

Related Parties and Connected Transactions

Transactions between the company or Subsidiaries and Conflicting Parties Details of transactions between the Company and conflicting parties in 2018 2019 and 2020 are as follows:

Type of Transaction	2018			2019			2020			Price policy/ Necessity/ Sensible /Terms of transaction
	# of Transaction	Income/ Expense (THB)	Outstanding Balance (THB)	# of Transaction	Income/ Expense (THB)	Outstanding Balance (THB)	# of Transaction	Income/ Expense (THB)	Outstanding Balance (THB)	
Connected transactions with individuals who may have conflict of interest with Trinity Watthana Plc. - None										
Connected transactions with individuals who may have conflict of interest with Trinity Securities Co., Ltd. 1. Brokerage fees and services received from the Company's directors.	10	1,080,295	Debtor 9,364,467	10	842,804	Debtor 9,342,218	10	2,258,421	Debtor 2,912,895	Brokerage fees and services charged at the normal rate based on arm's length basis
2. Brokerage fees and services received from the Company's directors	4	244,040	Creditor 4,675,347	4	207,394	Creditor 6,123,013	4	241,052	Creditor 9,084,721	

Justification and Rationale for Connected Transaction

Given that Trinity Watthana Plc. conducts its business in the form of a holding company, it is inevitable to avoid connected transactions between the Company and subsidiaries or among the Company's subsidiaries. The Company's Audit committee has reviewed all of the aforementioned connected transactions and concluded that all transactions were justifiably and reasonably conducted to provide utmost benefits to the Company and its subsidiaries.

Measures or Procedures for Approval of Connected Transactions

In the past year, the Company assigned the Audit Committee to review all connected transactions between the Company and the Company's subsidiaries with related companies. After the review, the Audit Committee was of the opinion that all connected transactions were conducted as in accordance to normal business practices, and that the Company had made payments as remunerations for the transactions based on the fair market value.

The Company has assigned the Audit Committee of Trinity Watthana Plc. and Trinity Securities Co., Ltd. To consider and approve future connected transactions which may occur between and/or among the Company, the Company's subsidiaries, and/or any conflicting parties. In this regard, the payment for the transactions will be based on the fair market value of the respective transaction.

Policy or Prospect of Connected Transactions

The Company's Board of Directors shall comply with all rules and regulations concerning connected transactions and shall not approve any transactions which may cause the Board of Directors or any conflicting parties to have interest or conflict of interest in any manners with Trinity Watthana Plc. or its subsidiaries. Such transactions shall be disclosed to the Board of Directors of Trinity Watthana Plc. for its consideration. In this regard, the Board of Directors shall comply with the laws governing securities and exchange as well as relevant regulations, notifications, instructions or stipulations of the SET, including stipulations concerning the disclosure of connected transactions and acquisitions or disposals of significant assets of the Company or its subsidiaries.

All future connected transactions between Trinity Watthana Plc. or its subsidiaries and a conflicting or interested party arises, Trinity Watthana Plc. will assign the Audit Committee to provide opinion on values, remunerations, including justification and rationale for such transaction. Based on necessity and appropriateness of such transaction. Trinity Watthana Public Company Limited will disclose all connected transactions in the Note to Financial Statements which were audited by the Company's auditor. In this regard, the Company's Board of Directors have approved in principle the trading agreements which are based on general commercial terms and conditions for the transactions made between the Company or subsidiaries and directors, Management or related persons as follows:

"The Company and subsidiaries may engage in any connected transactions with its directors, the Management or related persons in the future. As a result, the Company has approved in principle that the Company and subsidiaries be allowed to engage in such transactions if such transactions are based on the trading agreements which are identical or similar to those engaged by and between people with ordinary prudence in the same circumstance and the negotiation power of all concerned parties are not influenced or affected by the status of director, Management or related person."

Related Parties and Connected Transactions

1) Overview of business operations and significant changes

The Thai stock market in 2020 fell 8.26 percent. The stock market index was volatile throughout the year, having dropped from the end of 2019 at 1,579.84 points, to the lowest drop of 1,024.46 points or 35.15 percent in March due to the outbreak of Coronavirus 2019, or COVID 19 widespread and spread throughout the world. After that the index rose steadily through December to close at 1,449.35 points. As a result of the COVID-19 epidemic, the global economic activity has declined significantly. Governments around the world release liquidity measures, resulting in some of the excess money flowing into the capital markets, especially risky assets, both stocks and commodities. From the aforementioned factors, the average daily trading value of securities for the whole year was 68,607 million baht, increased from 53,192 million baht in 2019.

