clients should place cash deposits prior to purchasing any derivatives. The Securities Company ensures that clients' trading activities, account balances, and credit limits are frequently reviewed. Strict control is also kept over clients' collateral (in regards to whether it is sufficient) to avoid suffering major losses in customers' accounts. Should clients fail to comply with the Securities Company's regulations, the contract will be forced closed and the derivatives sold on the market.

## **2.12 RISK OF BUSINESS IMPACTS FROM CRISES**

The Securities Company places great importance on managing risks of crises such as natural disasters, riots, and other shocks. In such cases, the Company has already planned various preventive measures in terms of standard and contingency plans. Crisis management plans are reviewed annually. In addition, the Company has been insured for a variety of crises, including those resulting from natural causes. At the moment, the total insurance covered is worth over 165.30 million baht.

## 5. SHAREHOLDING STRUCTURE

### 1. COMPANY'S SHARE

As of December 2016, the Company had registered capital of 6,075,927,916 shares at a par value of 1 baht and paid-up capital of 4,336,768,278 shares. The shares of the Company held by Thai NVDR is approximately at 1.33 percent and held by foreigners is approximately at 18.54 percent of the Company's issued shares and paid-up capital.

### 2. SHAREHOLDERS

#### THE COMPANY

The top ten major shareholders as of December 31, 2016 were as follows:

NO.	NAME	NO. OF SHARE	%
1	Taechaubol's Family*	1,035,543,294	23.88
2	Pijit Viriyamettakul	401,200,000	9.25
3	UOB KAY HIAN (HONG KONG) LIMITED	291,590,300	6.72
4	ABN AMRO NOMINEES SINGAPORE PTE LTD	249,653,400	5.76
5	Samroeng Manoonphol	192,571,722	4.44
6	Country Group Development PCL	153,061,800	3.53
7	Atjima Pakanam	120,000,000	2.77
8	STATE STREET BANK EUROPE LIMITED	89,265,200	2.06
9	Sompong Rungrueng-naowarat	86,042,000	1.98
10	MFC Value Long Term Equity Fund	73,109,400	1.69
11	Others	1,644,731,162	37.92

\* Consisting of Sadawut Taechaubol (holding 13.94 percent), Tommy Taechaubol (holding 4.97 percent) and Ben Taechaubol (holding 4.97 percent)  
As of December 31, 2016, the Company had free float of 54.91 percent

## THE SECURITIES COMPANY

The top ten major shareholders as of December 31, 2016 were as follows:

NO.	NAME	NO. OF SHARE	%
1	Country Group Holdings PCL	2,571,678,405	99.30
2	Thai Fuji Securities Company limited	3,983,408	0.15
3	Somchai Mimungkom	1,580,087	0.04
4	Phenprapha Chaengthep	1,015,178	0.03
5	Pai, Wen-Cheng	837,790	0.02
6	Worapong Jaimonkonprasert	642,553	0.02
7	Lin, Wen-Ye	494,271	0.02
8	Thanathai Securities Company limited	437,171	0.02
9	HSBC PLC-HSBC BROKIN SECURITIES (ASIA) LIMITED	308,918	0.01
10	Sumit Petcharaphirat	250,224	0.01
11	Others	8,515,479	0.33

### 3. OTHER ISSUANCE OF SECURITIES

#### 3.1 Warrants to Purchase Ordinary Shares Number 1 (CGH-W1)

Extraordinary General Shareholders' Meeting 1/2014 on June 12, 2014 saw a vote to issue and prepare stock warrants to purchase the Company's Ordinary Share Number 1 (Warrant Number 1, CGH-W1). They amounted to no more than 863,247,828 units to the original shareholders according to the ratio of shares held without considering their value. The rate of transactions was three ordinary shares to one unit of warrants, with CGH-W1 numbering at 855,408,275 units. The Company thus issued new shares to increase capital in order to support the exercising of the warrants to purchase 855,408,275 ordinary shares.

Later, on May 7, 2015, the company adjusted that one unit of warrants could purchase one ordinary share, thus giving shareholders the right to buy 1.108 ordinary shares. Shareholders' Meeting Number 1/2016 on April 29, 2016 resulted in an agreement to allow the Company to issue and offer ordinary shares to increase capital, with a total of 92,384,094 shares at a set value of 1 baht per share as per the adjustment. The sum of ordinary shares to support the Company's CGH-W1 came out to a purchase of 947,792,369 ordinary shares.

The details of the warrants are set out as follows:

TYPE OF WARRANT	IN NAMED CERTIFICATE AND TRANSFERABLE
Number of warrants issued	Not exceeding 863,247,828 units
Number of ordinary shares reserved to accommodate the exercising of the warrant	947,792,369 shares at a par value of 1 baht per share
Offer Price per unit	Zero baht per unit
Term of the warrant	3 years from the issuance and offering date
Issuance Date	January 6, 2015
Exercise Ratio	One unit of warrants shall be entitled to purchase 1.108 ordinary shares (the exercise ratio was adjusted on May 7, 2015 from one ordinary share to 1.108 ordinary shares)
Exercise Price	1.624 baht per share (the exercise price was adjusted on May 7, 2015 from 1.80 baht per share to 1.624 baht per share)
Exercise Date	The Warrant1 holders shall be entitled to exercise their rights under the Warrant1 to purchase the Company's ordinary shares on the last business day every six months. The first exercise date will be on May 31, 2015 and the last exercise date will be on January 5, 2018.
Transfer Restrictions	None
Secondary Market of Warrant	The Stock Exchange of Thailand
Registrar	Thailand Securities Depository Company Limited (TSD)

### 3.2 Warrants to Purchase Ordinary Shares Number 2 (CGH-W2)

The 2015 Annual General Meeting held on April 29, 2015 approved the issuance and offering of the warrants to purchase ordinary shares of the Company Number 2 ("Warrants Number 2" or "CGH-W2") not exceeding 427,704,853 units

to existing shareholders on a pro rata basis to their respective shareholdings, at no cost, at the allocation ratio of 12 existing ordinary shares per 1 unit of Warrants Number 2. The details of the warrants are set out as follows:

TYPE OF WARRANT	IN NAMED CERTIFICATE AND TRANSFERABLE
Number of warrants issued	Not exceeding 427,704,853 units
Number of ordinary shares reserved to accommodate the exercising of the warrant	427,704,853 shares at the par value of 1 baht per share
Offer Price per unit	Zero baht per unit
Term of the warrant	3 years from the issuance and offering date
Issuance Date	July 15, 2015
Exercise Ratio	One unit of Warrants shall be entitled to purchase one ordinary share, unless the exercise ratio is adjusted under the conditions of the rights adjustment.
Exercise Price	1.60 baht per share, unless the exercise price is adjusted as a result of a rights adjustment.
Exercise Date	Warrant 2 holders shall be entitled to exercise their rights under Warrant 1 to purchase the Company's ordinary shares on the last business day every six months. The first exercise date will be on January 29, 2016 and the last exercise date will be on July 13, 2018.
Transfer Restrictions	None
Secondary Market of Warrant	The Stock Exchange of Thailand
Registrar	Thailand Securities Depository Company Limited (TSD)

#### 4. DIVIDEND POLICY

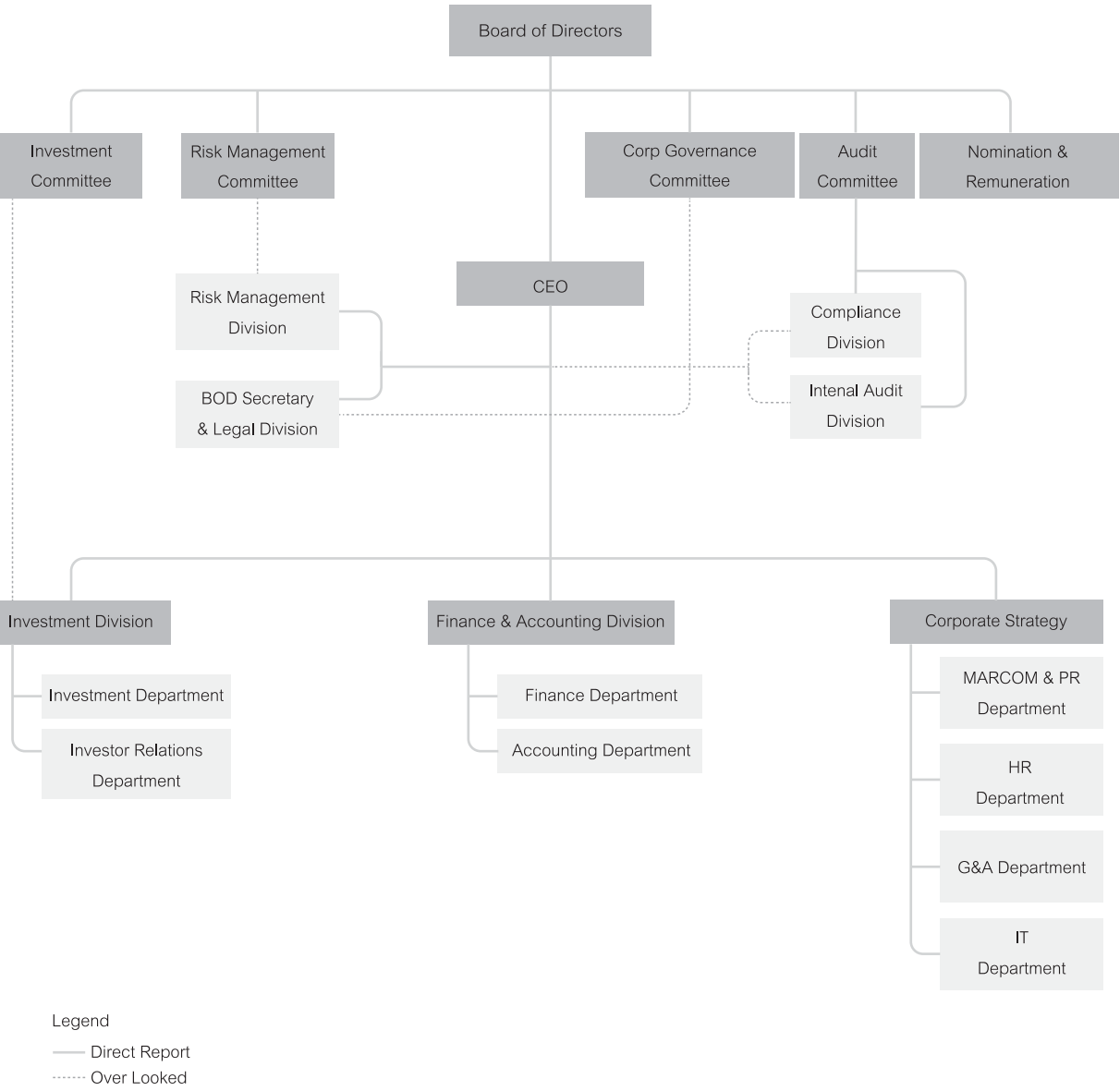
CGH and its Subsidiaries' dividend payment policy dictates that the dividends being paid to shareholders must not be less than 60 percent of annual net profit. However, consideration for dividend payment stakes other factors into account such as results of operations, the financial status of the Company,

as results of operations, the financial status of the Company, liquidity, expansion of business, and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and the Board of Directors.

# 6. COMPANY STRUCTURE

COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED

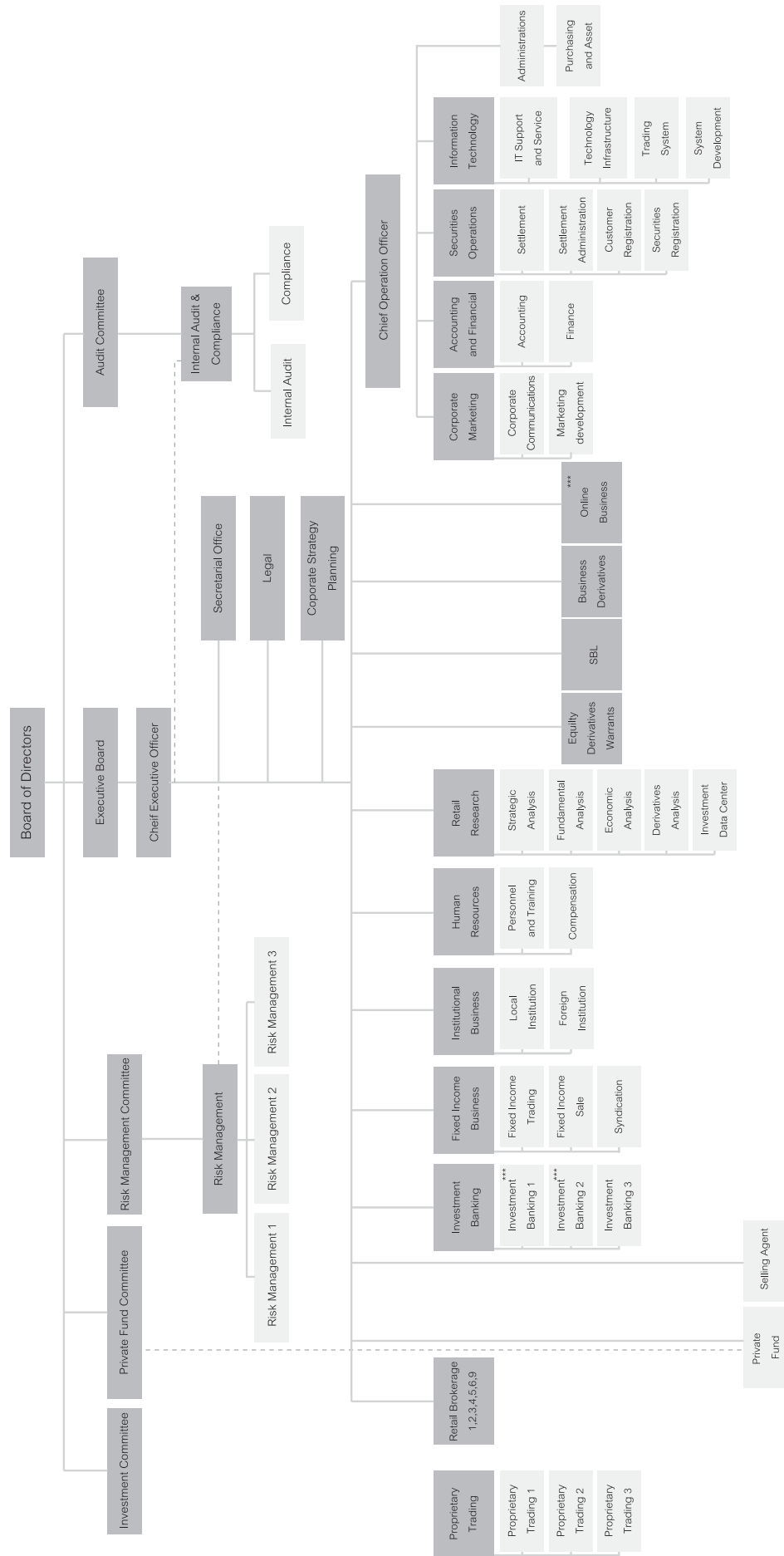
Organization Chart as December 31, 2016



Note: Internal Audit and Compliance Divisions report to the management for their acknowledgement only. The divisions are not under the CEO's supervision.

# COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

Organization Chart as January 16, 2017



Remark : \*\*\* = Changed

## 7. MANAGEMENT STRUCTURE

### 1. BOARD OF DIRECTORS AND SUB-COMMITTEES

#### 1. BOARD OF DIRECTORS

##### THE COMPANY

As of December 31, 2016, the Company has 10 directors comprised of one director who is from management and four independent directors :

NAME		POSITION
1. Sadawut	Taechaubol	Chairperson
2. Surabhon	Kwunchaithunya	Vice Chairperson
3. Tommy	Taechaubol	Chief Executive Officer and Director
4. Somkad	Sueptrakul	Director
5. Dej	Namsirikul	Independent Director
6. Pol. Lt. Gen Werapong	Chuenpagdee	Independent Director
7. Nipon	Wisityuthasart	Independent Director
8. Pitinun	Matitanaviroon**	Independent Director
9. Pisuth	Viriyamettakul	Director
10. Dr. Veeraphat	Phetcharakupt*	Director
11. Jitmanee	Suwannapool***	Independent Director

Noted : \*Appointed as an Independent Director, effective May 1, 2016

\*\* Resigned from an Independent Director, effective November 11, 2016

\*\*\* Appointed as the Board of Directors, effective November 11, 2016

Thanika Padungpattanapong serves as the Company Secretary.

#### AUTHORIZED DIRECTORS

Sadawut Taechaubol may sign with the Company's seal affixed or Tommy Taechaubol and Veeraphat Phetcharakupt may cosign with the Company's seal affixed.

#### 2. AUDIT COMMITTEE

As at Decemebr 31, 2016, there are a total of three Audit Committees, all of which are independent directors as follow:

NAME		POSITION
1. Nipon	Wisityuthasart	Chairperson
2. Jitmanee	Suwannapool	Committee
3. Pol. Lt. Gen Werapong	Chuenpagdee	Committee

### 3. NOMINATION AND REMUNERATION COMMITTEE

As of December 31, 2016, there are a total of three Nomination and Remuneration Committees, all of are three independent directors as follows:

NAME		POSITION
1. Dej	Namsirikul	Chairperson
2. Nipon	Wisityuthasart	Committee
3. Pol. Lt. Gen Werapong	Chuenpagdee	Committee

### 4. RISK MANAGEMENT COMMITTEE

As of December 31, 2016, there are total of three Risk Management Committees:

NAME		POSITION
1. Surabhon	Kwunchaithunya	Chairperson
2. Somkad	Sueptrakul	Committee
3. Duangtida	Pankasemsuk	Committee

### 5. GOOD CORPORATE GOVERNANCE COMMITTEE

As of December 31, 2016, there are a total of three Good Corporate Governance Committees, of which two are independent directors:

NAME		POSITION
1. Pol. Lt. Gen Werapong	Chuenpagdee	Chairperson
2. Dej	Namsirikul	Committee
3. Thanika	Padungpattanapong	Committee

### 6. INVESTMENT COMMITTEE

As of December 31, 2016, there are total of three Investment Committees:

NAME		POSITION
1. Somkad	Sueptrakul	Chairperson
2. Surabhon	Kwunchaithunya	Committee
3. Tommy	Taechaubol	Committee

## THE BOARD OF DIRECTORS MEETING

The Board of Directors of the Company shall have regular meetings every three months and may have special extra meetings as necessary. In order to conduct a Board of Directors' meeting and vote in it, the Company requires a quorum of two-thirds of directors to participate.

The schedules for Board of Directors' meetings and sub-committees' meetings for the whole year are defined in advance, and there shall be messages calling for meetings with their agendas at least five working days in advance so participants may prepare accordingly.

In addition, Non-Managing Directors, Independent Directors, and the Audit Committee can conduct meetings among themselves as appropriate to discuss issues related to the management of the Company without involvement of the Company's executives. In 2016, there were ten meetings of the Board of Directors and five meetings of Sub-Committee meetings. Also, there were two meetings of Nomination and Remuneration Committee meetings, six Investment Committee meetings, four Risk Management Committee meetings and one meeting of Good Corporate Governance Committee. The details for the meetings were as follows:

NAME	NO. OF ATTENDANCE / NO. OF ALL MEETINGS (TIMES)					
	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	INVESTMENT COMMITTEE	GOOD CORPO-RATE GOVERNANCE	RISK MANAGEMENT COMMITTEES
1. Sadawut Taechaubol	10/10	-	-	-	-	-
2. Surabhon Kwunchaithunya	10/10	-	2/2	6/6	-	4/4
3. Tommy Taechaubol	9/10	-	-	6/6	-	-
4. Somkad Sueptrakul	10/10	-	2/2	6/6	-	4/4
5. Dej Namsirikul	10/10	-	-	-	1/1	-
6. Pol. Lt. Gen Werapong huenpagdee	8/10	4/5	-	-	1/1	-
7. Nipon Wisityuthasart	10/10	5/5	2/2	-	-	-
8. Pitinun Matitanaviroon*	10/10	5/5	-	-	-	-
9. Pisuth Virayamettakul	10/10	-	-	-	-	-
10. Dr. Veeraphat Phetcharakupt**	7/7	-	-	-	-	-
11. Jitmanee Suwannapool***	0/0	-	-	-	-	-

Noted : \*Resigned from the Board of Directors, effective November 11, 2016

\*\*Was appointed a Director, effective May 1, 2016

\*\*\*Was appointed a Director, effective November 11, 2016

## THE SECURITIES COMPANY

### 1. BOARD OF DIRECTORS

As of December 31, 2016, the CGS's structure consist of eight directors as follows:

NAME		POSITION
1. Surabhon	Kwunchaithunya	Chairperson
2. Prayoon	Chindapradist, Prof**	Director
3. Dej	Namsirikul*	Vice Chairperson and Independent Director
4. Gen. Wattana	Sanphanich	Vice Chairperson and Independent Director
5. Pol. Gen. Somchai	Vanichsenee	Independent Director
6. Charn	Tulyapisitchai	Independent Director
7. Sadawut	Taechaubol	Director
8. Hong Chye	Sim	Director
9. Somkad	Sueptrakul*	Director
10. Sudthida	Chirapatsakul****	Director
11. Pol. Lt. Gen Werapong	Chuenpagdee *	Independent Director
12. Nipon	Wisituthasart*	Independent Director
13. Tommy	Taechaubol	Director
14. Chanachai	Joonjiraporn***	Director
15. Veeraphat	Phetcharakupt****	Director

Note ed: \*Resigned from the Board of Directors, effective March 1, 2016

\*\*Resigned from the Board of Directors, effective October 21, 2016

\*\*\*Resigned from the Board of Directors, effective April 1, 2016

\*\*\*\* Was appointed a Director, effective November 1, 2016

Pitakphol Roongrojsuwan serves as the Company's Secretary.

### AUTHORIZED DIRECTORS

Either Surabhon Kwunchaithunya, Sadawut Taechaubol, Tommy Taechaubol, or Veeraphat Phetcharakupt can sign with the Company's seal affixed, or two directors can cosign with the seal affixed.

## Board of Directors' meetings

NAME	NO. OF ATTENDANCE / NO. OF ALL MEETINGS (TIMES)					
	BOARD OF DIRECTORS	EXECUTIVE DIRECTORS	NOMINATION COMMITTEE	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INVESTMENT COMMITTEE
1. Surabhon Kwunchaitunya	9/9	-	-	-	-	13/13
2. Gen. Wattana Sanphanich	8/9	-	1/1	4/5	1/1	-
3. Pol. Gen.Somchai Vanichsenee	9/9	-	1/1	7/7	1/1	-
4. Charn Tulyapisitchai	9/9	-	-	7/7	-	-
5. Sadawut Taechaubol	9/9	12/12	0/1	-	0/1	-
6. Hong Chye Sim	8/9	-	-	-	-	-
7. Tommy Taechaubol	8/9	-	2/2	-	-	-
8. Dr. Veeraphat Phetcharakupt	1/1	2/2	-	-	-	-

## 2. MANAGEMENT

### THE COMPANY

As of December 31, 2016, the Management of the Company consists of the following six members:

NAME	POSITION
1. Tommy Taechaubol	Chief Executive Officer
2. Annop Kettratad	Vice President of Corporate Strategy
3. Thanika Padungpattanapong*	Vice President of Corporate Secretary and Law Acting Vice President of Compliance and Internal Control Acting Manager of Investor Relations
4. Kaweewat Pothanun	Vice President of Property
5. Thanachote Rungsitvat	Vice President of Capital Market
6. Boonsong Sumnuk	Head of Accounting and Finance

Note : \*Was appointed Vice President of Corporate Secretary and Law, effective November 1, 2016

## THE SECURITIES COMPANY

As of December 31, 2016, Management of the Securities Company consists of the following 6 members:

NAME		POSITION
1. Dr. Veeraphat	Phetcharakupt*	Director/ the Executive Committee/ Chief Executive Officer
2. Waraphan	Kongseree**	Chief Operation Officer
3. Duangtida	Pankasemsuk	Managing Director of Risk Management Committee
4. Nattcharinphon	Jesadapisit	Managing Director of Investment management Division
5. Chamras	Kuanha	Managing Director of Fixed Income Business Division
6. Netchanok	Anawan	Head and Vice Managing Director of Accounting and Finance Division
7. Pitakphol	Roongrojsuwan	Company Secretary

Note: \*Was appointed Vice President of Corporate Secretary, effective November 1, 2016

\*\*Was appointed Chief Operation Officer, effective September 5, 2016

### 3. COMPANY SECRETARY

Name	Thanika Padungpattanapong (44 years old)
% Shareholding	None
Family Relationship	None
Education	- Master Degree in Business Law, Ramkhamhaeng University - Diploma of Business Law, Thammasat University - Bachelor Degree of law, Thammasat University
Experience	2015 - Present - Company Secretary and Vice President, Country Group Holdings PCL 2012 - 2015 - Legal Manager Canon Marketing (Thailand) Co., Ltd 2011 - 2012 - Legal Manager VIA card (Thailand) Co., Ltd

#### 4. REMUNERATION FOR DIRECTORS AND MANAGEMENT

##### THE COMPANY

The Nomination and Remuneration Committee has the duty of making propositions to the Board of Directors so that they may set criteria for evaluating the performance of Directors and Executives.

##### 1. REMUNERATION FOR DIRECTORS

The 2016 Annual General Meeting held on April 29, 2016 approved of an increase in remunerations for the Board of Directors from the 2015 rates, while Sub-Committee remuneration rates remained the same as the previous year, with these policies becoming effective as of May 2016. It was decided that the Chairperson and directors would be paid at the same rate as the Audit Committee and the allowance was paid during months of the meetings and to the directors attending the Company's meetings at the following rates:

POSITION	REMUNERATION OF THE BOD (BAHT /MONTH) 2016
Chairperson	100,000
Vice Chairperson	55,000
Director	40,000
Chairperson of Audit Committee	30,000
Member of Audit Committee	20,000
Other sub-committees	
- Chairperson	30,000
- Directors	20,000

The criteria for remuneration were as follows:

- 1 In regards to the Company's remuneration for the Board of Directors, Audit Committee, and other Sub-Committees, compensation is paid monthly and only during months of the meetings, and even then only to committee members who attend the meetings.
- 2 Management who are part of the Board of Directors will receive compensation at rates similar to that for other Directors, while management who are members of Sub-Committees will not receive such compensation as of May 2016 following the resolution of the General Shareholders' Meeting.
- 3 Those above criteria were make effective on May 2016 after the approval of the 2016 Annual General Meeting.

## 2. CRITERIA FOR DIRECTOR AND COMMITTEE REMUNERATION:

- 1 Remuneration would be paid to each committee no more than four times of the monthly compensation. Moreover, the Chairperson of each sub-committee, including the Audit Committee, the Investment Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Good Corporate Governance Committee would receive one time of the compensation.
- 2 Each committee member's compensation was based on their attendance at 2016 meetings:
  - a Directors with attendance rates exceeding 75 percent will receive 100 percent of calculated remuneration.
  - b Directors with attendance rates up to or less than 75 percent will receive 50 percent of calculated remuneration.
  - c Directors entitled to receive remuneration must fulfill their duties throughout the 2016 business year (from January 1-December 31, 2016).

Details of remuneration payments in 2016 are as follows:

NAME	MEETING ALLOWANCES							TOTAL (BAHT)
	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	INVESTMENT COMMITTEE	GOOD CORPORATE GOVERNANCE COMMITTEE	RISK MANAGEMENT COMMITTEE	PENSION	
	(BAHT)	(BAHT)	(BAHT)	(BAHT)	(BAHT)	(BAHT)	(BAHT)	
1. Sadawut Taechaubol	1,000,000.00	-	60,000.00	-	-	-	-	1,000,000.00
2. Surabhon Kwunchaithunya	550,000.00	-	60,000.00	140,000.00	-	90,000.00	-	840,000.00
3. Tommy Taechaubol	160,000.00	-	-	-	-	-	-	160,000.00
4. Somkad Sueptrakul	400,000.00	-	40,000.00	210,000.00	-	60,000.00	200,000.00	910,000.00
5. Dej Namsiriku	400,000.00	-	-	-	-	-	160,000.00	560,000.00
6. Pol. Lt. Gen Werapong Chuenpagdee	280,000.00	60,000.00	-	-	-	-	200,000.00	540,000.00
7. Nipon Wisityuthasart	400,000.00	150,000.00	40,000.00	150,000.00	-	-	200,000.00	790,000.00
8. Pitinun Matitanaviroon*	400,000.00	100,000.00	-	-	-	-	-	500,000.00
9. Pisuth Viriyamettakul	400,000.00	-	-	-	-	-	160,000.00	560,000.00
10. Dr. Veeraphat Phetcharakupt**	120,000.00	-	-	-	-	-	-	120,000.00
11. Jitmanee Suwannapool***	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,110,000.00</b>	<b>310,000.00</b>	<b>140,000.00</b>	<b>350,000.00</b>	<b>-</b>	<b>150,000.00</b>	<b>920,000.00</b>	<b>5,980,000.00</b>

Note \*Resigned from the Board of Directors, effective November 11, 2016

\*\* Was appointed a Director, effective May 4, 2016 and Resigned from Management, effective October 31, 2016

\*\*\* Was appointed a Director, effective November 11, 2016

### 3. REMUNERATION FOR DIRECTORS AND MANAGEMENT

- 1 Remuneration : The Company has criteria for remuneration payment to Management by considering knowledge, capability, experience, and previous performance, as well as comparisons with other companies in the same industry. Remuneration of Management for the year 2016 consisted of salaries, bonuses, and other remunerations to the total of 19.75 million baht.
- 2 Other Remuneration : The Company established a provident fund during the year 2016, contributing a provident fund for six managements totaling 0.52 million baht, which were calculated using percentage of salary as follows:

WORKING PERIOD	PERCENTAGE OF SARARY
Not over three years	4
Over three years but not over six years	6
Six years and up	8

### THE SECURITIES COMPANY

#### 1. DIRECTORS REMUNERATION

NAME		REMUNERATION (MILLION BAHT)	
		2015	2016
1. Surabhon	Kwunchaithunya	0.56	1.41
2. Gen. Wattana	Sanphanich	0.80	0.68
3. Pol. Gen. Somchai	Vanichsenee	0.975	0.82
4. Charn	Tulyaphisitchai	0.865	0.76
5. Sadawut	Taechaubol	0.56	0.50
6. Hong Chye	Sim	0.58	0.48
7. Tommy	Taechaubol	0.56	0.50
8. Somkad	Sueptrakul***	0.955	0.43
9. Dr. Veeraphat	Phetcharakupt****	-	0.04
10. Prayoon	Chindapradist, Prof ***	1.60	0.20
11. Sudthida	Chirapatsakul*	0.56	0.26
12. Chanachai	Joonjiraporn**	0.56	0.105
13. Dej	Namsirikul***	1.04	0.14
14. Pol. Lt. Gen. Werapong	Chuenpagdee***	0.56	0.07
15. Nipon	Wisityuthasart***	0.56	0.07
Total		10.74	6.47

Notes: \* Resigned from the Company, effective October 21, 2016

\*\* Resigned from the Company, effective April 1, 2016

\*\*\* Resigned from the Company, effective March 1, 2016

\*\*\*\*Appointed as a Director, effective November 1, 2016

## 2. REMUNERATION FOR DIRECTORS AND MANAGEMENT

- 1 Remuneration for Directors and Management : In 2016, the remunerations for three directors and six directors paid as salaries, bonuses, and other remuneration (excluding meeting allowances mentioned above.) amounted to 59.86 million baht.
- 2 Other remuneration of executives : The company has set up a Provident Fund. The company contributes 3-5 percent of Management's salary to the provident fund. In 2016, the Company contributed around 1.42 million baht to the provident fund.

In the resolution of Board Meeting Number 18/2002 on October 22, 2002, a provident fund was agreed upon that was then registered according to the Provident Reserve Funds

Act B.E. 2530 (1987) and the Amendment Act B.E. 2542 (1999). The Company's Provident Fund was officially established on December 25, 2002 and on July 1, 2009, the Company assigned MFC Asset Management, which manages and registered the Provident Fund under the name "MFC Master Fund." This fund is categorized as a Master Pooled Fund.

According to the Fund's regulations under the approval of the Board's Resolution Number 18/2002, the Company shall contribute to the Fund with an amount equivalent to its staff's contributions, and each staff shall contribute to the Fund the amount calculated on the percentage of salary as follows:

WORKING PERIOD	PERCENTAGE OF SALARY
Not over three years	3
Over three years but not over six	4
Over six years	5

## 5. PERSONNEL

### 1. NUMBER OF EMPLOYEES

As of December 31, 2016, the Company and its subsidiaries had the following numbers of employees and forms of compensation between 2015 - 2016:

DIVISIONS	NUMBER OF EMPLOYEES	
	2015	2016
1. Management Division	2	2
2. Corporate Strategy Division	2	2
3. Investment Division	5	3
4. Company Secretary and Legal Division	1	2
5. Internal Audit and Compliance Division	1	-
6. Financial and Accounting Division	-	1
7. Subsidiaries' employees	673	267
Total	684	277
Compensation (MB)	623.98	524.1

## 2. SIGNIFICANT CHANGES IN THE NUMBER OF EMPLOYEES IN THE PAST THREE YEARS

- 2.1 The Company employees as of December 31, 2016 was down by five from 2015, all the members were in the Investment Division, which was not a significant change.
- 2.2 The Security Company employees as of December 31, 2016 was down by 406.

## 3. SERIOUS LABOR DISPUTES IN THE PAST THREE YEARS

- None -

## 4. STAFF DEVELOPMENT POLICY

The Human Resource Department organized internal trainings and sent employees to participate in external training to improve their working abilities and skills.

