



AEC Securities Public Company Limited

YOUR  
PROSPERITY  
PARTNER

ANNUAL  
REPORT  
2016



ปวงข้าพระพุทธเจ้า  
ขอน้อมเกล้าน้อมกระหม่อม  
รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้



ข้าพระพุทธเจ้า ผู้บริหาร และ พนักงาน  
บริษัทหลักทรัพย์ เออีซี จำกัด (มหาชน)







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### VISION

**“Moving Your Wealth Forward”**

### MISSION

- To provide and integrated full-service to customers.
- To increase the standard of services.
- To operate with transparency and accountability.
- To expand the scope of business internationally.

### STRATEGY

The Company has provided different strategies for three different core businesses as follow:

- Securities Brokerage
- Investment Management
- Investment Banking

In Our goal to creating wealth for our customers, AEC securities Public Company Limited has concentrated our strategy towards providing an integrated and full service to our customers in a variety of products such as stocks, derivatives, debt instruments, mutual funds, or investment banking services for customers in both the private and public sector. To this objective, the Company has employed many qualified and experienced individuals, effort into various systems that related business and strategic partnerships in both domestically and internationally, which is not only limited to our Bangkok office since our Company has planned to offer its service to all regions of Thailand. This path to expansion will be spearheaded by our securities brokerage business to key cities in Thailand. Furthermore, the Company has planned to expand into the Southeast Asia region, especially within the Association of Southeast Asian Nations (ASEAN) by 2016, commencing with investment banking services in Laos and Myanmar.

## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS




Mom Rajawongse Somlabh Kitiyakara  
Chairman of the Board of Directors

Due to the determination and commitment of our Executives and Employees in providing the best service possible for our customers, including the increased effort in finding new channels to generate income and revenue for the company, the business operations of 2016 showed a significant increase. The company is still pursuing new channels to increase income and revenue and at the same time strengthening our core business under the principles of corporate governance and corporate social responsibility in order to be fully responsible and accountable to all our stakeholders with the aim of achieving sustainable growth.

As Chairman of the AEC Securities Public Company Limited, I would like to extend my gratitude to our shareholders, customers and business partners for their continued support over the past year and I would like to kindly congratulate the executives and employees of the company for their tireless work and profound commitment towards the company.

## MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

A stylized, handwritten signature in white ink, which appears to read 'Praphol Milindachinla', is positioned to the right of the portrait.


Mr. Praphol Milindachinla  
Chairman of Executive Committee

During 2016, the company maintained its quality of service and customer satisfaction at a level of excellence, even though 2016 was a year of challenges and obstacles for the company and the financial sector as a whole. Such challenges and obstacles affected the financial markets and the securities markets, as a result, the company had to change its business strategy and company structure as well as focusing on risk management in order to prepare the company in case of any problems. Due to this change, the company was able to operate its business more efficiently and effectively, whilst maintaining competitiveness with competitors in the same industry and this result is reflected in the business operations results of 2016 that showed a significant increase from the previous year.

For 2017, the company is still committed towards efficient and effective management with increased efforts towards increasing channels of generating income and revenue for the company. The company is committed towards effective management and development of human resources, as well as adhering to the principles of corporate governance and corporate social responsibility in order to lead the company to continued sustainable growth.



# CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY COMMITTEE REPORT 2016

(Mr. Weerasak Kowsurat)  
Chairman of the Corporate Governance  
and Social Responsibility Committee

Throughout the year 2016, Thailand's securities industry has been strictly regulated and audited by relevant government organizations, particularly the Securities and Exchange Commission and Anti-Money Laundering Office, as there are many factors causing changes in business operations under the principles of corporate governance and good governance which should prevail above all others. Hence, the Corporate Governance and Social Responsibility Committee of AEC Securities Public Company Limited which is comprised of myself, an independent director who has been appointed as Chairman of the Committee, and third-party experts who are not the Company's directors or executives and have been appointed as the Corporate Governance and Social Responsibility Committee including Mr. Veerasak Futrakul (already resigned to work in the current government's cabinet), Mr. Surachai Phuprasert, and Dr. Sorajak Kasemsuvan,

has the key mission to maintain the intentions established since 2014, with the determination to become a securities company rendering services for all people based on the principles of corporate governance in accordance with the regulatory agencies, to ensure real independence by decisively taking into account the benefits of all sectors according to the roles and responsibilities of the Corporate Governance and Social Responsibility Committee as follows:



- To propose policies regarding the principles of corporate governance and social responsibility as well as policies on creating, developing and promoting the Company's image and brand.
- To supervise the Company's operations in accordance with the principles of corporate governance and social responsibility formulated by the regulatory agencies such as the Securities and Exchange Commission, Stock Exchange of Thailand and government organizations.
- To regularly review the Company's policies regarding corporate governance and social responsibility.
- To give suggestions on requirements for the Company's code of business ethics and practices, and employee manual including executives, directors and advisors.
- To provide practical support and promote corporate culture regarding corporate governance and participation in social responsibility and sustainable development activities.

In 2016, the Corporate Governance and Social Responsibility Committee held a total of five meetings, more than once a year as specified in the Charter, to consider and endorse corporate governance and social responsibility promoting activities with a strong emphasis on business operation standards that exceed the legal requirements, and transparency, integrity and morality. Key activities were as follows:

- Declaring participation in the anti-corruption project and submitting the endorsement document on project participation on 15 December 2016. Performance assessment shall be completed by the Thai Institute of Directors in 2017.
- Asking for approval from the Company's Board of Directors to allow the Company to announce the key policies regarding corporate governance and anti-corruption as follows:
  - 1) Anti-corruption policy by adopting the Ten Perfections of the late King Bhumibol Adulyadej
  - 2) Political contribution policy
  - 3) Corporate philanthropy policy and
  - 4) Gift and reward policy
- Reviewing and improving the Self-Assessment Report of the Committee as specified by the Stock Exchange of Thailand as a listed company, and reviewing completeness of the stakeholder engagement of the Committee and executives that is the key of the business operation.
- Reviewing the Company's operations in accordance with the criteria of Corporate Governance Report of Thai Listed Companies issued by the Thai Institute of Directors. AEC Securities Public Company Limited has been regarded a 3-star level in corporate governance.
- Reviewing and monitoring the audit committee report concerning corporate governance to ensure that the operations have been improved according to the principles of corporate governance.
- Proposing and supporting the meeting of the Board of Directors only for those who are independent directors. Executives may be invited to report overall operations at least once a year.
- Considering and advising on guidelines for reporting full compliance with the principles of corporate governance determined by the Stock Exchange of Thailand in all five chapters in the Company's annual report.

I hereby assure all stakeholders that the Corporate Governance and Social Responsibility Committee of the Company shall continue performing its duties based on perseverance without interest of any individual and adhering to the principle that compliance with the corporate governance will always be valuable and lead to sustainable growth of the organization other than adhering only to the legislations, and I am confident that there will be further development of corporate governance and social responsibility.

## DIRECTOR AND COMPANY SECRETARY

Mom Rajawongse Somlabh Kitiyakara  
Chairman of the Board of Directors /  
Independent Director

Age (Year) : 66

Appointment as a Director : 30 April 2013



### EDUCATION

- Bachelor of Business Administration, Hotel Management, Hawaii School of Business

### TRAINING

- Director Accreditation Program (DAP 106/2013), IOD
- Corporate Governance for Capital Market Intermediaries (CGI 8/2015) , IOD

### WORK EXPERIENCE DURING THE PAST FIVE YEARS

#### Listed Companies :

2013 – Present Chairman of the Board of Directors : AEC Securities PCL.

The number of companies listed at the directors present : 1 Companies

#### Non-Listed Companies :

2012 – Present Chairman of Saving and Credit Cooperative

: Muangthong of Savings and Credit Cooperative

1992 – Present Her Royal Highness Princess Soamsawali's Private Secretary

: Thewet Palace

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 6/6 Time

WORK EXPERIENCE IN THE PAST : None

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None

**Professor Dr. Chaiya Yimwilai**  
**Chairman of Audit Committee /**  
**Independent Director**

Age (Year) : 64

Appointment as a Director : 30 April 2013



#### **EDUCATION**

- Ph.D, Public Administration, Golden Gate University, United States of America
- M.A., Public Administration, The Ohio State University, United States of America
- B.A., Public Administration, Ohio Northern University, United States of America

#### **TRAINING**

- Director Accreditation Program (DAP 2005), IOD

#### **WORK EXPERIENCE DURING THE PAST FIVE YEARS**

##### **Listed Companies :**

2013 – Present Chairman of Audit Committee : AEC Securities PCL.