The futures market has increased in trading volume from 2019, with trading volume from 104.52 million contracts in 2019 to 120.19 million contracts in 2020. For 2020, SET50 Index Futures are the most popular with a trading volume of 48 percent of the total number of contracts, followed by Single Stock Futures, which has a trading volume of 39 percent of the total number of contracts.

In 2020, retail investors play a much bigger role. The retail investor's share trading ratio is 43.7 percent, increased from 33.7 percent in 2019, while other types of investors have a decreased share of trading. Foreign investors accounted for 35.9 percent in 2020, which decreased from 41.4 percent in 2019. Securities trading accounts decreased to 10.5 percent in 2020 from 13.5 percent in 2019. And domestic institutional investors decreased to 9.9 percent in 2020 from 11.4 percent in 2019.

2) Performance And profitability

Income

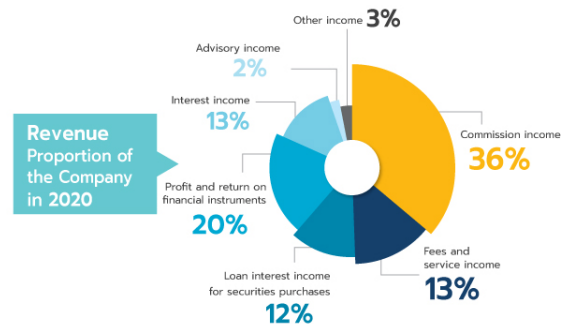
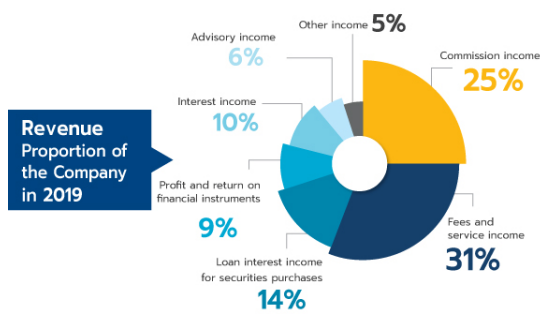
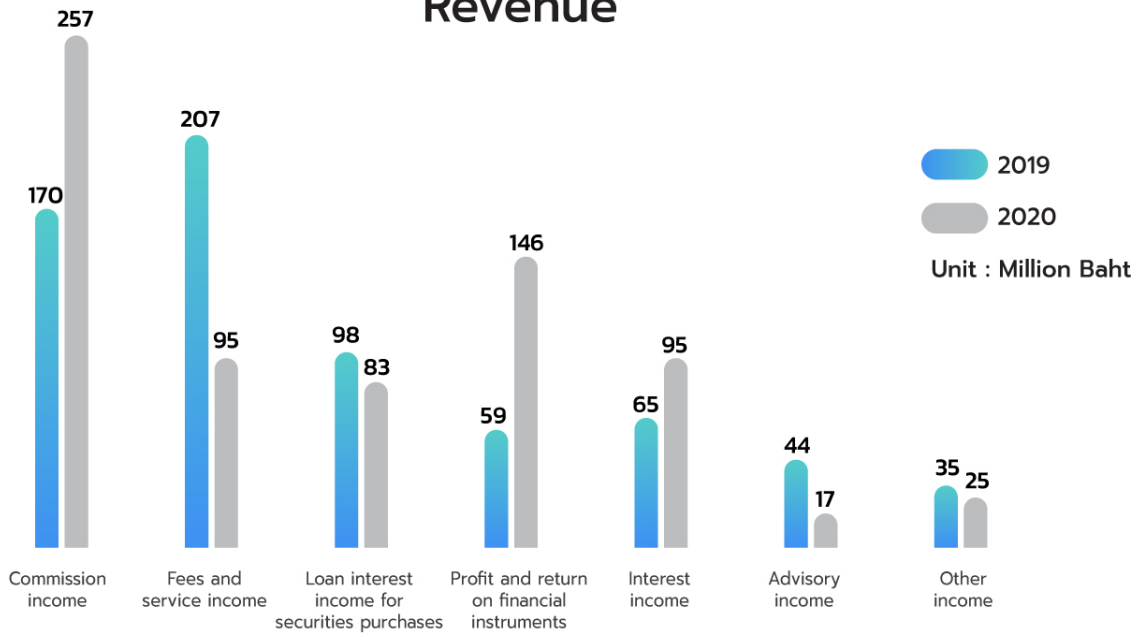
The total income of the company and its subsidiaries in 2020 increased by 5.88% from the year 2019. The company and its subsidiaries had total revenues for the year 2020 of 717.44 million baht, compared with the total revenues for the year 2019 and 2018 that amounted to 677.59 million baht and 622.67 million baht, respectively. The 59.37 percent of revenue came from the securities business operation, of a subsidiary whose income decreased from 478.82 million baht in 2019 to 425.93 million baht in 2020, consisting of