## 8. CORPORATE GOVERNANCE

### 1. CORPORATE GOVERNANCE POLICY

The Board of Directors recognize the significance of and believe that good corporate governance is the crucial factor for business operations and believe that good corporate governance will be the foundation of sustainable growth. Thus, the Board of Directors encourages and promotes a continuous good governance system for all business units and their staff. The Company takes customers' confidentiality and privacy very seriously. The Company also provides fair treatment to all stakeholders. The policy on Corporate Governance of the Company is disclosed via various channels including the annual report, the 56-1 form, and the Company's website at <http://www.cgholdings.co.th/>, so that such information is easily accessible for all stakeholders. The Company's Corporate Governance Policy are the following:

#### 1. RIGHTS OF SHAREHOLDERS

1.1 The Board of Directors will supervise and protect all shareholders' basic rights as follows:

- a. No transactions on receiving or transferring of shares unless such transfers cause non-Thai shareholding of the Company to hold over 49 percent of total number of shares outstanding
- b. To obtain information that is accurate, complete, and on time
- c. To propose, appoint or withdraw Directors and to approve the appointment of an independent Auditors
- d. To make decisions on changes in the Company's important policies
- e. To obtain shares of profits from operations
- f. To attend and to vote in Shareholders' Meetings on the following:
  - Nominating, appointing, or withdrawing Directors
  - Appointment of Auditors
  - Allocation dividend payments
  - Stipulating or amending regulations or Memorandums of Association
  - Decreasing or increasing registered capital
  - Approving extraordinary agendas
  - Other matters that affect the Company in accordance with the law

- 1.2 Shareholders should receive an invitation for the Annual General Meeting with adequate information specifying the date, time, venue, and agenda including proxy forms and details on how to appoint a representative by nominating at least one independent director to be his/her attorney as well as information relating to the matter to be decided at the meeting in advance.
- 1.3 The Company shall arrange Shareholders' Meetings at appropriate times and locations to facilitate the maximum number of shareholders being able to attend the meeting. Furthermore, the Company will use IT systems to expedite the registration process and provide convenience to shareholders.
- 1.4 The Board of Director encourages shareholders to vote per each for all agendas, especially on principal agendas such as related transactions, acquisition or disposal of assets, and director elections.
- 1.5 All Directors, especially the Chairman of the Audit Committee, are required to attend the Shareholders' Meeting to clarify or answer questions to shareholders.
- 1.6 Shareholders shall have an opportunity to propose additional matters in the agenda or ask questions, request for clarification, and express opinions appropriately according to the meeting agenda; the Board of Directors will not add any agendas without notifying shareholders in advance.
- 1.7 Shareholders shall be informed of the rules and regulations and voting procedures of meetings. The Company shall post all meeting agendas on its website prior to sending documents to shareholders in order for the shareholders to have adequate time to be prepared for the meeting, as well as providing the opportunity for shareholders to ask questions before the meeting.
- 1.8 The Board's opinions shall be provided for each agenda and the minutes of the meeting shall be recorded accurately and completely so that shareholders are able to verify such information through downloads from the Company's website.
- 1.9 In the case that there are multiple voting items in an agenda, there shall be a vote on each of the items within the agenda. The questions and answers as well as voting results must be recorded. Moreover, all attendees at the meeting including present directors and absent directors must be reported.

- 1.10 All Directors and senior executives of the Company are required to disclose their relationships – both directly and indirectly - with major shareholders or any third parties who have connected transactions with the Company.
- 1.11 There should be an independent participant to check the voting results.
- 1.12 The Chairman of the Meeting shall allocate time the appropriate amount of and encourage shareholders to have opportunities to express their opinions and raise any enquiries at meetings for any matter related to the Company.

On 29th April 2016, the Company set up one Shareholders' Meeting at 10.00 AM at the Lotus Room, LL Floor, Lotus Hotel Bangkok, 1 Sukhumvit Road, Klong Toey, Bangkok 10110. Eight Directors who attended the meeting were the Chairperson, the Chairperson of the Audit Committee, the Chairperson of the Nomination and Remuneration Committee, the Chairperson of the Risk Management Committee, the Chairperson of the Investment Committee, the Chief Executive Officer, and Management all attended the meeting. The Inspector General, which consisted of the Auditor from Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd, Chawala Tienprasertkij, was present to answer any questions. An external auditor from Deloitte Touche Tohmatsu, Naranant Hathaiwichian, and an independent external legal advisor from Weerawong, Chinnavat and Peangpanor Ltd, Thitipon Buranaworasin, attended the meeting as observers and witnessed the vote count. Furthermore, to comply with the principles of Good Corporate Governance, the Company requested that some minor shareholders serve as volunteers to act as independent agents and neutral parties while inspecting the casting of votes. The volunteers thus participated in observing the inspection.

Before the commencement of the Annual General Shareholders' Meeting, the Company's Secretary clearly explained the voting procedures and the rights of shareholders. The conference proceeded according to the agenda indicated in the meeting invitation. During the meeting, the event's chairperson gave all shareholders equal opportunities to ask questions of and inspect the Company's work, as well as to make comments and suggestions prior to the casting of votes for each item on the agenda.

After the meeting, the Company's Secretary and the Legal Department prepared the minutes with details including the list of Directors who attended, as well as all questions, answers, and summaries. A record of every vote was kept, along with records of who approved, disapproved, or abstained from motions. The minutes were broadcast through the Company's website ([www.cgholdings.co.th](http://www.cgholdings.co.th)) so that all parties would be able to verify it.

## 2. Equitable Treatment of Shareholders

- 2.1 The Board oversees and ensures that every shareholder is treated equally
  - a. The Company shall deliver a shareholder meeting invitation at least 14 days in advance and provide shareholders adequate information specifying the date, time, place, and agenda, including concerned matters on its website prior to mailing such documents to shareholders in order that all shareholders shall have adequate time to read and submit questions prior to the meeting date. The invitation letter will also be prepared in English and will be distributed to the shareholders along with the Thai version
  - b. Shareholders will have an opportunity to submit questions at least seven days in advance
  - c. Announcements of shareholder meetings will be posted in the newspaper for at least three consecutive days in order to inform shareholders
  - d. The Company will hold shareholder meetings on certain dates, times, and locations that allow shareholders to attend; and will not abruptly change meeting locations that would prevent in shareholders from attending.
  - e. The Board shall provide an opportunity for shareholders using power of attorney for proxy forms to pre-indicate their voting directions and propose at least three names of Independent Directors for shareholders to grant their proxy to.
  - f. The Chairperson of the Board of Directors shall inform others of the rules and regulations of the voting procedures, as well as the number of shareholders attending the meeting to any shareholders present
  - g. Shareholders who are executives shall not add any agendas without giving advance notice to shareholders
  - h. Each share has equal voting rights. The shareholders have the rights to vote in accordance to the number of shares held as well as allowing equal rights for all shareholders to obtain news and information about the Company
  - i. The Chairperson of the Board of Directors shall start the meeting in accordance with the agenda informed in the invitation letter
  - j. The Chairperson of the Board of Directors shall allow shareholders to discuss and ask questions during the meeting
  - k. During the shareholders' meeting, all shareholders who are executives, non-executives, and foreign shareholders shall be treated equally and fairly
  - l. All shareholders who attend the meeting shall have the right to vote as agree, disagree, or abstain from voting on every agenda

## 2.2 Integrity policy

- a. In accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992), directors and executives are required to report changes in securities holdings to the SEC and the SET.
- b. The Company's directors, executives, and staff who relate to internal information are not allowed to disclose such information to any outsiders or unrelated persons.
- c. Directors, executives, and staff members of relevant departments (as well as their spouses and underage children) are prohibited from participating in any of the Company's securities trading activities during the 14 days prior to the disclosure of the quarterly and annual financial statements.
- d. The Company has made declarations in writing regarding the ethics of executives and staff, along with penalties for those who violate the rules.

The Board of Directors has prepared a business ethics manual and guidelines on use of insider information in order to control the use of insider information and preventing its use for self-interest or the wrongful benefit of others.

## 2.3 Conflicts of interest policy

The Company does not allow directors, executives, and staff to operate competing businesses and to make any connected transactions which may lead to conflicts of interest. In the event that such transactions are required, the Board of Directors will oversee the transactions to ensure transparency and fairness as if the Company was dealing with unrelated partners. Directors, executives, or staff members who are stakeholders are required to inform others of such conflicts of interest prior to the consideration of such items and to be recorded clearly in the minutes of the meeting, and are not allowed to consider and approve these transactions. Said policy has been stipulated in the Business Ethics Manual accordance to the minutes of the Board of Directors' Meeting Number 1/2014.

In the case that transactions are considered connected transactions under the notifications of the SEC or the SET, the directors will strictly oversee that the transactions are strictly done in accordance with the regulations, methods, and disclosures of information concerning connected transactions of listed companies.

## 2.4 Connected transactions of the Company, subsidiaries, and corresponding subsidiaries with individuals who may have conflicts of interest can be divided into two parts policy

### a. Measures in controlling connected transactions

The Company recognizes the importance of transparency in the transactions between the Company and its Subsidiaries, and has thus issued measures to control connected transactions of the Company, Subsidiaries, Associated Companies, and corresponding subsidiaries with individuals who may have conflicts of interest, personal interests, or possible conflicts of interest as stipulated by the notifications of the Securities and Exchange Commission or the Stock Exchange of Thailand. The Company's Audit Committee will give its views on the necessity of making such connected transactions and the appropriateness of prices by considering various conditions in accordance with guidelines on normal trading and the Arm's Length Principle (ALP).

In the event that the Audit Committee is unable to consider the connected transaction, the Company will seek an independent expert or the Company's Auditor to provide opinions on such connected transactions for further consideration by the Company's Board of Directors and/or Audit Committee and/or shareholders, as the case may be. Those who may have conflicts of interest or personal interest in the connected transaction shall not be entitled to vote for the approval of the connected transaction.

In addition, the Company will disclose information in entering into connected transactions and vital asset acquisitions or disposal of the Company and its Subsidiaries in accordance with the notifications of the SEC or the SET and the accounting standards of the Institute of Certified Accountants and Auditors of Thailand (ICAAT).

### b. Policy on Connected Transactions Trends

The Company, its Subsidiaries, and corresponding subsidiaries may make possible connected transactions with individuals or entities who may have possible conflicts of interest. In the event that such transactions are normal business transactions and done using the ALP, the Company has an internal policy specifying conditions that need to be met. The transaction needs to be in accordance to standard market terms and must be comparable to the pricing being offered to a third party, which is in line with what the Board of Directors approved during Meeting Number 1/2014, and in accordance to the Securities and Exchange Act and the SET. Related parties must strictly follow a joint agreement and set a clear and fair price and terms that do not lead to transfers of benefits.

Given the restructuring process, there could be an increase number of persons who may be classified as related parties, hence there could be an increasing connected party transactions occurring with the Company and the securities business. Most of the connected transactions would likely involve securities trading transactions.

Whenever there is an adjustment in prices or conditions of the connected transactions, the Internal Audit and Compliance Department will investigate such transactions and prepare a quarterly report for the Audit Committee to consider and recommend appropriate prices and reasons for making connected transactions. In other normal connected business transactions, the Company will follow the aforesaid measures to control connected transactions.

The Board of Director of the Company and CGS shall oversee CGS to comply with rules, procedure and disclosure the connected transaction as the listed company rules by mutatis mutandis. Additional, the Article of Association of CGS has amended inconsistent with the mentioned policy. CGS shall strictly comply with.

### 3. ROLES OF STAKEHOLDERS

The Board of Directors have a responsibility to protect all stakeholders' interests that are governed by the law, which includes clients, shareholders, investors, creditors, trading partners, independent auditors, management, civil servants, society, and other related parties to ensure that their rights are being protected equally.

#### 3.1 Policy on safety and sanitation

The Company improved the working environment by expanding its work spaces, reducing office congestion for better working conditions, allowing the Company's employees to improve working performance and improve their capabilities. The Company also provides health insurance for all its employees.

In 2016, the Company relocated from Sinthorn Tower 1 (ninth floor), where it had shared an office with its Subsidiary Company, to Sinthorn Tower 3 (20th floor), as it is a more suitable working environment and a base for business expansion. The Company prepared health insurance for CGS' Subsidiary, as well as for its own executives and staff.

#### 3.2 Employee remuneration and benefits policy

The Company uses the KPI system in considering the compensation to each individual employee in line with their performance in an equal and fairly manner. The Compensation Sub-Committee appointed by the Company's Board of Directors has the overall responsibility for considering and determining appropriate payments.

#### 3.3 Establishment of employee provident fund

The Provident Fund ("The Fund") is a fund set up voluntarily between the employer and employees. Assets of the fund consist of money contributed by both employers and employees. Given that the employer is helping employees save money, this can be regarded as a kind of benefit that helps make employees stay with the employer for a longer period of time. The Company set up a Provident Fund for staff and a Provident Fund MFC Master Fund that was registered on June 16, 2014 by MFC.

#### 3.4 Human Resource development policy

The Company has a committee that seeks for employees to obtain both internal and external training to enhance personnel development and to promote honesty, ethics, and maintaining confidentiality for both the Company and its clients

In 2016, the Company arranged several training courses both in and outside its offices. Courses provided outside for staff included:

- a. Training for Directors
  1. Dej Namsirikul took part in the Director Certification Program arranged by the Thai Institute of Directors (IOD).
  2. Pisuth Wiriyaemattakul took part in the Financial Statements for Directors course arranged by the IOD.
- b. New Directors' orientations and new staff
  1. Two orientations for new directors Veeraphat Phetcharakupt and Jitmanee Suwanapool
  2. One orientation for new staff
- c. Staff training
  1. Three internal training sessions

- Anti-Corruption courses  
To ensure that employees had knowledge and understanding of the importance of Good Governance, morality, ethics, and the prevention and suppression of dishonest practices.
  - Using resources properly  
To stimulate awareness of one's responsibility for, knowledge of, and understanding of activities for social and environment preservation with the intent of properly utilizing resources and applying knowledge to the organization. Furthermore, it should reduce costs and serve as a means of controlling expenses.
  - Corporate Performance Improvement  
To realize the problems and issues that the Organization has in order to achieve the goals of: improving the efficiency of individuals, divisions, and the Company; in addition to creating understanding and cooperation so operations can move more efficiently toward success.
2. External training for the Company to staff  
21 times  
Average hours (per staff) of training per year  
29 hours

Apart from this, career path development and promotions are laid out in a systematic and organized way by considering their performance, capability, appropriateness, and impact on the Company, allowing for employees to find motivation to continuously engage in self-improvement. In 2015, the KPI was used to evaluate employee performance.

### 3.5 Non-violation of human rights policy

- a. Supports and respects the protection of human rights, and prevents the Company's operations from being in association with human rights violations, including being against forced labor and child labor.
- b. Treats all stakeholders fairly and respectfully without discrimination as to race or ethnic origin, gender, age, skin color, religious, body, status, or family.

The Company has set its policy as part of work regulations which was delivered to the Department of Labor Protection and Welfare as of December 1, 2015.

### 3.6 Competitor integrity and responsibility policy

The Company promotes fair practices and operates in accordance with the relevant regulator's guidelines. The Company will not try to obtain competitors' secrets through any unethical or illegal means. Furthermore, the Company will not try to harm competitors' reputations through any negative accusations and unfair treatment.

### 3.7 Business partner dealing policy

The Company shall treat its Business Partners equally according to the terms and conditions specified in contracts and not do anything that would result in any adverse impacts to the Company's reputation, illegal actions, or violation of intellectual property rights such as usage of genuine software licenses while keeping in mind the need to handle business operations with fairness and ethics.

### 3.8 Selection of business partners policy

The Company will source for quality products and services, while aiming to develop and maintain long term relation with such business partners with the same objective of providing quality products and services. The Company sources for Business Partners that can provide products and services with the following criteria:

- a. Provides the same information to all business partners seeking to bid for the sales of goods and services
- b. Provides fair selection procedures
- c. Prepares proper contracts
- d. Provides follow-up procedures to make sure the conditions stated within contracts are being performed in order to prevent any fraud or corruption.

### 3.9 Policy on fair treatment with creditors

The Company adheres to the agreements and terms and conditions set forth in the loan contracts signed with Creditors as well as contracts during the prices of goods and services in the aspect of paying the principal, interests, protecting the collateral as well as making payment for such goods and services.

### 3.10 Intellectual property or copyright policy and practice

- a. The Company must operate and ensure its employees to perform their work without violating the intellectual property law such as trademark, patent, copyright, trade secrets and other intellectual properties.

- b. The Company's employees have right to create or invent their work independently under the relevant specified law except where such work are generated under their role within the Company or using Company's data – of which they will be considered property of the Company, unless the Company clearly permits that the invention belong to its employees.
  - c. The Company supports its employees to realize the importance of intellectual property rights in workplace and in their daily life.
  - d. Before using any data or information, the person involved will need to ensure that there is no violation of intellectual property rights.
- 3.11 Anti-corruption guidelines policy
- Following the resolution of Board of Directors' Meeting Number 3/2016, there have been changes in policy and guidelines for combating corruption:
- In order for the Company and its Subsidiary to recognize and emphasize supporting participation, taking social responsibility, and combating corruption, an essential foundation of CGH's business operations under Good Governance principles for sustainable development, the Board of Directors agreed that a policy must be established:
- a. Definition of the anti-corruption policy
 

The policy defines "corruption" as anything that includes offering, promising, giving, demanding, or taking money, assets, or other benefits that are improper to or from state officials, state agencies, and private agencies that are directly or indirectly involved. Such activity causes the individual to fail at carrying out their duty to handle, maintain, or recommend business to or for the Company, or to accept improper benefits, except in cases where this is allowed by laws, regulations, announcements, rules, traditions, local cultures, or trading practices.
  - b. The Company and its Subsidiary's policy for operating businesses without corruption
    - The Company and its Subsidiary's directors, executives, and staff are prohibited from engaging in or accepting any form of corruption, whether directly or indirectly. This covers all businesses and relevant agencies. The policy's implementation in business operations by both CGH and CGS should be reviewed to ensure that no corruption occurs on a regular basis.
- Evaluations should be made of actual practices and procedures to comply with changes at the business, regulatory, and legal levels.
- There must be efficient and adequate internal control systems and risk assessment to prevent corruption, including inappropriate behavior by personnel and outsiders involved with the Company.
  - Stressing the value of honesty, integrity, and responsibility in their roles as the heart and soul of the Organization. Raising awareness among personnel of the unacceptable nature of corruption.
  - Providing an accurate and transparent financial reporting mechanism that meets internationally accepted accounting standards.
  - Setting up channels of communication for staff and stakeholders so that they are able to report tip-offs, offer suggestions, or file complaints about corruption under a proper degree of protection.
  - Establishing a method for preventing the giving or acceptance of gifts, assets, or any benefits. This includes entertainment or expenses over acceptable limits that go against Company rules or the laws of relevant nations.
  - Setting up measures against any form of bribery, regardless of whether they are done to provide convenience or foster a business relationship, whether directly or indirectly.
  - Ensuring that all purchases or hires are done with full transparency, fairness, and follow the proper regulations and procedures.
  - All donations and financial grants must be transparent and proper within the contexts of the laws of any relevant nations.
  - Encouraging the exchange of information, knowledge, experience, and effective guidelines with other companies in similar industries, as well as inviting all stakeholders to ally with the Company and participate in anti-corruption activities arranged by CGH, associations, the Chamber of Commerce, and other relevant agencies.

c. Duties and responsibilities

- The Board of Directors has the duty and responsibility to establish policies and a system that aids anti-corruption efforts. This is to ensure that Management recognizes and gives priority to such efforts and ingrains the concept into the Organizational culture.
- Staff will not ignore or disregard any behavior linked to corruption at the Company or its Subsidiary. Staff members must notify their superiors or authorities who must aid in investigations. If there are any questions, staff should consult with their superiors or authorities regarding the monitoring of any actions related to the Company's ethics and regulations through pre-established channels.
- The Company will show fairness toward and protect staff who deny or notify others of any allegations of corruption, including protective measures for petitioners or those engaged in corrupt behavior who reported themselves.
- The individual engaged in corrupt activities or has provided support for such actions is acting in violation of the Company's ethics. Such individuals will be punished by the Company, and may receive further punishment if the consequences of such actions break laws in the civil or criminal codes.
- The Company recognizes the importance of disclosure, providing knowledge and understanding to those involved, have legal business relationships with the Company, or any trade-related activity that may affect the Organization in order to comply with the anti-corruption policy.
- The Company is determined to build and maintain an Organizational culture in which corruption is completely unacceptable in interactions with the state or private agencies. Combatting corruption is a social responsibility that extends to all of the Company's stakeholders. This philosophy will lead the Company's path to sustainability.

d. Encouraging support for the policy

The Company has set up channels to receive petitions with fair and rapid responses. It hopes that staff will keep watch to ensure the presence of good governance and ethical practices in business operations.

One can make queries about business ethics or complaints about improper or unethical activities through these channels to the assigned departments or directly to supervisors. All complaints or petitions are considered equally, transparently, attentively, and fairly. Investigations will be given appropriate time, and information kept confidential, with petitioners protected during and after investigations.

e. Reviewing risk-prevention policies, measures, and hedging procedures

The Company sets up reviews of risk-prevention policies, measures, and hedging procedures, as well as developing measures for accepting complaints and notifying authorities of corruption once a year to make them more thorough and efficient.

f. Reporting corruption and filing complaints

The Company's stakeholders are encouraged to participate in the regulating process as a show of good governance, with this giving priority to considering complaints from both personnel within the Organization and outsiders. This is also considered to be one of the Company's preventive measures against risk.

- Reporting clues and complaints of suspicious activities

If staff and stakeholders have any queries or come across any suspicious activity, disregards policies, violates ethics, or is against the law and good governance, they may contact and send detailed information or evidence to the following channels:

- Company Secretary  
E-mail: CompanySec@cgholdings.co.th  
Telephone: 0-2256-7999 ext. 1707
- Human Resources Division  
E-mail: nataporn@cgholdings.co.th  
Telephone: 0-2256-7999 ext. 1706
- Send complaints via postal service to:  
Country Group Holdings PCL  
132 Sindhorn Tower 3. 20th Floor, Wittayu  
Road Lumpini, Prathumwan Bangkok  
Metropolitan 10330

- Conditions and consideration of clues and complaints
  - Petitioners will receive the right to be protected. The information given will be confidential, and the name of the person will not be publicly disclosed without their consent. However, the information or complaint reporters can choose to disclose themselves so that the Company is able to report on progress, ask for further information, explain facts, or alleviate damages quickly and conveniently.
  - The Company has set procedures that petitioners and stakeholders in the investigation process must keep all the information confidentially. If it is necessary to release such information, all the procedures must be proceeded carefully while keeping the safety and well-being of the petitioner, collaborating in investigations, sources of information, or other individuals involved in mind.
  - The details of clues or complaints must be factual and clear enough so that the Company is able to investigate and proceed properly.
  - The time devoted to investigations and their progress depends upon the degree of complexity of the issue, details of the evidence, and explanations received from the petitioner.
  - Victims will be relieved through appropriate procedures.
- The protection of employees, staff, or individuals working for the Company due to the contractual obligations. The Company will do unfair to employees, staff, or those working for them whether in terms of position, job descriptions, working locations, suspensions, threats, termination, or other action that might be done unfair against the law, regulations, ethics, or work procedure policies.

### 3.12 Social responsibilities policy and practice

The Company is aware of our role in social responsibilities to the community that we are a part of. We also dedicate our work for social responsibility with all stakeholders every year. The Company allocates part of its budget to support Corporate Social Responsibility (CSR) activities focusing

on three areas including education, religion, and quality of life. More details are in the part of 'Corporate Social Responsibility'.

### 3.13 Environmental promoting and training policy

- a. Strictly act in accordance to the laws and requirements of the environment
- b. Encourage employees to learn about the environment in order to be environmental responsibilities.
- c. Encourage employees to exchange environmental knowledge and experience among themselves in the Company.
- d. Encourage and support employees to regularly improve their working process to suit with the environment.
- e. The Company set environmental protection policies that will not affect the environment.
- f. Regularly review and evaluate the Company's performance in environmental protection.

The Company has arranged environment-related activities, the details of which are given in the CSR Report.

In addition, the Board of Directors acknowledges the rights of stakeholders according to specified laws and encourages cooperation between the Company and all stakeholders for sustainable growth. All stakeholders are treated equally and fairly, and information is disclosed fair and timely manner through all channels in accordance with the SET's procedures, as well as the Company's website at <http://www.cgholdings.co.th>. Moreover, all stakeholders can request for further information by contacting Thanika Padungpattanapong via telephone at 0-2256-7999 ext. 1707, or e-mail at [CompanySec@cgholdings.co.th](mailto:CompanySec@cgholdings.co.th)

## 4. DISCLOSURE AND TRANSPARENCY

### 4.1 Information Disclosure

- a. Provide accurate and updated information in both English and Thai. Disclosure should be transparent and consistently updated through various channels such as the Company's website.
- b. The Board of Directors or executives assign specific persons or departments to disclose information to shareholders, investors, analysts, media, or supervision agency.

d. Information that will be consistently disclosed:

- Vision and Mission of the Company
- Nature of businesses
- Lists of the Board of Directors and Management
- Financial statements and operating performances of the present and the previous year
- Downloadable 56-1 Form and Annual Report
- Other relevant information or documents presented to analysts, fund managers, and media
- Shareholder structure, group structure, and percentage of shares held by Directors and Executives as well as lists of major shareholders
- Invitation letters to shareholder meetings
- The memorandum of association of the Company and shareholder agreements (if any)
- Risk management policy and procedures
- Duty, qualification, and terms of Directors including subjects that needed approval from the Board of Directors, Audit Committee, Nomination Committee, Remuneration Committee, and Good Governance Committee
- Code of ethics and practices for employees and the Board of Directors
- Investor relations contact information

e. Announce statutory financial statement along with disclosing other information in a complete, accurate, sufficient, and timely manner so that all shareholders and stakeholders are informed accordingly.

f. Organize financial statements to be audited by an independent external Auditor, including disclosure of such fees.

g. The Company will provide access to outsiders such as securities analysts, investment advisors, securities brokers, credit rating agencies (CRAs), media, and external regulators, among others, for the benefit of investors' decision making and other beneficial actions through the Investor Relations Division or the Company Secretary's Office.

In 2016, the Company hosted activities to provide information about its business performance to securities analysts, investors, and media as follows:

- 'Opportunity Day,' hosted by the SET, on Thursday, June 16, 2016.
- Two 'Open House' were held on July 26, 2016 and November 15, 2016, at which the Chairperson and executives showed and informed the invited media and investors about the business policies and performance to create the understanding of the Company.

h. Disclose on Good Corporate Governance policies, Risk Management policies, Business Ethics, and Compliance report in the annual report, the Company's website, the head office and all branches.

i. Disclose roles and duties of all committees, the number of meetings and attendances, Directors' opinions, including policies on Directors' and senior executives' remuneration in the annual report and the Company's website in accordance with the minutes of Board of Directors' Meeting Number 1/2014.

j. In accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992), the Directors must report their trading/holding of Company securities, including through spouses and dependents, to the Board every month, even when there is no change in holding or trading activities.

k. Directors, executives, and staff members of relevant departments (along with their spouses and any underage children) are prohibited from participating in any of the Company's securities trading activities during the 14 days prior to the disclosure of the quarterly and annual financial statements. Anyone caught violating this rule will be punished according to the Company's regulations.

l. The Company disclosed information through its publications as follows:

- Communication system of the Stock Exchange of Thailand (SET Portal)
- Annual Report
- Website: [www.cgholdings.co.th](http://www.cgholdings.co.th)
- Investor Relations Department

## 4.2 The Board of Directors report

The Board of Directors of the Company were instructed to report on the responsibilities of the Directors in relation to the Company's financial statements and any other major items required in operating the business with transparency and fairness, as well as being in compliance with the requirements of the SEC and/or any other governing bodies. This is required for presentation along with Auditors' reports in the annual reports of the Company.

The Audit Committee, which included Mr. Pitinun Matitanaviroon (who resigned from his position on November 11, 2016) and Mrs. Jitmanee Sawanapool (who replaced Mr. Pitinun Matitanaviroon on November 14, 2016), is knowledgeable and suitably experienced in handling audits of financial statements and disclosing important information in their notations. The Board also appointed an auditor from Deloitte Touche Tohmatsu Jaiyos as the Securities Company's Auditor.

The Audit Committee also ensures that the internal controls system is adequate by using a standardized review system, as well as modern assessments of risk management. The Committee meets with the Internal Audit and Compliance Division and external Auditor to ensure that the Company's financial reports are accurate and complete, in addition to disclosing the Committee's report in the Company's annual report. In 2016, there were five meetings of the Audit Committee.

## 4.3 Investor Relations

The Board realizes the significance of accurate, complete, and transparent disclosure of the Company's finances and other general information including that which may have impacts on share prices and investor sentiment. As such, information must be provided in a manner that is also timely and consistent to all investors and stakeholders for their decision making according to the rules and regulations of the SET. The Company shall disclose such information through various channels such as reports to the SET and the Company website ([www.cgholdings.co.th](http://www.cgholdings.co.th)).

To disseminate accurate and reliable information, as well as to eliminate rumors or misleading information, the Company has assigned an Investor Relations team for answering any questions and clarifying any information about the Company to investors and relevant parties, as well as being responsible for providing information to shareholders and investors regularly.

Investors can contact the Investor Relations Division by contacting Thanika Phadungpattanaphong via telephone at 0-2256-7999 ext. 1707, or by e-mail at [thanika@cgholdings.co.th](mailto:thanika@cgholdings.co.th).

The Compliance and Internal Audit Division was established as a center for accepting and studying complaints, as well as receiving tip-offs. Individuals may contact the Company Secretary's Office by telephone at 0-2256-7999 ext. 1707, or by e-mail at [CompanySec@cgholdings.co.th](mailto:CompanySec@cgholdings.co.th).

## 4.4 Internal information usage policy

The Company has set a policy to control and regulate internal information usage so that there are measures by which to prevent and handle it efficiently. This is also to prevent usage of internal information personal beneficially or cronyism and complies with the principles of Good Corporate Governance and transparency. Details are as follows:

- a. The Board of Directors and Management, along with spouse and underage children, must report their assets according to SEC and SET regulations.
- b. Directors, executives, and staff at relevant departments (along with their spouses and underage children) are prohibited from participating in any of the Company's securities trading activities during the 14 days prior to the disclosure of the quarterly and annual financial statements.
- c. Levels of secrecy are used to indicate the degrees to which insider information must remain a business secret. Levels are divided based upon importance. For example, this might include disclosable information, undisclosable information, secret information, and highly confidential information. Usage of this information must be within the frame of duty and assigned responsibility. One cannot disclose the Company's secret information if doing so would damage it or affect its ability to compete regardless of whether said data is related to electronics, finances, procedures, future business plans, or any other information while employed at, or following employment at, the Company.
- d. Disclosing information to public requires approval from the Chairperson, executives, division, or appointed individuals.
- e. Regulations are to be established regarding putting preventive measures and insider information usage in writing. There will be lines of communication to broadcast such policies and regulations to Directors, executives, and staff at all levels of the Organization on a continuous basis so that everyone recognizes their duties and responsibilities based on what the Company has set clearly through their policies and rules. Anyone who fails to obey this policy will be punished accordingly.

## 5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has a major role in business governance and providing vision and strategic plans to operate the business, including budgeting and risk management. They have independence in their decision making for the best interests of the Company and its shareholders.

### 5.1 The structure, roles, and policies on the Board of Directors' activities are as follows:

- a. The Board consists of at least five but not more than 12 directors who are skilled, experienced, dedicated, and equipped with knowledge and independent judgment to constructively discuss opinions in Board meetings. In addition, each director must possess qualifications specified by law. Also, one third of the Board or at least three members must be independent directors.

The appointment of Directors shall be pre-set into meeting agendas with transparent and clear nomination of well-profiled Directors. The Company shall disclose the profiles of all directors in detail, including any changes made to the public through the Company's website and internal communication.

As of December 31, 2016, of the ten members of the Board of Directors, four were Independent (with one a woman). The Company's Secretary is to coordinate efforts between the Directors and Management, as well as oversee and coordinate with the Legal Division, and any relevant regulations or other tasks according to the Board of Directors' resolution.

- b. The quantity of independent directors is not limited to a specific number. The person who will be appointed as a Director or Independent Director must meet the qualifications by considering the skills, experience, and talents that are beneficial for the Company. In addition, he/she must devote their time and effort into performing their role. Moreover, his/her qualifications must meet the requirements of the SEC and the Public Limited Companies Act.
- c. Clearly define the power and authorities of Chairperson and Chief Executive Officer who must not be the same person.
- d. Clearly define the policy and procedure in the case where the CEO and senior management of the Company hold Director positions in other companies, including the types of Directorship and the number of companies. Moreover, this must be approved by the Board of Directors.

- e. Appoints the Company's Secretary to advise on legal and, rules and regulations that the Board of Directors must be aware in performing their duties. Moreover, the Company's Secretary must coordinate with others to ensure that actions are being taken in accordance with the resolutions of Board meetings. The qualifications and experience requirement for such positions must be set and reported in the annual report and the Company's website. Moreover, the Company's Secretary will receive training and knowledge development in law, accounting, and other areas in relation to performing his/her role as the Company's Secretary.

### 5.2 Sub-Committees

There are six committees: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Investment Committee, the Risk Management Committee, and the Good Governance Committee that oversee different areas of the Company.

The Chairperson of each committee shall not be the head or member in any sub-committees to prevent dependency of each committee. Furthermore, the Nomination and compensation committee will hold twice meeting a year.

### 5.3 Duties and Responsibilities of the Board

- a. Leadership, Vision, and Independent Decision  
The Board of Directors have the duties and responsibilities of formulating policies, considering, approving, and revising the strategy, goals, business plan, budgeting, and risk management of the Company, including ensuring that the management team can execute the plan and utilize the budget in an efficient and transparent manner. In addition, the Board of Directors emphasize Good Corporate Governance by implementing the corporate governance policy and by reviewing the implementation results of such policies at least once a year. This put emphasis on a good internal controls system, along with an efficient risk management system, as well as repeatedly evaluating such systems in Board of Directors' meetings. Thus, it is essential that the Board is comprised of directors who have leadership and vision, as well as the capability to make independent decisions for the highest benefit of the Company and its stakeholders.

b. Conflicts of Interest

The Board has set clear guidelines to prevent conflicts of interest as per the corporate ethics handbook. These are listed below as follows:

- To have a well-structured organization chart, whereby each functional unit can be monitored for performance with relevant committees to oversee internal controls and adherence with external regulatory bodies.
- To encourage all employees to adhere to good corporate governance by promoting working principles of integrity, professional ethics, client confidentiality, and no usage of inside information for one's own interests.
- For situations where the decision making may result in conflicts of interest or where the interests of the Company may not be in line with stakeholders, the Board of Directors and management will consider such matters carefully, honestly, reasonably, and independently for the best benefit to the Company. Such decisions will be disclosed to shareholders.
- In cases where there are potential conflicts of interest or related transactions, all related directors must disclose such information to the meeting immediately and shall not have the right to attend nor vote for that agenda.
- Directors, executives, and all employees must avoid any transactions that may lead to conflicts of interest for the Company and stakeholders. This includes contacting the Company's customers and competitors, or seeking opportunities or information received from being Directors or employees of the Company for pursuing personal interests, or performing activities that compete with the Company, or working on other jobs apart from that of the Company's that could have impact on their own duties within the Company.
- Directors, executives, and all employees must avoid holding competitors' shares as this might affect their duties or responsibilities. In the case that a person holds shares before being employed, the person must report to his/her relevant supervisors and send a copy of the report to the Audit and Compliance Department.

c. Business ethics

The Company strongly upholds its business ethics to the utmost importance in achieving long term success, business targets and in maximizing shareholder's wealth. The Board has set a code of conduct for employees to follow and use as a guideline to perform each dedicated task with honesty and integrity to the Company, and all stakeholders. In addition, the Company has established a set of punitive courses for those in breach of the code of conduct which is regularly monitored by the audit and compliance division.

d. Internal controls, internal audit, and financial report

The Company bestows serious attention on the internal controls system at both the managerial and operational levels, focusing on adequacy and appropriateness for the prevention of damages that may occur to the Company's financial and business operations. The Company has set up internal controls and audit policies as follows:

- Assigning management to prepare and jointly work with the Auditor toward the creation of accurate and complete financial reports for all quarterly, semi-annual, and annual statements.
- Assigning the directors or the chairperson of the Audit Committee to provide an opinion on the adequacy of the internal controls system and risk management that is to be disclosed in the annual report.
- Controlling and monitoring the Audit and Internal Controls systems to ensure that the Company adheres to all relevant standards and regulations under the review of internal auditors and the Audit Committee.
- Clearly specifying and documenting the responsibilities and authorities in management.
- Regularly monitoring and auditing the use of Company assets to avoid damages or exploitation.
- Separating the roles and responsibilities of both individual and department duties in order to achieve a balance of power, as well as an appropriate review of them.
- The Board of Directors emphasizes recommendations or suggestions from independent financial auditors and other external auditors for use as guidelines for improving operational practices.