2012 – Present Advisor to the Chairman : Charoen Pokphand PCL.

The number of companies listed at the directors present : 1 Companies

##### **Non-Listed Companies :**

2011 – Present Chairman of the Board /

Committee of Offensive Strategic Planning for Public Relation : Senate

2007 – Present Research and Development Committee : Senate

2007 – Present Advisor Government : The Government Public Relations Department

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 6/6 Time

Audit Committee 5/5 Time



WORK EXPERIENCE IN THE PAST : Chairman of Advisor Government Spokesman,  
Ministry of Commerce

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None

**Mr. Weerasak Kowsurat**  
**Chairman of CG Committee /**  
**Independent Director**

Age (Year) : 51

Appointment as a Director : 19 August 2013



## EDUCATION

- Master of Laws (LL.M.), Harvard Law School, United States
- Bachelor of Laws, Chulalongkorn University

## TRAINING

- Course of Corporate Governance for Director and Executive, Public Director Institute
- Role of the Chairman Program (RCP 2013), IOD
- Director Accreditation Program (DAP 2009), IOD
- Director Certification Program (DCP), IOD
- Role of the Compensation Committee (RCC), IOD
- Role of the Nomination & Governance Committee (RNG), IOD
- Corporate Governance for Executive (CGE), IOD

## WORK EXPERIENCE DURING THE PAST FIVE YEARS

### Listed Companies :

2013 – Present Chairman of CG Committee / Independent Director : AEC Securities PCL.

The number of companies listed at the directors present : 1 Companies

### Non-Listed Companies :

2009 – Present Chairman : MCS Automation Technology Co., Ltd.

Present Secretary-General, The National Federation of Motion Pictures and Contents Associations

Present Secretary-General, Thai with Disability Foundation

Present Vice Chairman, Thai Institute Directors Association

Present Board member, Eastern Asia University

Present Board member, North Eastern University

Present Advisor, Office of The Electronic Transactions Commission  
Present Advisor, Siam Premier International Law Office Limited  
Present Advisor, National Olympic Committee  
Present Member of Asian Peace and Reconciliation Council (APRC),  
Present Research and Development Committee : Senate  
Present Advisor Government : The Government Public Relations Department

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 4/6 Time

Nominations and Remuneration Committee 2/2 Time

CG and CSR Committee 4/4 Time

**WORK EXPERIENCE IN THE PAST** : President of International Institute for Trade and Development  
: Minister of Tourism and Sport  
: Member of Thai Parliament  
: Vice Minister for Culture  
: Vice Minister for Social Development and Human Security  
: Chairman of the Advisor to the Minister Social Development and Human Security  
: Chairman of the Board of the Sports Authority of Thailand  
: Chairman of the Board of the Tourism Authority of Thailand  
: Deputy Secretary General to the Prime Minister in International Affairs

**SHAREHOLDING (%)** : None

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None



**Mr. Paisit Kaenchan**

**Audit Committee / Independent Director**

Age (Year) : 56

Appointment as a Director : 30 April 2013



## EDUCATION

- Master of Business Administration, (Executive) (M.B.A.), Sasin Graduate Institute of Business Administration
- Master of International Development Administration, Western Michigan University, USA
- Master of Political Science, Western Michigan University, USA
- Bachelor of Political Science, Thammasat University

## TRAINING

- Advance Audit Committee Program (AACP 13/2013), IOD
- Director Certification Program (DCP 2005), IOD
- Corporate Governance for Capital Market Intermediaries (CGI 8/2015), IOD
- Risk Management Committee Program (RMP 4/2014), IOD
- Role of Compensation Committee Program (RCC 18/2014), IOD
- Role of Nomination and Governance Committee Program (RNG 6/2014), IOD
- Certificate in Hotel Real Estate Investment & Asset Management 2008
- Thammasat Leadership Program (TLP1), Thammasat University Alumni Relations Office

## WORK EXPERIENCE DURING THE PAST FIVE YEARS

### Listed Companies :

2016 – Present Chief Executive Officer and Director  
: Grande Asset Hotels and Property PCL.

2013 – Present Audit Committee / Independent Director : AEC Securities PCL.