- Commission income increased from 151.04 million baht to 236.08 million baht.
- Fees and service income decreased from 206.98 million baht to 94.55 million baht

- Loan interest income for securities purchases decreased from 98.08 million baht to 82.85 million baht
- Interest income decreased from 22.71 million baht to 12.45 million baht

While income from the futures contract business increased slightly from 18.82 million baht in 2019 to 20.74 million baht in 2020. Profit and return on financial instruments increased from 59.15 million baht in 2019 to 145.50 million baht in 2020. The interest income of the company increased from 68.61 million baht in 2019 to 95.50 million baht in 2020.

Revenue



The main income that has changed are:

- The total daily trading volume of the stock exchange increased from 53,192 million baht to 68,607 million baht or 28.98 percent, while the company's market share decreased from 1.35 percent to 1.05 percent. Brokerage fees increased from 151.04 million baht in 2019 to 236.08 million baht in 2020, a 56.30 percent increase due to the large increase in trading volume of retail investors.

- The daily futures contract trading volume of the futures market increase from 2019 428,369 contracts to 492,362 contracts, while the company's market share decreased from 0.62% to 0.37%. The company's futures trading slightly increased from 18.82 million baht in 2019 to 20.74 million baht, or a 10.20 percent increase.

- The company's interest income on securities loans decreased from 98.08 million baht in 2019 to 82.85 million baht in line with the changes in securities loan value during the year 2020.

- The company had a total profit and return from financial instruments of 145.50 million baht, divided into profit from securities trading of 141.88 million baht, loss from derivatives trading of 27.80 million baht, and dividends of 31.42 million baht, an increase from the year 2019 of 59.15 million baht, divided into loss from securities trading of 3.33 million baht, profit from derivatives trading 42.26 million baht, and dividend 20.22 million baht.

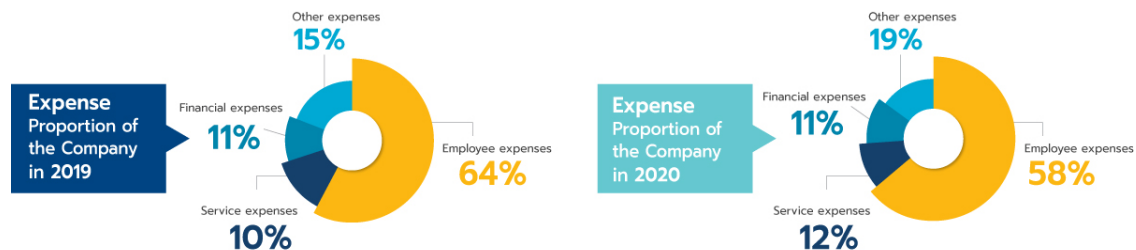
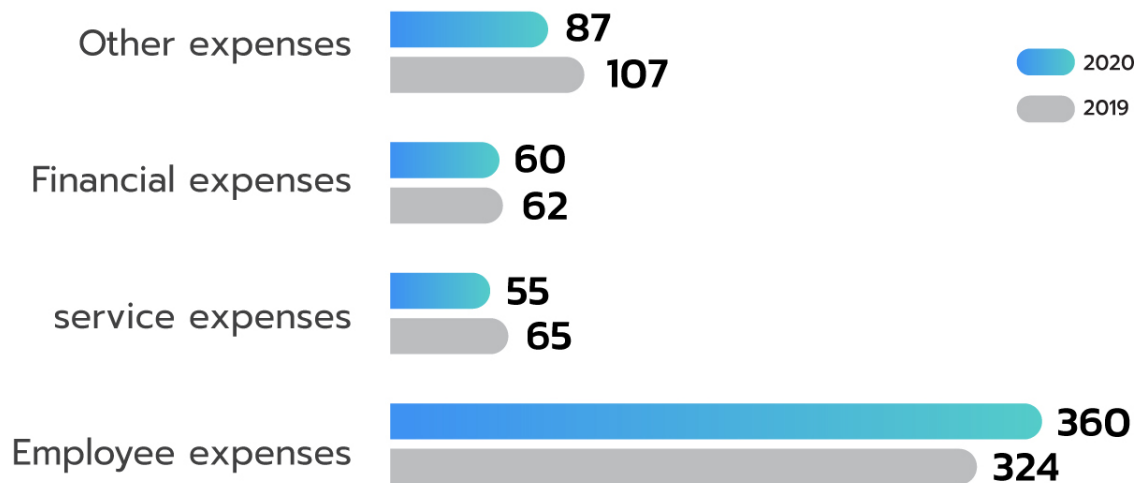
- Fee and service income decreased from 206.98 million baht in 2019 to 94.55 million baht due to a decrease in distribution fees.