- Assigning the Internal Audit and Compliance Unit to directly report to the Audit Committee to ensure that judgments are independent and an efficient balance of power is in place.
- Developing policies to appoint reputable external Auditors that are approved by the SEC in order to audit, advise on, and rectify any weaknesses or errors of the Accounting and Internal Controls system.
- Establishing a risk management policy to cover all activities within the Company by assigning Management to implement the policy and regularly report the results to the Board of Directors. The Board should review the risk management system or assess the effectiveness of risk management on an annual basis at the very least and disclose them in the annual report or whenever there is a change in risk level. The Board should also focus on early warning signs and unusual transactions.
- Promoting clear procedures on governing Subsidiaries and Associated Companies in order to protect investor's benefits including assigning directors to Subsidiaries or Associate Companies in line with the proportion of shares held in those companies.

As per Board of Directors' Meeting Resolution Number 4/2557 (4/2014) on August 26, 2014, Sadawut Taechaubol, Surabhon Kwunchaithunya, and Gen. Lertrat Rattananawitch were appointed to represent the Company in MFC following its restructuring. This was done to comply with its policies, regulations, laws, announcements, and other relevant rules. Their objective in voting in the MFC Board of Directors' meetings regarding the company's general administration and business operations is that which is to the greatest benefit to the Company and its Subsidiary. The proportion of Company representatives among MFC directors is 37.5 percent (excluding independent directors), with CGH owning over 24.92 percent of MFC's shares following the restructure.

In the resolution for Board of Directors' Meeting Number 4/2557 (4/2014), the Company nominated the following as candidates for serving as its Directors:

1.	Prof. Prayoon	Chindapradist
2.	Sadawut	Taechaubol
3.	Surabhon	Kwunchaithunya
4.	Sim	Hong Chye
5.	Somkad	Sueptrakul
6.	Tommy	Taechaubol
7.	Rit	Kewkhacha
8.	Sudthida	Jirapatsakul
9.	Chanachai	Joonjiraporn

For transparency and fairness to stakeholders and clarity among Management between the Company and its Subsidiary, on March 1, 2016, four Directors who were serving as directors in the Subsidiary resigned from their latter posts. The four individuals were Dej Namsirikul, Nipon Wisityuthasart, Somkad Sueptrakul, and Pol. Lt. Gen. Werapong Cheunpagdee. Prof. Prayoon Chindapradist also resigned his title as the Company's Director to pave the way for the next generation. Thus, at the present time, there are eight people on the Subsidiary's Board of Directors.

1.	Surabhon	Kwunchaithunya
	Chairperson	
2.	Sadawut	Taechaubol
	Executive Chairperson	
3.	General Wattana	Sanphanich
	Independent Director	
4.	Pol. Gen. Somchai	Vanichsenee
	Independent Director	
5.	Charn	Tulyapisitchai
	Independent Director	
6.	Hong Chye	Sim
	Director	
7.	Tommy	Taechaubol
	Director	
8.	Dr. Veeraphat	Phetcharakupt
	Director, CEO	

The Company's representatives make up 50 percent of its Subsidiary's directors, while Independent Directors make up 37.5 percent of all Directors.

#### 5.4 Meetings of the Board of Directors

- The Board of Directors set the times and dates of the six regular meetings for 2016 in advance so that Directors would be able to prepare their schedules with convenience. There were also four irregular meetings, leading to a total of 10 meetings of the Board.

- b. At least two-thirds Directors must be present for meetings to qualify as official Board of Directors' Meetings. The Company's Chairperson has to approve the agenda by discussing it with the Executive Chairperson, and must also consider requests from Directors to add issues to meeting agendas. However, each Director is free to bring their own agendas to meetings.
- c. The Chairperson should appropriately allocate sufficient time for both Management and the Directors to comprehensively present and discuss the matters during the meeting.
- d. The Board of Directors should encourage the senior executives to participate in a Board meeting in order to directly provide additional information on specific issues, as well as to serve as an opportunity to get to know each other.
- e. The Board of Director is able to ask for additional information, advice, and services from the CEO or other assigned executives, or request for independent opinions from external consultants who are liaised through the Company Secretary.
- f. Directors should receive correct, timely, adequate, and complete information from Management.
- g. The Company has assigned the Company Secretary to arrange and send notices for meetings along with agendas no less than five days in advance so that each member of the Board can have enough time to review the items before the meeting.
- h. After receiving approval from the Directors, the minutes of each Board of Directors' Meeting are required to be thorough and well-documented in writing. This will be used for further reference by both the Board of Directors and any related parties.
- i. All Directors are encouraged to attend at least 75 percent of all Board meetings held throughout the year.
- j. In addition, Non-Executive Directors can conduct meetings among themselves as appropriate to discuss issues related to the management of the Company without the involvement of the Company's executives. The resolutions of such meetings will be given to the CEO.

## 5.5 The Board of Directors Evaluation

The Board encourages self-evaluations, as every year they assess their own work in order to study the results, issues, and obstacles to improvement. The following evaluation is that of the Board of Directors:

### a. Performance Evaluation of the Board of Directors

The Directors set rules for the evaluation with details as follows:

#### 1. Subject of evaluation

- Board structure and Qualifications
- Roles, duties, and responsibilities
- Board Meetings
- Director's duties
- Relationship with Management
- Self-development and executive development

#### 2. Scoring Method

- 0 = Completely disagree or nothing was done
- 1 = Disagree or little action was taken
- 2 = Agree or some action was taken
- 3 = Generally agree or considerable action was taken
- 4 = Fully agree or excellent action was taken

### 3. Evaluation Measurement

SCORES (%)	SCORING RANGE	DEFINITION
90-100	Excellent	High standard of job performance with no or little improvement needed.
80-89	Above Average	Standard of job performance with higher than expectation.
70-79	Met Expectations	Standard of job performance with meets expectation.
60-69	Adequate	Standard of job performance but lower than expectation and improvement can be done.
Below 60	Needs Improvement As soon as possible	Below acceptable standard of job performance and urgent improvement needed.

#### b. Performance Evaluation of Sub-Committees

The Board has requested that assessments of all committees and sub-committees such as the Board of Directors, the Audit Committee, the Risk Management Committee, and the Good Governance Committee will use the same assessment rules as the Board. Furthermore, the subjects scrutinized in assessments will differ according to the roles and responsibilities of each.

#### c. Performance Evaluation of the Chairperson

The Nomination and Remuneration Committee is in charge of the evaluation of Chief Executive Office work that is to be presented to the Board of Directors. The assessment will follow the same rules as those used for the Board and sub-committees. The subjects under assessment will be divided into 10 areas: 1. Leadership, 2. Strategy, 3. Implementation of strategy, 4. Planning and financial procedures, 5. Relationship with directors, 6. Relationship with outsiders, 7. Management and relationship with Personnel, 8. Line of succession, 9. Knowledge of Product and Service, and 10. Personal qualifications.

In 2016, the Nomination and Remuneration Committee considered compensation and arranged for evaluations of committees and sub-committees. The Nomination and Remuneration Committee is in charge of evaluating the CEO, which was done on November 30, 2016 in order for the Board to study the results and improve the procedure.

#### 5.6 Remuneration for Directors and Executives

The Company has clearly and transparently set out details for Directors' remuneration in regard to attendance fees, the compensation for which received approval at the Annual General Shareholders' Meeting. Directors were assigned additional duties and responsibilities,

and example being their roles as members of sub-committees, for which they will receive added compensation at a level appropriate to the tasks and responsibilities assigned. This was based on the resolution made at the Annual General Shareholders' Meeting on April 29, 2016. The Board intends to act transparently and according to Good Governance principles, with Directors receiving remuneration abstaining from voting on the matter, which revolved around 821,474,406 shares).

The Nomination and Remuneration Committee sets the evaluation criteria for the executives as well as setting fair and clear remunerations for them. In the case where new shares are to be issued for the executives, the Committee will need to provide its opinion and justification for cases where more than five percent of the shares are allocated. No Directors or Executives that are to receive more than five percent of the Company's shares are to be members of the Committee. Disclosure of all relevant remuneration for the Directors and the Executives is given in annual reports and on the Company's website.

#### 5.7 Development of Directors and Executives

The Company provides the following types of training and activities to Directors and Executives:

- Encouraging Directors to attend training courses about their roles and duties as intermediaries in the investment business to acquire knowledge and understanding of their expected roles and responsibilities in order to fulfill them thoroughly and properly. The Company sent two directors to participate in training courses at the IOD, as specified earlier in regard to the Company's policy on personnel development.

- b. Newly elected or re-elected Directors must be approved by the Office of the SEC. The Company must have complied with the above prior to the newly appointed Directors beginning to undertake their duties.
- c. In the past year, the Company held two orientation sessions for new Directors. These sessions detailed information about the Company, regulations, and instructions for Directors.

## 2. ROLES, RESPONSIBILITIES AND SCOPE OF WORK OF THE CHAIRPERSON AND SUB-COMMITTEES

There are six committees in the Company: The Board of Directors, the Audit Committees, the Nomination and Remuneration Committee, the Investment Committee, the Risk Management Committee, and the Good Governance Committee. The lists of the Committees and Sub-Committees are included in Section 1. The structures and authorities of each Committee are explained below:

### 1. ROLES AND RESPONSIBILITIES OF THE CHAIRPERSON

The Chairperson's duties are as follows:

- 1.1 Setting the agenda for meetings between the Board of Directors and the Chairperson while ensuring that the Directors receive accurate, thorough, and clear information in a timely fashion prior to the meeting so that they are properly prepared.
- 1.2 Serving as the Board of Directors' leader and chairing meetings of the Board
  - a. Ensuring that the Board proceeds via agendas, regulations, and laws.
  - b. Providing appropriate amounts of time and encouraging all Directors to fully and freely exchange opinions, while also carefully engaging in decision making that is mindful of all stakeholders.
  - c. Summarizing meeting resolutions and what is needed to proceed in a clear manner.
- 1.3 Taking a leading role at Annual General Shareholders' Meetings and ensuring that they proceed according to their agenda, the Company's regulations, and laws by providing a proper amount of time and giving shareholders opportunities to express their opinions, while also carrying out question and answer sessions for shareholders in an appropriate and transparent manner.
- 1.4 Supporting and serve as a role model in following Good Governance principles and CGH's ethics policy.
- 1.5 Fostering a strong relationship between the Board and Management. Providing support to CEO and the fulfillment of Management's duties based on the Company's policies.
- 1.6 Supervising the disclosure of information and transparency in management in the event of a conflict of interest.
- 1.7 Ensuring that the Board is properly structured and organized.
- 1.8 Overseeing the operations of the Board and others, including sub-committees and individual Directors, in order to ensure that work is completed efficiently and successfully.

- 1.9 Supervising the performance of the Board of Directors as a whole, as well as that of individual Directors, the Chairperson, and sub-committees. This is done with the intent of improving performance and improving the knowledge and abilities of Directors and sub-committees.

### 2. SCOPE OF AUTHORITIES OF THE BOARD OF DIRECTORS

- 2.1 Direct the Company's business under the specified scope of objectives in compliance with regulations and laws and the shareholders' resolution with honesty and regards to maintain highest benefits of the shareholders.
- 2.2 Set the direction for business operation and monitor the performances of the Company and its subsidiaries in accordance with rules and regulations of the supervisory organizations, as well as oversee the Company's disclosure on information with respect to the practice of Good Governance.
- 2.3 Develop corporate good governance practice within the Company by documenting, reviewing and evaluating the performance annually.
- 2.4 Approve transactions regarding or concerning acquisition or disposal of assets/ sales or dismissal of properties including any other transactions, stated by law, that require the Board or Shareholder meeting approval.
- 2.5 The Board of Directors may appoint any number of executives as Sub-Committees to assist in managing, monitoring and regulating the Company's operation to ensure achievements in accordance with the practice of Good Governance.
- 2.6 Approve the Company's investment plan proposed by the management under Investment Committee's approval. The Board has approved the investment policy No.1/2015 dated 15 May 2015 that allows the investment in equity market and provide guidelines on Company's investment to ensure highest benefits, good internal control and efficient risk management.

- 2.7 Approve the Company's investment in business expansion or joint venture that bring highest benefits to the Company and its subsidiary.
- 2.8 Establish business ethics and consistently communicate such practice to director, management and all employees along with developing corporate culture in order to prevent corruption and monitoring the result regularly.
- 2.9 Establish good internal control and audit to protect the information and assets of the Company and its subsidiaries, clients, shareholders and stakeholders. Ensuring accurate accounting and finance to certify appropriate business operation with reasonable returns. Conduct annual evaluation on internal control and provide advices accordingly.
- 2.10 Establish risk management practice within the Company and its subsidiaries by assigning Risk Management Committee to set up policy concerning risk management in every business aspect as well as conduct reviews and evaluations with respect to the specified policy at least once a year.
- 2.11 Endorse the Company's financial statements presented in annual report.
- 2.12 Appoint the Chief Executive Officer and Managing Director and monitor their performances with respect to entitled authorities and scope of responsibilities.
- 2.13 Provide secretaries to the Company to comply with the regulations of the supervisory organization as well as to oversee the activities of the Board and examine the Company's performance with respect to the policies set by the Board. With additions of promoting the practice of Good Governance, securing documents and information and communicating with shareholders and supervisory organizations.
- 2.14 Provide effective communication channels between the Company and shareholders, stakeholders as well as the public.
- 2.15 Evaluate performance of the Company's board of directors annually to jointly examine the result and concerns in order to develop efficient solutions.
- 2.16 Manage and monitor its subsidiaries as the Company's unit – oversee their operations with respect to the Company's regulations.

### 3. SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

- 3.1 Ensure accuracy and transparency on financial reports of the Company and its Subsidiary together with the Company's Auditor and the concerned Management.
- 3.2 Ensure compliance with the law concerning the Securities Company Act, SET regulations, and other applicable laws.
- 3.3 Ensure accountable internal controls within the Company and its Subsidiaries. Ensure independence of Internal Audit Unit and oversee its operation as proposed by Management. Provide approval on transfers, removal, and evaluations of the Internal Audit Manager.
- 3.4 Select and appoint the Company's Auditor as well as the remunerations.
- 3.5 Ensure legal compliance concerning related transactions or transactions with conflicts of interest to maintain the Company's benefit.
- 3.6 Prepare and disclose Audit Committee reports in the annual reports that are endorsed by the Chairperson of the Audit Committee. The reports must consist of the following:
  - a. Observations on financial information disclosure in terms of accuracy and accountability
  - b. Observations on the Company's internal controls
  - c. Observations on the appropriateness of the auditors
  - d. Observations on compliance with SEC and SET regulations and any other applicable laws
  - e. Observations on the Company's conflicts of interest
  - f. Observations on any transactions concerning interests of shareholders or investors within the scope of authorities provided by the Board.
  - g. Conduct any other responsibilities as deemed appropriate by the Board.

In 2016, the Audit Committees held five meetings in total.

#### 4. SCOPE OF AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE

- 4.1 Recruit eligible persons and nominate them as the Company's Directors, members of Sub-Committees, CEO/Managing Director candidates to the Board or the shareholders, provided that the candidates are eligible in accordance with the qualifications set by the Board and the regulations of the supervisory organizations.
- 4.2 Nominate eligible persons as candidates for Independent Director by which the evaluations on their autonomy are conducted prior to the nominations.
- 4.3 Provide reliable advice on any amendments in the number of the Company's Directors to the Board of Directors as needed or deemed appropriate.
- 4.4 Review remuneration plans and policies of the Company and its Subsidiaries with respect to the Company's and its subsidiaries' annual business plans and benefits of shareholders
- 4.5 Develop policies and regulations concerning the remunerations of the Directors, the Sub-Committees, the CEO/Managing Director and propose them to meetings of the Board or shareholders for approval.
- 4.6 Develop remuneration structures for the Directors, the Sub-Committees, the CEO/Managing Director that correlate with their responsibilities and are able to retain or attract qualified persons to the Company and propose them to meetings of the Board or shareholders for approval.
- 4.7 Review remuneration structures of the employees in the Company and its Subsidiaries and propose suggestions to the Board to seek approval prior to annual remuneration
- 4.8 Review contract fees and other benefits for management and employees holding significant positions (if any) as well as the agreements on employment of authorities and make proposals to Management.

In 2016, the Nomination and Remuneration Committee held two meetings in total.

#### 5. SCOPE OF AUTHORITY OF THE GOVERNANCE BY COMMITTEE

- 5.1 Define the boundaries of the good governance of the Company and its Subsidiaries as well as recommend the guidelines of good governance and make proposals to the Board.
- 5.2 Monitor the operations of the Board and management to ensure compliance with the good governance practice stated by the Company and the supervisory organizations.

- 5.3 Review and revise the good governance guidelines of the Company and its Subsidiaries to keep up with international standards and make proposals to the Board.

- 5.4 Review the autonomy of the Board and any conflicts of interest that may occur.

- 5.5 Propose methods for evaluating the Board and Sub-Committees as well as overseeing the evaluation and reporting to the Board for future improvement

- 5.6 Review the performance evaluation process of the Board and the Sub-Committees annually.

In 2016, the Good Governance Committee held two meetings in total.

#### 6. SCOPE OF AUTHORITY OF THE RISK MANAGEMENT COMMITTEE

- 6.1 Provide assistance to the Board in managing risk and set up risk management policies, strategies, and risk control measures in every aspect of the Company and its Subsidiaries to guarantee systematic risk control.

- 6.2 Define risk control practice to each unit of the Company and its Subsidiaries, as well as monitor and manage risk within the specified realm and ensure compliance with the risk management principles stated by supervisory organizations.

- 6.3 Ensure adequate risk assessments and risk management - from internal and external factors - for the Company and its Subsidiaries, as well as conducting an analysis and proposing solutions.

- 6.4 Monitor and evaluate risk management in each department, and ensure that the Company and its Subsidiaries possess sufficient infrastructure, resources, and adequate risk control systems.

- 6.5 Review the Company and its Subsidiaries' risk management systems to ensure total coverage of all business transactions, as well as assigning individuals or sub-committees to oversee and manage large-scale risk and report to the Risk Management Committee.

- 6.6 Prepare annual performance evaluation reports for the Risk Management Committee, set up performance targets for the following year, and make proposals to the Board.

- 6.7 Conduct any other responsibilities as deemed appropriate by the Board and the Risk Management Committees.

In 2016, the Risk Management Committee held four meetings in total.

**7. SCOPE OF AUTHORITY OF THE INVESTMENT COMMITTEE**

- 7.1 Define the Company and its Subsidiary's investment plans that comply with the Board policies approved during Board Meeting Number 1/2015 on May 15, 2015.
- 7.2 Define and review the investment policy of the Company and its Subsidiaries corresponding with the investment conditions to maximize the Company's interests and make proposals to the Board.
- 7.3 Review risk management policies and measures so they match the Company's policies on investment.
- 7.4 Oversee the Company's investment policy to comply with the policy set by the Board.
- 7.5 Review the Company's annual investment plan and make proposals to the Board.
- 7.6 Conduct a study on targeted businesses or enterprises in order to ensure maximum returns and make proposals to the Board.
- 7.7 Is authorized to utilize the Company's expenses to invite or employ external experts as advisors for joint investment.
- 7.8 Nominate the Company's representative for election as Director or Executive of the invested company upon the Board's approval.
- 7.9 Oversee investments with respect to the Company's guidelines and report on the performance of the investment to the Board.
- 7.10 Propose a change in capital investment or a termination of a joint investment to the Board.
- 7.11 Conduct any other responsibilities as deemed appropriate by the Board and the Risk Management Committees.

In 2015, the Investment Committee held six meetings in total.

**8. BOUNDARIES, AUTHORITY, DUTIES, AND RESPONSIBILITIES OF THE CEO**

- 8.1 Studying the goals, business direction, and investment policies, as well as the Company and its Subsidiary's business strategy for the purpose of presenting it to the Board.
- 8.2 Studying, approving, monitoring, and regulating the Company's operations so that they comply with the policies, plans, and investment strategy that the Board has approved with the approval of the Executive Board.
- 8.3 Screening the annual budget as the Company, the Subsidiary, or Affiliated Companies within the Group prepare and present their proposals to the Board for approval with the agreement of the Executive Board.
- 8.4 Ordering/coordinating policies or business strategies that the Board has approved to Management and the Subsidiary so that they may fulfil their expected duties.
- 8.5 Monitoring and supervising operations and the risk management process. Following up on assessments of the Company and the Subsidiary's Management to ensure that they are following set policies.
- 8.6 Studying and providing suggestions, consultation, and advice for establishing solutions to problems, as well as encouraging the development of procedures in the Company and its Subsidiary.
- 8.7 Studying and providing advice about rules, discipline, and regulations in the Subsidiary's major business operations so that they comply with the Company's policies.
- 8.8 Having the power to issue orders, set regulations, make announcements, and keep records so that business operations are in order and follow Company policies, with this benefiting the Company in terms of corporate governance and internal corporate discipline.
- 8.9 Appointing or relocating personnel depending on their work, examining the Company and its Subsidiary's Management's goodwill and remuneration and presenting them to the Board for approval with the Executive Board's agreement.
- 8.10 Handling other duties as assigned by the Board or as is necessary.

### 3. NOMINATION AND APPOINTMENT OF DIRECTORS AND EXECUTIVES

#### 1. NOMINATION OF DIRECTORS

As concluded by the Board Meeting (2/2014) on June 24, 2014, the Nomination and Remuneration Committee was appointed to examine the appropriateness of the structure of the Company's Board of Directors as well as to specify the qualifications and eligibilities of Directors and top executives and their evaluations. According to the Company's Articles of Association, a shareholder has one vote per share as stated by the Public Limited Companies Act of B.E. 2535 (1992). The selection of directors in Articles 17 – 38 of Section 5 of the Company's Articles of Association can be summarized as follows:

- 1.1 The Board consists of at least five, but no more than 12 Directors, with at least half of the total number having to be residents of Thailand. The Board members are not required to hold shares.
- 1.2 The qualifications for Directors are as follows:
  - a. They must be natural, sui juris persons
  - b. They must not be bankrupt or incapable
  - c. They must never have been imprisoned for charges concerning illegal asset possession
  - d. They must never have been punished, fired, or removed from positions as a civil servants or government officers due to charges of fraudulent practices
- 1.3 If any Director lacks qualifications mentioned in item 2 or the Shareholders' Meeting resolves to remove him or her from the position, the Director must leave his or her position. Resignation notices should be presented to the Company and are considered effective on the date they are received.
- 1.4 The selection of Directors is carried out during Shareholders' Meetings following the regulations below.
  - a. Each shareholder has one vote per share.
  - b. The candidates may receive votes as individuals or as groups at a time depending on the decisions of Shareholders' Meetings. In each voting session, shareholders have to exercise all their existing votes without breaking down to vote for different candidates or groups of candidates.
  - c. Candidates are appointed to vacant positions in respect to the number of votes they receive. In case of a tie, the Chairman of the meeting has casting the vote.
- 1.5 In every Annual Shareholder Meeting, one-third of Directors should leave their positions. If the concurrent number of Directors are not divisible by three, the approximation can be applied. Directors who have left their positions may be re-elected. During the first two years after the Company's registration, Directors are randomly chosen and asked to leave their positions, whereas the Directors with the longest office terms are to leave their positions afterward.
- 1.6 Apart from serving a complete term, a Director is to leave his or her position in cases of:
  - a. Death
  - b. Resignation
  - c. Lacking qualifications or possessing any conditions prohibited by the Public Limited Companies Act;
  - d. Resolution of Shareholders' Meetings in relation to item 8
  - e. Removal by court orders
- 1.7 Any Director who wishes to resign should submit their resignation letter to the Company. The resignation is effective on the date the letter is received.
- 1.8 The Shareholders' Meeting resolves to remove Directors from their position by votes of more than three quarters of the number of shareholders attending the meeting with voting rights by which the total number of shares accounts for more than half of the overall number of shares held by the attending shareholders with voting rights.
- 1.9 In cases where a Director position has been left vacant due to reasons other than the expiration of the associated term, the Board is to appoint a qualified individual who is not prohibited from the position due to the Public Limited Company Act B.E. 2535 (1992) or the Securities and Exchange Act B.E. 2535 (1992) to serve as a substitute for the Director at the next Board meeting. Barring cases where the remaining tenure of the position is less than two months, the individual replacing the Director will stay in the title only until the term expires. The Board Resolution indicated in the first paragraph must be made with no less than three quarters of the remaining Directors.
- 1.10 In cases where the position of Director is vacant, leaving the number of remaining Directors insufficient for Board Meetings, the rest of the Directors can only act on behalf of the Board in setting up Shareholders' Meetings in order to select new Directors to fill the vacant positions. As per the first paragraph, such meetings must take place within a month of the day in which the Director positions were

left vacant to the extent which there were an insufficient number of Directors officially a Board Meeting. The individuals filling the vacant positions as per the first paragraph will stay in those positions until the end of the previous Directors' remaining term.

- 1.11 In cases where all the Directors have left their positions, they are to hold the title of 'Acting Director' to continue running the Business as is necessary until a new set of Directors take over the positions, barring cases where courts of law have otherwise ordered the removal of the Board. The Company must arrange a Shareholders' Meeting to select a new Board within a month of the old one having left their positions. The invitations for the meeting must be sent to shareholders no less than 14 days prior to the event.
- 1.12 Directors have the right to receive no more than 10 percent of the Company's net profit as remuneration. This is within their discretion, and they are also entitled to attendance fees, transportation fees, benefits, and other forms of compensation, as well as reimbursement for entertainment and other work-related expenses as per Company regulations. The text in the first paragraph does not impact the rights of Directors selected from staff and any of the Company's employees to receive compensation or benefits as staff members or employees of the Company
- 1.13 The Board is to directly elect one of their members as its Chairperson as the Board sees fit, and can select one or more Directors to hold the position of Vice-Chairperson. The Chairperson will assign the new Vice-Chairperson their duties according to regulations.
- 1.14 At least two-thirds of all Directors must attend a meeting for it to meet the quorum. The Chairperson acts as the head of Board Meetings. In cases where the Chairperson is unable to attend or fulfill their duties, if the Vice Chairperson is present, they will head the meeting. However, if they are not present or unable to fulfill the duty, the Directors attending the meeting are to choose one Director who will act as the head of the meeting. Decisions of Board Meetings come from majority votes. One Director has one vote with the exception of those with a vested interest in an issue, who cannot vote on that item. If the votes in favor and those against are equal in number, the head of the meeting will have an extra vote in order to make casting the vote.
- 1.15 When calling for meetings, the Chairperson or appointed individuals must send meeting invitations to the Directors no less than seven days prior to the meeting except in urgent cases. In order to protect the Company's rights and benefits, the notifications are to be done via other means, with it being possible to set meetings even earlier than that.

- 1.16 Directors must fulfill their duties according to the law, objectives, articles of association, and Shareholders' Meeting resolutions with honesty, integrity, and care for the sake of the Company.
- 1.17 Directors are prohibited from operating similar types of businesses and competing directly with the Company or being partners in a limited partnership or other PLC that operates in the same business and is competing with the Company regardless of whether it is done for their own benefit or that of others unless the Shareholders' Meeting is notified prior to the appointment of the relevant Directors.
- 1.18 Directors must notify the Company immediately in cases where they directly or indirectly benefit from any contracts that the Company has made or when the number of the Company or its Affiliates' shares or debentures that the Director is holding increases or decreases.
- 1.19 The Board must hold meetings at least every three months in the province of its headquarters, or in nearby provinces, or at other locations with set times, dates, and sites based upon the Chairperson's discretion. Two or more Directors may make a request for the Chairperson to call a Board Meeting. In such cases, the Chairperson or a Director appointed by the Chairperson will set a meeting date within 14 days of the date the request was made.
- 1.20 When signing (in a legally binding manner) on behalf of the Company, either the Chairperson or Executive Chairperson will sign and stamp the Company's seal, or two other Directors can jointly sign and stamp the seal. The Board has the power to study and change Directors empowered to sign legally binding documents on behalf of the Company.
- 1.21 If a Director purchases Company assets, sells assets to the Company, or operates any businesses dealing with the Company, if they do not have approval from the Board, any transactions will not be binding to the Company whether the Director does so in their own or another person's name.
- 1.22 Directors are to notify the Company immediately when they hold stock or debentures in the Company or its Affiliates by indicating the increase or decrease in their total value during the fiscal year.

## 2. NOMINATION OF INDEPENDENT DIRECTORS

On the appointment of independent director, the Board shall consider the candidate's eligibility in accordance with the minimum requirements of the SEC and assigned responsibilities stated within the announcement on Eligibilities and Scope of Audit Committee of the SET as follow:

- 2.1 Holds shares of no more than one percent of the number of shares with voting rights of the Company, its subsidiaries, affiliates, or related companies. The shareholding also includes those shares held by the Independent Director's related parties.
- 2.2 Does not hold or has never held a position in the Company as a Director involved in employee management, or a position/consultant receiving a salary or any other significant positions of the Company unless they were out of such a position for a least two years prior to the latest appointment. The aforementioned condition does not apply to Independent Directors with former experience as civil servants of a public sector with major shareholding proportions.
- 2.3 Is not a close family member, by blood or by law, i.e. parents, spouses, siblings, children and their spouses, of a member of Management, major shareholders with significant control over the Company, or candidates of such positions in the Company and its Subsidiaries.
- 2.4 Has never had business relationship with the Company, its Subsidiaries, Affiliates, major shareholders, or individuals who have authority to control the Company in any way that impacts judgement. In addition to never having been a major shareholder of the Company, its Subsidiaries, its Affiliates, or individuals with direct control over the Company's business, unless the candidate has been out of such a position for at least two years prior to the appointment.
- 2.5 Has never been an auditor of the Company, its Subsidiaries, Affiliates, major shareholders, significant authorities, or a partner of the audit service provider unless the individual has been out of such a position for at least two years prior to the appointment.
- 2.6 Has never worked in any service profession that includes legal or financial counseling that receive service fees greater than two million baht per year from the Company, its Subsidiaries, Affiliates, major shareholders, shareholders/individuals with the authority to control, or partners of service professions unless the candidate has been out of such a position for at least two years prior to the appointment.
- 2.7 Is not an Independent Director who has been appointed on behalf of the Company's Directors, major shareholders, or shareholders with relations to major shareholders.
- 2.8 Is not in a business with similar objectives or in competition with the Company and its Subsidiaries. Is not a partner or a director involved in employee management, or a position or Consultant receiving salary, or a shareholder with more than one percent of the total number of shares with voting right of any company with similar objectives or in competition with the Company and its Subsidiaries.
- 2.9 Not being in any other conditions that may affect judgment regarding the Company's operations.

### 3. BOARD DIVERSITY POLICY

In its nomination of directors, the Company emphasizes various factors. It has prepared a Board Skill Matrix to set and inspect the qualifications of potential Directors, considering skills and the lack of them, including those qualities that might comply with the Organization's business strategies.

The Company should consider having diversity among its Board's members. The Board sets criteria for its Directors' education levels, knowledge, ability, skills, careers, working experience, and areas of expertise. Furthermore, they must have leadership skills and vision, both of which are useful in business operations. Other criteria include honesty, integrity, and ethics, while race, languages, and religion are not issues.

### 4. NUMBER OF LISTED COMPANY OF DIRECTORS ENTITLEMENT POLICY

To ensure that Directors devote their time to working efficiently. Each of the Board of Directors should not hold more than five other Board positions in other listed companies.

### 5. NUMBER OF LISTED COMPANY OF CHIEF EXECUTIVE OFFICE ENTITLEMENT POLICY

The Executive Chairperson is encouraged to devote their time to fulfilling their duties efficiently. The Board allows for the holding of director positions in no more than five other registered companies.

### 6. DIRECTORS' MEETING ATTENDANCE POLICY

Board Meetings are held every three months, with special meetings possibly being held whenever necessary. To encourage Directors to regularly attend Board Meetings, the Board requires that meetings and votes require at least two-thirds of Directors must attend to meet the quorum. Each Director should attend at least 75 percent of all meetings in a year. The Company prepares Board Meeting schedules a year in advance and sends out meeting invitations with agendas five working days before meetings so that Directors have sufficient time to prepare.

Directors who are not members of Management, Independent Directors, and Audit Directors can meet between themselves as deemed appropriate to discuss issues regarding parts of their areas of interest without having Management in attendance.

When necessary, Directors who are unable to attend any Board Meetings can give notification of their reasons for doing so to the Chairperson at the first opportunity before the meeting.

#### 4. CORPORATE GOVERNANCE OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company's Board of Directors has imposed a policy regarding the regulation and monitoring of Subsidiary and Affiliated Companies in order to secure accountability and transparency. This is to ensure efficient control over the business directions of Subsidiary and Affiliated Companies as they are monitored and regulated by the Company's internal unit, by which investors and stakeholders' benefits credibility are secured.

Through the appointment of the Company's Executives, who are eligible and qualified under the regulations of the Capital Market Supervisory Board, as members of the Boards of Directors of the Subsidiary and Affiliated Companies, their performances are well monitored in addition to the use of standardized practices on information disclosures, data mining, and accounting systems to facilitate the composition of consolidated financial reports within time limits.

