

PHATRA SECURITIES PUBLIC COMPANY LIMITED

THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Phatra Securities Public Company Limited (Phatra or the Firm) is one of Thailand's leading investment banks, providing clients with services in the areas of securities trading, brokering, investment banking, advisory service, and private client services. Phatra is determined to further enhance the financial services it provides by continuing to be an industry leader in the implementation of new information technology, adopting evolving international standards of practice, introducing innovative products, and continuing to be responsive to our clients' needs.

1. POLICY ON CORPORATE GOVERNANCE

1.1 The business and affairs of Phatra are managed under the direction of the Board of Directors (the Board), which represents shareholders of the Firm. The Board believes that good corporate governance is a critical factor in achieving business success. The Firm's corporate governance policy seeks to align management and shareholder interests. Phatra has instituted corporate governance principles through the Firm's various policies and procedures to protect shareholders' interests and transact business in a transparent manner by developing a structure with defined roles and responsibilities, separation of front and back office duties and having policies to deal with conflicts of interest, transparency, risk management and internal control, business ethics, etc. Phatra has established various corporate governance committees e.g. Audit Committee, New Product Review Committee, Capital Commitment Committee, Investment Committee etc. to enhance transparency when executing business transactions.

2. CONFLICT OF INTERESTS

2.1 A conflict of interest occurs when an individual's private interest interferes in any way or even appears to interfere with the interests of the company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the company. Loans to, or guarantees of obligations of, such persons are of special concern. Phatra policies prohibit such conflicts of interest to enhance good corporate governance, and provide a means for employees, officers and directors to communicate potential conflict to the company.

2.2 Phatra expects each employee, officer or director to avoid activities, interests or associations that might interfere or even appear to interfere with the independent exercise of his or her judgment or the best interests of the company, its clients, its shareholders or the public. Employees, officers and directors are prohibited from using illegal or improper means to influence the actions of others on behalf of themselves or the company.

2.3 Phatra Audit Committee has been set up and is fully authorized to review and approve any transactions into which Phatra may enter with any of the Board members, management, major shareholders and its related persons. This is to avoid potential conflicts of interest between Phatra and those persons. The main responsibilities of Audit Committee are discussed in 8.4.

2.4 Phatra policy includes specific safeguards against many forms of conflicts of interest, but it is impossible to foresee every potential conflict that could arise during an employee's, officers' and directors' career. Phatra requires employees, officers and directors to try to recognize these conflicts, bring them to the attention of management and avoid them where possible. If a conflict cannot be avoided, it must be managed in an ethical, responsible manner.

2.5 The Firm seeks to control potential conflict of interest by establishing various policies and procedures, some of which are discussed below:

2.5.1 Employee Accounts and Outside Interests

- In accordance with industry regulations, employees and their immediate families must maintain their brokerage accounts at Phatra. Exceptions to this policy are rarely granted and must be approved by the employee's department manager and the Office of General Counsel and

Internal Audit (OGC), compliance unit of Phatra (OGC roles and responsibilities are discussed in 8.5);

- Certain employees (including investment bankers, research analysts, etc.) must pre-clear transactions with management and OGC. Phatra policy is intended to prevent employees from engaging in any outside business or other activity that might create a conflict of interest or jeopardize the company's integrity or reputation;
- Employees must disclose and obtain prior approval for certain interests outside the company (including outside employment, outside investments, outside directorships).

2.5.2 Business Activity

At times, employees engage in outside business activities. For example, they may serve as partners or stockholders in other businesses, officers in family-owned corporations or outside directors of other companies. The appropriateness of such activities depends on many factors: the nature and extent of the outside interest, the relationship between the company and the outside entities and the duties involved.

Service as a director, officer or employee of any other corporation or business must be authorized in writing by OGC.

Phatra requires that employees report all outside business activities, including ownership of privately held stock and limited partnership interests, to OGC so that their activities can be reviewed for potential conflicts of interest.

2.5.3 Transactions with Related Persons

- Phatra does not encourage any transaction enter into between the Firm with members of the Board, management, major shareholders and its related persons (Related Transaction). This is to avoid any potential conflict of interest among the firm and those persons. However, from time to time, to the extent permitted by relevant regulations and in connection with operation of the firm business, Phatra may need to engage in any Related Transaction.
- With regard to securities trading transaction where management and employees of Phatra are required by the Office of Securities and Exchange Commission (SEC) to open securities trading account with Phatra, such a securities trading transaction with those management and employees must be on the arm's length basis without taking any unfair advantage of anyone through unethical or illegal measure. The transaction must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients.