- The company's interest income increased from 68.61 million baht in 2019 to 95.50 million baht in 2020, due to an increase in interest income from other loan receivables in 2019 from 60.16 million baht to 92.70 million baht.

Expenses

The Company and its subsidiaries had operating and administrative expenses for the year 2020 in the amount of 501.80 million baht, which is an increase when compared to the expenses for the year 2019 of 496.37 million baht. The financial expenses for the year 2020 is 60.11. Million baht, close to the year 2019 with the amount of 62.03 million baht.

Expense



The major expenses that change are:

- Employee-related expenses for the year 2020 amounted to 360.21 million baht, a decrease from the expense for the year 2019 of 324.46 million baht, or an increase of 11.02 percent depending on the operating results.
- Fees and service payments for the year 2020 amounted to 54.93 million baht, a decrease compared to the amount of 64.57 million baht in 2019, or 14.93 percent, which varied with the underwriting of securities that decreased from 2019.
- Other expenses decreased from 107.33 million baht to 86.65 million baht as a result of a decrease in variable expenses of underwriting of securities in 2019.

Net profit (loss) and profitability

The Company and its subsidiaries had profit before corporate income tax for the year 2020 in the amount of 155.54 million baht, an increase from 119.20 million baht for the year 2019, an increase of 30.49 percent from the more increased income than expenses. As a result, the net profit is amounted to 130.45

million baht for the year 2020, an increase when compared with the net profit of 2019 of 96.74 million baht, representing a 34.85 percent increase.

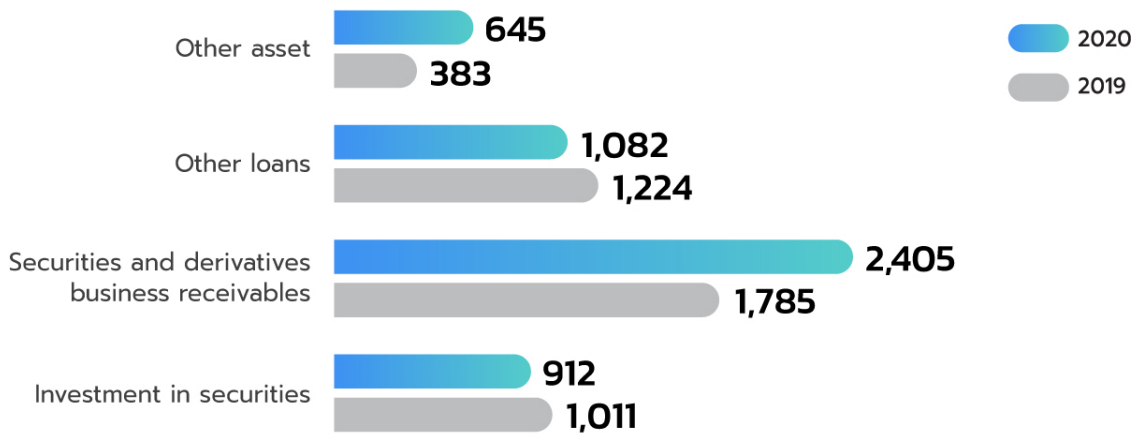
If considering operational efficiency, the net profit margin per total income was 18.18 percent, higher than that of 2019 at 14.28 percent.