#### 5. TRANSACTION APPROVAL

After the resolution of Board Meeting Number 1/2559 (1/2016) on January 26, 2016, the Board resolved to modify the authority to approve asset acquisitions and dispositions by the Company in accordance with Notification Number 2/2558 (2/2015) Re: Authority to approve items related to expenses and purchases of assets by the Company in order to create more flexibility in business operations. This was effective as of February 1, 2016. Details are as follows:

1. The Chairperson is in charge of approving expenses or purchases within the annual budget, which is approved by the Board.
2. The Chairperson or CEO must handle approval of expense or asset purchase transactions that are not in the annual budget or over the budget by no more than three million baht. In cases where they are over by more than three million baht, requests for increased budgets must be made to the Board.
3. The CEO has authority over approval of staff compensation barring expenses that are prescribed by welfare regulations or the Company's other regulations. The Board in turn is in charge of approving the CEO's expenses.
4. For expenses that are incurred according to the rules and/or division-regulated parts of the Company's business, the relevant division is to serve as their inspector and approval must be requested from the CEO.
5. The highest-ranking executive is to handle approval of recurring expenses in which cash amounts of no more than 1000 baht are advanced.
6. To prepare the Company's capital for investment, the Investment Division is to present a plan for approval at an Investment Committee Meeting and at a Board Meeting.
7. The Company will proceed according to the law, announcements, regulations, measures, and rules of relevant agencies when preparing acquisitions and dispositions of assets.

#### 6. AUDIT FEES

As per the resolution of the Annual Shareholders' Meeting in 2016, the auditor from Deloitte Touche Tohmatsu Jaiyos Co., Ltd was appointed as the Company's Auditor. The audit fee for

2016 was set at 1.18 million baht, with the fees for 2015 and 2016 consisting of the Company's Auditor's fees and other services with the following details:

Unit: Millions of Baht

TRANSACTIONS	2015	2016
Audit Fees	1.00	1.00
Other services	None	None
Total	1.00	1.00

## 9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company and its Subsidiary have realized the importance of and given attention to participation in corporate social responsibility (CSR) and fighting corruption, including principles of good governance for the SET's registered companies. The Company believes that doing business with fairness under good governance will build trust with the Company's stakeholders.

However, any business investments will expect a return or profit, and require stability, advancement, or growth. Though a business can grow in a sustainable

manner, it cannot consider only the earning benefits or profits to the organization, but also what it can return to society, be it money or something else that is beneficial. A business with a social conscience that proceeds under good governance can bring about a sustainable and successful future.

The Board of Directors thus feels that guidelines should be established in the form of policies and procedures for different sectors:

### 1. FAIR BUSINESS PRACTICES

The Company supports fair business practices and follows rules and regulations according to good governance with transparency and compliance with international standards.

The Company emphasizes on the following guidelines:

1. Setting up guidelines of responsibility for the Board of Directors and its executives to pursue within the framework of fair competition and following business practices with rightfulness and fairness in mind; this includes avoiding immoral methods of eliminating competitors, as well as not taking advantage of staff members and those under one's supervision.
2. Establishing business procedures and guidelines for business partners that strictly adhere to laws and mutual agreements. The Company will not seek competitors' secrets via illegal means, nor will it taint their names by defaming them.
3. To collect its brokerage fees from general clients, the Company will follow the rules of securities trading fee rates that the SET and the SEC have established.

### 2. ANTI-CORRUPTION

The Company has strong policies on morals, ethics, and transparency in doing business, including internal anti-corruption reviews. Measures for laying down internal procedures and thorough risk assessments are done regularly or at least once a year. On March 16, 2016, the Board of Directors reviewed policies and measures at Meeting Number 3/2016 while reviewing means of practicing good governance in the Organization's structure. This included policy to combat corruption and graft:

- Setting policies, rules, and guidelines for anti-corruption efforts based on the Anti-Money Laundering Act that Management and staff alike are to strictly follow. Policies are as follows:

- a. CGH's employees are not allowed to take or receive any gifts from customers and business related parties. Gifts may come in many different forms such as entertaining expenses or inappropriate expenses payments that exceed the company's limit
- b. CGH's employees must not accept any bribes, both directly and indirectly, in order to facilitates business transactions or proceedings
- c. The procurement process should be transparent, fair, and adheres to the Corporate's rules and regulations

- d. CGH encourages free and fair trade competition while avoids fraudulent activities that can be considered an infringement of intellectual property rights
- e. All charitable donations and funds need to comply with the Anticorruption policy and adhere to the related country's law

In 2016, the Company held the following anti-corruption activities:

- a. On Friday, April 22, 2016, working jointly with the Parent Company CGH, the securities company arranged for staff training in a course entitled "Good Governance & Anti-Corruption," which was held by Sirirat Vasuvat, an expert in social science analysis from the Office of the National Anti-Corruption Commission (NACC) and
- b. On that same day, the Company also announced its intention to join the Private Sector Collective Action Coalition against Corruption (CAC), with plans to begin the process of gaining approval to become a member.
- c. On June 7-8, the Company sent staff to attend the training course "Anti-Corruption: The Practical Guide" at the Thai Institute of Directors (IOD).

- d. On August 16, 2016, Veeraphat Phetcharakupt, one of the Company's Directors, joined the "Tone at the Top Series 3/2016: Operating Transparent Business in Asia" panel to help provide education in making business operations transparent in Asia and adapting the concept for use within the Organization.
- e. To support Good Corporate Governance and to show strength in the fight against corruption, the Chairman appointed Dr. Veeraphat Phetcharakupt, Director and Executive, along with staff members to join in the "Anti-Corruption Day 2016" activities, which were based around the theme "karma punishes corruption," the subject of a speech. It was set up on Tuesday, September 6, 2016 at Plenary Hall 1-2, Queen Sirikit National Convention Center for the purpose of raising awareness in fighting corruption.
- f. The Company's Board has established a working group that the CEO will preside over. The group will work to improve fraud prevention measures and tighten policies to combat corruption. At the moment, the Company is currently engaged in self-assessment regarding anti-corruption measures and is preparing guidelines for handling the issue.
- g. In 2016, the Company did not receive any complaints or find any evidence of dishonesty or corruption in inspections.
  - The Company observes KYC/CDD (Know Your Customer, Customer Due Diligence) when verifying details for account openings so that it may efficiently and properly acknowledge a customer's identity. These steps follow the government's measures of Anti-Money Laundering and Combating Terrorism Financing.
  - The Securities Company is working on improving and tightening policies and measures for mitigating the risk of corruption. It is currently engaged in self-assessment regarding anti-corruption measures and is preparing guidelines for handling the issue.

### 3. RESPECTING HUMAN RIGHTS AND TREATING THE WORKFORCE FAIRLY

The Company supports and respects the protection of human rights, treating each client and stakeholder equally and fairly, while also encouraging all staff members' development for advancement purposes through the following means:

- 3.1 Providing suitable benefits such as a Provident Fund (PVD), uniforms, health care and annual health inspections, life and accident insurance, funeral assistance for employees and their family, and childbirth allowances.
- 3.2 Ensuring the equal and fair treatment of all staff members. This means providing appropriate returns according to education, ability, responsibility, and performance outcomes by using the KPI system to assess performance. This in turn affects considerations for compensation, yearly bonuses, and promotions.
- 3.3 The Company has arranged for 1. an "Executives meet Staff" event to open opportunities to voice opinions, innovations, or suggestions directly to executives every three months so staff members are treated equally and fairly, 2. "Happy Friday" activities every Friday, 3. corporate lunches, 4. staff birthday parties, and 5. staff New Year parties to foster unity among personnel and allow executives and staff to communicate outside of office hours. Such activities should help bridge gaps between executives and staff, improve cooperation, and boost workers' morale. This should thus create a strong and lasting bond between employees and the Organization.
- 3.4 Continuing to support activities to boost workers' morale such as creating promotions for marketing staff members who have opened the highest numbers of accounts for clients, promoting both securities and derivative securities, holding gratitude activities (e.g. staff parties) in 2016.
- 3.5 Fair hiring by following human rights and labor laws without any biases regarding nationality, sex, age, religion, physical condition, wealth, or family lineage.
- 3.6 Encouraging new ideas or innovations in addition to supporting harmony and unity, as well as respecting rights to privacy and refraining from defamation of others.
- 3.7 Paying attention to safety and health care for staff members in the workplace while ensuring that it is clean and tidy while following the 5S method. This includes annual health check-ups and the presence of an office medicine cabinet.
- 3.8 Continuously training and developing staff members' skills to improve their level of quality each year. Staffs are also to be encouraged to further their educations, capabilities, and skills so that they are able to provide services to clients in order to support business growth in the context of constant and rapid change.

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#### 4. RESPONSIBILITY TO CONSUMERS

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The Company aims to maximize customer satisfaction by providing services that are attentive and dependable. We believe in fair, transparent, and equal treatments services to all customers. CGH also developed different channels, offering diverse products with accurate information, for our clients to access. In order to ensure that clients' interests and secrets

are maintained, CGS handles individual accounts honestly and reliably. Furthermore, the Company has prepared a channel for customer complaints and information. Each step of the working process is clearly defined in order to expedite efficiency, fairness, and trustworthiness. The Company has also joined a process of settling disputes through arbitration at the Office of the Securities and Exchange Commission.

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#### 5. CONSERVING THE ENVIRONMENT

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Although the Company's activities do not have much impact on the environment, the Company still recognizes the value and importance of properly managing natural resources and efficiently decreasing their usage. The Company's policy is to encourage learning about and training its staff for handling the environment:

1. Strictly follow the laws and regulations regarding the environment.
2. Support and promote energy saving among staff, conserve the environment, and continue to regularly improve working processes so that they are more beneficial to nature.
3. Realize efficient water usage by inspecting water pipes and meters on a regular basis.
4. The Company set up training courses designed to promote efficient resource usage on October 7, 2016, and carried out assessments by assigning groups of staff members to prepare activities for which the Securities Company handled expenses. These activities not only served to foster awareness of environmental conservation, but also proved useful indicators and evaluations of staff as they chose to work on the following two activities:
  - a. Rallying the "value of second-hand paper" by invoking staff members' consciences to save natural resources to alleviate the issue of global warming and reduce the Company's expenses.

- b. The "Conserve Thai Oceans" activity, which involved growing corals and releasing baby sharks in order to maintain the local ecological balance in the country's ocean at the Sattahip Naval Base, Phra Maha Jetsadaratchao Camp, this past November 18, 2016. The staff was educated on nature and the importance of conserving the Thai ocean by Lt. Cmdr. Suphachai Suwattana. Growing corals and releasing baby sharks with their own hands gave staff a strong consciousness of nature conservation, as well as a sense of joy. They learned to cherish the country's ocean and were proud to be part of this conservation effort.



5. Reducing paper usage by sending documents and some reports to clients by e-mail instead of by post, and setting up a program issuing leave of absence forms, car reservations, conference room reservations, and so on through online means in place of paper to ensure that staff develop greater awareness of conservation of natural resources and Company expenses.

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#### 6. COMMUNITY OR SOCIAL DEVELOPMENT

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The Company recognizes its role and social responsibilities through activities consistent with its operating measures that emphasize education, spiritual/religious cultivation, and improving the quality of life in society. In 2016, the Company established a program to encourage

social and environmental responsibility called "Grow Together," which was based on the idea of the Company growing alongside a better society and environment in the following ways:

## EDUCATION

1. Seminars were set up and knowledge is provided to various educational institutions about investment. The schools included were Rungsit University, Krirk University, Rajamangala University of Technology Phra Nakhon, Rajamangala University of Technology Thanyaburi, Rajamangala University of Technology Rattanakosin, Suranaree University of Technology, Nakhon Ratchasima Rajabhat University, Naresuan University, and the National Institute of Development Administration (NIDA), along with some students from the Institute of Intelligence Investors (NIP), and those from Thammasat University. This was done to create an opportunity for students to visit companies' business operations and learn about investment.
2. Aside from joining with the Parent Company to arrange the 'Grow Together at Wat Ban Kae School' activity to donate school supplies and toys for recreation, CGS also worked to improve the school's grounds. 15 computers were donated to improve students' learning capabilities, encourage research with a learning tool outside of textbooks, and broaden the visions of students in remote areas.

## RELIGIOUS CULTIVATION

1. Work included offering robes to Buddhist monks at monasteries (Thod-pah-pa), helping to build areas of a temple, and installing a "Phra Buddha Khantharath" at Wat Chin Phracha Samoson (Leng Hoke Yi), Tambon Na Muang, Muang District, Chachoengsao Province on Saturday, June 25, 2016.
2. Robes were made and offered off-season, along with other necessities, to monks (Thod Kathin) at Wat Samakkee Wararam (Samuh Phrom), Tambon Thap Kwang, Kang Khoi District, Sara Buri Province on Sunday, November 6, 2016.
3. Merit was made of Thod Kathin at Wat Sut-sawad, Tambon Ban Klong, Muang District, Phitsanulok Province on Saturday, November 12, 2016.
4. Merit was made of Thod Kathin at Wat Sanththam Banphot (Phunoi), Tambon Na Klang, Na Klang District, Nong Bua Lamphu Province on Sunday, November 13, 2016.

## IMPROVING QUALITY OF LIFE

1. A merit making ceremony for the funeral religious rites of the late HM King Bhumibol Adulyadej Mahitalathibet Ramathibadi Chakrinarubadin Sayamintharathiraj Baromanatbaphit was hosted at Wat Yannawa on November 1 and December 1, 2016.



2. Funds were donated to the Royal Ka-tin fund for the "Giving medicinal sets and supplies to those under royally patronized temples at Buddha Satanphromwachirayan Hospital 50 Years Mahawachirayan" project at Ban Praduk, Moo 3, Tambon Rai Noi, Muang District, Ubon Ratchathani Province.
3. The Company joined forces with efforts against corruption in "Anti-Corruption Day 2016," which were based around the theme "karma punishes corruption," with a special speech and discussion at Plenary Hall 1-2, Queen Sirikit National Convention Center to raise awareness about efforts to fight corruption on Tuesday, September 6, 2016.



## 10. INTERNAL CONTROLS AND RISK MANAGEMENT —

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### 1. THE BOARD OF DIRECTORS' OPINIONS

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The Company has assigned the Audit Committee-made up of Independent Directors whose duty is to review the effectiveness of the internal controls systems at each step of operations-to report, monitor, and oversee the process. The information was disclosed in proper detail with the Audit Committee's procedural evaluations, along with regular inspections of the Company's internal audit functions. The Committee also meets with Management and a certified public accountant (CPA) to correct areas and improve standards for the sake of increasing efficiency. The Company's policy is to arrange meetings of the Audit Committee at least once a quarter, with five such meetings occurring in 2016.

The Board of Directors assessed the effectiveness of the Company's internal controls systems in five areas: 1. Organization and operating environment 2. Risk assessment 3. Management operation control 4. Information and communication system and 5. Monitoring system. After the assessment process, the Company's committee concluded that the Company's internal controls systems and risk management were effective. Moreover, the committee also saw that there were adequate employees to operate internal controls systems and risk management as planned.

Chawala Thianprasertkit, the Company's Auditor from Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd, handled the quarterly financial statements and the annual statement for 2016. He did not make any comments in his reports suggesting that the Company had problems with its internal controls system.

Furthermore, the Company has set control mechanisms for its Subsidiary and Associates by sending representatives to join their boards of directors based on its shareholding ratio of their companies. This is to better control their management and monitor operations to ensure that they follow the Company's policies. It also set guidelines to mitigate and prevent possible risks at least once every quarter. The Company also purchased a 100-million-baht insurance policy in order to guarantee the responsibility of the Directors, staff, and the Company itself. Said policy should protect and relieve its operating risks.

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### 2. HEAD OF THE AUDIT AND COMPLIANCE DIVISION

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The Company's Audit and Internal Audit Division is to regulate all policies implemented in regard to its business to ensure that they comply with the law and Company's regulations. It reports to the Audit Committee and Management, acting as an advisory group for relevant regulations. At Audit Committee Meeting Number 1/2557 (1/2014) on June 24, 2014, Jakkrit Jintanone, an experienced

Internal auditor and operational overseer, was appointed to head the Division.

after, after he resigned from and left the Company, Management appointed Thanika Padungpattanapong, Legal Division Director and Company Secretary, to temporarily hold the title for the sake of inspecting and regulating the Company and its Subsidiary's business operations as per the relevant laws and standards.

## 11. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and Company by common shareholders or directors.

Details of related parties' transactions in 2016 are as follows:

CONNECTED PARTIES	NATURE OF TRANSACTION	AMOUNT (BAHT)		NECESSITY AND REASONABILITY OF TRANSACTION ACCORDING TO THE AUDIT COMMITTEE'S OPINION
		2016	2015	
Country Group Securities PCL	Trade and other receivables	122,803,750	1,300,905	Entrance into securities trading transactions fall within the normal course of business for the Subsidiary Company. This is done at the market price, which offers the same rates as general clients.
	Trade and other payables	8,318,730	2,683,654	
	Fee and service expenses	6,702,858	1,859,490	
	Dividend income	135,574	3,818,919	
	Other expenses	373,788	-	
	Investment in subsidiary company	3,463,249,978	3,463,159,917	Entrance into investments is within the normal course of business for the Company.
	Short-term loan from subsidiary company	400,000,000	-	Short-term loan from subsidiary company is a form of financial support that falls under the normal course of business for the company and its subsidiary.
	Finance costs	1,345,753	850,000	
	Dividend income	200,586,573	648,007,405	Dividend income is in line with the Company's normal investment procedures.
	Dividend paid	453	-	Dividend payments were per the resolution from the Annual General Shareholders' Meeting

CONNECTED PARTIES	NATURE OF TRANSACTION	AMOUNT (BAHT)		NECESSITY AND REASONABILITY OF TRANSACTION ACCORDING TO THE AUDIT COMMITTEE'S OPINION
		2016	2015	
MFC Asset Management PCL	Investment in associated company	648,905,950	648,905,950	Entrance into investments is within the normal course of business for the Company
	Dividend income	49,340,775	50,835,950	Dividend income is in line with the Company's normal investment procedures.
	Dividend paid	2,188,527	-	Dividend payments were per the resolution from the Annual General Shareholders' Meeting
	Fee and service expenses	715,325	162,404	Fees from managing funds are part of the Company's normal business procedure.
Padang Industry PCL	Investment in associated company	827,379,627	557,962,500	Entrance into investments is within the normal course of business for the Company
	Dividend income	4,642,280	-	Dividend income is in line with the Company's normal investment procedures.
	Dividend paid	200,059	-	Dividend payments were per the resolution from the Annual General Shareholders' Meeting
Country Group Development PCL	Investment in associated company	821,441,941	549,073,155	Entrance into investments is within the normal course of business for the Company
	Dividend paid	7,040,843	-	Dividend payments were per the resolution from the Annual General Shareholders' Meeting
Genki Power Co., Ltd	Investment in subsidiary company	25,000,000	-	Entrance into investments is within the normal course of business for the Company
Genki Power Co., Ltd	Trade and other receivables	310,500	-	Entrance into trade and other receivables are within the company's normal course of business
Genki Power Co., Ltd	Trade and other receivables	2,639,660	-	
Tech Reform Co., Ltd	Trade and other receivables	797,640	-	
Solar Technic Co., Ltd	Trade and other receivables	797,640	-	

The audit committee has opinion that all aforementioned transactions have pricing policies and conditions in line with the normal business, necessity, appropriate and reasonable. Moreover, accuracy and completion of information disclosure related to these transactions are completed with the SET's regulations.

Details of related parties' transactions in 2016 are as follows:

CONNECTED PARTIES	NATURE OF TRANSACTION	AMOUNT (BAHT)		NECESSITY AND REASONABILITY OF TRANSACTION ACCORDING TO THE AUDIT COMMITTEE'S OPINION
		2016	2015	
Sadawut Taechaubol	Brokerage fees from securities business Deposit for customer's account	- 1,584.45	86,619.88 14,123.14	Entrance into securities trading transactions fall within the normal course of business for the Subsidiary Company. This is done at the market price, which offers the same rates as general clients.
Bee Taechaubol	Deposit for customer's account	8,509.03	8,549.64	
Ben Taechaubol	Brokerage fees from securities business Deposit for customer's account	75,260.81 559.99	163,717.40 555.68	
	Net securities business receivables	2,377,307.82	8,563,802.57	
	Interest received	605,090.55	121,456.93	
Louise Diskul Na Ayudhaya	Deposit for customer's account	36,651.42	38,267.99	
Tommy Taechaubol	Brokerage fees from securities business Deposit for customer's account	202,005.23 69,211.99	352,327.42 68,677.84	
M.L. Santidis Diskul	Deposit for customer's account	631.86	627.00	
Pol.Lt. Gen. Werapong Chuenpagdee	Deposit for customer's account	350.56	347.84	
Kacha Chuenpagdee	Brokerage fees from securities business Deposit for customer's account	37,115.56 -	11,734.73 124.12	
Pimporn Vanichsenee	Brokerage fees from securities business Brokerage fees from securities business Deposit for customer's account	37,897.70 5,014.21 -	670.28 37,897.70 713.98	
Kanchit Joonjiraporn	Brokerage fees from securities business Deposit for customer's account	16,385.00 -	9,890.92 1,689.35	

CONNECTED PARTIES	NATURE OF TRANSACTION	AMOUNT (BAHT)		NECESSITY AND REASONABILITY OF TRANSACTION ACCORDING TO THE AUDIT COMMITTEE'S OPINION
		2016	2015	
Mutual fund managed by associate	Brokerage fees from securities business	81,578,665.78	66,548,305.16	Entrance into investments is within the normal course of business for the Company and its Subsidiary.
	Investment-net	60,850,762.18	338,735.49	Investment is one of the ordinary business for CGS
Country Group Development PCL	Brokerage fees from securities business	-	54,922.13	Entrance into investments is within the normal course of business for the Company and its Subsidiary.
	Deposit for customer's account	50,125,977.03	10,185,045.33	
	Interest paid	633,466.14	109,584.23	
EDP Enterprise Company Limited	Premises and equipment expenses	1,333,821.18	1,238,484.72	Warehouse rental expenses are in the normal course of business for the Subsidiary Company. The agreed price approximates the market value.
Sing Sian Yit Pao Company Limited	Other expenses	925,550.00	946,950.00	Advertising expenses are in the normal course of business for the Subsidiary Company. The agreed price approximates the market value.
MFC Asset Management PCL	Brokerage fees from securities business	377,163.21	947,563.30	Fees from the investment advisory services is in the normal course of business of the subsidiary company. At the market price which is the same rate as general client.
	Fees and services income	281,252.44	280,716.49	Fees received from services provided as an Agent of stock warrant acceptance fall within the Company's normal business procedures.
	Fees and services expense	102,900.00	162,403.86	Fees from managing funds are part of the Company's normal business procedure.

CONNECTED PARTIES	NATURE OF TRANSACTION	AMOUNT (BAHT)		NECESSITY AND REASONABILITY OF TRANSACTION ACCORDING TO THE AUDIT COMMITTEE'S OPINION
		2016	2015	
Padaeng Industry PCL and Subsidiaries	Securities business payables	206,497,922.05	-	Transactions for the purpose of bond trading are within the Company's normal business procedures, and rates are fixed to the market rate.
	Profit from investment	3,989,103.75	-	
	Dividends received	2,260,000	-	Dividend income is in line with the Company's normal investment procedures.
Country Group Holdings PCL	Deposit for customer's account	13,767,073.28	1,300,904.87	Transactions for the purpose of securities trading fall within the Company's normal business procedures, and rates are fixed to the market rate.
	Brokerage fees from securities business	6,728,197.10	1,899,524.73	
	Securities business receivables	7,003,661.81	2,683,653.74	
	Securities business payables	2,342,124.02	-	
	Interest paid	140,824.48	728,488.79	
	Short-term loans to the Parent Company	400,000,000.00	-	Short-term loans to the Parent Company is a form of financial support that falls under the normal course of business for the Company and its Subsidiary.
	Interest received	1,345,753.00	850,000.00	
	Fees and services income	-	506,000.00	The fees were received from serving as a Securities Agent, which is part of the normal course of business for the Company, while rates were fixed at the market rate.
	Securities business payables	106,694,553.20	-	The transaction was for debt trading. This is in line with normal Company operations. The rate was set according to the market rate
	Profit from investment	126,591.60	3,090,430.59	
	Dividend payment	200,586,573.10	648,007,405.46	Dividend payments were per the resolution from the Annual General Shareholders' Meeting

#### MEASURES AND PROCEDURES FOR RELATED PARTY TRANSACTIONS

The Company has set up measures for controlling related party transactions between the Company, its subsidiary, and others who may have conflicts of interest, personal interest, or possible future conflicts of interest in accordance with the notifications of the SEC or SET. The Audit Committee will provide opinions about the necessity of transactions and the appropriate market price or arm's length price, as well as comparing prices with those outside the Company.

In the event that the Audit Committee lacks the expertise to handle any related party transactions, the Company will arrange for an independent expert or the Company's Auditor to comment on such transactions in order to provide comments accompany those of the Audit Committee and/or the Board of Directors and/or shareholders, depending on the situation. Those with conflicts of interest or personal interests will not be able to vote on resolutions regarding related party transactions.

Furthermore, the Company will disclose information on connected transactions and vital asset acquisitions or dispositions of the Company and its Subsidiaries in accordance with the notifications of the SEC and the SET, as well as the accounting standards of the Federation of Accounting Professions under the Royal Patronage of his Majesty the King (FAP).

#### POLICIES OR TENDENCIES FOR FUTURE RELATED PARTY TRANSACTIONS

The Company and its subsidiary may enter into related party transactions with the potential for conflicts of interest down the line. In the event of normal business transactions and normal business supporting transactions under general trade conditions with individuals who may have conflicts of interest, the Company has set a policy for preparing prices which can be compared with those from outsiders. This operates according to and strictly follows Board-approved guidelines under the Securities and Exchange Act B.E. 2535 (1992). Prices must be set clearly and fairly, and terms must not lead to any transfers of benefits. Because more people may have potential conflicts of interest, the quantity of the Company's and the Securities Company's future related party transactions should increase after the restructuring is complete. The majority of such transactions will be business deals related to securities trading.

However, in the event of new transactions or changing conditions, the Internal Audit and Compliance Department will review the information and prepare and submit a report to the Audit Committee so that the latter may consider it and

make decisions regarding the appropriateness of prices and reasonableness of transactions on the quarterly basis. In the case of normal business transactions, normal business support transactions, and other related party transactions, the Company will follow the above measures to control related party transactions.

## 12. FINANCIAL STATEMENTS AND PERFORMANCE —

### FINANCIAL STATEMENTS

#### 1 AUDITOR

2015 and 2016 Mr. Chavala Tienpasertkij, CPA Number 4301 Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

#### 2 Summary of Auditor opinion in the past three years

2016	Unqualified opinion
2015	Unqualified opinion
2014	Unqualified opinion with an emphasis of matters

#### 3 AUDITOR'S REMUNERATION

##### 1 Audit Fee

###### a. The Company

- In 2016, the Company received approval from Annual Ordinary Shareholders' Meeting Number 1/2559 (1/2016)'s Resolution to appoint an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd to serve as their own auditor, as well as to set the audit fee in 2016 at one million baht.
- In 2015, the Company received approval from Annual Ordinary Shareholders' Meeting Number 1/2558 (1/2015)'s Resolution to appoint an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd to serve as their own auditor, as well as to set the audit fee in 2015 at one million baht.

###### b. The Securities company

- In 2016, the Subsidiary received approval from the Annual Ordinary Shareholders' Meeting Resolution to appoint an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd to serve as their own auditor, as well as to set the audit fee in 2016 at 2.5 million baht.
- In 2015, the Subsidiary received approval from the Annual Ordinary Shareholders' Meeting Resolution to appoint an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd to serve as their own auditor, as well as to set the audit fee in 2015 at 2.5 million baht.

##### 2 Non Audit Fee

- None -

# STATEMENTS OF FINANCIAL POSITION

Unit : Baht

ASSETS	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31,					
	2016	%	2015	%	2014	%
Current Assets						
Cash and cash equivalents	1,480,778,898	18.69	1,471,718,445	21.24	1,144,638,316	19.88
Deposits at financial institutions	54,240,000	0.69	69,310,000	1.00	269,310,000	4.68
Temporary investments	1,917,789,814	24.20	1,129,749,939	16.31	689,202,903	11.97
Trade and other receivables	112,669,546	1.42	77,804,084	1.12	28,793,562	0.50
Receivables from Clearing House	866,529,737	10.93	46,596,468	0.67	32,189,616	0.56
Securities and derivatives business receivables - net	452,024,236	5.70	1,241,190,339	17.91	2,304,223,685	40.03
Other current assets	-	-	2,501,691	0.04	1,314,451	0.02
Total Current Assets	4,884,032,231	61.63	4,038,870,966	58.29	4,469,672,533	77.64
Non-Current Assets						
Investments in associated companies	2,356,418,849	29.73	2,105,960,716	30.40	546,612,943	9.49
Other long-term investments	264,749,982	3.34	336,764,738	4.86	286,393,749	4.97
Property, premises and equipment	125,416,567	1.58	140,230,038	2.02	152,381,479	2.65
Intangible assets	104,479,469	1.32	102,408,524	1.48	98,225,958	1.71
Deferred tax assets	103,731,849	1.31	106,711,815	1.54	107,331,535	1.86
Other non-current assets	86,382,153	1.09	97,934,651	1.41	96,547,205	1.68
Total Non-Current Assets	3,041,178,869	38.37	2,890,010,482	41.71	1,287,492,869	22.36
Total Assests	7,925,211,100	100.00	6,928,881,448	100.00	5,757,165,402	100.00

LIABILITIES AND SHAREHOLDERS' EQUITY	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31,					
	2016	%	2015	%	2014	%
Current Liabilities						
Trade and other payables	94,922,522	1.20	124,880,505	1.80	187,513,862	3.26
Payables to Clearing House	44,607,750	0.56	235,432,799	3.40	187,679,778	3.26
Securities business payables	1,747,949,290	22.06	674,374,173	9.73	1,846,213,834	32.07
Current portion of payables under finance leases	-	-	-	-	3,110,971	0.05
Total Current Liabilities	1,887,479,562	23.82	1,034,687,477	14.93	2,224,518,445	38.64
Non-Current Liabilities						
Employee benefit obligations	12,930,291	0.16	49,214,920	0.71	44,045,050	0.76
Deferred tax liabilities	-	-	2,655,447	0.04	-	-
Other non-current liabilities	3,313,503	0.04	2,900,668	0.04	1,108,466	0.02
Total Non-Current Liabilities	16,243,794	0.20	54,771,035	0.79	45,153,516	0.78
Total Liabilities	1,903,723,356	24.02	1,089,458,512	15.72	2,269,671,961	39.42

LIABILITIES AND SHAREHOLDERS' EQUITY	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31,					
	2016	%	2015	%	2014	%
SHAREHOLDERS' EQUITY						
SHARE CAPITAL						
SHARE CAPITAL						
6,075,927,916 ordinary shares of Baht 1 each	6,075,927,916	76.67				
7,015,571,370 ordinary shares of Baht 1 each			7,015,571,370	101.25		
4,053,001,312 ordinary shares of 1 baht each					4,053,001,312	70.40
Issued and paid-up share capital						
4,336,768,278 ordinary shares of Baht 1 each, fully paid	4,336,768,278	54.72	4,336,768,278	62.59		
2,566,229,1221 ordinary shares of 1 baht each, fully paid					2,566,229,121	44.57
Ordinary shares held by subsidiary	(9,850)	(0.0001)	(9,850)	(0.0001)	(9,850)	(0.0002)
Premium on share capital	668,977,138	8.44	668,977,138	9.65	137,815,390	2.39
Other component of shareholders' equity	(21,779,738)	(0.27)	(1,703,300)	(0.02)	(5,123,692)	(0.09)
Retained (Deficit) earnings						
Appropriated Statutory reserve	137,020,743	1.73	117,530,063	1.70	74,723,105	1.30
Unappropriated	880,636,165	11.11	697,317,879	10.06	681,991,796	11.85
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	6,001,612,736	75.73	5,818,880,208	83.98	3,455,625,870	60.02
NON-CONTROLLING INTERESTS	19,875,008	0.25	20,542,728	0.30	31,867,571	0.55
TOTAL SHAREHOLDERS' EQUITY	6,021,487,744	75.98	5,839,422,936	84.28	3,487,493,441	60.58
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,925,211,100	100.00	6,928,881,448	100.00	5,757,165,402	100.00

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31,					
	2016	%	2015	%	2014	%
REVENUES						
Brokerage fees	541,614,653	44.33	867,145,686	74.27	1,024,704,552	66.54
Fees and services income	79,064,695	6.47	60,636,783	5.19	61,716,999	4.01
Gain (losses) on investments	168,147,614	13.76	110,743,287	9.49	99,042,759	6.43
Gain (losses) on derivatives	(995,130)	(0.08)	3,519,839	0.30	3,162,726	0.21
Interest and dividends	77,461,729	6.34	63,166,408	5.41	68,289,746	4.43
Interest on margin loans	34,881,568	2.85	46,334,794	3.97	45,069,986	2.93
Income from the partial transfer of retail securities business	306,002,957	25.04	-	-	-	-
Other income	15,713,518	1.29	15,943,893	1.37	237,975,720	15.45
Total revenues	1,221,891,604	100.00	1,167,490,690	100.00	1,539,962,488	100.00
EXPENSES						
Finance costs	11,268,766	0.92	19,650,346	1.69	21,075,886	1.37
Fee and service expenses	109,397,514	8.96	101,779,176	8.72	105,938,478	6.88
Personnel expenses	530,321,846	43.40	653,441,592	55.97	690,539,327	44.84
Premises and equipment expenses	132,830,613	10.87	150,957,967	12.93	170,044,015	11.04
Directors' remuneration	12,050,000	0.99	15,785,000	1.35	11,365,000	0.74
Other expenses	122,946,012	10.06	130,905,565	11.21	134,742,468	8.75
Bad debt and doubtful accounts (reversal)	12,503,674	1.02	(3,501,740)	(0.30)	2,874,350	0.19
Total expenses	931,318,425	76.22	1,069,017,906	91.57	1,136,579,524	73.81
Share of profit from investments in associated companies	134,744,849	11.03	18,386,210	1.58	60,406,932	3.93
INCOME (LOSS) BEFORE INCOME TAX	425,318,028	34.81	116,858,994	10.01	463,789,896	30.12
INCOME TAX	(33,248,282)	(2.72)	(56,140,381)	4.81	(79,739,855)	(5.18)
NET INCOME (LOSS) FOR THE YEARS	392,069,746	32.09	60,718,613	5.20	384,050,041	24.94
Total other comprehensive income (loss) for the years - net of tax	(9,028,519)	(0.74)	517,242	0.05	10,670,254	0.69
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS	383,041,227	31.35	61,235,855	5.25	394,720,295	25.63

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31,					
	2016	%	2015	%	2014	%
NET INCOME (LOSS) FOR THE YEARS ATTRIBUTABLE TO						
Owners of the Company	391,333,066	32.03	60,188,160	5.15	380,553,270	24.71
Non-controlling interests	736,680	0.06	530,453	0.05	3,496,771	0.23
NET INCOME (LOSS) FOR THE YEARS	392,069,746	32.09	60,718,613	5.20	384,050,041	24.94
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ATTRIBUTABLE TO						
Owners of the Company	382,230,120	32.74	60,753,173	5.21	391,126,599	25.40
Non-controlling interest	811,107	0.07	482,682	0.04	3,593,696	0.23
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS	383,041,227	32.81	61,235,855	5.25	394,720,295	25.63
EARNINGS (LOSS) PER SHARE						
Basic earnings (loss) per share	0.0902		0.0166		0.1470	
Diluted earnings (loss) per share	0.0902		0.0166		0.1470	