The number of companies listed at the directors present : 2 Companies

#### Non-Listed Companies

- 2011 – 2016      Director of Real Estate Business Program : Thammasat Business School,  
Thammasat University.
- 2010 – 2016      Principal : Hospitality Advisory Services (Thailand) Co.,Ltd.
- 2010 – 2012      Chief Representative Development : Marriott Hotel & Resort Asia

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 6/6 Time

Audit Committee 5/5 Time

Nominations and Remuneration Committee 2/2 Time

Risk Management Committee 10/10 Time

WORK EXPERIENCE IN THE PAST : SEVP & Chief Investment Officer, TCC Land  
Development  
: SEVP & Chief Operation Officer, TCC Hotel Group  
: Vice President – Asset Management, Tisco Securities  
PCL.  
: Executive Vice President, The Erawan Group PCL.

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None

**Miss Siriporn Thongkam**  
**Audit Committee / Independent Director**

Age (Year) : 43

Appointment as a Director : 30 April 2013



#### **EDUCATION**

- Master of Accountancy Program, Chulalongkorn University

#### **TRAINING**

- Director Certification Program (DCP 2013), IOD
- Corporate Governance for Capital Market Intermediaries (CGI 3/2015), IOD

#### **WORK EXPERIENCE DURING THE PAST FIVE YEARS**

##### **Listed Companies :**

2013 – Present    Audit Committee / Independent Director : AEC Securities PCL.

The number of companies listed at the directors present : 1 Companies

##### **Non-Listed Companies**

2009 – Present    Director: 504 LK Construction Company Limited

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 5/6 Time

Audit Committee 5/5 Time

Nominations and Remuneration Committee 2/2 Time

Risk Management Committee 10/10 Time

**WORK EXPERIENCE IN THE PAST** : Advisory to the Board of Directors, Kamol Insurance PCL.

**SHAREHOLDING (%)** : None

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None



**Dr. Vichya Krea-ngam**

**Director**

Age (Year) : 35

Appointment as a Director : 9 December 2014



## EDUCATION

- Doctor of the Science of Laws (J.S.D.), University of California, Berkeley, USA
- Master of Laws (LL.M.), University of California, Berkeley, USA
- Bachelor of Laws (LL.B.) (Honors), Chulalongkorn University

## TRAINING

- Certificate of Advanced Audit Committee Program (AACP 22/2016), (IOD)
- Certificate of Corporate Governance for Capital Market Intermediaries (CGI 8/2015), (IOD)
- Certificate of Director Accreditation Program (DAP 116/2015), (IOD)
- Certificate of Administrative Justice for Senior Executive, Class 6, Office of the Administrative Courts
- Certificate of Senior Executives on Justice Administration, Class 16, Office of the Judicial Training Institute
- Certificate of New Era Leadership in the Democratic Systems, Class 1, King Prajadhipok's Institute
- Diploma of Barrister-at-Law, Institute of Legal Education, Thai Bar Association
- Diploma of Advocacy and Lawyer License, Lawyers Council of Thailand under the Royal Patronage

## WORK EXPERIENCE DURING THE PAST FIVE YEARS

### Listed Companies :

- 2015 – Present Chairman of Corporate Governance Committee : General Engineering PCL.
- 2014 – Present Director : AEC Securities PCL.
- 2014 – Present Independent Director / Audit Committee : General Engineering PCL.
- 2014 – Present Director : Namyong Terminal PCL.
- 2014 – Present Independent Director : Sikarin PCL.
- 2010 – Present Corporate Affairs Expert : True Corporation PCL.

The number of companies listed at the directors present : 5 Companies

## Non-Listed Companies

- 2015 – Present Academic Advisor to the Committee : Committee on the Reform of Sports, Arts, Culture, Religion, Morality and Ethics under The National Reform Steering Assembly Limited
- 2015 – Present Advisor to the Sub-Committee : Sub-Committee on Quick Action (Quick-Win) Reform under The National Reform Steering Assembly
- 2015 – Present Director : Chulalongkorn Law School Alumni Association (C.L.S.A.A)
- 2013 – Present Director / Chairman of CSR Committee / Public Relation Executive Director : The Badminton Association of Thailand under The Royal Patronage of His Majesty The King
- 2010 – Present Lecturer : Faculty of Law, Assumption University
- 2010 – Present Visiting Lecturer : Faculty of Integrated Social Science, Khonkaen University

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 5/6 Time

Risk Management Committee 2/2 Time\*

Risk Management sub-committee \*change the Risk Management Committee last November 2016 (appointment of directors increase is Dr. Vichya Krea-ngam)

**WORK EXPERIENCE IN THE PAST** : Sub-Committee on ICT and Public Media under The Senate

: Advisor to the Sub-Committee on Research for Regulation, Order and Laws relating to ICT and Telecommunications under the House of Representatives

: Lawyer, White & Case (Thailand) Co.,Ltd.