3. BUSINESS ETHICS

The Firm believes that no code of business conduct and ethics can replace the thoughtful behavior of an ethical director, officer or employee. However, we also believe such a code can focus the Board or management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanism to report unethical conduct, and help to foster a culture of honesty and accountability and furnish good corporate governance. Therefore, all employees, officers and directors are subject to the Guidelines for Business Conduct of Phatra.

Below are some examples of policies demonstrating how the company commits to upholding the highest ethical standards of business conduct.

3.1 The Phatra Principles: Defining Our Shared Values

Phatra is concerned about the ethical values. What we perform is an articulation of the principles in everyday terms, developed with the input of employees from a cross-section of levels and jobs. These principles are the foundation for the Firm's actions as leaders, colleagues, employees and citizens.

Client Focus

The client is the driving force behind what we do.

At Phatra, the client's interests must come first. In the increasingly competitive industry, success rests not on the ability to sell a certain product or service, but on the degree to which clients value Phatra as their trusted adviser. To achieve this stature, it will not be enough merely to meet clients' expectations but constantly strive to exceed them.

Respect for the Individual

We respect the dignity of each individual, whether an employee, shareholder, client, or member of the general public.

Respect for individual means treating others with dignity and consideration—sharing the credit when credit is due, avoiding public criticism of one another, and encouraging an atmosphere in which openness, cooperation and mutual consultation are the norms.

Teamwork

We strive for seamless integration of services.

It is great teams that win, not loose affiliations of all-stars. Therefore, we expect real teamwork throughout the company, and reward people for it. Phatra is committed to an honest sharing of both risks and rewards with one another, so that when clients achieve their goals, everyone at Phatra benefits.

Responsible Citizenship

We seek to improve the quality of life in the communities where our employees live and work.

Responsible citizenship means that the company is committed to giving something back to the communities in which the company earns livelihood. Phatra encourages employee volunteerism and community involvement. Both as a corporation and as individuals, the company supports education, the cultural arts, and the environment and community services.

Integrity

No one's personal bottom line is more important than the reputation of our company.

Phatra values its long-standing reputation for integrity in the marketplace. As beneficiaries of this great tradition, the company may be tolerant of ordinary mistakes made in the course of business; however, the company will not tolerate lapses in ethics or integrity.

3.2 Nonpublic Information

3.2.1 In the conduct of our business, the Firm and its employees receive a great deal of nonpublic information. Much of this information may be sensitive, with the potential to affect market conditions, negotiations, strategic positioning and relationships with clients, competitors or vendors. All employees must exercise care not to misuse nonpublic information obtained during their employment, including client lists, information about personnel and clients, and business plans and ideas.

3.2.2 Firm policy prohibits employees from acting upon material nonpublic information to benefit themselves or others. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or it could reasonably be expected to have a substantial effect on the price of an issuer's securities. At times, Firm policies may limit the ability of some employees to enter into transactions. Anyone with ongoing possession of nonpublic information may be unable to trade personally in the securities of the companies about which he or she has information.

3.3 Client Information Privacy

3.3.1 The Firm protects the confidentiality and security of client information. Employees must understand the need for the careful handling of this information. Phatra's client information privacy policy provides that:

- We do not sell or rent clients' personal information.
- Employees may not discuss the business affairs of any client with any other employee, except on a strict need-to-know basis.
- We do not release client information, except upon a client's authorization or when permitted or required by law.
- Third-party service providers with access to client information are required to keep client information confidential and use it only to provide services for Phatra.

3.3.2 Phatra also complies with applicable laws and regulations which impose additional restrictions on the confidentiality and security of client information. Employees are required to direct questions concerning the confidentiality or security of client information to their managers or OGC.

3.4 Gift, Gratuities and Impermissible Payments

3.4.1 Employees and members of their families may not - directly or indirectly - accept or receive bonuses, fees, gifts, frequent or excessive entertainment, or any similar form of consideration of other-than-nominal value from any person or entity with which the Firm does, or seeks to do, business.