## STATEMENTS OF CASH FLOWS

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS	AS AT DECEMBER 31,		
	2016	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax Adjustments	425,318,028	116,858,994	463,789,896
Depreciation and amortization	40,092,062	49,816,133	57,729,302
Bad debt and doubtful accounts (reversal)	12,503,674	(3,501,740)	2,874,350
Unrealized (gain) loss on re-measuring trading investments	4,867,913	16,922,281	(10,542,265)
Unrealized (gain) loss on re-measuring derivatives liabilities	(81,000)	70,781	25
Unrealized loss on re-measuring securities borrowing payables	199,950	-	-
Gain from trading in trading investments	(155,103,436)	(118,738,621)	(75,206,834)
Reversal of allowance for impairment loss on investment in Associated Companies	(32,035,106)	(5,836,517)	(13,293,660)
Gain from trading in short sell	(995,935)	-	-
Loss on impairment on general investments	15,000,000	-	-
Reversal of allowance for impairment loss on investment in Associated Companies	-	-	(205,589,985)
(Gain) loss on disposal and written off premises, and equipment and intangible assets	13,622,617	(504,922)	(3,220,940)
Share of profit from investments for using equity method	(134,744,849)	(18,386,210)	(60,406,932)
Employee benefits expense	17,172,459	14,318,300	9,977,897
Unearned discount from bill of exchange	(6,650,580)	-	-
Finance costs	11,268,766	19,650,346	21,075,886
Interest and dividends income	(112,343,297)	(109,501,203)	(113,359,731)
Cash received from interest	60,792,639	91,489,991	99,583,043
Cash paid for interest	(10,058,586)	(16,004,237)	(21,075,886)
Cash paid for income tax	(30,619,107)	(94,924,228)	(4,463,410)
Gain (loss) from operating activities before changes in operating assets and liabilities	118,206,212	(58,270,852)	147,870,756
(Increase) decrease in operating assets			
Deposits at financial institutions	15,070,000	200,000,000	300,000,000
Trade and other receivables	73,764,925	(76,712,568)	-
Receivables from Clearing House	(819,933,269)	(14,406,852)	410,750,733
Securities business receivables	776,662,429	1,112,869,881	(776,074,908)
Trading investments	(1,029,905,369)	156,818,976	(602,280,805)
Other assets	14,960,024	(4,033,428)	(1,965,457)
Cash received from tax refundable	935,304	-	-
Increase (decrease) in operating liabilities			
Trade and other payables	(33,264,931)	(34,167,195)	-
Payables to Clearing House	(190,825,049)	47,753,021	162,583,315
Securities business payables	1,074,371,102	(1,171,839,661)	716,513,965
Derivative liabilities	-	-	(57,298)
Provisions for employee benefits	(40,409,393)	(9,148,430)	(4,171,639)
Other liabilities	2,285,935	1,859,048	(12,686,128)
Net cash flows provided by (used in) operating activities	(38,082,080)	150,721,940	420,482,534

CONSOLIDATED FINANCIAL STATEMENTS	AS AT DECEMBER 31,		
	2016	2015	2014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of available-for-sale investments	(1,579,587,232)	(1,724,306,225)	(207,737,627)
Cash received from sales of available-for-sale investments	1,834,901,303	1,200,268,749	80,423,862
Cash paid for purchases of debt instruments	(761,647,696)	-	-
Cash received from sales of debt instruments	890,000,000	-	80,000,000
Investments in associated companies	(188,476,494)	(1,603,425,467)	-
Cash received from dividend of investments in associated companies	59,243,055	50,835,950	74,758,750
Cash received from dividend of investment in subsidiary company	36,532,512	5,470,753	10,399,375
Cash received from dividend of investments in securities	(71,731,966)	(44,029,912)	(38,727,937)
Cash received from sales of premises and equipment and intangible assets	28,885,470	3,140,318	17,262,878
Net cash flows provided by (used in) investing activities	248,118,952	(2,112,045,834)	(16,379,301)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from short-term loan from related company	-	-	-
Cash cash paid for short-term loan from related company	-	-	-
Cash paid for payables under finance leases	-	(2,212,340)	(481,848)
Cash received from share capital	-	2,301,700,904	-
Cash paid for dividends	(200,900,109)	(4,621,780)	(284,829,429)
Cash received from capital acquisition in subsidiary from non-controlling interests	(76,310)	(6,462,761)	150
Net cash flows provided by (used in) financing activities	(200,976,419)	2,288,404,023	(285,311,127)
Net increase in cash and cash equivalents	9,060,453	327,080,129	71,550,708
Cash and cash equivalents as at January 1,	1,471,718,445	1,144,638,316	1,073,087,608
Cash and cash equivalents as at December 31,	1,480,778,898	1,471,718,445	1,144,638,316

## 5. Key Financial Ratios

		2016	2015	2014
<b>Profitability Ratio</b>				
Gross profit	%	90.00	89.46	90.24
Net profit (loss)	%	28.82	5.06	24.00
Return on equity	%	6.62	1.30	11.19
Return on investment	%	10.21	11.68	15.55
<b>Efficiency Ratio</b>				
Return on asset	%	5.73	1.84	7.31
Asset Turnove	(time)	0.18	0.19	0.30
<b>Financial Ratio</b>				
Liquid assets to borrowing	(time)	*	*	*
Earning assets to borrowing	(time)	*	*	*
Liquid assets to total asset ratio	%	60.94	42.11	39.95
Earning assets to total asset ratio	%	73.91	78.41	75.66
Debts to equity	(time)	0.32	0.19	0.65
Dividend payout	%	33.33	25.21**	-
<b>Other Ratios</b>				
Securities investment to total assets	%	57.27	51.56	25.98
Net capital ratio (NCR)	%	93.10	216.39	88.00
<b>Per Share</b>				
Net Profit (loss) **	(Baht)	0.0902	0.0166	0.1470
Dividends	(Baht)	0.0460	-	-
Book Value	(Baht)	1.38	1.35	1.36
<b>Growth Rate</b>				
Total assets	%	14.38	20.35	21.25
Total liabilities	%	74.74	(52.00)	65.61
Securities business income	%	(21.83)	(11.55)	(33.87)
Operating expense	%	(12.88)	(5.94)	(29.26)
Net profit (loss)	%	545.70	(84.19)	11.38

Noted : \*N/A due to CGH and its subsidiary have no borrowing in the consolidated financial statements

\*\*The Company's dividend payout ratio

## 13. MANAGEMENT DISCUSSION AND ANALYSIS

The Company, Country Group Holdings PCL (CGH), was set up as a public limited company according to Thai law on May 15, 2014 under the restructuring of Country Group Securities PCL (CGS). It operates in the investment industry and holds CGS shares. The Company made a successful offer to purchase all of CGS's shares at a securities exchange rate of one CGS

ordinary share to one CGH ordinary share on December 26, 2014. This resulted in CGS becoming CGH's Subsidiary due to organizational restructuring that created a business combination under common control. The Company has prepared financial statements by consolidating both CGS' and shareholders' lists as if they have been merged since early 2014.

### 1. SET OVERVIEW

In 2016, the SET experienced average daily securities trading volumes of 52,525.65 million baht, an increase from 2015, during which the average securities trading volume came out to 44,302.35 million baht per day. At the closing of 2016, the SET index was at 1,542.94 points, a 19.79 percent increase from the same time in 2015 (1,288.02 points).

In 2016, securities had a market value of 15,079,272.11 million baht, a 22.77 percent increase from 2015's value of 12,282,754.70 million baht. Furthermore, in 2016, the Subsidiary Company had a 1.69 market share, down from the year before during which its share of the market was 2.76 percent.

### 2. COMPANY PERFORMANCE ANALYSIS

The majority of the Company and its subsidiary's revenue came from brokerage fees, income from fees and services, gains on investments and derivatives, interest and dividends, and interest

on margin loans. The following tables illustrate revenues portion and growth.

Unit: Million Baht

REVENUES	2016		2015		2014	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Brokerage fees						
- Brokerage fees from securities business	522.07	42.73	837.55	71.74	985.50	64.00
- Brokerage fees from derivatives business	19.55	1.60	29.60	2.54	39.20	2.55
Fees and services income	79.06	6.47	60.64	5.19	61.72	4.01
Gain on investments	168.15	13.76	110.74	9.49	99.04	6.43
Gain (loss) on derivatives	(1.00)	(0.08)	3.52	0.30	3.16	0.21
Interest and dividends	77.46	6.34	63.17	5.41	68.29	4.43
Interest on margin loans	34.88	2.85	46.33	3.97	45.07	2.93
Other income	321.72	26.33	15.94	1.36	237.98	15.44
Total Revenues	1,221.89	100.00	1,167.49	100.00	1,539.96	100.00

## CONSOLIDATED STATEMENTS OF PREFIT OR LOSS

FOR THE YEAR ENDING DECEMBER 31, 2016 AS COMPARED WITH 2015

Unit: Million Baht

CONSOLIDATED FINANCIAL PERFORMANCE	2016	2015	INCREASE (DECREASE)	%
REVENUES				
- Brokerage fees	541.62	867.15	(325.53)	(37.54)
- Fees and services income	79.06	60.64	18.42	30.38
Gain (loss) on derivatives	167.15	114.26	52.89	46.31
Interest and dividends	77.46	63.17	14.29	22.62
Interest on margin loans	34.88	46.33	(11.45)	(24.71)
Income from the partial transfer of retail securities business	306.00	-	306.00	100.00
Other income	15.72	15.94	(0.22)	(1.44)
Total revenues	1,221.89	1,167.49	54.40	4.66
Less Total expenses	931.32	1,069.02	(137.70)	(12.88)
Share of profit from investments in associated companies	134.75	18.39	116.36	632.74
INCOME (LOSS) BEFORE INCOME TAX	425.32	116.86	308.46	263.96
Less Income tax	33.25	56.14	(22.89)	(40.77)
NET INCOME (LOSS) FOR THE YEARS	392.07	60.72	331.35	545.70

### FOR THE YEAR ENDING DECEMBER 31, 2016

The Company and its subsidiary reported net profit of 392.07 million baht, an increase of 545.70 million baht or 331.35 percent compared to the previous year. The main reasons for the substantial difference are as follows:

#### REVENUES:

The Company and its subsidiary reported total revenues of 1,221.89 million baht, an increase of 54.40 million baht or 4.66 percent compared to total revenues of 1,167.49 the previous year. Details are as follows:

- Gain on investments and derivatives increased by 52.89 million baht, or 46.31 percent. This was due to the Company and its subsidiary experiencing increased profits from two kinds of investments: available-for-sale investments (37.02 million baht) and investments held for trading (23.34 million baht).
- Fees and Services income increased by 18.42 million baht (30.38 percent). This was mostly a result of the subsidiary's income from serving as a financial advisory increasing by 32.07 million baht, while its earnings from selling securities fell by 16.93 million baht.
- Interest and dividend increased by 14.29 million baht (or 22.62 percent), while the company and its subsidiary

expanded its investments so that dividend earnings rose by 22.55 million baht. Meanwhile the subsidiary's earnings from interest decreased by 8.26 million baht.

- The Subsidiary recognizes income from the sale of part of the retail securities brokerage business to a securities firm for 306.00 million baht. In the third quarter of 2016, the Company's income from the brokerage business was down 325.53 million baht. One reason for this was the aforementioned sale, in addition to decreases in the Subsidiary's average daily trading value.

#### EXPENSES:

The Company and its subsidiary reported total expenses of 931.32 million baht, a decrease of 137.70 million baht or 12.88 percent compared to total revenues of 1,069.02 the previous year. Details are as follows:

- Employee-related expenses decreased by 123.12 million baht mainly as a result of compensation for marketing staff falling by 207.56 due to the Subsidiary transferring marketing staff to the securities company in the third quarter of 2016, along with decreases in the remunerations for marketing staff. This was the result of decreases in income from the brokerage business. However, the Subsidiary also had expenses pertaining to legally-mandated severance payments that amounted to 84.44 million baht.

- The Subsidiary experienced a loss of 13.60 million baht from the sale/amortization of some of the Company's branches to the securities company.

#### Share of profit from investments in associated companies

The Company and its subsidiary reported that share of profit from investments in associated companies came out to 134.75 million baht, an increase of 116.36 million baht or 632.74 percent compared to the previous year.

#### INCOME TAX

The Company and its subsidiary has income tax expenses of 33.25 million baht, a decrease of 22.89 million baht (40.77 percent). The Subsidiary had lower taxable net income compared to the previous year.

#### NET INCOME

The Company and its subsidiary reported net income of 392.07 million baht (earnings per share equalled to 0.0166 baht), an increase of 331.35 million baht or 545.70 percent compared to net income of 60.72 million baht (earnings per share of 0.0166) the previous year.

		2016	2015	2014
Growth Rate				
Securities business income rate	%	(21.83)	(11.55)	(33.87)
Operating expenses	%	(12.88)	(5.52)	(29.26)
Net profit (loss)	%	545.70	(84.19)	11.38
Profitability Ratios				
Gross profit	%	90.00	89.46	90.24
Net profit	%	28.82	5.12	24.00
Return on equity	%	6.62	1.30	11.19

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unit: Million Baht

	AS AT DECEMBER 31			
	2016	2015	INCREASE (DECREASE)	%
Total assets	7,925.21	6,928.88	996.33	14.38
Total liabilities	1,903.72	1,089.46	814.26	74.74
Equity attributable to owners of the parent	6,001.61	5,818.88	182.73	3.14
Non-controlling interests	19.88	20.54	(0.66)	(3.21)
Total shareholders' equity	6,021.49	5,839.42	182.07	3.12
Total liabilities and shareholders' equity	7,925.21	6,928.88	996.33	14.38

## ASSETS

As at December 31, 2016, the Company and its subsidiary reported total assets of 7,925.21 million baht, an increase of 996.33 million baht or 14.38 percent compared to total assets of 6,928.88 million baht in 2015.

The significant changes in the Company and its subsidiary's assets were as follows:

Unit: Millions of Baht

SIGNIFICANT ASSETS	2016	%	2015	%
Cash and cash equivalents and deposit at financial institutions	1,535.02	19.37	1,541.03	22.24
Temporary investments and Other long-term investments	2,182.54	27.54	1,466.51	21.17
Receivables from Clearing House	866.53	10.93	46.60	0.67
Securities and derivatives business receivables - net	452.02	5.70	1,241.19	17.91
Investments in associated companies	2,356.42	29.73	2,105.96	30.39
Others	532.68	6.72	527.59	7.61
TOTAL ASSETS	7,925.21	100.00	6,928.88	100.00

1. Cash and cash equivalents and Deposits at financial institutions as at December 31, 2016 amounted to 1,535.02 million baht, a decrease of 6.01 million baht or 0.39 percent compared to the previous year. The majority of cash, cash equivalents, and deposits at financial institutions were in the form of cash, short-term deposits, fixed deposits, and
2. promissory notes, which are convenient as sources of working capital for daily operations.
2. Temporary investments and other long-term investments as at December 31, 2016 came out to 2,182.54 million baht, an increase of 716.03 million baht or 48.83 percent compared to the previous year.

Unit: Million Baht

DETAILS OF INVESTMENTS	2016	2015
Temporary investments		
Unit trusts	170.48	-
Debt instruments	393.19	109.15
Debt instruments with held-to-maturity	1,261.15	344.98
Available-for-sale investments	59.53	178.09
Debt instruments	33.44	497.53
Other long-term investments		
Available-for-sale investments	198.41	315.94
General investments	66.34	20.82
Total	2,182.54	1,466.51

Most investments were listed securities, debt instruments, and unit trusts. The Company and its subsidiary set up the Investment Committee to monitor and establish guidelines for equity securities investment of the Company's account. In addition, the Company recognized the allowance for diminutions in the value of investments and allowance for impairment according to accounting standards and SEC announcements.

3. Receivables from Clearing House as at December 31, 2016 were reported at 866.53 million baht, an increase of 819.93 million baht or 1,759.51 percent compared to the previous year. Receivables from Clearing House, which were representative of net sales of trading value of clients and the Company's accounts of the last three working days before the end of the year.
4. Securities and derivatives business receivables (net) as at December 31, 2016 came out to 452.02 million baht, a decrease of 789.17 million baht or 63.58 percent compared to the previous year. This was mainly due to decreases in receivables of customers' cash accounts and margin loans of 457.91 million baht and 349.09 million baht, respectively. The securities and derivatives business receivables correlated directly with net purchases of trading value of clients and the Company's accounts of the last three working days before the end of the year.  
Bad debt and doubtful accounts in relation to the Company's policy on allowance for doubtful accounts, the Company has provided an allowance based on a review of debtor's repayment capabilities, taking into

consideration risk in recovery and value of collateral. Additionally, the Company has conservatively set the allowance for doubtful accounts based on a high degree of uncertainty that principal and interest will be received and the doubtful debts are not fully covered by collateral. The allowance for doubtful accounts is based on the 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. KorThor. 33/2543 and KorThor. 5/2544 dated August 25, 2000 and February 15, 2001, respectively.

As at December 31, 2016 and 2015, the Company's subsidiary reported allowance for doubtful debts amount of 364.83 million baht.

5. Investments in associated companies as at December 31, 2016 came out to 2,356.42 million baht, an increase of 250.46 million baht or 11.89 percent compared to the previous year. This was mainly due to the Company increasing investments in Padaeng Industry Public Company Limited and Country Group Development PCL by 229.10 million baht and 22.26 million baht, respectively.

#### LIABILITIES

As at December 31, 2016, the Company and its subsidiary reported total liabilities of 1,903.72 million baht, an increase of 814.26 21 million baht or 74.74 percent compared to total liabilities of 1,089.46 million baht in 2015.

The significant changes in the Company and its subsidiary's liabilities were as follows:

SIGNIFICANT LIABILITIES	2016	%	2015	%
Trade and other payables	94.92	4.99	124.88	11.46
Payables to Clearing House	44.61	2.34	235.43	21.61
Securities business payables	1,747.95	91.82	674.37	61.90
Others	16.24	0.85	54.78	5.03
<b>TOTAL LIABILITIES</b>	<b>1,903.72</b>	<b>100.00</b>	<b>1,089.46</b>	<b>100.00</b>

1. Trade and other payables as at December 31, 2016 came out to 94.92 million baht, a decrease of 29.96 million baht or 23.99 percent compared to the previous year. This resulted in the decrement of the Company and its subsidiary's accrued expenses such as accrued corporate income tax expense and accrued incentive/profit sharing of marketing staff, which was in line with decreases in the Company's average daily trade volume.
2. Payables to Clearing House as at December 31, 2016 came out to 44.61 million baht, a decrease of 190.82 million baht or 81.05 percent compared to the previous year. This was mainly due to decreases in Payables to Clearing House, which was representative of the buying of trading value of clients and the Company's accounts in the last three working days before the end of the year.

- Securities business payables as at December 31, 2016 came out to 1,747.95 million baht, an increase of 1,073.58 million baht or 159.20 percent compared to the previous year. This was mainly due to decrements of Securities business payables, which correlated with the net selling of trading value of clients and the Company's accounts in the last three days before the end of the year.

#### SHAREHOLDERS' EQUITY

As at December 31, 2016, the Company and its subsidiary reported total shareholders' equity of 6,021.49 million baht, an increase of 182.07 million baht or 3.12 percent compared to total shareholders' equity of 5,839.42 million baht in 2015.

Unit: Million Baht

	TOTAL OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Balance as at January 1, 2016	5,818.88	20.54	5,839.42
Changes in non- controlling interests from additional purchases of share of subsidiary	0.02	(0.10)	(0.08)
Dividends Paid	(199.49)	(1.41)	(200.90)
Statutory Reserve	(0.03)	0.03	-
Total comprehensive income (loss)	382.23	0.82	383.05
Balance as at December 31, 2016	6,001.61	19.88	6,021.49

#### LIQUIDITY AND SOURCES OF FUNDS OF THE COMPANY AND ITS SUBSIDIARY

Sources of funds of the Company and its subsidiary are mainly from self-financing and credit lines with commercial banks to support the working capital of the Company and its subsidiary. As at December 31, 2016, the subsidiary company had an NCR of 93.10 percent, which is considered high compared to the minimum NCR required by the SEC at 7 percent.

#### LIQUIDITY

##### STATEMENT OF CONSOLIDATED CASH FLOWS CASH FLOWS FROM OPERATING ACTIVITIES

For the year ending December 31, 2016, the Company and its subsidiary exhibited net cash flows provided by operating activities of 30.08 million baht as a result of net cash provided by operating assets of 156.29 million baht, which was more than that used in operating liabilities (118.21 million baht). It was mainly comprised of deposits at financial institutions, receivables from/payables to Clearing House, securities and derivatives business receivables/payables, and trading investments, among others.

##### CASH FLOWS FROM INVESTING ACTIVITIES

For the year ending December 31, 2016, the Company and its subsidiary had net cash flows used in investing activities of 248.12 million baht, with details as follows:

- Net cash received from investment trading – 383.67 million baht
- Cash received from investments in Associated Companies and investment in securities came out to 59.24 million and 36.53 million baht, respectively
- Cash received from property, premises and equipment and intangible assets totaled 28.89 million baht

- Cash paid for investments in Associated Companies came out to 188.48 million baht
- Cash paid to purchase property, premises and equipment and intangible assets totaled 71.73 million baht

##### CASH FLOWS FROM FINANCING ACTIVITIES

For the year ending December 31, 2016, the Company and its subsidiary had net cash flows provided by financing activities of 200.98 million baht, which was made up by the dividends paid to the Company and its subsidiary's stockholders in 2015.

##### Summary

The Company and its subsidiary have a strong financial position and high liquidity. As at December 31, 2016, the Company and its subsidiary had cash and cash equivalents totaling 1,480.78 million baht (or 18.68 percent of total assets). Furthermore, the ratio of liquid assets to total assets was 60.94 percent, while the ratio of earning assets to total assets was 73.91 percent. In addition, the debt-to-equity ratio against shareholders was 0.32 times.

As at December 31, 2016, shareholder liabilities for the Company and its Subsidiary amounted to 6,021.49 million baht, with 880.64 million baht in unappropriated retained earnings. The rate of returns for shareholders increased from 1.30 percent in 2015 to 6.62 percent in 2016.

The Company and its subsidiary have a three-pronged strategy for driving the business to success: 1) managing existing assets efficiently, 2) restructuring companies within the Group by emphasizing their capacity for bringing in better returns, and 3) taking over businesses with high growth potential.

The Company and its subsidiary hold various types of investments and continued to progress with their strategy. As a result, in 2016 their net profits increased by 545.70 percent and their share of profits from investments in Associated Companies went up by 632.74 percent from the previous year.

# REPORT OF THE AUDIT COMMITTEE

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## DEAR CGH SHAREHOLDERS:

Country Group Holdings PCL's Audit Committee is appointed by the Board of Directors and consists of three independent directors who are well qualified in the areas of finance, accounting, and law. The Audit Committee fulfils its duties independently from Management due to the boundaries of its duties and assigned responsibilities. In 2016, the essential duties of the Committee were as follows:

1. Reviewing and confirming financial statements and consolidated financial statements (quarterly and annual), including ensuring the sufficient disclosure of vital and relevant data. These statements have already passed the review and inspection process from the Auditor prior to being presented to the Board for approval. The Board has met with the Management of the Accounting Division and the Auditor before giving its approval in order to ensure the accuracy and trustworthiness of such reports based on accounting standards. This should prove useful for shareholders and investors.
2. The Company's internal audit system worked with the Audit and Control Division, the Auditor, and Management to review the effectiveness of the internal controls system in risk management and found that in the past year, the internal controls system was sufficient for such purposes. This concurred with comments from the Auditor's review which stated that there was nothing noticeably amiss with the system.
3. Reviewing the principles of Good Governance regarding the law, along with SET guidelines and regulations to ensure that the Company's operations were transparent and trustworthy to shareholders and investors.
4. Making suggestions regarding the Audit and Control Division's reviews and internal audits (quarterly and annual). This included fixing shortcomings by both the internal audit process and the Auditor, providing advice on how to improve monitoring and oversight, and complying with policies defined by external groups and professional standards.
5. After selecting and preparing to appoint the Company's Auditor and appraising what the auditing fee should be for 2016 by studying factors such as services provided, knowledge, skills, experience, ability to work independently, and other related work, the Audit Committee decided that the Auditor was suitably qualified and suggested appointing the 2016 Auditor to the Board before requesting approval at the Annual Shareholders' Meeting.
6. Studying and making comments about lists of links and areas of potential conflicts of interest so that the Company might act carefully, reasonably, and with consideration to all stakeholders. Such information much be disclosed with transparency in its entirety in a manner befitting SET regulations.

From the duties listed above, the Audit Committee feels that overall, the Company has sufficient and proper internal controls systems for its business operations given that they appropriately cover risks and follow relevant laws with Good Governance. The preparations for the Company's financial reports and data were disclosed transparently in a trustworthy manner.



(Nipol Wasitayuthasart)  
Audit Committee Chairperson  
February 24, 2017

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED

## Opinion

We have audited the consolidated financial statements of Country Group Holdings Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Country Group Holdings Public Company Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Country Group Holdings Public Company Limited and its subsidiaries and of Country Group Holdings Public Company Limited as at December 31, 2016, and financial performance and 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 Consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants determined by Federation of Accounting Professions under the Royal Patronage of his Majesty the King (the Code of Ethics) in the part of relevance to the audit of the consolidated and separate financial statements, and we have fulfilled our other wethical responsibilities in accordance with the Code of Ethics. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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	AUDIT RESPONSES
<p><b>Revenue recognition - Brokerage fee of subsidiary</b></p> <p>Brokerage fees are fees from securities business and derivatives business which have terms and conditions to charge the fees based on trading volume. Key audit matter is whether the brokerage fees are occurrence and have been completely and accurately recognized in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policies of revenue recognition, the details of brokerage fees and operating segment information were disclosed in Note 3.1, Note 28 and Note 40 to the financial statements respectively.</p>	<p>Our audit procedures were as follows:</p> <ul style="list-style-type: none"><li>• Understand the revenue recognition process and related internal control procedures</li><li>• Review the design and implementation of the internal control procedures</li><li>• Perform the operating effectiveness testing over the internal control procedures around revenue recognition process including related information and technology system</li><li>• Perform substantive testing as follows:<ul style="list-style-type: none"><li>- Examine the trading volume information of securities and derivative of the customers and brokerage fees rates, recalculate the brokerage fees and examine the related supporting documents of those revenues whether the brokerage fees are occurrence and have been completely and accurately recognized</li><li>- Perform substantive analytical procedures relating to the brokerage fees.</li></ul></li></ul>

KEY AUDIT MATTERS	AUDIT RESPONSES
<p><b>Impairment of investment</b> Investments consist of investments in trading securities, investments in available for sale securities, general investments and investments in subsidiary and associated companies. The Group's managements have to consider the impairment indicators and estimate the impairment provision of those investments. The consideration is depended on the management judgement and key assumptions. Therefore, the key audit matter is whether the valuation of investment and the impairment have been recognized in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policies of investments in debt and equity securities and investments in subsidiary and associated companies and the details of investments in debt and equity securities and investments in subsidiary and associated companies were disclosed in Note 3.6, Note 3.9, Note 7, Note 12 and Note 13 to the financial statements respectively.</p>	<p>Our audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Understand the impairment consideration process and related internal control procedures</li> <li>• Review the design and implementation of the internal control procedures</li> <li>• Perform the operating effectiveness testing over the internal control procedures around impairment consideration process</li> <li>• Perform substantive testing as follows: <ul style="list-style-type: none"> <li>- Examine the supporting documents in relation to the management consideration of impairment indicators for investment</li> <li>- Assess the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment provision for investment.</li> </ul> </li> </ul>

#### 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 auditors' report.

Our opinion on the consolidated and separate 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 consolidated and separate 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 Group.

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 24, 2017



Chavala Tienpasertkij  
Certified Public Accountant (Thailand)  
Registration No. 4301

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

Unit : Baht

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
NOTES					
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	1,480,778,898	1,471,718,445	226,550,837	84,976,826
Deposits at financial institutions	6	54,240,000	69,310,000	-	-
Temporary investments	7	1,917,789,814	1,129,749,939	618,482,445	798,028,065
Trade and other receivables	8	112,669,546	77,804,084	191,375,112	62,586,378
Receivables from Clearing House	9	866,529,737	46,596,468	-	-
Securities and derivatives business receivables - net	10	452,024,236	1,241,190,339	-	-
Other current assets		-	2,501,691	-	
Total Current Assets		4,884,032,231	4,038,870,966	1,036,408,394	945,591,269
NON-CURRENT ASSETS					
Investments in associated companies	12	2,356,418,849	2,105,960,716	2,297,727,528	1,755,941,605
Investment in subsidiary company	13	-	-	3,488,249,978	3,463,159,917
Other long-term investments	7	264,749,982	336,764,738	99,131,417	275,755,238
Property, premises and equipment	14	125,416,567	140,230,038	17,718,278	981,764
Intangible assets	15	104,479,469	102,408,524	-	-
Deferred tax assets	16	103,731,849	106,711,815	150,437	-
Other non-current assets	17	86,382,153	97,934,651	1,442,882	-
Total Non-Current Assets		3,041,178,869	2,890,010,482	5,904,420,520	5,495,838,524
TOTAL ASSETS		7,925,211,100	6,928,881,448	6,940,828,914	6,441,429,793

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
NOTES					
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payables	18	94,922,522	124,880,505	20,875,905	9,423,592
Short-term loan from related company	19	-	-	400,000,000	-
Payables to Clearing House		44,607,750	235,432,799	-	-
Securities business payables		1,747,949,290	674,374,173	-	-
Total Current Liabilities		1,887,479,562	1,034,687,477	420,875,905	9,423,592
NON-CURRENT LIABILITIES					
Employee benefit obligations	20	12,930,291	49,214,920	375,911	-
Deferred tax liabilities	16	-	2,655,447	-	2,655,447
Other non-current liabilities	21	3,313,503	2,900,668	-	-
Total Non-Current Liabilities		16,243,794	54,771,035	375,911	2,655,447
TOTAL LIABILITIES		1,903,723,356	1,089,458,512	421,251,816	12,079,039

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL 22				
6,075,927,916 ordinary shares of Baht 1 each	6,075,927,916		6,075,927,916	
7,015,571,370 ordinary shares of Baht 1 each		7,015,571,370		7,015,571,370
Issued and paid-up share capital				
4,336,768,278 ordinary shares of Baht 1 each, fully paid	4,336,768,278	4,336,768,278	4,336,768,278	4,336,768,278
Ordinary shares held by subsidiary	(9,850)	(9,850)	-	-
Premium on share capital 23	668,977,138	668,977,138	1,421,639,782	1,421,639,782
Other component of shareholders' equity 7.3	(21,779,738)	(1,703,300)	(301,019)	10,681,623
Retained (Deficit) earnings				
Appropriated				
Statutory reserve 27	137,020,743	117,530,063	48,093,144	33,058,131
Unappropriated	880,636,165	697,317,879	713,376,913	627,202,940
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	6,001,612,736	5,818,880,208	6,519,577,098	6,429,350,754
NON-CONTROLLING INTERESTS	19,875,008	20,542,728	-	-
TOTAL SHAREHOLDERS' EQUITY	6,021,487,744	5,839,422,936	6,519,577,098	6,429,350,754
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,925,211,100	6,928,881,448	6,940,828,914	6,441,429,793

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
NOTES					
REVENUES					
Brokerage fees	28	541,614,653	867,145,686	-	-
Fees and services income	29	79,064,695	60,636,783	-	-
Gain (losses) on investments	7.4	168,147,614	110,743,287	97,141,992	(6,293,051)
Gain (losses) on derivatives		(995,130)	3,519,839	81,000	(70,781)
Interest and dividends	7.5	77,461,729	63,166,408	296,806,085	709,956,090
Interest on margin loans		34,881,568	46,334,794	-	-
Income from the partial transfer of retail securities business	30	306,002,957	-	-	-
Other income	31	15,713,518	15,943,893	55,021	474,044
Total revenues		1,221,891,604	1,167,490,690	394,084,098	704,066,302
EXPENSES					
Finance costs		11,268,766	19,650,346	1,345,753	850,000
Fee and service expenses		109,397,514	101,779,176	11,712,296	234,528
Operating expenses					
Personnel expenses		530,321,846	653,441,592	34,424,063	15,998,465
Premises and equipment expenses		132,830,613	150,957,967	6,781,801	746,823
Directors' remuneration	33	12,050,000	15,785,000	5,585,000	4,980,000
Other expenses	34	122,946,012	130,905,565	23,311,479	17,011,735
Bad debt and doubtful accounts (reversal)		12,503,674	(3,501,740)	-	-
Total expenses		931,318,425	1,069,017,906	83,160,392	39,821,551
Share of profit from investments in associated companies		134,744,849	18,386,210	-	-
INCOME (LOSS) BEFORE INCOME TAX		425,318,028	116,858,994	310,923,706	664,244,751
INCOME TAX	36	(33,248,282)	(56,140,381)	(10,223,450)	(3,082,128)
NET INCOME (LOSS) FOR THE YEARS		392,069,746	60,718,613	300,700,256	661,162,623

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain (losses) on defined employment benefit plans	13,047,695	(3,578,731)	-	-
Share of profit (loss) in other comprehensive income on associated companies	608,593	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,609,539)	721,618	-	-
	11,046,749	(2,857,113)	-	-
Items that will be reclassified subsequently to profit or loss				
Gains (losses) on re-measuring available-for-sale investments	36,233,531	(2,010,922)	29,853,879	13,337,070
Adjustment surplus (deficit) on re-measuring available-for-sale investments disposed during the years	(43,666,681)	5,639,937	(43,582,181)	-
Share of profit (loss) in other comprehensive income on associated companies	(14,128,748)	-	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	1,486,630	(254,660)	2,745,660	(2,655,447)
	(20,075,268)	3,374,355	(10,982,642)	10,681,623
Total other comprehensive income (loss) for the years - net of tax	(9,028,519)	517,242	(10,982,642)	10,681,623
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS	383,041,227	61,235,855	289,717,614	671,844,246

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
NET INCOME (LOSS) FOR THE YEARS ATTRIBUTABLE TO				
Owners of the Company	391,333,066	60,188,160	300,700,256	661,162,623
Non-controlling interests	736,680	530,453	-	-
NET INCOME (LOSS) FOR THE YEARS	392,069,746	60,718,613	300,700,256	661,162,623
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ATTRIBUTABLE TO				
Owners of the Company	382,230,120	60,753,173	289,717,614	671,844,246
Non-controlling interest	811,107	482,682	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS	383,041,227	61,235,855	289,717,614	671,844,246
EARNINGS (LOSS) PER SHARE				
Basic earnings (loss) per share (Baht) 37	0.0902	0.0166	0.0693	0.1825
Diluted earnings (loss) per share (Baht) 37	0.0902	0.0166	0.0693	0.1825