3) Asset management capabilities

Total assets

As of December 31, 2020, the company and its subsidiaries had total assets of 5,043.36 million baht, an increase from 4,403.62 million baht at the end of 2019, which consisted of important items such as investments in securities amounting to 912.35 million baht, a decrease from 1,010.73 million baht. Net futures contracts are amounted to 2,404.69 million baht, an increase from 1,785.35 million baht. Other loans are amounted to 1,081.51 million baht, a decrease from 1,224.43 million baht. It accounts for 18.09 percent, 47.68 percent and 21.44 percent of total assets of the year 2019, respectively.

Total asset



Securities and derivatives business receivables

Securities and derivatives business receivables of subsidiaries as of December 31, 2020 is 2,404.69 million baht, included loan receivables for securities purchases of 2,204.08 million baht, an increase from 1,785.35 million baht at the end of 2019. Cash trading receivables is increased from 53.22 million baht to 174.23 million baht.

The subsidiary has classified the securities and derivatives business receivables in accordance with the financial reporting standards. It was receivables with no significant increase in credit risk of 2,107.77 million baht, receivables with a significant increase in credit risk with collateral for debt protection of 291.65 million baht, and receivables with credit impairment of 61.97 million baht. The subsidiary company has set aside for anticipated credit loss of 61.99 million baht in accordance with the financial reporting standard.

(Unit: million Baht)

Consolidated Financial Statement			
2020			
	Securities and derivatives business receivables and accrued interest receivables	The amount used to set the allowance for the expected credit loss	Expected credit loss allowance
Securities business receivables			
receivables with no significant increase in credit risk	2,107,772	2,107,772	1
receivables with significant increase in credit risk	291,647	291,647	25
receivables with credit impairment	61,969	61,969	61,969
Total	2,461,388	2,461,388	61,995
Derivatives business receivables			
receivables with no significant increase in credit risk	2,286	29,583	-
receivables with significant increase in credit risk	3,013	18,588	-
Total	5,299	48,171	-
Total Securities and derivatives business receivables	2,466,687	2,509,559	61,995

Investments in securities and futures contracts

Net investments in securities of the Company and its subsidiaries as of December 31, 2020 is amounted to 912.35 million baht, a decrease from at the end of 2019 at 1,010.73 million baht. Of which, it was temporary investment at fair value through profit and loss of 642.60 million baht, temporary investments at amortized cost of 47.16 million baht, long-term investments at fair value through other comprehensive income of 195.31 million baht, and investments in joint ventures of 27.28 million baht, recorded by equity method.

In addition, the Company and its subsidiaries invested in futures contracts. As of December 31, 2020, they have a fair value remaining off-balance sheet in sell position in the amount of 280 million baht.

In 2020, the Company and its subsidiaries had a total return on investment of 131.26 million baht, an increase from year 2019 with a return of 55.06 million baht, representing a 13.65 percent return on investment. The yield increased from the year 2019 with a yield of 6.35%. The total return includes profit from investments in securities amounting to 141.88 million baht, loss from investments in futures contracts totaling 27.80 million baht, interest and dividends of 36.14 million baht, share of profit from investments in joint ventures of 5.06 million baht, and an increase in loss from investments in shareholders' equity of 24.02 million baht.

4) Liquidity and capital adequacy of the company

Cash flow

In 2020, the Company and its subsidiaries had an increase of 5.73 million baht in cash and cash equivalents mainly due to net cash flow used in operating activities of 282.55 million baht, net cash flow paid from investing activities of 35.56 million baht, and cash flow received from financing activities increased by 323.84 million baht.

Cash flows from operating activities mainly arise from 1) operating profit of 33.67 million baht 2) net cash flow used from operating assets, there is an increase in securities business receivables amounting to 619.34 million baht, while cash flow was derived from a decrease in temporary investments of 182.98 million baht and a decrease in other loans of 162.92 million baht. 3) Cash flow from increased operating liabilities, including clearing house payables, decreased by 47.53 million baht and securities and derivatives business payables, increased by 128.90 million baht, respectively.