**SHAREHOLDING (%)** : None

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None

**Mr. Praphol Milindachinla**  
**Director (Authorized Director) /**  
**Chairman of Executive Committee**

Age (Year) : 56

Appointment as a Director : 30 April 2013



#### **EDUCATION**

- Master of Political Science, Kasetsart University
- Bachelor of Political Science, Kasetsart University

#### **TRAINING**

- Director Accreditation Program (DAP 2005), IOD
- Corporate Governance for Capital Market Intermediaries (CGI 3/2015), IOD

#### **WORK EXPERIENCE DURING THE PAST FIVE YEARS**

##### **Listed Companies :**

2013 – Present Director (Authorized Director) / Chairman of the Executive Committee  
: AEC Securities PCL.

2011 – Present Advisory to the Executive Committee : Three Sixty Five PCL.

The number of companies listed at the directors present : 1 Companies

##### **Non-Listed Companies**

2006 – Present Advisor : Independent Advisor Company Limited

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 6/6 Time

Executive Committee 19/20 Time

**WORK EXPERIENCE IN THE PAST** : Secretary to Minister of Commerce, Ministry of  
Commerce

**SHAREHOLDING (%)** : 23.557

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None

**Mr. Polchet Likittasombat**  
**Director (Authorized Director) /**  
**Executive Committee**

Age (Year) : 49

Appointment as a Director : 6 June 2014



#### **EDUCATION**

- Master of Business Administration ( MBA), Chulalongkorn University
- Bachelor of Engineering, (Electrical Engineering), King Mongkut's Institute of Technology Ladkrabang

#### **TRAINING**

- Senior Executive Program, Class 49, The Prince Damrong Rajanubhap, Institute of Research and Development (DRIRD), Ministry of Interior
- Director Accreditation Program (DAP 70/2006), IOD
- Advanced Audit Committee Program (ACP 12/2013), IOD
- Corporate Governance for Capital Market Intermediaries (CGI 2/2015), IOD

#### **WORK EXPERIENCE DURING THE PAST FIVE YEARS**

##### **Listed Companies :**

- 2014 – Present Director (Authorized Director) / Executive Committee : AEC Securities PCL.
- 2013 – Present Director / Chairman of Audit Committee : Siam Wellness Group PCL.
- 2013 – 2016 Executive Director : International Research Corporation PCL.
- 2013 – 2014 Advisory Board of Directors : AEC Securities PCL.

The number of companies listed at the directors present : 2 Companies

##### **Non-Listed Companies**

- 2014 – 2016 Director : AAMC Asset Management Co.,Ltd

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 5/6 Time

Executive Committee 20/20 Time



WORK EXPERIENCE IN THE PAST : Executive Vice President / Chairman Advisory, Public  
Warehouse Organization  
: Director / Sub-Committee of Organization  
Development, Forest Industry Organization  
: Committee of wholesale and retail business, The Thai  
Chamber of Commerce

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None

**Mr. Angoon Phimpkorn**  
**Director (Authorized Director) /**  
**Executive Committee**



Age (Year) : 61

Appointment as a Director : 22 August 2015

#### **EDUCATION**

- Thai Barrister at law , Institute of Legal Education, The Thai Bar Under The Royal Patronage
- Bachelor's Degree in Law, Ramkhamhaeng University

#### **TRAINING**

- Corporate Governance for Capital Market Intermediaries (CGI 8/2015), IOD

#### **WORK EXPERIENCE DURING THE PAST FIVE YEARS**

##### **Listed Companies :**

2015 – Present Director (Authorized Director) / Executive Committee : AEC Securities PCL.

2002 – Present Law Advisor : Charn Issara Development PCL.

2014 – 2015 Executive Committee : AEC Securities PCL.