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	OWNERS OF THE COMPANY						NON-CONTROLLING INTERESTS		
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENT OF SHAREHOLDERS' EQUITY	RETAINED EARNINGS		TOTAL OWNERS OF THE PARENT			
				SURPLUS (DEFICIT) ON RE-MEASURING INVESTMENTS	APPROPRIATED STATUTORY RESERVE			UN-APPROPRIATED	
NOTES								TOTAL SHAREHOLDERS' EQUITY	
Balance as at January 1, 2015	2,566,219,271	137,815,390	(5,123,692)		74,723,105	681,991,796	3,455,625,870	31,867,571	3,487,493,441
Change in shareholders' equity during the year									
Issued share capital	1,770,539,157	531,161,748	-		-	-	2,301,700,905	-	2,301,700,905
Changes in non-controlling interests from additional purchases of share of subsidiary	-	-	-		-	869,021	869,021	(7,254,507)	(6,385,486)
Dividends paid	-	-	-		-	-	-	(4,621,780)	(4,621,780)
Statutory reserve	-	-	-		42,806,958	(42,875,720)	(68,762)	68,762	-
Total comprehensive income (loss)	-	-	3,420,392		-	57,332,782	60,753,174	482,682	61,235,856
Balance as at December 31, 2015	4,336,758,428	668,977,138	(1,703,300)		117,530,063	697,317,879	5,818,880,208	20,542,728	5,839,422,936

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS										
NOTES	OWNERS OF THE COMPANY								NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENT OF SHAREHOLDERS' EQUITY		RETAINED EARNINGS		TOTAL OWNERS OF THE PARENT			
			SURPLUS (DEFICIT) ON RE-MEASURING INVESTMENTS	SHARE OF GAIN (LOSS) ON OTHER COMPREHENSIVE INCOME OF ASSOCIATED COMPANIES	APPROPRIATED STATUTORY RESERVE	UNAPPROPRIATED				
Balance as at January 1, 2016	4,336,758,428	668,977,138	(1,703,300)	-	117,530,063	697,317,879	5,818,880,208	20,542,728	5,839,422,936	
Change in shareholders' equity during the year										
Changes in non-controlling interests from additional purchases of share of subsidiary	-	-	-	-	-	24,973	24,973	(101,283)	(76,310)	
Dividends paid	-	-	-	-	-	(199,491,270)	(199,491,270)	(1,408,839)	(200,900,109)	
Statutory reserve	-	-	-	-	19,490,680	(19,521,975)	(31,295)	31,295	-	
Total comprehensive income (loss)	-	-	(5,981,646)	(14,094,792)	-	402,306,558	382,230,120	811,107	383,041,227	
Balance as at December 31, 2016	4,336,758,428	668,977,138	(7,684,946)	(14,094,792)	137,020,743	880,636,165	6,001,612,736	19,875,008	6,021,487,744	

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

SEPARATE FINANCIAL STATEMENTS							
	NOTES	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENT OF SHAREHOLDERS' EQUITY	RETAINED EARNINGS		TOTAL SHAREHOLDERS' EQUITY
				SURPLUS (DEFICIT) ON RE-MEASURING INVESTMENTS	APPROPRIATED STATUTORY RESERVE	(DEFICITS) UNAPPROPRIATED	
Balance as at January 1, 2015		2,566,229,121	890,478,035	-	-	(901,552)	3,455,805,604
Change in shareholders' equity during the year							
Issued share capital		1,770,539,157	531,161,747	-	-	-	2,301,700,904
Statutory reserve		-	-	-	33,058,131	(33,058,131)	
Total comprehensive income (loss)		-	-	10,681,623	-	661,162,623	671,844,246
Balance as at December 31, 2015		4,336,768,278	1,421,639,782	10,681,623	33,058,131	627,202,940	6,429,350,754
Balance as at January 1, 2016		4,336,768,278	1,421,639,782	10,681,623	33,058,131		6,429,350,754
Change in shareholders' equity during the year	27						
Dividends paid		-	-	-	-	(199,491,270)	(199,491,270)
Statutory reserve		-	-	-	15,035,013	(15,035,013)	-
Total comprehensive income (loss)		-	-	(10,982,642)	-	300,700,256	289,717,614
Balance as at December 31, 2016		4,336,768,278	1,421,639,782	(301,019)	48,093,144	713,376,913	6,519,577,098

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	425,318,028	116,858,994	310,923,706	664,244,751
Adjustments				
Depreciation and amortization	40,092,062	49,816,133	1,653,024	87,814
Bad debt and doubtful accounts (reversal)	12,503,674	(3,501,740)	-	-
Unrealized (gain) loss on re-measuring trading investments	4,867,913	16,922,281	(3,803,281)	10,567,876
Unrealized (gain) loss on re-measuring derivatives liabilities	(81,000)	70,781	(81,000)	70,781
Unrealized loss on re-measuring securities borrowing payables	199,950	-	-	-
Gain from trading in trading investments	(155,103,436)	(118,738,621)	(62,764,193)	(4,269,132)
Gain from trading in available-for-sale investments	(32,035,106)	(5,836,517)	(30,574,518)	(5,693)
Gain from trading in short sell	(995,935)	-	-	-
Loss on impairment on general investments	15,000,000	-	-	-
(Gain) loss on disposal and written off premises, and equipment and intangible assets	13,622,617	(504,922)	-	-
Share of profit from investments for using equity method	(134,744,849)	(18,386,210)	-	-
Employee benefits expense	17,172,459	14,318,300	375,911	-
Unearned discount from bill of exchange	(6,650,580)	-	(6,650,580)	-
Finance costs	11,268,766	19,650,346	1,345,753	850,000
Interest and dividends income	(112,343,297)	(109,501,203)	(296,806,085)	(709,956,090)
Cash received from interest	60,792,639	91,489,991	851,371	4,668,009
Cash paid for interest	(10,058,586)	(16,004,237)	(30,685)	(850,000)
Cash paid for income tax	(30,619,107)	(94,924,228)	(9,265,972)	(7,043,199)
Gain (loss) from operating activities before changes in operating assets and liabilities	118,206,212	(58,270,852)	(94,826,549)	(41,634,883)

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
(Increase) decrease in operating assets				
Deposits at financial institutions	15,070,000	200,000,000	-	-
Trade and other receivables	73,764,925	(76,712,568)	(21,997,716)	(53,078,275)
Receivables from Clearing House	(819,933,269)	(14,406,852)	-	-
Securities business receivables	776,662,429	1,112,869,881	-	-
Trading investments	(1,029,905,369)	156,818,976	(166,019,545)	(308,762,734)
Other assets	14,960,024	(4,033,428)	(1,442,882)	(3,784,614)
Cash received from tax refundable	935,304	-	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	(33,264,931)	(34,167,195)	9,104,585	6,625,835
Payables to Clearing House	(190,825,049)	47,753,021	-	-
Securities business payables	1,074,371,102	(1,171,839,661)	-	-
Provisions for employee benefits	(40,409,393)	(9,148,430)	-	-
Other liabilities	2,285,935	1,859,048	-	-
Net cash flows provided by (used in) operating activities	(38,082,080)	150,721,940	(275,182,107)	(400,634,671)

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for purchases of available-for-sale investments	(1,579,587,232)	(1,724,306,225)	(807,253,023)	(1,604,319,386)
Cash received from sales of available-for-sale investments	1,834,901,303	1,200,268,749	1,174,420,421	847,237,368
Cash paid for purchases of debt instruments	(761,647,696)	-	(334,946,013)	-
Cash received from sales of debt instruments	890,000,000	-	480,000,000	-
Investments in associated companies	(188,476,494)	(1,603,425,467)	(541,785,923)	(1,755,941,605)
Investments in subsidiary	-	-	(25,000,000)	-
Cash received from dividend of investments in associated companies	59,243,055	50,835,950	56,983,055	50,835,950
Cash received from dividend of investment in subsidiary company	-	-	200,586,573	648,007,405
Cash received from dividend of investments in securities	36,532,512	5,470,753	31,721,897	5,470,753
Cash paid for purchases of premises and equipment and intangible assets	(71,731,966)	(44,029,912)	(18,389,538)	(947,632)
Cash received from sales of premises and equipment and intangible assets	28,885,470	3,140,318	-	-
Net cash flows provided by (used in) investing activities	248,118,952	(2,112,045,834)	216,337,449	(1,809,657,147)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from short-term loan from related company	-	-	420,000,000	-
Cash cash paid for short-term loan from related company	-	-	(20,000,000)	-
Cash paid for payables under finance leases	-	(2,212,340)	-	-
Cash received from share capital	-	2,301,700,904	-	2,301,700,904
Cash paid for dividends	(200,900,109)	(4,621,780)	(199,491,270)	-
Cash received from capital acquisition in subsidiary from non-controlling interests	(76,310)	(6,462,761)	(90,061)	(6,462,761)
Net cash flows provided by (used in) financing activities	(200,976,419)	2,288,404,023	200,418,669	2,295,238,143
Net increase in cash and cash equivalents	9,060,453	327,080,129	141,574,011	84,946,325
Cash and cash equivalents as at January 1,	1,471,718,445	1,144,638,316	84,976,826	30,501
Cash and cash equivalents as at December 31,	1,480,778,898	1,471,718,445	226,550,837	84,976,826

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

# COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### 1. GENERAL INFORMATION

#### 1.1 The Company's general information

Country Group Holdings Public Company Limited (the "Company") was registered as a Public Limited Company under Thai laws on May 15, 2014. The registered office is located at 132, Sindhorn Tower 1, 9th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330. And as at May 4, 2016, the Company has changed its registered office to 132, Sindhorn Tower 3, 20th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

The Company has extensive transactions and relationships with the related company. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred had the Company operated without such affiliations.

#### 1.2 General information of Country Group Securities Public Company Limited

Country Group Securities Public Company Limited (the "subsidiary"), is incorporated in Thailand since 1993. The subsidiary converted the status to be a Public Limited Company in accordance with the Public Limited Companies Act on February 17, 1994. The head office is located at 132, Sindhorn Tower 1, 2nd Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330. And as at May 4, 2016, the subsidiary has changed its registered office to 132, Sindhorn Tower 3, 20th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

As at December 31, 2016 and 2015, the subsidiary has 15 branches and 39 branches, respectively.

On October 22, 2008, the Ministry of Finance had approved the securities business license type Kor No. Lor Kor-000201 and cancelled the old securities business licenses No. 51/2517 and No. 18/2547. The securities business license type Kor is the license that undertakes securities business in various categories consisting of

1. Securities Brokerage
2. Securities Trading
3. Securities Underwriting
4. Investment Advisory Service
5. Mutual Fund Management
6. Private Fund Management
7. Securities Borrowing and Lending
8. Venture Capital Management.

The subsidiary was approved to act as the financial advisory by The Office of the Securities and Exchange Commission from March 21, 2012 to March 20, 2017.

The subsidiary was granted a license No. 0007/2551 on August 13, 2008 to undertake the derivatives agent from the Office of the Securities and Exchange Commission which has been effective since July 31, 2008.

The subsidiary was granted a license on July 12, 2010 to undertake the securities borrowing and lending business as the Principal from the Office of the Securities and Exchange Commission.

The mutual fund management, the private fund management and the venture capital management shall be commenced only after the subsidiary is granted the approval from the Office of the Securities and Exchange Commission.

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

- 2.1 The Company and its subsidiaries maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.

The Company and its subsidiaries's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2015) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

- 2.2 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

### 2.2.1 Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2016 onwards, as follow:

#### Thai Accounting Standards ("TAS")

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41 Agriculture	

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Leases

## Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearded Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

The adoption of above TFRSs have no material impact on these financial statements.

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follow:

#### Thai Accounting Standards ("TAS")

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

**Thai Accounting Standard Interpretations (“TSIC”)**

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes -Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

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TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

#### Guideline on Accounting

#### Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective.

The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Company and its subsidiaries in the period of initial application.

### 2.3 Basis for preparation of the consolidated financial statements

2.3.1 The consolidated financial statements include the financial statements of Country Group Holdings Public Company Limited and its subsidiaries, which the subsidiaries is as following:

COMPANY'S NAME	NATURE OF BUSINESS	COUNTRY OF INCORPORATION	PERCENTAGE OF SHAREHOLDING		ASSETS AS A PERCENTAGE TO THE CONSOLIDATED TOTAL ASSETS		REVENUES AS A PERCENTAGE TO THE CONSOLIDATED TOTAL REVENUES	
			AS AT DECEMBER 31,		AS AT DECEMBER 31,		FOR THE YEARS END DECEMBER 31,	
			2016	2015	2016	2015	2016	2015
			PERCENT	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT
<u>Subsidiaries</u>								
Country Group Securities Pcl.	Securities business	Thailand	99.3	99.3	62.1	59.0	81.6	99.6
Genki Power Co., Ltd.	Energy	Thailand	100.0	-	0.0	-	-	-
Genki Power One Co., Ltd.	Energy	Thailand	100.0	-	0.0	-	-	-

2.3.2 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3.3 The financial statements of the subsidiaries for the year ended December 31, 2016 included in the consolidated financial statements were audited.

2.3.4 Share of profit (loss) from investments for using equity method expressed as a percentage of total revenues of the Company and its subsidiaries presented in the consolidated financial statements as follows:

	FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015
MFC Asset Management Public Company Limited		
- Share of profit from investment for using equity method (Baht)	46,515,290	48,431,728
- Percentage of total revenues of the Company and its subsidiaries	3.4	4.1
Padaeng Industry Public Company Limited		
- Share of profit from investment for using equity method (Baht)	112,431,558	(4,886,365)
- Percentage of total revenues of the Company and its subsidiaries	8.3	(0.4)
Country Group Development Public Company Limited		
- Share of profit from investment for using equity method (Baht)	(24,201,999)	(25,159,153)
- Percentage of total revenues of the Company and its subsidiaries	(1.8)	(2.1)

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies adopted by the Company and its subsidiaries are summarized below:

#### 3.1 Revenue recognition

##### Brokerage fees

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

##### Fees and services income

Fees income is recognized on an accrual basis and services income is recognized on the basis of percentage of completion, as specified in the service agreement.

##### Gain (loss) on investments and derivatives

Gain (loss) on investments and derivatives are recognized as income or expenses on trading date.

##### Interest on margin loans

Interest is recognized on an accrual basis, but where there is uncertainty as to the collectability of loans and interest, the Company and its subsidiaries stops using an accrual basis.

In the following cases, collectability of loans and interest is held to be uncertain.

- 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.
- 3) Installment loans with repayments scheduled over than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- 4) Problem financial institution.
- 5) Other receivables from which interest payment is overdue for 3 months or more.

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

##### Interest and dividend on investments

Interest on investments is recognized as income on an accrual basis. Dividend on investments is recognized as income when the dividend is declared.

#### 3.2 Expenses recognition

Expenses are recognized on an accrual basis.

##### Operating leases

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor, payments made under operating leases are recognized in the statements of profit or loss and other comprehensive income on a straight - line basis over the term of the lease. Lease incentives received are recognized in the statements of profit or loss and other comprehensive income as an integral part of the total lease payments made. Contingent rentals are charged to the statements of profit or loss and other comprehensive income in the accounting period in which they are incurred.

#### 3.3 Recognition and amortization of customer deposits

Money which customers have placed with the subsidiary in cash accounts, cash balance and credit balance for securities trading and derivatives trading is recorded as the asset and liability of the subsidiary. As at the statement of financial position date, the subsidiary writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the subsidiary.

#### 3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current deposit accounts, saving deposit accounts, time deposit with maturities not later than 3 months from acquisition date, and without commitments, call notes receivables and term promissory notes with maturities within 3 months from acquisition date. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

### 3.5 Deposits at financial institutions

Deposits at financial institutions include fixed deposit accounts, promissory notes with maturities over 3 months from acquisition date, deposit used as collateral and certificate of deposit with maturities within 3 months from acquisition date which the Company and its subsidiaries intends to hold to roll over it.

### 3.6 Investments

Investments in marketable securities held for trading are stated at fair value, with any resultant gain or loss on re-measuring investments recognized in the statements of profit or loss and other comprehensive income.

Investments in debt securities that the Company and its subsidiaries intends and is able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Investments in debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments and are stated at fair value, with any resultant gain or loss on re-measuring investments being recognized as other component of owners' equity in owners' equity. The exception is impairment losses, which is recognized in the statements of profit or loss and other comprehensive income. When these investments are disposed, the cumulative gain or loss previously recognized directly in other component of owners' equity in owners' equity is recognized in the statements of profit or loss and other comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statements of profit or loss and other comprehensive income.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of unit trusts of closed - end fund is determined from their net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments in securities. The first in - first out method is used for computation of the cost of investments in derivatives.

#### Impairment

Loss on impairment (if any) of investments is recognized in the statements of profit or loss and other comprehensive income when the carrying amount exceeds its recoverable value.

### 3.7 Receivables and payables from/to Clearing House

Net balances of receivable and payable incurred from settlement of securities and derivatives trading each day through Thailand Securities Depository Co., Ltd., and net balances of receivable and payable included from settlement of foreign securities trading each day through foreign securities companies, are presented as net balance receivables or payables from/to Clearing House in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorTor/Kor/Nor. 53/2553 regarding "The Forms of Financial Statements for Securities Companies" dated December 15, 2010.

### 3.8 Securities and derivatives business receivables

Securities and derivatives business receivables are the net balance after deducting allowance for doubtful accounts.

Securities business receivables comprise 3 categories which are receivables from securities businesses of cash accounts, margin loans and other receivables. Receivables from securities businesses of cash accounts are the receivables that were derived from cash settlements within 3 working days for equity securities business receivables and agreed payment for debt securities business receivables, after the securities purchasing date. Margin loans are accounts that debtors are granted loans for securities purchasing with collaterals at the rate which is not lower than the rate required by the Stock Exchange of Thailand. Other receivables include overdue securities and derivatives receivables of cash accounts and securities and derivatives receivables which are the subject of legal proceedings, are undergoing restructuring or are settling in installments.

The allowance for doubtful accounts is based on the 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. KorThor. 33/2543 and KorThor. 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.

Such debt classifications and provisions are in accordance with guidelines by the Office of the Securities and Exchange Commission as follows:

- a) Assets classified as bad debt are to satisfy the following criteria
  - 1) Loans balances which the Company and its subsidiaries has already made every effort to collect, but which remain unpaid and which the Company and its subsidiaries has already written off in accordance with tax law
  - 2) Loans balances which the Company and its subsidiaries has forgiven.
- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria
  - 1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance.
  - 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.
  - 3) Installment loans with repayments scheduled over than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Sub-standard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as bad debt will be written off when identified. Provision will be set aside for loans classified as doubtful at not less than 100% of the doubtful debt balance.

### 3.9 Investments in subsidiary and associated companies

Investments in associated companies is accounted for in the consolidated financial statements using the equity method.

Investment in subsidiaries and associated companies is accounted for in the separate financial statements using the cost method less allowance for impairment loss (if any).

An associate is an entity over which the Company and its subsidiaries has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any excess of the cost of acquisition over the carrying amount of the identifiable assets, liabilities and contingent liabilities of an associated company recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Loss on impairment (if any) of investments in subsidiaries and associated companies is recognized in the statements of profit or loss and other comprehensive income.

### 3.10 Property, premises and equipment

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

Depreciation is charged to the statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item from the date that premises and equipment are available to use.

The estimated useful lives are as follows:

Premises	20 years
Premises/leasehold improvement	5 years
Furniture and office equipment	3 - 5 years
Vehicles	5 years

#### Leased assets

Leases in terms of which the Company and its subsidiaries assumes substantial the risk and rewards of ownership other than legal title are classified as finance leases. Leased asset acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses (if any). Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

## Impairment

Premises and equipment are tested for impairment when indicators of impairment are identified.

Gain and loss on disposals are determined by comparing proceeds with carrying amount and are included in the statements of profit or loss and other comprehensive income.

### 3.11 Intangible assets

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

Amortization is charged to the statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of an item from the date that intangible assets with definite useful life are available for use.

The estimated useful lives are as follows

Using derivatives business fee	1-5 years
Computer software	5 years

Intangible assets with indefinite useful life are tested for impairment when indicators of impairment are identified, and allowance for impairment is recognized (if any).

### 3.12 Assets classified as held for sale

Assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the Company and its subsidiaries's management anticipates the sale is highly probable and the assets are available for immediate sale in its present condition.

Assets held for sale consist of immovable properties which is stated at the lower of cost amount or fair value after deducting costs of sales.

### 3.13 Leasehold right

Leasehold right is stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization is charged to the statements of profit or loss and other comprehensive income on a straight-line basis over the period of the lease term.

### 3.14 Investment property

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

### 3.15 Securities business payables

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

### 3.16 Derivatives liabilities

Derivative warrants are recorded as liabilities items and the changes in fair value are recorded in the statements of profit or loss and other comprehensive income. The fair value of derivative warrants is based on the latest offer price of the last working day of the year as quoted on the Stock Exchange of Thailand.

### 3.17 Borrowings

Borrowings are recognized initially at fair value of proceeds received. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the statements of profit or loss and other comprehensive income over the period of borrowings.

### 3.18 Provision for liabilities

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

### 3.19 Financial instruments

Financial instruments carried in the statement of financial position include cash and cash equivalents, deposits at financial institutions, trade and other receivables, receivables from Clearing House, securities and derivatives business receivables, investments, investment in subsidiary and associated company, trade and other payables, payables to Clearing House, securities business payables, derivatives liabilities and payables under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 3.20 Employee benefit

#### 3.20.1 Provident Fund

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

#### 3.20.2 Employee benefits obligation

The Company and its subsidiaries calculated the post-employment benefits obligation under the Thai Labor Protection Act based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on 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. Discount rate which calculates the post-employment benefit obligation based on yield rate of government bond.

The expenses for the defined post-employment benefits plan are recognized as personnel expenses in the statement of profit or loss and other comprehensive income.

Actuarial gains on defined post-employment benefits are recognized in other comprehensive income (loss).

### 3.21 Income tax

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

#### Current tax

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

#### Deferred tax

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

The Company and its subsidiaries recognizes deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company and its subsidiaries reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company and its subsidiaries records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 3.22 Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is determined by dividing net income (loss) attributable to owners of the Company for the year by the weighted average number of ordinary shares held by outside parties outstanding during the year. And diluted earnings (loss) per share was calculated based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

### 3.23 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at rates of exchange on transaction dates. Monetary assets and liabilities in foreign currencies at the date of the financial statements are converted at the reference exchange rates established by the Bank of Thailand at that date. Gains or losses on exchange arising on translation and settlement is recognized as income or expense in the statements of profit or loss and other comprehensive income.

### 3.24 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 and its subsidiaries 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.

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 entirety, 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.

### 3.25 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company and its subsidiaries' management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Accounting estimates are as follows:

Fair value measurements and valuation processes

Some of the Company and its subsidiaries' assets and liabilities are measured at fair value for financial reporting purposes. The Company and its subsidiaries' management has to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Company and its subsidiaries uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company and its subsidiaries engages third party qualified valuers to perform the valuation. The Company and its subsidiaries' management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the valuation committee's findings to the board of directors of the Company and its subsidiaries every quarter to explain cause of fluctuations in the fair value of the assets and liabilities.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 41.6.

#### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

Non-cash items are as follows:

During the years ended December 31, 2016 and 2015, the Company and its subsidiaries recognized gain (loss) on re-measuring available-for-sale investments and adjustment surplus on re-measuring available-for-sale investments disposed during the year - net of tax, which were presented as addition from other component of shareholders' equity amounting to approximately Baht (20.1) and 3.4 million, respectively, in the consolidated financial statements and approximately Baht (11.0) and 10.7 million, respectively, in the separate financial statements.

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Cash, short-term deposits and promissory notes with maturities not later than 3 months from acquisition date	2,148,222,315	1,931,746,060	226,550,837	84,976,826
(Less) Deposits for customers' account*	(667,443,417)	(460,027,615)	-	-
Total	1,480,778,898	1,471,718,445	226,550,837	84,976,826

(\* Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.)

## 6. DEPOSITS AT FINANCIAL INSTITUTIONS

6.1 Deposits at financial institutions as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31, 2016			AS AT DECEMBER 31, 2015		
	NOT LATER THAN 3 MONTHS BAHT	LATER THAN 3 MONTHS BUT NOT LATER THAN 1 YEAR BAHT	TOTAL BAHT	NOT LATER THAN 3 MONTHS BAHT	LATER THAN 3 MONTHS BUT NOT LATER THAN 1 YEAR BAHT	TOTAL BAHT
Fixed deposits	1,025	-	1,025	1,000,001,016	-	1,000,001,016
Deposits with restriction	-	54,240,000	54,240,000	-	69,310,000	69,310,000
(Less) Deposits in customers' account *	(1,025)	-	(1,025)	(1,000,001,016)	-	(1,000,001,016)
Total	-	54,240,000	54,240,000	-	69,310,000	69,310,000

(\* Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.)

6.2 Deposits at financial institutions of the subsidiary company have been pledged as collateral to banks as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT
Bank guarantee	-	15,070,000
Pledged as collateral for over-draft credit limit and borrowing	54,000,000	54,000,000
Others	240,000	240,000
Total	54,240,000	69,310,000

## 7. INVESTMENTS

### 7.1 Cost and fair value

	CONSOLIDATED FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015	
	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE
	BAHT	BAHT	BAHT	BAHT
<u>Temporary investments</u>				
Trading investments				
Equity securities:				
Unit trusts	170,113,497	170,476,822	-	-
Listed securities	400,077,782	393,109,356	119,787,075	109,218,727
Derivatives	81,000	81,000	(70,781)	(70,781)
<u>(Less)</u> Allowance for revaluation	(6,605,101)	-	(10,568,348)	-
Total Equity securities - net	563,667,178	563,667,178	109,147,946	109,147,946
Debt instruments:				
Bond	111,378,988	109,503,888	-	-
Debenture	1,154,341,875	1,151,647,429	340,792,988	344,980,440
<u>Add</u> Allowance for revaluation	(4,569,546)	-	4,187,452	-
Total debt instruments - net	1,261,151,317	1,261,151,317	344,980,440	344,980,440
Total trading investments - net	1,824,818,495	1,824,818,495	454,128,386	454,128,386
Debt instruments with held-to-maturity				
Bill of exchange	199,000,000	59,531,319	319,000,000	178,085,673
<u>(Less)</u> Unearned discount	(468,681)	-	-	-
Allowance for loss on impairment	(139,000,000)	-	(140,914,327)	-
Total debts instruments with held-to-maturity - net	59,531,319	59,531,319	178,085,673	178,085,673
Available-for-sale investments				
Equity securities:				
Unit trusts	-	-	447,766,791	450,046,806
Listed securities	34,510,000	33,440,000	48,328,315	47,489,074
<u>Add</u> Allowance for revaluation	(1,070,000)	-	1,440,774	-
Total available-for-sale investments - net	33,440,000	33,440,000	497,535,880	497,535,880
Total	1,917,789,814	1,917,789,814	1,129,749,939	1,129,749,939

	CONSOLIDATED FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015	
	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE
	BAHT	BAHT	BAHT	BAHT
Other long-term investments				
Available-for-sale investments				
Equity securities:				
Unit trusts	74,917,047	74,573,280	263,419,000	275,005,566
Listed securities	132,002,980	123,837,190	55,608,363	40,931,686
(Less) Allowance for revaluation	(8,509,557)	-	(3,090,111)	-
Total available-for-sale investments - net	198,410,470	198,410,470	315,937,252	315,937,252
General investments				
Equity securities:				
Unit trusts	60,562,282	60,850,762	562,282	338,735
Listed securities	47,318,514	5,758,011	47,318,514	20,877,601
(Less) Allowance for revaluation	288,480	-	(223,546)	-
Allowance for loss on impairment	(41,829,764)	-	(26,829,764)	-
Total general investments - net	66,339,512	66,608,773	20,827,486	21,216,336
Total	264,749,982	265,019,243	336,764,738	337,153,588

	SEPARATE FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015	
	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE
	BAHT	BAHT	BAHT	BAHT
Temporary investments				
Trading investments				
Equity securities:				
Unit trusts	170,113,497	170,476,822	-	-
Listed securities	381,856,115	374,802,356	114,219,200	103,650,852
Derivatives	81,000	81,000	(70,781)	(70,781)
(Less) Allowance for revaluation	(6,690,434)	-	(10,568,348)	-
Total Equity securities - net	545,360,178	545,360,178	103,580,071	103,580,071
Debt instruments:				
Bond	-	-	18,825,969	18,826,441
Add Allowance for revaluation	-	-	472	-
Total debt instruments - net	-	-	18,826,441	18,826,441
Total trading investments - net	545,360,178	545,360,178	122,406,512	122,406,512
Debt instruments with held-to-maturity				
Bill of exchange	40,000,000	39,682,267	180,000,000	178,085,673
(Less) Unearned discount	(317,733)	-	-	-
Allowance for loss on impairment	-	-	(1,914,327)	-
Total trading investments - net	39,682,267	39,682,267	178,085,673	178,085,673
Available-for-sale investments				
Equity securities:				
Unit trusts	-	-	447,766,791	450,046,806
Listed securities	34,510,000	33,440,000	48,328,315	47,489,074
Add Allowance for revaluation	(1,070,000)	-	1,440,774	-
Total Available-for-sale investments - net	33,440,000	33,440,000	497,535,880	497,535,880
Total	618,482,445	618,482,445	798,028,065	798,028,065

	SEPARATE FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015	
	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE	COST/ AMORTIZED COST/ CARRYING AMOUNT	FAIR VALUE
	BAHT	BAHT	BAHT	BAHT
Other long-term investments				
Available-for-sale investments				
Equity securities:				
Unit trusts	67,417,047	67,403,227	261,919,000	273,788,052
Listed securities	31,020,644	31,728,190	1,939,942	1,967,186
Add Allowance for revaluation	693,726	-	11,896,296	-
Total Available - for - sale investments - net	99,131,417	99,131,417	275,755,238	275,755,238
Total	99,131,417	99,131,417	275,755,238	275,755,238

The above investments excluded customer's securities which are deposited with the subsidiary for customers'3 securities brokerage purpose.

## 7.2 Investments in debt instruments by remaining period

	CONSOLIDATED FINANCIAL STATEMENTS							
	AS AT DECEMBER 31, 2016				AS AT DECEMBER 31, 2015			
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT
Debt instruments maturity	59,531,319	-	-	59,531,319	178,085,673	-	-	178,085,673
Total	59,531,319	-	-	59,531,319	178,085,673	-	-	178,085,673

	SEPARATE FINANCIAL STATEMENTS							
	AS AT DECEMBER 31, 2016				AS AT DECEMBER 31, 2015			
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT
Debt instruments maturity	39,682,267	-	-	39,682,267	178,085,673	-	-	178,085,673
Total	39,682,267	-	-	39,682,267	178,085,673	-	-	178,085,673

As at December 31, 2016 and 2015, the Company and its subsidiary has investment in debt instrument amounting to Baht 139.0 million which the Company has fully provided allowance for loss on impairment.

7.3 Unrealized gain (loss) on re-measuring available-for-sale investments recognized in other component of owners' equity in owners' equity as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Balance at beginning of the years	(1,703,300)	(5,123,692)	10,681,623	-
Change in the years				
- From re-measuring of investments	36,233,531	(2,010,922)	29,853,879	13,337,070
- Adjustments relating to the disposal of surplus on re-measuring investments*	(43,666,681)	5,639,937	(43,582,181)	-
- Share of profit (loss) on other comprehensive income of associated companies	(14,128,748)	-	-	-
- Income tax relating to components of other comprehensive income (loss)	1,486,630	(254,660)	2,745,660	(2,655,447)
Non-controlling interests	(1,170)	46,037	-	-
Balance at end of the years	(21,779,738)	(1,703,300)	(301,019)	10,681,623

(\* The above transactions were previously recognized gain from re-measuring of investments in other comprehensive income in the prior years. Such investments were sold and recognized as gain or loss on investments in the statements of profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015.)

#### 7.4 Gain on investments

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Unrealized gain (loss) on re-measuring trading investments	(4,867,914)	(16,922,281)	3,803,280	(10,567,876)
Gain on sale of trading investments	155,980,421	118,962,542	62,764,193	1,402,622
Gain on sale of available-for-sale investments	32,035,107	8,703,026	30,574,519	2,872,203
Loss on impairment on general investments	(15,000,000)	-	-	-
Total	168,147,614	110,743,287	97,141,992	(6,293,051)

## 7.5 Interest and dividends

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Interest income	40,899,612	49,153,448	7,484,955	5,634,086
Dividends	36,562,117	14,012,960	289,321,130	704,322,004
Total	77,461,729	63,166,408	296,806,085	709,956,090

7.6 As at December 31, 2016 and 2015, the subsidiary company has investments in companies that have financial position and performance problems as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31, 2016			AS AT DECEMBER 31, 2015		
	COST/ CARRYING AMOUNT BAHT	FAIR VALUE BAHT	ALLOWANCE FOR LOSS ON IMPAIRMENT BAHT	COST/ CARRYING AMOUNT BAHT	FAIR VALUE BAHT	ALLOWANCE FOR LOSS ON IMPAIRMENT BAHT
Ordinary shares	41,829,764	-	41,829,764	26,829,764	-	26,829,764

## 8. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, are as follows:

	CONSOLIDATE FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Guarantee for securities receivables	45,085,384	56,410,000	58,852,457	57,710,905
Receivable from sales of securities	-	-	109,036,677	-
Prepaid expenses	5,260,517	6,097,972	762,414	870,990
Accrued income	31,000,749	7,833,738	56,020	43,411
Deposit receivable	4,424,951	-	-	-
Others	26,897,945	7,462,374	22,667,544	3,961,072
Total	112,669,546	77,804,084	191,375,112	62,586,378

## 9. RECEIVABLES FROM CLEARING HOUSE

Receivables from clearing house as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT
Receivables from Clearing House	798,602,090	73,646,775
Receivables from foreign securities companies	76,020,814	45,473,106
(Less) Receivables from Clearing House for the customers*	(8,093,167)	(72,523,413)
Total	866,529,737	46,596,468

(\* Receivables from Clearing House accounts for the customers are not shown as assets and liabilities in the financial statement according to the Notification of the Office of the Securities and Exchange Commission.)