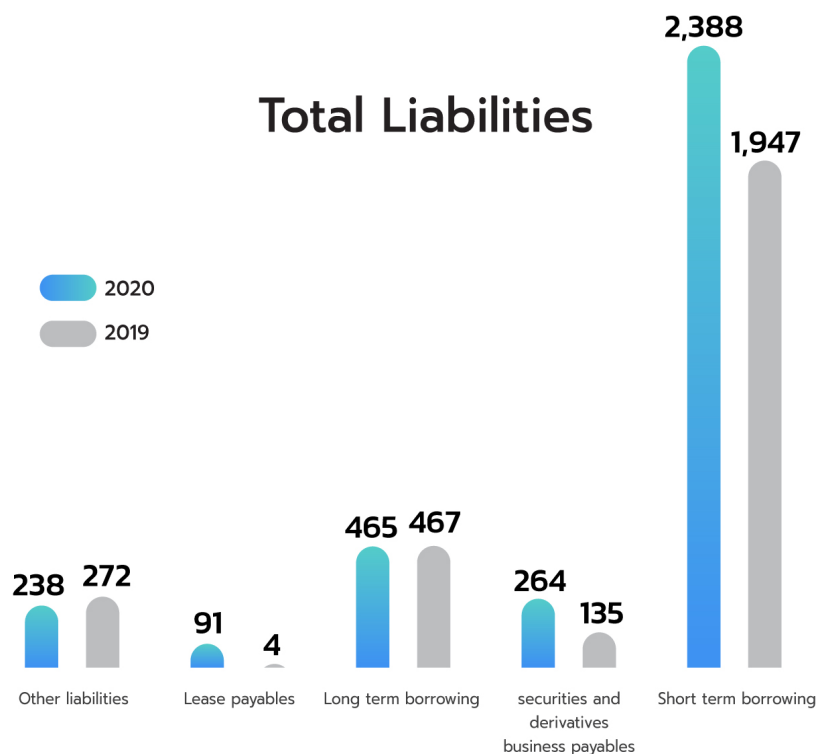
The cash flow from financing activities mainly comes from the issuance of debentures and borrowing from financial institutions, increased by the amount of 811.10 million baht and the amount of 420.00 million baht, respectively. The repayment of matured debentures amounted to 692.30 million baht, and dividend was paid to shareholders of 87.64 million baht.

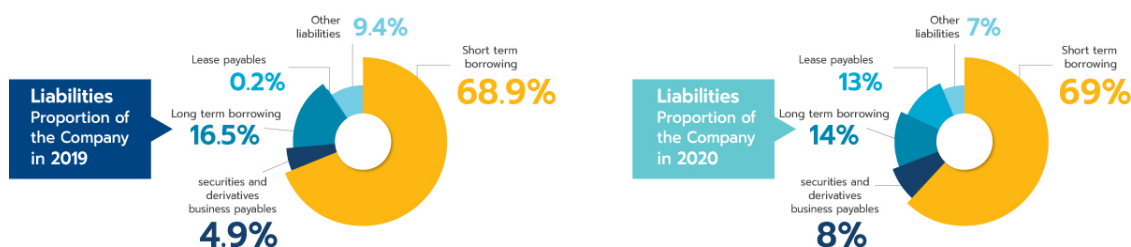
If considering the liquid assets ratio of the company, it would be seen that the company has a high proportion of liquid assets or income-generating assets of 15.02 percent and 63.24 percent, respectively.

At the end of 2020 and the end of 2019, Trinity Securities Company Limited maintains a net liquidity capital ratio of 38.01 and 57.10 percent, respectively, which was higher than the minimum 7 percent, and the net liquid capital fund value of not less than 25 million baht as specified by the Securities and Exchange Commission. During the year 2020 and 2019, the company was able to maintain the net liquid capital fund ratio above the threshold. They ranged from 20 percent to 126 percent and 18 percent to 107 percent, respectively.

Debt

As of December 31, 2020, the Company and its subsidiaries had total liabilities of 3,446.18 million baht, an increase of 22.02% compared to total liabilities at the end of 2019 of 2,824.16 million baht, representing 2.16 times for the debt-to-equity ratio, increased from 1.79 times at the end of 2019. The increase in total liabilities was due to 1) securities and derivatives business payables increased from 139.58 million baht at the end of 2019 to 271.86 million baht at the end of 2020 2) total borrowings increased from 2,413.52 million baht at the end of 2019 to 2,853.13 million baht at the end of 2020, including borrowing from financial institutions of 1,425 million baht, short-term bills of 440.62 million baht, short-term debentures of 522.20 million baht, and long-term debentures of 465.30 million baht to be used for payment, loans to buy securities, and other loans during the year 3) an increase in finance lease liabilities of 90.97 million baht, recorded in accordance with IFRS 16, stipulated that assets and lease liabilities are recorded in the financial statements from the previously shown as a list of obligations.