3.4.2 Firm policy forbids bribes, payoffs or payments of any kind by the Firm or employee to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. Special rules may apply to payments or gifts (including entertainment) to officers, directors, employees or other affiliates of government owned or controlled entities. Employees are required to consult OGC with any specific questions.

3.5 Anti-bribery policy

3.5.1 In order to prevent the appearance of corrupt business practices, Phatra has implemented a policy consistent with the U.S. Foreign Corrupt Practices Act (FCPA). In addition, Phatra has also adopted the policy with the addition of requirements from the Thai Anti-Bribery Laws. The policy prohibits certain dealings with government officials and entities.

3.5.2 Entertainment of Government Officials, payment or reimbursement of their travel or related expenses, or gifts to such persons, whether in the context of an educational seminar hosted by the Firm, a business meeting, or any other event, requires pre-approval by OGC. The entertainment should be reasonable in cost, infrequent in occasion, and have a legitimate business purpose. In addition, even if permissible under the FCPA, such payments, entertainment, and gifts involving Government officials may also be subject to Thai laws and therefore must be reviewed and approved in advance by OGC.

3.5.3 These policies are only a few examples of the policies that have been implemented in Phatra to ensure the highest ethical standards of business conduct.

4. LEADERSHIP AND VISION

4.1 The Firm is determined to create value for our clients by providing wisdom and high quality services that meet their needs. We have positioned ourselves to be the preeminent financial management and advisory company. Key facets of this positioning include:

- focusing on businesses that offer continued opportunity for growth
- emphasizing broad local and regional resources and expertise
- collaboration of the Firm's business units to maximize effectiveness in developing integrated, best-in-class solutions for clients
- effective use of technology to leverage resources
- disciplined management to deliver the full potential of long-term growth trends in financial services for clients, shareholders and employees

5. VARIOUS GROUPS OF STAKEHOLDERS

5.1 Phatra has placed priority on various groups of stakeholders, whether internal (e.g. employees or management) or external (e.g. competitors, creditors) as Phatra has realized that their support and feedback will contribute to the company's competitive advantage and result in higher company's performance which is Phatra's longer term objective. For this purpose, Phatra complies with the provisions of the law and relevant rules and regulations to take good care of the rights of these stakeholders. Phatra will support cooperation between groups of stakeholders in order to secure the prosperity and stability of the business.

6. SHAREHOLDERS

6.1 A Shareholders Annual General Meeting is held within four (4) months from the last day of the fiscal year. Unless otherwise the Board of Directors may call for an Extraordinary General Meeting when appropriate. Annual General Meeting will be called for the purpose of:

- considering the Board's report concerning past operation;
- considering and approving the balance sheet and the profit and loss account of the preceding fiscal year;
- considering and approving profit allocation, dividend payment and allocation for reserve fund;
- considering and approving the appointment of new directors to replace those who retire by rotation and fixing the director's remuneration;
- considering and approving the appointment of an auditor and fixing his remuneration; and
- considering other business (if any).

6.2 Notice of each Meeting shall be distributed to all shareholders and the registrar at least 7 days prior to the date of the Meeting. Notice will specify place, date, time, agenda of the Meeting, and the matters to be proposed to the Meeting in appropriate detail by clearly indicating whether it is a matter proposed for acknowledgement or for consideration, as the case may be, including the opinion of the board of directors on the said matters. The Notice shall be published in the newspaper for not less than three (3) consecutive days and not less than three (3) days prior to the date of the Meeting. A shareholder may appoint a proxy to attend any meeting and cast a vote on his or her behalf, provided that the appointment is made in writing and signed by the shareholder and submit to the Chairman of the Meeting or a person designated by the Chairman prior to attend the meeting. Such proxy shall be in a form specified by the Registrar. A quorum of the Meeting is constituted if not less than twenty five (25) shareholders and proxies (if any) attending the meeting or not less than one-half (1/2) of the total number of shareholders and in either case such shareholders shall in aggregate hold shares of not less than one-third (1/3) of the total number of shares sold.

6.3 The shareholders shall be entitled to one (1) vote per one (1) share. Any shareholder who has a special interest in any matters shall not be entitled to vote, except for voting on the election of directors. A resolution of the Shareholders' Meeting shall require:

6.3.1 in an ordinary event, the majority votes of the shareholders who attend the meeting and cast their votes. In case of a tie vote, the chairman of the meeting shall have a casting vote.