## 10. SECURITIES BUSINESS RECEIVABLES - NET

Securities business receivables as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT
Securities business receivables		
Customers' cash accounts	251,670,199	709,576,687
Margin loans	137,592,990	486,684,931
Guarantee deposit receivables	30,336,000	-
Other receivables		
- Receivables under litigation	396,739,119	396,739,119
- Past due and other receivables	513,182	513,182
Total securities business receivables	816,851,490	1,593,513,919
(Less) Allowance for doubtful accounts (see Note 11)	(364,827,254)	(352,323,580)
Total	452,024,236	1,241,190,339

Customers' cash accounts are classified as normal receivables

As at December 31, 2016 and 2015, the Subsidiary Company has ceased to recognize the interest income from securities business receivables amounting to approximately Baht 397.3 million for consolidated financial statements of which the allowance for doubtful accounts was fully set up for doubtful status in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 33/2543, regarding "The accounting preparation for sub-standard receivables of securities companies" dated August 25, 2000, which is updated by the Notification No. Kor Thor. 5/2544 dated February 15, 2001.

The Subsidiary Company has classified securities business receivables including related accrued interest receivables according with the Notification of the Office of the Securities and Exchange Commission regarding "The accounting preparation for sub-standard receivables of securities company". Securities business receivables are classified as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	AS AT DECEMBER 31, 2016			AS AT DECEMBER 31, 2015		
	SECURITIES BUSINESS RECEIVABLES ACCRUED INTEREST AND RECEIVABLES	ALLOWANCE FOR DOUBTFUL ACCOUNTS	SECURITIES BUSINESS RECEIVABLES - NET	SECURITIES BUSINESS RECEIVABLES ACCRUED INTEREST AND RECEIVABLES	ALLOWANCE FOR DOUBTFUL ACCOUNTS	SECURITIES BUSINESS RECEIVABLES - NET
Normal debts	419.6	-	419.6	1,196.2	-	1,196.2
Substandard debts	32.4	-	32.4	45.0	-	45.0
Doubtful of loss debts	364.8	(364.8)	-	352.3	(352.3)	-
Total	816.8	(364.8)	452.0	1,593.5	(352.3)	1,241.2

## 11. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT
Balance at beginning of the years	352,323,580	355,825,320
Add (Less) Allowance for Doubtful Accounts (Reversal)	12,503,674	(3,501,740)
Balance at ending of the years (see Note 10)	364,827,254	352,323,580

## 12. INVESTMENTS IN ASSOCIATED COMPANIES

Investment in associated companies as at December 31, 2016 and 2015, and dividends received from those investments for the years ended December 31, 2016 and 2015 were as follows:

Unit : Million Baht

COMPANY'S NAME	NATURE OF BUSINESS	COUNTRY OF INCORPORATION	SHAREHOLDING (PERCENTAGE)		EQUITY METHOD		COST METHOD		DIVIDEND	
			AS AT DECEMBER 31,		AS AT DECEMBER 31,		AS AT DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
			2016	2015	2016	2015	2016	2015	2016	2015
MFC Asset Management Public Company Limited	mutual fund	Thailand	24.71	24.83	532.1	533.0	532.6	532.6	49.3	50.8
Padaeng Industry Public Company Limited	zinc mine and a zinc smelter	Thailand	24.99	20.70	978.9	749.8	881.7	755.7	9.9	-
Country Group Development Public Company Limited	property development	Thailand	9.35 <sup>(1)</sup>	8.52 <sup>(1)</sup>	845.4	823.2	910.2	847.7	-	-
					2,356.4	2,106.0				

(1) As at December 31, 2016 and 2015, the Company and its subsidiaries has investment in Country Group Development Public Company Limited less than 20 percent, but the Company and its subsidiaries has significant influence because the Company and its subsidiaries has the representative in the board of directors of such company. Therefore, the Company and its subsidiaries classified such investment as investment in associated company in accordance with TAS 28 (Revised 2015) Investments in Associates and Joint Ventures.

Details financial information summarized from the audited financial statements of the associated companies are as follows:

Unit : Million Baht

COMPANY'S NAME	PAID-UP SHARE CAPITAL		TOTAL ASSETS		TOTAL LIABILITIES	
	AS AT DECEMBER 31,		AS AT DECEMBER 31,		AS AT DECEMBER 31,	
	2016	2015	2016	2015	2016	2015
MFC Asset Management Public Company Limited	120.1	120.3	1,616.8	1,518.2	277.9	221.0
Padaeng Industry Public Company Limited	2,260.0	2,260.0	5,592.5	5,104.7	1,575.5	1,523.8
Country Group Development Public Company Limited	7,336.3	7,336.3	12,667.3	10,141.4	6,694.3	4,224.7

Unit : Million Baht

COMPANY'S NAME	TOTAL REVENUES		NET INCOME		TOTAL COMPREHENSIVE INCOME	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015	2016	2015
MFC Asset Management Public Company Limited	918.0	890.5	187.5	188.5	195.5	143.3
Padaeng Industry Public Company Limited	5,148.5	5,490.3	477.8	376.0	480.2	346.1
Country Group Development Public Company Limited	590.1	516.0	(355.8)	(479.8)	(543.5)	(452.2)

On November 15 and 28, 2016, the Company purchased the above investment in Padaeng Industry Public Company Limited and investment in Country Group Development Public Company Limited from the subsidiary company as a whole. The Company additionally recognizes investment in such associated companies amounting to approximately Baht 197.75 million and 359.60 million, respectively, in the consolidated financial statement and approximately Baht 143.51 million and 270.76 million, respectively, in the separate financial statement.

### 13. INVESTMENT IN SUBSIDIARY COMPANIES

As at December 31, the Company has investments in subsidiary companies which are accounted for under the cost method in the separate financial statements as follows:

COMPANY'S NAME	PERCENTAGE OF SHAREHOLDING		PAID-UP SHARE CAPITAL		COST METHOD		DIVIDEND	
	AS AT DECEMBER 31,		AS AT DECEMBER 31,		AS AT DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 (%)	2015 (%)	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Country Group Securities Public Company Limited	99.3	99.3	2,589,743,484	2,589,743,484	3,463,249,978	3,463,159,917	200,586,573	648,007,405
Genki Power Co., Ltd.	100.0	-	25,000,000	-	25,000,000	-	-	-

### 14. PROPERTY, PREMISES AND EQUIPMENT

	CONSOLIDATED FINANCIAL STATEMENTS				
	BALANCE AS AT DECEMBER 31, 2015	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFER OUT)	BALANCE AS AT DECEMBER 31, 2016
	BAHT	BAHT	BAHT	BAHT	BAHT
Cost :					
Property	30,293,000	-	-	-	30,293,000
Premises	19,572,300	-	-	-	19,572,300
Premises/leasehold improvement	271,599,033	3,279,943	(200,997,108)	46,572,766	120,454,634
Furniture and office equipment	359,347,124	18,541,046	(178,130,554)	-	199,757,616
Vehicles	21,256,000	-	(31,962)	-	21,224,038
Leasehold improvement during construction	572,450	46,000,316	-	(46,572,766)	-
Total cost	702,639,907	67,821,305	(379,159,624)	-	391,301,588
Accumulated depreciation :					
Premises	(16,849,598)	(344,893)	-	-	(17,194,491)
Premises/leasehold improvement	(204,185,119)	(23,642,038)	168,563,136	-	(59,264,021)
Furniture and office equipment	(319,398,021)	(15,201,978)	167,673,058	-	(166,926,941)
Vehicles	(20,625,722)	(630,267)	31,962	-	(21,224,027)
Total accumulated depreciation	(561,058,460)	(39,819,176)	336,268,156	-	(264,609,480)
Allowance for impairment	(1,351,409)	-	75,868	-	(1,275,541)
Total	140,230,038				125,416,567

	CONSOLIDATED FINANCIAL STATEMENTS				
	BALANCE AS AT DECEMBER 31, 2014	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFER OUT)	BALANCE AS AT DECEMBER 31, 2015
	BAHT	BAHT	BAHT	BAHT	BAHT
Cost :					
Property	30,293,000	-	-	-	30,293,000
Premises	19,572,300	-	-	-	19,572,300
Premises/leasehold improvement	263,859,243	4,680,642	(12,388,179)	15,447,327	271,599,033
Furniture and office equipment	345,968,355	19,493,080	(6,114,311)		359,347,124
Vehicles	36,461,863	-	(15,205,863)	-	21,256,000
Leasehold improvement during construction	346,154	15,673,623	-	(15,447,327)	572,450
Total cost	696,500,915	39,847,345	(33,708,353)	-	702,639,907
Accumulated depreciation :					
Premises	(16,505,647)	(343,951)	-	-	(16,849,598)
Premises/leasehold improvement	(183,903,706)	(30,090,876)	9,809,463	-	(204,185,119)
Furniture and office equipment	(306,748,612)	(18,124,203)	5,474,794	-	(319,398,021)
Vehicles	(35,027,217)	(804,361)	15,205,856	-	(20,625,722)
Total accumulated depreciation	(542,185,182)	(49,363,391)	30,490,113	-	(561,058,460)
Allowance for impairment	(1,934,254)	-	582,845	-	(1,351,409)
Total	152,381,479				140,230,038
Depreciation for the years ended December 31,					
2016				Baht	39,819,176
2015				Baht	49,363,391

	SEPARATE FINANCIAL STATEMENTS				
	BALANCE AS AT DECEMBER 31, 2015	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFER OUT)	BALANCE AS AT DECEMBER 31, 2016
	BAHT	BAHT	BAHT	BAHT	BAHT
Cost :					
Premises/leasehold improvement	20,009	1,209,792	-	11,756,088	12,985,889
Furniture and office equipment	481,802	5,996,108	-	-	6,477,910
Work in proceed	572,450	11,183,638	-	(11,756,088)	-
Total cost	1,074,261	18,389,538	-	-	19,463,799
Accumulated depreciation :					
Premises/leasehold improvement	(3,526)	(892,427)	-	-	(895,953)
Furniture and office equipment	(88,971)	(760,597)	-	-	(849,568)
Total accumulated depreciation	(92,497)	(1,653,024)	-	-	(1,745,521)
Total	981,764				17,718,278

	SEPARATE FINANCIAL STATEMENTS				
	BALANCE AS AT DECEMBER 31, 2014	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFER OUT)	BALANCE AS AT DECEMBER 31, 2015
	BAHT	BAHT	BAHT	BAHT	BAHT
Cost :					
Premises/leasehold improvement	-	20,009	-	-	20,009
Furniture and office equipment	126,629	355,173	-	-	481,802
Work in proceed	-	572,450	-	-	572,450
Total cost	126,629	947,632	-	-	1,074,261
Accumulated depreciation :					
Premises/leasehold improvement	-	(3,526)	-	-	(3,526)
Furniture and office equipment	(4,683)	(84,288)	-	-	(88,971)
Total accumulated depreciation	(4,683)	(87,814)	-	-	(92,497)
Total	121,946				981,764
Depreciation for the year ended December 31,					
2016				Baht	1,653,024
2015				Baht	87,814

As at December 31, 2016 and 2015, the Company and its subsidiaries' certain premises and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those premises and equipment amounted to totaling approximately Baht 206.5 million and approximately Baht 421.4 million, respectively, in consolidated financial statements.

#### 15. INTANGIBLE ASSETS

	CONSOLIDATED FINANCIAL STATEMENTS							
	REMAINING USEFUL LIVES	BALANCE AS AT DECEMBER 31, 2015	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFEROUT)	AMORTIZATION	ALLOWANCE FOR IMPAIRMENT	BALANCE AS AT DECEMBER 31, 2016
		BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT
Using derivatives business fee - net	-	4	-	-	-	-	-	4
Computer software and computer software license - net	-	78,912,876	1,423,533	(378,780)	1,893,140	-	-	81,850,769
Securities license	-	2,657,500	-	-	-	-	-	2,657,500
Derivatives business membership	-	15,945,000	-	-	-	-	-	15,945,000
Computer software in progress	-	4,893,144	1,048,662	(22,470)	(1,893,140)	-	-	4,026,196
Total		102,408,524	2,472,195	(401,250)	-	-	-	104,479,469

	CONSOLIDATED FINANCIAL STATEMENTS							
	REMAINING USEFUL LIVES	BALANCE AS AT DECEMBER 31, 2014	ADDITIONS	DECREASES	TRANSFER IN/ (TRANSFEROUT)	AMORTIZATION	ALLOWANCE FOR IMPAIRMENT	BALANCE AS AT DECEMBER 31, 2015
		BAHT	BAHT	BAHT	BAHT	BAHT	BAHT	BAHT
Using derivatives business fee - net	-	4	-	-	-	-	-	4
Computer software and computer software license - net	-	76,045,784	160,768	-	2,706,324	-	-	78,912,876
Securities license	-	2,657,500	-	-	-	-	-	2,657,500
Derivatives business membership	-	15,945,000	-	-	-	-	-	15,945,000
Computer software in progress	-	3,577,670	4,021,798	-	(2,706,324)	-	-	4,893,144
Total		98,225,958	4,182,566	-	-	-	-	102,408,524

Amortization for the years ended December 31,

2016	Baht	-
2015	Baht	-

As at December 31, 2016 and 2015, the Company and its subsidiaries' certain intangible assets have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those intangible assets amounted to totaling approximately Baht 11.3 million in consolidated financial statements.

# 16. DEFERRED TAX ASSETS/ LIABILITIES

Deferred tax assets/liabilities as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Deferred tax assets	103,731,849	106,711,815	150,437	-
Deferred tax liabilities	-	(2,655,447)	-	(2,655,447)

Movements in Deferred tax assets/ liabilities during the years are as follows :

	CONSOLIDATED FINANCIAL STATEMENTS			
	BALANCE AS AT JANUARY 1, 2016  BAHT	ITEMS AS RECOGNIZED INTO INCOME OR LOSS  BAHT	ITEMS AS RECOGNIZED INTO OTHER COMPREHENSIVE INCOME (LOSS)  BAHT	BALANCE AS AT DECEMBER 31, 2016  BAHT
Deferred tax assets				
Temporary differences				
Allowance for doubtful accounts	65,800,177	2,500,735	-	68,300,912
Allowance for impairment on investments	27,800,000	3,000,000	-	30,800,000
Employee benefit obligations	9,842,984	(4,647,387)	(2,609,539)	2,586,058
Surplus on re-measuring investments	3,041,991	-	(1,183,775)	1,858,216
Others	226,663	(40,000)	-	186,663
Total	106,711,815	813,348	(3,793,314)	103,731,849

	CONSOLIDATED FINANCIAL STATEMENTS			
	BALANCE AS AT JANUARY 1, 2015  BAHT	ITEMS AS RECOGNIZED INTO INCOME OR LOSS  BAHT	ITEMS AS RECOGNIZED INTO OTHER COMPREHENSIVE INCOME (LOSS)  BAHT	BALANCE AS AT DECEMBER 31, 2015  BAHT
Deferred tax assets				
Temporary differences				
Allowance for doubtful accounts	66,354,532	(554,355)	-	65,800,177
Allowance for impairment on investments	27,800,000	-	-	27,800,000
Assets under finance leases	335,268	(335,268)	-	-
Employee benefit obligations	8,809,010	1,033,974	-	9,842,984
Surplus on re-measuring investments	3,407,885	-	(365,894)	3,041,991
Others	624,840	(398,177)	-	226,663
Total	107,331,535	(253,826)	(365,894)	106,711,815

Movements in Deferred tax liabilities during the years are as follows :

	SEPARATE FINANCIAL STATEMENTS			
	BALANCE AS AT JANUARY 1, 2016	ITEMS AS RECOGNIZED INTO INCOME OR LOSS	ITEMS AS RECOGNIZED INTO OTHER COMPREHENSIVE INCOME (LOSS)	BALANCE AS AT DECEMBER 31, 2016
	BAHT	BAHT	BAHT	BAHT
Deferred tax assets				
Temporary differences				
Employee benefit obligations	-	75,182	-	75,182
Deficit on re-measuring investments	-	-	75,255	75,255
Total	-	75,182	75,255	150,437
Deferred tax liabilities				
Temporary differences				
Deficit on re-measuring investments	(2,655,447)	-	2,655,447	-
Total	(2,655,447)	-	2,655,447	-
Total	(2,655,447)			150,437

	SEPARATE FINANCIAL STATEMENTS			
	BALANCE AS AT JANUARY 1, 2015	ITEMS AS RECOGNIZED INTO INCOME OR LOSS	ITEMS AS RECOGNIZED INTO OTHER COMPREHENSIVE INCOME (LOSS)	BALANCE AS AT DECEMBER 31, 2015
	BAHT	BAHT	BAHT	BAHT
Deferred tax liabilities				
Temporary differences				
Deficit on re-measuring investments	-	-	(2,655,447)	(2,655,447)
Total	-	-	(2,655,447)	(2,655,447)

The Company and its subsidiaries used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2016 and 2015.

#### 17. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Withholding tax	-	935,304	-	-
Clearing fund	53,492,476	49,985,440	-	-
Advance receivables and loan to employees	103,669	158,683	-	-
Leasehold right - net	-	547,014	-	-
Investment property - net	24,066,779	24,066,779	-	-
Deposits	8,374,577	21,793,819	1,442,882	-
Accrued income	22,500	22,500	-	-
Others	322,152	425,112	-	-
Total	86,382,153	97,934,651	1,442,882	-

As at December 31, 2016 and 2015, such investment property - net is mortgaged as collateral for credit facility from a local financial institution.

#### 18. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Trade payables	3,213,811	7,416,615	7,524,862	4,375,790
Accrued bonuses	28,291,656	51,053,952	7,068,800	3,427,635
Accrued marketing incentive	1,629,109	3,361,133	-	-
Accrued profit sharing from branches/ marketing teams management	25,198,756	12,417,237	-	-
Withholding tax and specific business tax payable	4,396,958	6,345,954	1,537,754	224,051
Value-added-tax payable	1,545,473	3,623,914	-	-
Other payables	2,927,769	2,601,478	63,200	52,182
Accrued corporate income tax	6,898,662	3,456,139	1,032,660	-
Accrued other expenses	20,820,328	34,604,083	3,648,629	1,343,934
Total	94,922,522	124,880,505	20,875,905	9,423,592

#### 19. SHORT-TERM LOAN FROM RELATED COMPANY

As at December 31, 2016, short-term loan is a loan from Country Group Securities which is a subsidiary company amounting to Baht 400.0 million due at call, carrying interest rate at 3.0 % per annum and no collateral. (2015: nil)

#### 20. EMPLOYEE BENEFIT OBLIGATIONS

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

Employee benefit obligations as at December 31, are as follows;

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Post-employment benefit obligations	12,930,291	49,214,920	375,911	-
Total	12,930,291	49,214,920	375,911	-

Amounts recognized in the statement of profit or loss and other comprehensive income for post-employment benefits are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Current service cost	15,606,519	13,005,760	373,123	-
Interest cost	1,565,940	1,312,540	2,788	-
Employee transferred	(26,111,459)	-	-	-
Components of employee benefit costs recognized in profit or loss	(8,939,000)	14,318,300	375,911	-
Actuarial gain of company and its subsidiaries	(13,047,695)	-	-	-
Actuarial loss (gain) of associated companies	(608,593)	3,578,731	-	-
Components of employee benefit costs recognized in other comprehensive income	(13,656,288)	3,578,731	-	-
Total	(22,595,288)	17,897,031	375,911	-

Movements in the present value of the post-employment benefits obligation are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Beginning balance of employee benefits obligation	49,214,920	44,045,050	-	-
Current service cost	15,606,519	13,005,760	373,123	-
Interest cost	1,565,940	1,312,540	2,788	-
Employee transferred	(26,111,459)	-	-	-
Actuarial gains on defined post-employment benefits plan	(13,047,695)	-	-	-
(Less) Employee benefits paid during the years	(14,297,934)	(9,148,430)	-	-
Balance at end of the years	12,930,291	49,214,920	375,911	-

The principle actuarial assumptions used to calculate the obligation under the defined benefits plan as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	AS AT DECEMBER 31,		AS AT DECEMBER 31,	
	2016 (% P.A.)	2015 (% P.A.)	2016 (% P.A.)	2015 (% P.A.)
Financial assumptions				
Discount rate	3.0 - 3.5	3.0	3.5	-
Employee turnover	0 - 24.0	0 - 23.0	0 - 20.0	-
	Subject to the range of age of employees	Subject to the range of age of employees	Subject to the range of age of employees	-
Expected rate of salary increase	0 - 5.0	0 - 4.0	0 - 5.0	-

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, expected salary increase rate and mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

Impact on the employee benefit obligations increases (decreases) as at December 31, 2016 and 2015

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Discount rate - increase by 1%	(1,327,709)	(4,828,114)	(62,496)	-
Discount rate - decrease by 1%	1,540,395	5,548,794	76,915	-
Salary increase rate - increase by 1%	1,507,969	6,025,481	75,638	-
Salary increase rate - decrease by 1%	(1,327,023)	(5,313,435)	(62,723)	-
Life expectancy - increase by 1 year	107,975	417,462	4,653	-
Life expectancy - increase by 1 year	(107,016)	(413,782)	(4,588)	-

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

## 21. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2016 BAHT	2015 BAHT
Account payables	2,078,751	1,632,034
Other payables	100,000	100,000
Accrued other expenses	1,134,752	1,168,634
Total	3,313,503	2,900,668

## 22. SHARE CAPITAL

Country Group Holdings Public Company Limited was established under the business restructuring plan of the Country Group Securities in order to engage in the business of investment and to hold the shares of the Country Group Securities. The Company had made a tender offer for all the securities of the Country Group Securities by exchanging them for the securities of the same type of the Company, with the exchange rate of 1 ordinary share of the Country Group Securities per 1 ordinary share of the Company.

On May 6, 2014, the Statutory Meeting passed a resolution to have the Company's authorized capital 10,000 shares at the par value of Baht 1.00 per share and initially pay for paid-up share capital in the amount of Baht 10,000. On May 15, 2014, the Company registered the authorized capital at the department of Business Development of the Ministry of Commerce. As the result, the Company's authorized and issued and paid-up share capital were 10,000 shares at the par value of Baht 1.00 per share, amounting in total to Baht 10,000.

On June 12, 2014, the Extraordinary General Shareholders' Meeting No. 1/2014 passed resolutions to approve the following:

1. Approval of the business restructuring plan, and other related actions and making a tender offer for all the securities of Country Group Securities according to the business restructuring plan. And also, the Board of Director or Executive Committee or the person authorized by the Board of Director or Executive Committee are authorized to take any actions in order to complete the business restructuring plan.
2. Approval the issuance of the warrants to buy ordinary shares of the Company to the existing shareholders by the proportion of the amount of shares held by each shareholder in accordance with the business restructuring plan which are the shareholders who have exchanged their shares in process of a tender offer for all the securities of Country Group Securities. The Company will issue the warrants in the amount not exceeding 863,247,828 units to the existing shareholders whose names appear in the share register book as the date which will be specified by the Board of Directors and/or the Executive Committee or the person authorized by the Board of Director or the Executive Committee and that specify date should be the day after the end of tender offer period and the Company has registered the increase of paid-up share capital with the Ministry of Commerce. The Company will issue the proportion of 3 swapped ordinary shares per 1 unit of warrant, free of charge, and fraction will be rounded down. In exercising the right of the warrants, 1 unit of warrant is eligible for buying 1 ordinary share of the Company at the exercise price Baht 1.80 per share.
3. Approval the increase in the authorized share capital of the Company Baht 4,052,991,312 from the existing authorized share capital of Baht 10,000 to Baht 4,053,001,312 by issuing 4,052,991,312 shares, at the par value of Baht 1.00 per share to reserve for the tender offer and the exercise of the warrants to buy ordinary shares of the Company in accordance with CGH-ESOP 1 and for the exercise of warrants that are issued to existing shareholders of the Company in accordance with the business restructuring plan.
4. Approval to allocate new ordinary shares of the Company accordance with the resolution of the meeting to increase the authorized share capital of the Company Baht 4,052,991,312 by issuing of 4,052,991,312 new ordinary shares at the par value of Baht 1.00 per share as follows:
  - 4.1 To allocate not exceeding 2,589,743,484 new ordinary shares for payment share subscription to the shareholders of Country Group Securities in the proportion of 1 new ordinary share of the Company at the par value of Baht 1.00 per share to 1 share of Country Group Securities at the par value of Baht 1.00 per share without paying cash.
  - 4.2 To allocate not exceeding 600,000,000 new ordinary shares at the par value of Baht 1.00 per share, in order to reserve for the exercise of the warrants that are issued and offered to directors, managements, employees and/or advisors of the Company and Country Group Securities at the exercise price Baht 1.80 per share in accordance with CGH-ESOP 1.
  - 4.3 To allocate not exceeding 863,247,828 new ordinary shares at the par value of Baht 1.00 per share, in order to reserve for the exercise of the warrants that are issued to existing shareholders of the Company by the proportion in the amount of shares held by each shareholder at the exercise price Baht 1.80 per share.

On October 17, 2014, the Office of The Securities and Exchange Commission allow the Company to make a tender offer for all the securities of the Country Group Securities.

On December 25, 2014, the Company reported that as a result of the tender offer, the Company had acquired 2,566,219,121 shares or 99.1% of the total number of paid up shares of Country Group Securities by exchanging them for the securities of the same type of the Company. As a result, the Company is the major shareholder of the Country Group Securities. In addition, the ordinary shares of the Company is the securities listed on the Stock Exchange in place of the ordinary shares of the Country Group Securities which is simultaneously delisted from being the securities listed on the Stock Exchange on January 8, 2015.

On January 6, 2015, the Company allocated warrants of the Company (CGH-W1) 855,408,275 units to the existing shareholders whose names were in the share registration book from December 30, 2014 to January 5, 2015, and the warrants have been listed on the Stock Exchange since February 13, 2015. Trading commencement is on February 16, 2015.

On January 8, 2015, the ordinary shares of the Company were the securities listed on the Stock Exchange in place of the ordinary shares of the Country Group Securities which were simultaneously delisted from being the securities listed on the Stock Exchange.

On March 11, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 passed resolutions to approve the following:

1. Approve the decrease of the registered capital of the Company by the amount of Baht 31,363,916 from the existing registered capital of Baht 4,053,001,312 to Baht 4,021,637,396 by canceling the unissued shares by the amount of 31,363,916 shares, at the par value of Baht 1.00 per share, which are shown as following detail:
  - 1.1 The remaining shares from allocation for the payment to the shareholders of the Country Group Securities in tender offer at the amount of 23,524,363 shares.
  - 1.2 The remaining shares from allocation to reserve for the rights to exercise the warrants that are issued to the existing shareholders of the Company at the amount of 7,839,553 shares.
2. Approval the increase in the registered capital of the Company, by issuing the amount of Baht 2,566,229,121 from the existing registered capital of Baht 4,021,637,396 to Baht 6,587,866,517 by issuing of 2,566,229,121 newly ordinary shares, at the par value of Baht 1.00 per share to accommodate the allocation of newly issued ordinary shares to the shareholders proportionate to their shareholding (Right offering) and specific person and/or institution investor and/or other investors (Private Placement).

On March 23, 2015 The Company has registered the decrease in registered capital in the amount of Baht 31,363,916 and the increase in the registered capital in the amount of Baht 2,566,229,121 at the Department of Business Development of the Ministry of Commerce, making the registered capital of the Company to 6,587,866,517 shares at the par value of Baht 1.00 per share, amounting in total to Baht 6,587,866,517.

3. Approval the allocation of the newly issued ordinary shares of the Company by issuing of 2,566,229,121 newly issued ordinary shares at the par value of Baht 1.00 per share to the existing shareholders proportionate to their shareholding (Right Offering), in the ratio of 1 existing ordinary share per 1 new ordinary share, at the offering price Baht 1.30 per share. The existing shareholders shall not subscribe in excess of their allocated shares and in the case where there are remaining shares from the allocation as abovementioned, the Company will allocate and offer the shares remaining to specific person and/or Institution Investor and/or other investors (Private Placement) at the price which will not be lower than Baht 1.66. The offering period shall be done within 12 months after the date that the Extraordinary General Meeting of Shareholders No.1/2015 resolves to issue and offer the newly ordinary shares. It shall be whether single or sequential allocation depends on the suitability of money market and capital market.

On April 29, 2015, The Annual General Shareholders' Meeting for the year 2015 passed resolutions to approve the following:

1. Approval the ESOP warrants program CGH-ESOP1 and issuance and offering of warrants to purchase the ordinary shares of the Company to the directors, executives, employees and/or advisors of the Company and/or the Country Group Securities under ESOP warrants program CGH-ESOP1. The details of warrants are as in Note. 24.
2. Approval an issuance of warrants to buy ordinary shares of the Company No.2 (CGH-W2) to allocate to the existing shareholders of the Company. The Company will issue the warrants in the amount not exceeding 427,704,853 units to the existing shareholders of the Company whose name are in the share register book on the record date, determined by the Company's Board of Directors. The record date shall be the day after the accomplishment of the issuance and offering of newly issued shares to existing shareholders proportionate to their shareholding (Right Offering) and the amendment of the Company's registered capital with the Ministry of Commerce. The Company will issue the warrants to the existing shareholders in the ratio of 12 existing shares per 1 unit of warrant, free of charge, and fraction thereof will be rounded down. 1 unit of warrant has the right to purchase 1 new ordinary share with the exercise price of Baht 1.60.

3. Approval the decrease of the registered capital of the Company in the amount of Baht 2,566,229,121 from the existing registered capital of Baht 6,587,866,517 to Baht 4,021,637,396 by canceling the unissued shares of the Company at the amount of 2,566,229,121 shares, at the par value of Baht 1.00 per share. According to Section 136 of the Public Limited Companies Act B.E. 2535 (as amended) states that the Company will be entitled to increase its registered capital only after all of its shares have been issued and the corresponding payment of shares has been made, or in case of some shares still remain unissued, those shares must be reserved for the convertible debentures or warrants. As such, since the Company has already registered the increase of capital according to the resolution of the Extraordinary General Meeting of Shareholders No.1/2015 at the Ministry of Commerce, the registered capital of the Company will be Baht 6,587,866,517 divided into 6,587,866,517 shares, for which 2,566,229,121 shares are unissued and not for accommodating the convertible debentures or warrants (these shares are for the offer for sale of RO). The Company is unable to proceed to increase its registered capital in the amount of Baht 427,704,853 immediately as it is not in compliance with Section 136 of the Public Limited Companies Act B.E. 2535 (as amended) but the Company must proceed to reduce its registered capital by canceling the unissued shares prior to doing so.
4. Approval the increase of the registered capital of the Company to accommodate the newly issued ordinary shares according to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2015 with the amount of Baht 2,566,229,121 and the exercise of warrants (CGH-W2) offered to the existing shareholders with the amount of Baht 427,704,453, which total is Baht 2,993,933,974. Therefore, the company shall increase its registered capital from Baht 4,021,637,396 to Baht 7,015,571,370, by issuing 2,993,933,974 newly issued ordinary shares at the par value of Baht 1.00 per share.
5. Approval the allocation of the newly issued ordinary shares of the Company in the amount not exceeding 2,993,933,974 newly issued ordinary shares at the par value of Baht 1.00 per share by allocating in the amount not exceed 2,566,229,121 newly issued ordinary shares to the existing shareholders proportionate to their shareholding (Right Offering). Besides, in the case which there are remaining shares from the allocation, the Company will allocate and offer the shares remaining to specific person and/or Institution Investor and/or other investors (Private Placement). The details of then abovementioned was approved by the Extraordinary General Meeting of Shareholders No. 1/2015 on March 11, 2015 and the allocation of the newly issued ordinary shares in the amount not exceeding 427,704,853 newly issued ordinary shares to accommodate the exercise of warrants (CGH-W2) offered to the existing shareholders proportionate to their shareholding

Moreover, On April 29, 2015, The Annual General Shareholders' Meeting for the year 2015 passed a resolution to approve the allocation of 2,566,229,121 newly issued ordinary shares at the par value of Baht 1.00 per share to the existing shareholders proportionate to their shareholding (Right Offering), in the ratio of 1 existing ordinary share per 1 new ordinary share, at the offering price Baht 1.30 per share. Due to the offered price of new ordinary share is lower than 90 percent of the market price per share of the Company's ordinary shares (weighted average market price per share of the Company's ordinary share during a period of 7 consecutive business days prior to the first day that the SET post an XR sign is Baht 1.616 per share), therefore, the Company has to adjust the exercise ratio and exercise price for the warrants CGH-W1 to comply with the condition for the right adjustment. The new exercise ratio is 1 unit of warrant to purchase 1.108 ordinary shares at the exercise price of Baht 1.624 per share to be effective on May 7, 2015 onwards

The last day for the subscription of the newly issued ordinary shares of the Company is on May 28, 2015. The existing shareholder subscribed for new ordinary shares in the amount of 1,770,539,157 shares at the offering price of Baht 1.30 per share, totalling Baht 2,301,700,904. The Company has already registered the increase in paid up capital from Baht 2,566,229,121 to Baht 4,336,768,278 with the Ministry of Commerce on June 9, 2015. The newly issued ordinary shares of the Company were listed on the Stock Exchange and start trading on June 24, 2015.

On July 15, 2015, the Company has allocated the warrants to purchase the newly issued ordinary shares of the Company no.2 (CGH-W2) in the amount of 361,367,269 units to the existing shareholders of the Company whose name appeared on the date for closing of the Company's share registration on July 8, 2015. The Stock Exchange has approved such warrants to purchase the newly issued ordinary shares of the Company as listed securities and trading date started on August 24, 2015.

On April 29, 2016, the Annual General Shareholders' Meeting for the year 2016 passed resolutions to approve the following:

1. The decrease of Company's registered capital from the existing registered capital of Baht 7,015,571,370 to Baht 5,553,543,822 by eliminating the unsubscribed ordinary shares in total of 1,462,027,548 shares with the par value of Baht 1.
2. For issuing and offering the newly ordinary share in total of 92,384,094 shares, with the par value of Baht 1, in order to issue in accommodation to exercise of the warrant to purchase the ordinary share of the Company (CGH-W1).

3. For issuing and offering of the newly ordinary shares of the Company under General Mandate, in amount of 430,000,000 shares with the par value Baht 1 by issuing and offering the ordinary share for Private Placement. The meeting granted the Board of Directors empower to define the condition and details related to the offering share such as person who will be allotment, offering price, number of issuing and offering ordinary shares such as determine the purpose, offering price and conditions in order to maintain the best benefit of the Company regarding to the right and fair treatment of the shareholders. In this regards, to authorize the Board of Directors and/or the authorized person who appointing by Board of Directors empower to perform and empower to consider and execute on any related documentation and authorized to conduct the necessary and appropriated relevant to the offering the newly share, including to provide information and submitting the evidence to related agency. Additional, to perform any transaction as approved by the meeting with the votes more than three-fourths of the total number of votes of the shareholders.
4. The increase of the Company's registered capital from the existing registered capital of Baht 5,553,543,822 to Baht 6,075,927,916 by issuing 522,384,094 newly issued ordinary shares with a par value of Baht 1 per share.