Equity

As of December 31, 2020, the Company and its subsidiaries had shareholders' equity of 1,597.18 million baht, increased from the end of 2019 at the amount of 1,579.45 million baht, as a result of the company paid dividend from its operations in 2019 of 87.64 million baht, unrealized loss from valuation of available-for-sale investments, increased by 13.08 million baht. The profit in 2020 amounted to 130.45 million baht, with the company having an annual return on equity at 8.21 percent, higher than the year 2019 at the rate of 6.18 percent per year.

Source of funds

Most of the Company's and its subsidiaries' sources of funds come from equity through the stock exchange, short-term loans from financial institutions including short-term bills of exchange up to 270 days and short-term debentures. It is a source of reserve, ready to be used in business. Most of the sources of funding are short-term working capital in brokerage business, securities loans as well as investing in liquid short-term securities. As of December 31, 2020, the Company and its subsidiaries had a debt-to-equity ratio of 2.16 times, increased from 1.79 times at the end of 2019. The strategy to increase income and return on investment in subsidiaries in the form of long-term investment and short-term investment in securities, including expanding stock brokerage business volume, adding service types to customers and underwriting securities, which require medium to long term capital. The company therefore considered applying for additional medium-term loans from financial institutions and the issuance of debentures in the amount not exceeding 1,500 million baht, as approved by the shareholders at the 13th Annual General Meeting of Shareholders on April 28, 2015 in order to make the source of funds consistent with the use of funds. Capital Details of issuance of debentures are as follows:

Type	All types of debentures can be subordinated or not subordinated debentures, gradual principal repayment type or one-time principal repayment at maturity with or without insurance and bondholders' representative, depending on the suitability of the market conditions at the time of each bond issuance and offering
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Currency	Thai baht and / or other currencies
Amount	The total amount does not exceed 1,500 million baht or other foreign currency in the same amount. In this regard, the company is able to issue new debentures, issue additional bonds and issue new debentures to replace the existing debentures. The debentures issued at any one time must not exceed the said credit limit
Offering	Offering domestic sales to the general public and / or private placement and / or institutional investors, either in the country or abroad and / or all or part of the large investor. The offering may be done all at one time or several times
Interest rate	Depending on the market condition at the time of issuing and offering for sale
Term	For short-term debentures up to 270 days and for long-term debentures up to 10 years from the date of issue.
Redemption before maturity	Bondholders may or may not have the right to request the company to redeem the debentures before maturity. And the Company may or may not have the right to redeem the debentures before maturity, subject to the terms and conditions of each bond issued.

The Board of Directors Or Chief Executive Officer or a person assigned by the Board of Directors or the Chief Executive Officer is authorized to determine or change conditions and other details related to the issuance and offering of debentures in each type at a time, such as par value per unit, number of debentures, terms , type of debentures, offering details, allocation method, collateral determination, offering price per unit, interest rate, period of interest payment, appointment of bondholders' representatives and / or bond registrar, including having the power to appoint distributors and / or underwriters and other necessary legal and contract acts, obtaining permission from relevant government agencies or agencies, the listing of the debentures on any secondary market to comply with the law in order to benefit the most for the company.

5) Obligations and off-balance sheet management

Trinity Securities Company Limited as a member of the Stock Exchange of Thailand and the futures market has an obligation to pay fees for trading in securities and futures contracts service fees to the Stock Exchange of Thailand and its subsidiaries under the Stock Exchange of Thailand as the operator of providing various securities operations services to member companies. There are monthly service fees and other fees at the rates stipulated in the contract and

has an obligation to pay a fee for doing business to Securities and Exchange Commission at a specified percentage.

In addition, as at December 31, 2020, the subsidiary has a fair value off-financial position of the forward contract in selling position of 280 million baht, which is a short-term investment in the derivatives market.

Major factors and influences that may influence future operations or financial status

Factors that will affect the company's future operations and financial status include low global economic growth due to the new coronavirus outbreak, unrecovered economic conditions. While there is an overflowing liquidity caused by the injecting liquidity of every government, it will affect the trading conditions in the stock market. This may affect the total income and financial status of the company and its subsidiaries.

The company is preparing for changes or business opportunities that may occur in the future with the development of technology to be up to date in accordance with the efficient work system including the development of personnel to have the knowledge and up-to-date skills that are ready to handle new transactions, as well as preparing a stable source of funds to support the expansion of business volume to increase future income.