The number of companies listed at the directors present : 1 Companies

##### **Non-Listed Companies**

1998 – Present Director : Angoon Phimpkorn Law Firm

2014 – 2016 Director : AAMC Asset Management Co.,Ltd

2002 – Present Law Advisor : Sritong Panich Co.,Ltd Group

2002 – Present Law Advisor : C.I.N Estate Co.,Ltd

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 6/6 Time

Executive Committee 19/20 Time

**WORK EXPERIENCE IN THE PAST** : None

**SHAREHOLDING (%)** : None

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None

Mr. Thada Chanprasit  
 Director (Authorized Director) /  
 Executive Committee /  
 Chief Operating Officer



Age (Year) : 51

Appointment as a Director : 22 April 2015

#### EDUCATION

- Master of Business Administration ( MBA), Thammasat University

#### TRAINING

- Fundamental Practice for Corporate Secretary : FPCS (Class 28/2013), Thai Listed Companies Association
- Corporate Governance for Capital Market Intermediaries (CGI 8/2015), IOD

#### WORK EXPERIENCE DURING THE PAST FIVE YEARS

##### Listed Companies :

2015 – 2017	Director / Executive Committee / Chief Operating Officer : AEC Securities PCL.
2014 – 2015	Director / Executive Committee / Chief Executive Officer. : AEC Securities PCL.
2013 – 2014	Senior Executive Vice President and Company Secretary : AEC Securities PCL.

The number of companies listed at the directors present : 1 Companies

**Non-Listed Companies** : None

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 3/6 Time

Executive Committee 10/20 Time

WORK EXPERIENCE IN THE PAST : Chief Operation Officer, RHB OSK Securities  
(Thailand) PCL.

: Executive Vice President, Asia Plus Securities PCL.

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None



Mr. Chanachai Joonjiraporn  
 Director (Authorized Director) /  
 Executive Committee /  
 Chief Executive Officer

Age (Year) : 51

Appointment as a Director : 20 April 2016



## EDUCATION

- Bachelor of Business Administration (Finance), Dhurakij Pundit University
- Master of Business Administration, Ramkhamhaeng University
- Master of Political Science, Ramkhamhaeng University

## TRAINING

- Corporate Governance for Capital Market Intermediaries (CGI 8/2015 ), (IOD)
- Director Certification Program Update (DCPU 4/2015), (IOD)
- Director Certification Program (DCP 136/2010 ), (IOD)
- Director Accreditation Program (DAP 80/2009), (IOD)
- Capital Market Academy (CMA) 23/2016
- King Prajadhipok's Institute "Thailand and ASEAN Community in Global Political Economy (TAG6) No.6/2016

## WORK EXPERIENCE DURING THE PAST FIVE YEARS

### Listed Companies :

- 2016 – Present Director / Executive Committee / Chief Executive Officer  
: AEC Securities PCL.
- 2012 – 2016 Director / Chief Executive Officer.  
: Country Group Securities PCL.
- 2011 – 2012 Executive Director : Finansia Syrus Securities PCL.

The number of companies listed at the directors present : 1 Companies

Non-Listed Companies : None

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

Attendance in 2016 : Board of Directors 4/6 Time\*

Executive Committee 13/20 Time\*

\* Appointment as Director as 20 April 2016

**WORK EXPERIENCE IN THE PAST** : Director and Chief Executive Officer,  
Globlex Securities Co., Ltd.  
: Executive Vice President, Seamico Securities PCL.  
: First Vice President, JP Morgan Chase (Thailand)  
Securities PCL.  
: Vice President, Asset Plus Securities PCL.  
: Vice President, Securities One PCL.

**SHAREHOLDING (%)** : None

**RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES** : None

Mr. Thaveedej Uyawong

Company Secretary

Age (Year) : 58

Appointment as Company Secretary : 1 September 2014

#### EDUCATION

- Bachelor of Law, Ramkhamhaeng University
- Barrister at Law, Law Institute of Legal Education, The Thai Bar
- Master of Human Resource & Organization, National Institute of Development Administration

#### TRAINING

- Certificate Accomplishment Intellectual Property Law Institute of Legal Education, The Thai Bar
- Certificate Mini MBA, Thammasat University
- Certificate Arbitration: the Best Practice for Practitioners , Asian Law Association Thailand

#### WORK EXPERIENCE DURING THE PAST FIVE YEARS

##### Listed Companies :

2014 – Present    Company Secretary / Vice President The Office of Director and Company Secretary : AEC Securities PCL.