As at December 31, 2016 and 2015, the weighted average number of ordinary shares is calculated as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEAR ENDED DECEMBER 31,	
	2016 SHARES	2015 SHARES	2016 SHARES	2015 SHARES
Number of ordinary shares outstanding as at January 1,	4,336,758,428	2,566,219,271	4,336,768,278	2,566,219,271
Weighted average number of increased (decreased) shares during the years	-	1,057,472,702	-	1,057,472,702
<b>Weighted average number of ordinary shares for the years</b>	<b>4,336,758,428</b>	<b>3,623,691,973</b>	<b>4,336,768,278</b>	<b>3,623,691,973</b>

#### 23. PREMIUM ON SHARE CAPITAL

The premium on share capital account is set up under the provisions of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premium on share capital"). Premium on share capital is not available for dividend distribution.

#### 24. WARRANT GRANTED UNDER THE EMPLOYEE STOCK OWNERSHIP PROGRAM

On April 29, 2015, The Annual General Shareholders' Meeting for the year 2015 passed a resolution to approve the ESOP warrants program CGH-ESOP1 an issuance and offering of warrants to purchase ordinary shares of the Company to the directors, executives, employees and/or advisors of the Company and/or the Country Group Securities under ESOP warrants program CGH-ESOP1. The warrants is specified the name of the holder and non-transferable in the amount not exceeding 600,000,000 units, free of charge, with the period of warrants not more than 3 years from the date of issuance of offering of the warrants, 1 units of warrant is entitled to buy 1 ordinary share. The exercise price is Baht 1.80 per share. The warrant holder can exercise the rights to purchase the ordinary shares of the Company after 6 months since the issuance date of the warrants. The warrant holders can exercise the right to purchase ordinary shares of the Company every 6 months of the last working day of March and September until the last exercise date. In addition, these warrants are not registered to be traded on the Stock Exchange but the new share capital from exercised warrants will be registered to be traded on the Stock Exchange.

On April 29, 2016, the Annual General Shareholders' Meeting for the year 2016 passed resolutions to approve the cancellation of the warrants to purchase the Company's ordinary shares to director, executives, employees and/or the advisors of the Company and its Subsidiaries (CGH-ESOP 1).

## 25. CAPITAL MANAGEMENT

The Company and its subsidiaries' objectives in managing capital are to safeguard the Company and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

## 26. DIVIDENDS PAID

On April 23, 2015, the Annual General Shareholders' Meeting for the year 2015 of Country Group Securities passed a resolution to approve the profit allocation as the statutory reserve to the amount of Baht 75,408,087 and approve the dividend payment for the year 2014 at the rate of Baht 0.092 per share, totaling Baht 238,233,236. Such dividend was already paid on May 22, 2015.

On July 28, 2015, the Board of Directors' Meeting of the Company passed a resolution to approve the interim dividend payment of Country Group Securities to the Country Group Securities' shareholders at the rate of Baht 0.16 per share, totaling Baht 414,318,674. Such interim dividend was already paid on August 26, 2015.

On April 26, 2016, the Annual General Shareholders' Meeting for the year 2016 of the subsidiary company passed resolutions to approve the profit allocation as the statutory reserve to the amount of Baht 85,225,676 and approve the dividend payment for the year 2015 at the rate of Baht 0.238 per share, totaling Baht 616,358,949. The subsidiary company had already made an interim dividend payment on August 26, 2015 at the rate of Baht 0.16 per share to the shareholders. Therefore, the remaining dividend payment for the year 2015 is Baht 0.078 per share, totaling Baht 201,981,656. Such dividend will be paid on May 19, 2016.

On April 29, 2016, the Annual General Shareholders' Meeting for the year 2016 of the Company passed a resolution to approve the profit allocation as the statutory reserve to the amount of Baht 33,058,131 and approve the dividend payment for the year 2015 at the rate of Baht 0.046 per share, totaling Baht 199,491,270. Such dividend was already paid on May 25, 2016.

## 27. STATUTORY RESERVE

The Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital according to the Public Limited Companies Act B.E. 2535, section 116. The statutory reserve could not be used for dividend payment.

## 28. BROKERAGE FEES

	CONSOLIDATED FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT
Brokerage fees from securities business	522,060,309	837,541,589
Brokerage fees from derivatives business	19,554,344	29,604,097
Total	541,614,653	867,145,686

## 29. FEES AND SERVICES INCOME

	CONSOLIDATED FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT
Underwriting fee	7,734,262	24,657,000
Financial advisory fee	59,752,150	27,678,399
Investment advisory fee	281,252	280,716
Others	11,297,031	8,020,668
Total	79,064,695	60,636,783

## 30. INCOME FROM THE PARTIAL TRANSFER OF RETAIL SECURITIES BUSINESS

On May 16, 2016, the Board of Directors' Meeting No. 4/2016 of the subsidiary company had passed a resolution to approve the partial transfer of retail securities business of the subsidiary company by entering into the Asset Purchase Agreement dated May 16, 2016 with a securities company, to transfer its retail securities business which resulted in the transfer of the employment of certain marketing officers and related fixed assets and lease contracts relevant to the business transferred of the subsidiary company. And on August 8, 2016, both parties has already executed according to the Agreement. The subsidiary company had already transferred some of its branch offices, assets, lease contracts and employees in relation to its retail securities business of those branches to such securities company. The subsidiary company received income from transfer of such business of Baht 306.0 million in the third quarter of 2016.

## 31. OTHER INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Gain on disposal assets	-	3,140,292	-	-
Income from the overdue payment charge	249,857	183,213	-	-
Others	15,463,661	12,620,388	55,021	474,044
Total	15,713,518	15,943,893	55,021	474,044

### 32. KEY MANAGEMENT BENEFIT EXPENSES

The Company and its subsidiaries records the expense of salaries, remunerations, other monetary benefits and post-employment benefits paid to the Company and its subsidiaries's management, in accordance with the Notification of the definitions of the Office of the Securities and Exchange Commission, management under such definition includes a chief executive officer, the next four executive levels immediately below the chief executive officer and all persons in positions comparable to these fourth executive levels as follow:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Short term employee benefits	79,605,692	122,117,000	19,747,856	9,028,880
Post-employment benefits	878,054	1,085,799	217,736	-
Total	80,483,746	123,202,799	19,965,592	9,028,880

### 33. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive position. Directors' remuneration was approved by the ordinary shareholders' meeting of the Company.

### 34. OTHER EXPENSES

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Taxes and duties	2,368,396	3,368,760	31,885	48,505
Professional and other fees	17,515,689	28,175,997	1,831,579	12,468,923
Entertainment expenses	14,240,696	22,462,321	2,961,238	197,681
Gasoline and travelling expenses	10,208,223	12,478,483	1,160,996	31,348
Information and communication expenses	24,524,675	29,544,324	147,015	16,029
Stationery and office supplies	3,348,813	4,504,777	446,130	163,374
Advertising and promotion expenses	11,693,587	10,536,279	5,599,068	3,117,086
Loss on sale/disposal of assets	13,622,617	-	-	-
Others	25,423,316	19,834,624	11,133,568	968,789
Total	122,946,012	130,905,565	23,311,479	17,011,735

### 35. PROVIDENT FUND

On November 1, 2002 and July 14, 2014, the Company and its subsidiaries set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company and its subsidiaries matches the individuals' contributions. At the present, the provident fund is managed by MFC Asset Management Public Company Limited, authorized financial institution in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2016 and 2015, the Company and its subsidiaries has contributed approximately Baht 10.1 million and Baht 13.1 million, respectively, to the fund.

### 36. INCOME TAX

Income tax for the years ended December 31, are as follows:

Unit : Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Current income tax for the years	34,061	55,886	10,298	3,082
Deferred tax	(813)	254	(75)	-
Total income tax	33,248	56,140	10,223	3,082

#### Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				SEPARATE FINANCIAL STATEMENTS			
	FOR THE YEARS ENDED DECEMBER 31,				FOR THE YEARS ENDED DECEMBER 31,			
	2016		2015		2016		2015	
	(THOUSAND BAHT)	RATE (%)	(THOUSAND BAHT)	RATE (%)	(THOUSAND BAHT)	RATE (%)	(THOUSAND BAHT)	RATE (%)
Income before income tax	425,318	20	116,859	20	310,924	20	664,245	20
Income tax at the domestic tax rate	85,064		23,372		62,185		132,849	
Tax effect of income and expenses that are not taxable and not deductible for tax purpose	(51,816)		32,768		(51,962)		(129,767)	
Income tax expenses (income) as the statements of profit or loss and Other comprehensive income	33,248		56,140		10,223		3,082	

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, to extend the reduced corporate income tax at 20% of net profit for an accounting period beginning on or after January 1, 2015 but not later than December 31, 2015.

According to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective on March 5, 2016, the corporate income tax is reduced from 30% to 20% of net profit permanently for accounting period beginning on or after January 1, 2016.

Therefore, the Company and its subsidiaries used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2016 and 2015.

Income tax recognized in component of other comprehensive income (loss)

Unit : Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	FOR THE YEARS ENDED DECEMBER 31, 2016			FOR THE YEARS ENDED DECEMBER 31, 2015		
	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Surplus (deficit) on re-measuring investments	(7,433,150)	1,486,630	(5,946,520)	3,629,015	(254,660)	3,374,355
Actuarial gain (loss) on defined post-employment benefit plans	13,047,695	(2,609,539)	10,438,156	(3,578,731)	721,618	(2,857,113)
Total	5,614,545	(1,122,909)	4,491,636	50,284	466,958	517,242

Unit : Thousand Baht

	SEPARATE FINANCIAL STATEMENTS					
	FOR THE YEARS ENDED DECEMBER 31, 2016			FOR THE YEARS ENDED DECEMBER 31, 2015		
	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Surplus (deficit) on re-measuring investments	(13,728,302)	2,745,660	(10,982,642)	13,337,070	(2,655,447)	10,681,623
Total	(13,728,302)	2,745,660	(10,982,642)	13,337,070	(2,655,447)	10,681,623

### 37. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculations of earnings (loss) per share for the years ended December 31, 2016 and 2015 were based on the income (loss) for the years attributable to ordinary shareholders of the Company and the number of weighted ordinary shares outstanding during the years held by shareholders as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT / SHARES	2015 BAHT / SHARES	2016 BAHT / SHARES	2015 BAHT / SHARES
Basic earnings (loss) per share				
Income (loss) attributable to owners of the Company	391,333,066	60,188,160	300,700,256	661,162,623
Weighted average number of ordinary shares	4,336,758,428	3,623,691,973	4,336,768,278	3,623,691,973
Basic earnings (loss) per share (Baht)	0.0902	0.0166	0.0693	0.1825
Diluted earnings (loss) per share				
Weighted average number of ordinary shares used in calculation of basic earnings per share	4,336,758,428	3,623,691,973	4,336,768,278	3,623,691,973
Effect of exercised warrants to purchase ordinary shares	-	-	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings (loss) per share	4,336,758,428	3,623,691,973	4,336,768,278	3,623,691,973
Diluted earnings (loss) per share (Baht)	0.0902	0.0166	0.0693	0.1825

Diluted earnings (loss) per share occurred from warrants to purchase ordinary shares described in the condensed notes to the financial statements No. 22.

### 38. COMMITMENTS AND CONTINGENT LIABILITIES

38.1 As at December 31, the Company and its subsidiaries had operating lease commitments for office building and vehicles as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	AS AT DECEMBER 31,		AS AT DECEMBER 31,	
	2016	2015	2016	2015
Not later than 1 year	50.3	34.7	6.6	-
Later than 1 year but not later than 5 years	52.8	35.5	8.0	-
Total	103.1	70.2	14.6	-

38.2 As at December 31, 2016 and 2015, the Company and its subsidiaries has the outstanding commitment in respect of benefit paid to employees which the Company had already entered of Baht 1.0 million and Baht 9.1 million, respectively.

38.3 As at December 31, 2016, the subsidiary company has been sued by the client ("plaintiff") as a second defendant with the former employee of the subsidiary company as a first defendant in the amount of Baht 107.5 million. The subsidiary company as an employer at that time has been argued that the subsidiary company did not instruct or authorize the first defendant to operate as the plaintiff sued and did not intentionally or negligently or acts or omissions in violation of the plaintiff. The subsidiary company believes that this litigation is unlikely to damage the subsidiary company.

### 39. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and Company by common shareholders or directors. Transactions with related parties are conducted at the pricing policy based on the normal course of business conditions.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Brokerage fees	At market price which is the same rate as general client
Fees and services income	At agreed price which approximates market value
Expenses	At market price

Significant balances with related parties as at December 31, are as follows:

RELATIONSHIP		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Deposits for customers' account					
Related persons	Related persons	117,499	133,677	-	-
Country Group Development Public Company Limited	Associate	50,125,977	10,185,045	-	-
Total		50,243,476	10,318,722	-	-
Trade and other receivables					
Country Group Development Public Company Limited	Subsidiary	-	-	122,803,750	1,300,905
Genki Power Co.,Ltd.	Subsidiary	-	-	310,500	-
Genki Power One Co.,Ltd.	Indirect Subsidiary	-	-	2,639,660	-
Tech Reform Co.,Ltd	Common director	797,640	-	797,640	-
Solar Technic Co.,Ltd.	Common director	797,640	-	797,640	-
Total		1,595,280	-	127,349,190	1,300,905
Securities business receivables - net					
Related persons	Related persons	2,377,308	8,563,803	-	-
Investments in associated companies					
MFC Asset Management Public Company Limited	Associate	532,091,738	532,945,836	648,905,950	648,905,950
Country Group Development Public Company Limited	Associate	845,425,255	823,210,260	821,379,627	549,073,155
Padaeng Industry Public Company Limited	Associate	978,901,856	749,804,620	827,441,951	557,962,500
Total		2,356,418,849	2,105,960,716	2,297,727,528	1,755,941,605

RELATIONSHIP			CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
Investment in subsidiary companies						
Country Group Securities						
Public Company Limited	Subsidiary		-	-	3,463,249,978	3,463,159,917
Genki Power Co.,Ltd	Subsidiary		-	-	25,000,000	-
Total			-	-	3,488,249,978	3,463,159,917
Other long-term investments						
Mutual fund managed by associate	Associate		60,850,762	328,449,380	-	-
Trade and other payables						
Country Group Securities						
Public Company Limited	Subsidiary		-	-	8,318,730	2,683,654
Securities payables						
Padaeng Industry						
Public Company Limited	Associate		206,497,922	-	-	-
Short-term loan from related company						
Country Group Securities						
Public Company Limited	Subsidiary		-	-	400,000,000	-
Accrued expenses						
Sing Sian Yer Pao Company Limited	Related company		149,800	-	-	-
MFC Asset Management						
Public Company Limited	Associate		67,690	27,625	67,690	27,625
Total			217,490	27,625	67,690	27,625
Current liabilities						
Country Group Securities						
Public Company Limited	Subsidiary		-	-	373,788	428,600

Significant transactions with related parties for the years ended December 31, are as follows:

RELATIONSHIP	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
<b>Brokerage fees from securities business</b>				
Related persons	335,781	662,188	-	-
Mutual fund managed by associate	81,578,666	66,548,305	-	-
Country Group Development Public Company Limited	-	54,922	-	-
Total	81,914,447	67,265,415	-	-
<b>Ongoing fee</b>				
MFC Asset Management Public Company Limited	377,163	947,563	-	-
<b>Fees and services income</b>				
MFC Asset Management Public Company Limited	384,152	280,716	-	-
<b>Dividend income</b>				
MFC Asset Management Public Company Limited	-	-	49,340,775	50,835,950
Padaeng Industry Public Company Limited	-	-	4,642,280	-
Country Group Securities Public Company Limited	-	-	200,586,573	648,007,405
Total	-	-	254,569,628	698,843,355
<b>Interest income</b>				
Related persons	605,091	121,457	-	-
Country Group Securities Public Company Limited	-	-	135,574	3,818,919
Total	605,091	121,457	135,574	3,818,919
<b>Finance costs</b>				
Related persons	9,025	163,200	-	-
Country Group Development Public Company Limited	633,466	109,584	-	-
Country Group Securities Public Company Limited	-	-	1,345,753	850,000
Total	642,491	272,784	1,345,753	850,000

RELATIONSHIP		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
		2016 BAHT	2015 BAHT	2016 BAHT	2015 BAHT
<b>Fee and service expenses</b>					
MFC Asset Management Public Company Limited	Associate	715,325	162,404	715,325	162,404
Country Group Securities Public Company Limited	Subsidiary	-	-	6,702,858	1,859,490
Total		715,325	162,404	7,418,183	2,021,894
<b>Premises and equipment expenses</b>					
EDP Enterprise Company Limited	Related company	1,333,821	1,238,485	-	-
<b>Other expenses</b>					
Sing Sian Yee Pao Company Limited	Related company	925,550	946,950	-	-
Country Group Securities Public Company Limited	Subsidiary	-	-	373,788	-
Total		925,550	946,950	373,788	-
<b>Dividend paid</b>					
Related persons	Directors	37,724,956	-	37,724,956	-
Related persons	Related persons	9,910,035	-	9,910,035	-
Country Group Development Public Company Limited	Associate	7,040,843	-	7,040,843	-
MFC Asset Management Public Company Limited	Associate	2,188,527	-	2,188,527	-
Padaeng Industry Public Company Limited	Associate	200,059	-	200,059	-
Country Group Securities Public Company Limited	Subsidiary	-	-	453	-
Total		57,064,420	-	57,064,873	-

#### 40. OPERATING SEGMENT INFORMATION

The Company and its subsidiaries discloses operating segments information in accordance with the Thai Financial Reporting Standard No. 8 (Revised 2015) "Operating Segments" and under the same basis as internal management reports presented to the Company's chief operating decision maker for resources allocation to and performance evaluation of various segments.

The Company and its subsidiaries' business operations involve 3 principal segments: securities and derivatives brokerage segment, investment banking segment and securities and derivatives trading segment. These operations are carried on in Thailand. Below is the operating segment of the Company and its subsidiaries information for the years ended December 31,

Unit : Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	FOR THE YEARS ENDED DECEMBER 31,									
	SECURITIES AND DERIVATIVES BROKERAGE SEGMENT		INVESTMENT BANKING SEGMENT		SECURITIES AND DERIVATIVES TRADING SEGMENT		OTHER		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues:										
Brokerage fees	541,590	865,362	-	-	25	1,784	-	-	541,615	867,146
Fees and services income	11,459	8,511	67,606	52,126	-	-	-	-	79,065	60,637
Gain (loss) on investments and derivatives	(16,073)	(451)	-	-	85,820	114,714	97,405	-	167,152	114,263
Share of profit from investments for using the equity method	-	-	-	-	-	-	134,745	18,386	134,745	18,386
Interest and dividends	-	-	-	-	7,169	27,034	70,293	36,132	77,462	63,166
Interest on margin loans	34,881	46,335	-	-	-	-	-	-	34,881	46,335
Income from the partial transfer of retail securities business	-	-	-	-	-	-	306,003	-	306,003	-
Other income	-	-	-	-	-	-	15,713	15,944	15,713	15,944
Total revenues	571,857	919,757	67,606	52,126	93,014	143,532	624,159	70,462	1,356,636	1,185,877
Expenses									(931,318)	(1,069,018)
Income before income tax									425,318	116,859
Income tax									(33,248)	(56,140)
Net income for the years									392,070	60,719

## Assets classified by segment in consolidated financial statements

Unit: Thousand Baht

ASSETS BY SEGMENT	SECURITIES AND DERIVATIVES BROKERAGE SEGMENT	INVESTMENT BANKING	SECURITIES AND DERIVATIVES TRADING SEGMENT	TOTAL SEGMENTS	UNALLOCATED ASSETS	TOTAL
As at December 31, 2016	1,448,635	14,332	1,567,569	3,030,536	4,894,675	7,925,211
As at December 31, 2015	1,499,099	548	3,664,394	5,164,041	1,764,840	6,928,881

### 41. RISK MANAGEMENT

#### 41.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Company to incur a financial loss. The financial assets of the Company are not subject to significant concentration of credit risk. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statements of financial position.

#### 41.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the operation results of the Company and its cash flows.

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	AS AT DECEMBER 31, 2016								
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS								
	REPRICING OR MATURITY DATES								
	FLOATING RATE	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	NON- PERFORMING RECEIVABLES	NO INTEREST	TOTAL	INTEREST RATE (%)	
								FLOATING RATE	FIXED RATE
<b>Financial assets</b>									
Cash and cash equivalents	1,316.4	-	-	-	-	164.4	1,480.8	0.05-1.10	-
Deposits at financial institutions	-	54.2	-	-	-	-	54.2	-	0.85-1.375
Temporary investments	-	1,320.7	-	-	-	597.1	1,917.8	-	2.50-5.60
Trade and other receivables	-	-	-	-	-	112.7	112.7	-	-
Receivables from Clearing house	-	-	-	-	-	866.5	866.5	-	-
Securities business receivables - net	137.6	-	-	-	-	314.4	452.0	6.25-18.00	-
Other long-term investments	-	-	-	-	-	264.7	264.7	-	-
<b>Financial liabilities</b>									
Trade and other payables	-	-	-	-	-	94.9	94.9	-	-
Payables to Clearing House	-	-	-	-	-	44.6	44.6	-	-
Securities business payables	-	-	-	-	-	1,747.9	1,747.9	-	-

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS								
	AS AT DECEMBER 31, 2015								
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS								
	REPRICING OR MATURITY DATES								
	FLOATING RATE	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	NON- PERFORMING RECEIVABLES	NO INTEREST	TOTAL	INTEREST RATE (%)	
								FLOATING RATE	FIXED RATE
Financial assets									
Cash and cash equivalents	1,394.6	-	-	-	-	77.1	1,471.7	0.375 -1.10	-
Deposits at financial institutions	-	69.3	-	-	-	-	69.3	-	1.10 -1.55
Temporary investments	-	523.1	-	-	-	606.6	1,129.7	-	3.50-5.50
Trade and other receivables	-	-	-	-	-	77.8	77.8	-	-
Receivables from Clearing house	-	-	-	-	-	46.6	46.6	-	-
Securities business receivables - net	486.7	-	-	-	-	754.5	1,241.2	6.25-18.00	-
Other long-term investments	-	-	-	-	-	336.8	336.8	-	-
Financial liabilities									
Trade and other payables	-	-	-	-	-	124.9	124.9	-	-
Payables to Clearing House	-	-	-	-	-	235.4	235.4	-	-
Securities business payables	-	-	-	-	-	674.4	674.4	-	-

Unit : Million Baht

	SEPARATE FINANCIAL STATEMENTS								
	AS AT DECEMBER 31, 2016								
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS								
	REPRICING OR MATURITY DATES								
	FLOATING RATE	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	NON- PERFORMING RECEIVABLES	NO INTEREST	TOTAL	INTEREST RATE (%)	
								FLOATING RATE	FIXED RATE
Financial assets									
Cash and cash equivalents	223.7	-	-	-	-	2.9	226.6	0.10	-
Temporary investments	-	39.7	-	-	-	578.8	618.5	-	3.50 -5.50
Trade and other receivables	-	-	-	-	-	191.4	191.4	-	-
Other long-term investments	-	-	-	-	-	99.1	99.1	-	-
Financial liabilities									
Trade and other payables	-	-	-	-	-	20.9	20.9	-	-
Short-term loan from related company	-	400.0	-	-	-	-	400.0	-	3.0

Unit : Million Baht

	SEPARATE FINANCIAL STATEMENT								
	AS AT DECEMBER 31, 2015								
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS								
	REPRICING OR MATURITY DATES								
	FLOATING RATE	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	NON- PERFORMING RECEIVABLES	NO INTEREST	TOTAL	INTEREST RATE (%)	
								FLOATING RATE	FIXED RATE
Financial assets									
Cash and cash equivalents	10.7	-	-	-	-	74.3	85.0	0.375	-
Temporary investments	-	196.9	-	-	-	601.1	798.0	-	3.50 -5.50
Trade and other receivables	-	-	-	-	-	62.6	62.6	-	-
Other long-term investments	-	-	-	-	-	275.8	275.8	-	-
Financial liabilities									
Trade and other payables	-	-	-	-	-	9.4	9.4	-	-

The average yields on the average financial asset balances and the average cost of funds on average financial liabilities for interest bearing financial instruments are presented in the following table:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2016		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSES	AVERAGE YIELD (%)
Financial assets			
Cash and cash equivalents	1,158.9	17.7	2.0
Deposits at financial institutions	54.2	0.7	1.2
Securities business receivables - net	366.5	34.9	9.5
Investments - net	709.6	17.0	6.5

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2015		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSES	AVERAGE YIELD (%)
Financial assets			
Cash and cash equivalents	1,432.3	23.1	1.6
Deposits at financial institutions	169.3	7.9	1.5
Securities business receivables - net	546.0	46.3	-
Investments - net	679.9	12.3	1.9
Financial liabilities			
Current portion of payables under finance leases	3.0	0.1	-

Unit : Million Baht

	SEPARATE FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2016		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSES	AVERAGE YIELD (%)
Financial assets			
Cash and cash equivalents	154.6	0.4	0.3
Temporary investments	141.7	6.7	4.7
Financial liabilities			
Short-term loan from related company	293.3	1.4	3.0

Unit : Million Baht

	SEPARATE FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2015		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSES	AVERAGE YIELD (%)
Financial assets			
Cash and cash equivalents	380.4	0.6	0.2
Temporary investments	79.8	4.4	5.5

### 41.3 Liquidity risk

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

Under the Notification of the Office of the Securities and Exchange Commission No. KorTor 18/2549 regarding "Net Capital Ratio - NCR", the securities company has to maintain its net capital requirement at the end of the day not less than Baht 15.0 million and not less than 7% of general liabilities.

The subsidiary was granted securities business licenses of derivatives agent under the Derivative Act. The subsidiary has to maintain its net liquid capital at the end of working day at least Baht 25.0 million and at least 7% of general liabilities and assets held as collateral except in case the subsidiary discontinued its derivatives agent business and notified to the Office of the Securities and Exchange Commission, the subsidiary has to maintain its net liquid capital as mentioned in the second paragraph.

Additionally, in accordance with the regulation of Thailand Clearing House Co., Ltd. ("TCH") chapter 300 "Members" regarding the "Qualification of an Associated Member", the Associated Member is required to have total owners' equity of not less than Baht 150.0 million and/or have a financial condition in accordance with the criteria prescribed by an agency in charge of overseeing the business operations of such juristic person under relevant law.

As at December 31, 2016 and 2015, the subsidiary has net capital per requirement of approximately Baht 1,842.9 million and approximately Baht 2,125.7 million, respectively or 93.1% and 216.4% of general liabilities and assets held as collateral, respectively.

The periods of time from the statement of financial position date to the maturity dates of financial instruments as of December 31, are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS						
	AS AT DECEMBER 31, 2016						
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS						
	AT CALL	WITHIN 1 YEAR	1-5 YEARS	OVER 5 YEARS	NO MATURITY	NON-PERFORMING RECEIVABLES	TOTAL
Financial assets							
Cash and cash equivalents	-	-	-	-	1,480.8	-	1,480.8
Deposits at financial institutions	-	-	-	-	54.2	-	54.2
Temporary Investments	-	1,339.0	-	-	578.8	-	1,917.8
Trade and other receivables	-	112.7	-	-	-	-	112.7
Receivables from Clearing House	-	866.5	-	-	-	-	866.5
Securities business receivables - net	130.6	289.0	-	-	32.4	-	452.0
Other long-term investments	-	-	-	-	264.7	-	264.7
Financial liabilities							
Trade and other payables	-	94.9	-	-	-	-	94.9
Payables to Clearing House	-	44.6	-	-	-	-	44.6
Securities business payables	-	1,747.9	-	-	-	-	1,747.9

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS						
	AS AT DECEMBER 31, 2015						
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS						
	AT CALL	WITHIN 1 YEAR	1-5 YEARS	OVER 5 YEARS	NO MATURITY	NON-PERFORMING RECEIVABLES	TOTAL
Financial assets							
Cash and cash equivalents	-	-	-	-	1,471.7	-	1,471.7
Deposits at financial institutions	-	-	-	-	69.3	-	69.3
Temporary Investments	-	1,129.7	-	-	-	-	1,129.7
Trade and other receivables	-	77.8	-	-	-	-	77.8
Receivables from Clearing House	-	46.6	-	-	-	-	46.6
Securities business receivables - net	486.7	709.5	-	-	45.0	-	1,241.2
Other long-term investments	-	-	-	-	336.8	-	336.8
Financial liabilities							
Trade and other payables	-	124.9	-	-	-	-	124.9
Payables to Clearing House	-	235.4	-	-	-	-	235.4
Securities business payables	-	674.4	-	-	-	-	674.4

Unit: Million Baht

	SEPARATE FINANCIAL STATEMENTS						
	AS AT DECEMBER 31, 2016						
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS						
	AT CALL	WITHIN 1 YEAR	1-5 YEARS	OVER 5 YEARS	NO MATURITY	NON-PERFORMING RECEIVABLES	TOTAL
Financial assets							
Cash and cash equivalents	-	-	-	-	226.6	-	226.6
Temporary Investments	-	39.7	-	-	578.8	-	618.5
Trade and other receivables	-	191.4	-	-	-	-	191.4
Other long-term investments	-	-	-	-	99.1	-	99.1
Financial liabilities							
Short-term loan from related company	400.0	-	-	-	-	-	400.0
Trade and other payables	-	20.9	-	-	-	-	20.9

Unit: Million Baht

	SEPARATE FINANCIAL STATEMENTS						
	AS AT DECEMBER 31, 2015						
	OUTSTANDING BALANCES OF NET FINANCIAL INSTRUMENTS						
	AT CALL	WITHIN 1 YEAR	1-5 YEARS	OVER 5 YEARS	NO MATURITY	NON-PERFORMING RECEIVABLES	TOTAL
Financial assets							
Cash and cash equivalents	-	-	-	-	85.0	-	85.0
Temporary Investments	-	798.0	-	-	-	-	798.0
Trade and other receivables	-	62.6	-	-	-	-	62.6
Other long-term investments	-	-	-	-	275.8	-	275.8
Financial liabilities							
Trade and other payables	-	9.4	-	-	-	-	9.4

#### 41.4 Market risk

The Company and its subsidiaries' exposure to market risk is the risk that volatility on the stock price and derivatives price that will substantially reduce the value of the Company's investments. However, the Company manages such risk at acceptable levels through risk management policies, and establishment of proper risk limits and parameters, as well as a market risk monitoring function.

#### 41.5 Foreign exchange risk

As at December 31, 2016 and 2015, the Company and its subsidiaries have financial instruments in foreign currencies, as follow;

Unit: Thousand Baht

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2016			
	ASSETS		LIABILITIES	
	FAIR VALUE	CONTRACT VALUE	FAIR VALUE	CONTRACT VALUE
Trading investments-derivatives				
Forward contract	12,506	13,651	12,425	13,651
Total	12,506	13,651	12,425	13,651

Unit: Thousand Baht

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2015			
	ASSETS		LIABILITIES	
	FAIR VALUE	CONTRACT VALUE	FAIR VALUE	CONTRACT VALUE
Trading investments-derivatives				
Forward contract	13,676	13,676	13,747	13,676
Total	13,676	13,676	13,747	13,676

#### 41.6 Fair value

The fair value disclosures of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company and its subsidiaries in estimating fair values of financial instruments.

#### 41.6.1 Financial assets and financial liabilities measured at fair value

Certain financial assets and financial liabilities of the Company and its subsidiaries 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.

Unit: Thousand Baht

CONSOLIDATED FINANCIAL STATEMENTS				
FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS
	AS AT DECEMBER 31,			
	2016 BAHT	2015 BAHT		
<u>Financial Assets</u>				
Temporary investments				
<u>Trading investments</u>				
Unit trusts	170,477	-	2	Net asset values of the last working day of the reporting period
Listed securities	393,109	109,219	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Derivatives	81	(71)	1	Settlement prices of the last working day of the reporting period as quoted on derivatives market
Debt instruments	1,261,151	344,980	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
<u>Available-for-sales investments</u>				
Unit trusts	-	450,047	2	Net asset values of the last working day of the reporting period
Listed securities	33,440	47,489	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Other long-term investments				
<u>Available-for-sale investments</u>				
Unit trusts	74,573	275,006	2	Net asset values of the last working day of the reporting period
Listed securities	123,837	40,932	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand

SEPARATE FINANCIAL STATEMENTS				
FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS
	AS AT DECEMBER 31,			
	2016 BAHT	2015 BAHT		
Financial Assets				
Temporary investments				
Trading investments				
Unit trusts	170,477	-	2	Net asset values of the last working day of the reporting period
Listed securities	374,802	103,651	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Derivatives	81	(71)	1	Settlement prices of the last working day of the reporting period as quoted on derivatives market
Debt instruments	-	18,826	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Available-for-sales investments				
Unit trusts	-	450,047	2	Net asset values of the last working day of the reporting period
Listed securities	33,440	47,489	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Other long-term investments				
Available-for-sale investments				
Unit trusts	67,403	273,788	2	Net asset values of the last working day of the reporting period
Listed securities	31,728	1,967	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand

#### 41.6.2 Financial assets and financial liabilities not measured at fair value

Fair value of Financial assets and financial liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

Unit: Thousand Baht

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	CONSOLIDATED FINANCIAL STATEMENTS				FAIR VALUE HIERARCHY
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015		
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	
<u>Financial assets</u>					
Cash and cash equivalents	1,480,779	1,480,779	1,471,718	1,471,718	3
Deposits at financial institutions	54,240	54,240	69,310	69,310	3
Trade and other receivables	112,670	112,670	77,804	77,804	3
Receivables from Clearing House	866,530	866,530	46,596	46,596	3
Securities business receivables - net	452,024	452,024	1,241,190	1,241,190	3
Debt securities held-to-maturity					
Bill of exchange	59,531	59,531	178,086	178,086	3
General Investment					
Unit trusts	60,851	60,851	339	339	3
Listed securities	5,489	5,758	20,489	20,878	3
<u>Financial liabilities</u>					
Trade and other payables	94,923	94,923	124,881	124,881	3
Payables to Clearing House	44,608	44,608	235,433	235,433	3
Securities business payables	1,747,949	1,747,949	674,374	674,374	3

Unit: Thousand Baht

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	SEPARATE FINANCIAL STATEMENTS				FAIR VALUE HIERARCHY
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2015		
	CARRYING AMOUNT	FAIR VALUE	CARRYIN AMOUNT	FAIR VALUE	
<u>FINANCIAL ASSETS</u>					
Cash and cash equivalents	226,551	226,551	84,977	84,977	3
Trade and other receivables	184,371	184,371	62,586	62,586	3
Debt securities held-to-maturity					
Bill of exchange	39,682	39,682	178,086	178,086	3
<u>FINANCIAL LIABILITIES</u>					
Trade and other payables	13,872	13,872	9,424	9,424	3
Short-term loan from related company	400,000	400,000	-	-	3

The 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 investment in equity securities which use net asset value of invested company.

#### 42. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 24, 2017.