6.3.2 in the following events, a vote of not less than three-fourths (3/4) of the total number of votes of shareholders who attend the meeting and have the right to vote:

- (a) the sale or transfer of the whole or the substantial part of the Company's business to any other person;
- (b) the purchase or acceptance of transfer of the business of private companies or public companies by the Company;
- (c) the making, amending or terminating of any agreement with respect to the granting of a lease of the whole or substantial parts of the Company's business, the assignment of the management of the business of the Company to any person, or the amalgamation of the business with other persons for the purpose of profit and loss sharing;

- (d) the amendment of the Memorandum of Associations or Articles of Association of the Company;
- (e) the increasing or reducing the Company's capital;
- (f) the dissolution of the Company;
- (g) the issuance and offering of debentures of the Company; or
- (h) the amalgamation of business of the Company with other companies.

6.4 Phatra will treat all shareholders equitably in participating in meetings, receiving information and exercising voting rights in the shareholders meeting. Phatra will also facilitate the shareholders, allocate appropriate time and encourage equal opportunities for the shareholders to express their opinions and raise any inquiries at the meeting. Relevant directors and management will participate in the meeting to reply to any inquiries and important inquiries will be recorded in the minutes of the meeting in order to be examined by the shareholders.

7. DIRECTORS

7.1 Directors are elected by the shareholders in order to perform and carry out the Firm's business in compliance with the laws, objectives and Articles of Association of the Company including the shareholders' meeting resolutions with good faith and with care to preserve the interests of the Firm. Directors are persons who have knowledge, ability and experience in business operation and have a leadership vision in order to manage the operation of Phatra to achieve the highest economic value for the business and highest stability for the shareholders. In accordance with Phatra's Articles of Association, the directorship shall be as follows:

- (1) The Board consists of a maximum of thirteen (13) Directors and a minimum of seven (7) Directors.
- (2) One-third of Directors shall retire from office at the Annual General Meeting of the Shareholders each year and the Annual General Meeting will elect new Directors in replacement. Nevertheless, the retiring Directors are eligible for re-election.

7.2 Phatra has a policy to have a minimum of 3 independent directors on the Board.

7.3 The Board is responsible for supervision of the business, operations, affairs and activities of Phatra and determination of the strategy and policy of Phatra.

7.4 In terms of the financial statements, the Board takes responsibilities for the balance sheets and financial information as appears in the annual report and is obligated to prepare an efficient internal control system and to ensure that the recording of accounting data is correct, complete and sufficient to retain properties. This will enable Phatra to know all weak points and to be protected from any dishonest act or any act that is materially unusual.

7.5 The Notice will be given to all Directors at least seven (7) days prior to the Meeting. Where it is necessary or urgent to preserve the rights or benefits of the Company, the Chairman of the Board or a person designated by the Chairman of the board may call the meeting by other methods and an earlier meeting date may be chosen. The Board quorum requires the attendance of not less than one-half (1/2) of all Directors. A resolution must be passed by a majority vote of the total number of Directors attending the Meeting. Each director is entitled to one (1) vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the Meeting shall have a casting vote.

7.6 The Board is entitled to delegate all responsibilities for the management of the business to Executive Committee who may delegate its authorities to CEO for business management of the Firm. CEO may appoint other committees e.g. Management Committee to assist in management of the business.

7.7 The primary responsibility of Management Committee is to assist CEO in the management of business, operations, policies and any other affairs that may be from time to time assigned. In addition,

The Board may appoint other committees for specific purposes and will clearly state the duty and responsibility of each such committee.

8. CONTROLLING SYSTEM AND INTERNAL AUDIT

8.1 Phatra maintains a system of internal controls to safeguard and preserve the information and assets of the firm, its clients and its shareholders. These controls are designed to ensure that business transactions are properly authorized and carried out, and that all reporting is truthful and accurate. All business transactions require authorization at an appropriate management level. Phatra actively promotes compliance with the laws, rules and regulations that govern the company's business. Obeying both the letter and spirit of the law is one of the foundations of Phatra's ethical standards.

8.2 Employees must report violations of law, rules, regulations and this Code of Ethics to their managers, OGC or senior management, as appropriate. If they are not comfortable raising an ethical issue or discussing a possible or actual violation with the manager, they must seek assistance elsewhere within the firm. Phatra has procedures for raising ethical concerns, misconduct or violations in a confidential manner and without retribution, including concerns regarding internal accounting controls, questionable accounting or auditing matters. Procedures have been established for the receipt, retention and handling of concerns received by OGC regarding accounting, internal accounting controls, or auditing matters.