2010 – 2014      Company Secretary / Vice President Legal and Corporate Affair Department : RHB Securities (Thailand) PCL.

The number of companies listed at the directors present : None

**Non-Listed Companies** : None

Other Position that may cause a conflict of interest with the Company : None

Legal disputes in a criminal court case, not a misdemeanor : None

WORK EXPERIENCE IN THE PAST : Company Secretary / Assistant to CEO  
(Law/ Corporate Affair /Human Resource),  
Thai-German Ceramics Industry PLC.  
: Director, Asia Leisure Co., Ltd. (Subsidiary of Thai-  
German Ceramics Industry PCL.  
: Lawyer, Kloy Passuwan Law Office

SHAREHOLDING (%) : None

RELATIONSHIP BETWEEN DIRECTORS AND EXECUTIVES : None



Name / Position	Age (Year)	Education	Relationship with Executive	Shareholding (%)	Working Experience		
					Period	Position	Name of Corporation
1. Mr. Chanachai Joonjiraporn Director (Authorized Director) / Executive Committee / Chief Executive Officer	51	<ul style="list-style-type: none"> <li>Bachelor of Business Administration (Finance), Dhurakij Pundit University</li> <li>Master of Business Administration Ramkhamhaeng University</li> <li>Master of Political Science Ramkhamhaeng University</li> </ul> <u>Training Course</u> <ul style="list-style-type: none"> <li>Corporate Governance for Capital Market Intermediaries : CGI (8/2015)</li> <li>Director Certification Program Update : DCPU (4/2015)</li> <li>Director Certification Program : DCP (136/2010)</li> <li>Director Accreditation Program : DAP (80/2009)</li> <li>Capital Market Academy : CMA (23/2016)</li> <li>King Prajadhipok's Institute "Thailand and ASEAN Community in Global Political Economy" : TAG6 (6/2016)</li> </ul>	None	None	April 2016 – Present	Director and Chief Executive Officer	AEC Securities Public Company Limited
					2012 – 2016	Director and Chief Executive Officer	Country Group Securities PCL.
					2011 – 2012	Executive Director	Finasia Syrus Securities PCL.
					2009 – 2011	Director and Chief Executive Officer	Globex Securities Co., Ltd.
					2001 – 2009	Executive Vice President	Seamco Securities PCL.
					Jan– May 2001	First Vice President	JP Morgan Chase (Thailand) Securities PCL.
					May – Dec 2000	Vice President	Asset Plus Securities PCL.
					1993 – 2000	Vice President	Securities One PCL.
2. Mr. Chatthapat Suttitak Assistant Chief Executive	54	<ul style="list-style-type: none"> <li>Master of Business Administration Ramkhamhaeng University</li> </ul>	None	None	2016 – Present 2012 - 2016	Assistant Chief Executive Deputy Managing Director	AEC Securities Public Company Limited Country Group Securities PCL.

Name / Position	Age (Year)	Education	Relationship with Executive	Shareholding (%)	Working Experience		
					Period	Position	Name of Corporation
3. Mr. Thada Chanprasit Director (Authorized Director) / Executive Committee / Chief Operating Officer * Resign on Jan 30, 2017	51	<ul style="list-style-type: none"> <li>Master of Business Administration Thammasat University</li> </ul> <u>Training Course</u> <ul style="list-style-type: none"> <li>Fundamental Practice for Corporate Secretary : FPCS (28/2013)</li> <li>Corporate Governance for Capital Market Intermediaries : CGI (8/2015)</li> </ul>	None	None	2015 – 2017	Director / Executive Committee /	AEC Securities PCL.
					2014 – 2015 2013 – 2014	Chief Operating Officer Chief Executive Officer Senior Executive Vice President and Company Secretary	AEC Securities PCL. AEC Securities PCL. AEC Securities PCL.
4. Mrs. Amporn Chiammunchit Chief Financial Officer	54	<ul style="list-style-type: none"> <li>Master of Accountancy Thammasat University</li> </ul>	None	None	2012 – 2013 2011 – 2012 2003 – 2011	Executive Vice president Chief Operation Officer Executive Vice president	Bualuang Securities PCL. RHB OSK Securities (Thailand) PCL. Asia Plus Securities PCL.
					2015 - Present 2015 – 2015 2007 – 2013  2005 – 2007 2004 – 2005 1999 – 2004	Chief Operating Officer Vice President Assistant Managing Director  Senior Vice President Manager Senior Vice President	AEC Securities PCL. Advance Finance PCL. CIMB Securities International (Thailand) PCL.  Sicco Securities PCL. C.L.S.A Securities PCL. Krungsri Securities PCL.
5. Mr. Kittipong Vipopinyo Managing Director – Investment Banking 1	46	<ul style="list-style-type: none"> <li>Master of Financial Management Mahidol University</li> </ul>	None	None	2015 – Present  2013 – 2015  2013 – 2013  2012 – 2013	Managing Director Investment Banking 1 Managing Director Investment Banking Managing Director Investment Banking 2 Senior Vice President Investment Banking	AEC Securities PCL.  Asia Wealth Securities Co.,Ltd  Country Group Securities PCL.  AIRA Securities PCL.