8.3 Phatra also participates in certain corporate governance committees to ensure that new business or transactions are considered by all affected departments. These include Capital Commitment Committee or New Product Review Committee. All affected departments are required to confirm that all issues from their perspective have been addressed before the business can go forward. Phatra has two (2) main functional departments i.e. OGC and Corporate Credit and Risk Management (which are discussed in 8.5) who are assisting business management to identify and manage various risks associated with in doing business.

8.4 The Audit Committee

The Audit Committee has been established to oversight of Phatra's business to ensure the company good corporate and governance. The Auditor Committee consists of at least 3 independent directors with a qualification as specified by the relevant securities law. The primary purpose of the Audit Committee is to assist the Board in handling the issues which might be overlooked and ensure a good monitoring system within the business. The main responsibilities, other than any other act as delegated by the Board and approved by the Audit Committee, of the Audit Committee are as follows:

- a. Review Phatra s financial reporting process to ensure accuracy and adequate disclosure;
- b. Ensure that Phatra has suitable and efficient internal control system and internal audit;
- c. Review the performance of Phatra to ensure compliance with the securities and exchange law, regulations of the Exchange or laws relating to business of the company;
- d. Select and nominate an external auditor of Phatra, including recommendation of remuneration of the external auditor;
- e. Review the disclosure of information of Phatra in case that there is a connected transaction that may lead to conflict of interest so as to ensure the accurateness and completeness; and
- f. Prepare a report on activities of the Audit Committee and disclose it in an annual report of the company.

The Audit Committee meeting shall be held at least quarterly and at least two members of the Audit Committee shall form a quorum. Each member shall have one vote and the Chairman of the Meeting has no casting vote.

8.5 The Office of General Counsel and Internal Audit (OGC)

8.5.1 OGC can be divided into three (3) main functional areas i.e. legal support, compliance function and internal audit:

8.5.2 Legal and compliance function provides legal, regulatory and compliance guidance to the Firm's management and employees, across this broad range of businesses and services in order to assist officers and employees of Phatra in managing the business with:

- consistency with the Firm's Principles;
- compliance with applicable law and regulations;
- a superior standard of service for issuing and investing clients; and
- the enhancement and protection of shareholder value.

8.5.3 Internal Audit's mission is to contribute to the on-going effectiveness of the Firm's internal controls by evaluating operations and internal controls and being a partner with business leaders to ensure proper controls are established and maintained. The function of the Internal Audit is to examine, evaluate, and report on the adequacy of the internal control system within Phatra in order to contribute to the proper, efficient and effective use of resources. In reviewing an organization, Internal Audit looks at the control environment, risk assessment, control activities, information and communication within the organization, and monitoring activities. Internal Audit then furnishes the organization with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed.

8.6 Corporate Credit & Risk Management

8.6.1 Corporate Credit and Risk Management reviews the credit worthiness of the counterparties for existing customers and new accounts as well as set and approve and revise the limits as requested by business units. Also CRM measure the potential risk of proposed transaction and involve in due diligence process to issue new securities for clients carried out by business units.

9. RELATIONS WITH INVESTORS

9.1 Phatra CEO and his designated person are in charge of investor relations. He/ she will ensure that the disclosure of information is correct, complete, transparent and comprehensive, and will take care of financial data, general data and such data that has a material effect upon the price of Phatra's securities, by way of distributing Phatra's information to investors and to the public through various channels.

10. REMUNERATION FOR DIRECTORS AND THE MANAGEMENT

10.1 Phatra has a policy to pay remuneration to directors at an appropriate rate. Remuneration will not be overpaid and will be at the rate comparable to that payable in the industry. Each director will receive remuneration at the rate suitable for his/her duties and responsibilities. The determination of remuneration will be transparent. Remuneration for directors is subject to the approval of the Shareholders Meeting.

10.2 As for payment of remuneration to the Management, Phatra's policy requires the amount payable to be at an appropriate rate and not to be excessive. Remuneration for the Management will be in line with the performance of each executive officer and Phatra's operating results and will be subject to the approval of the Compensation Committee.