Name / Position	Age (Year)	Education	Relationship with Executive	Shareholding (%)	Working Experience		
					Period	Position	Name of Corporation
6. Mr. Teerawat Chongthaweephol Managing Director – Investment Banking 2	54	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance) Oklahoma State University</li> <li>Bachelor of Engineering Chulalongkorn University</li> </ul>	None	None	2015 – Present  2009 – 2014	Managing Director – Investment Banking 2 Assistant Managing Director Investment Banking	AEC Securities PCL.  KTB Securities (Thailand) PCL.
7. Miss Lerthapa Srithongsuk Managing Director – Investment Banking 3		<ul style="list-style-type: none"> <li>Master of Management (M.M.) Concentration in Finance Mahidol University</li> <li>Bachelor of Business Administration (B.B.A.), Concentration in Accounting, Ramkhamhaeng University</li> <li>Financial Advisor approved by the SEC</li> <li>Certified Public Accountant (Thailand) ; CPA</li> <li>Internal Auditing Certificate Program : IACP</li> </ul>	None	None	Oct 2016 – Present 2014 – 2016 Mar – Oct 2014 2013 – Present Jul – Dec 2011 2009 – Present	Managing Director – Investment Banking Managing Director – Investment Banking Executive Vice President - Investment Banking Managing Director Executive Vice President - Investment Banking Financial Advisor and Audit Advisor	AEC Securities PCL. Apple Wealth Securitie PCL. Asia Wealth Securities Co.,Ltd Lerthapa and partner Co.,Ltd Capital Link Advisory Co.,Ltd Independent Consultant
8. Mr. Sumritchai Thangharat Managing Director – Investment Banking 5	44	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance) Kasetsart University</li> </ul>	None	None	2016 – Present 2014 – 2016 2012 – 2014	Managing Director – Investment Banking Executive Vice President - Investment Banking Executive Vice President - Investment Banking	AEC Securities PCL. Apple Wealth Securitie PCL. Absolute Advisory Co.,Ltd

Name / Position	Age (Year)	Education	Relationship with Executive	Shareholding (%)	Working Experience		
					Period	Position	Name of Corporation
9. Mr. Ronnakrit Sarinwong Managing Director – Securities Research	52	<ul style="list-style-type: none"> <li>Master Degree –Business Administration, National University Sandiago, California, USA.</li> </ul>	None	None	2016-Present  2003-2015  2000-2002  1996-2000	Managing Director- Research Department Executive Vice President Research Department Investment Manager-Investment Department Investment Manager-Investment Department	AEC Securities PCL.  Country Group Securities PCL.  John Hancock Life Assurance PCL. (BKK.)  New York Life Assurance PCL. (BKK.)
10. Mr. Kasidit Nuchtan Assistant Managing Director - Compliance and Internal Audit Department	48	<ul style="list-style-type: none"> <li>Bachelor Degree Business Administration Dhurakij Pundit University</li> </ul>	None	None	2015 – Present 2014 – 2015  2005 – 2014	Assistant Managing Director Senior Vice President  Vice President	AEC Securities PCL. Merchant Partners Asset Management Co.,Ltd UOB Securities PCL.
11. Ms. Manee Khemthong Vice President Account Department	51	<ul style="list-style-type: none"> <li>Bachelor Degree of Accountancy Ramkhamhaeng University</li> </ul>	None	None	2015 – Present 2013 – 2015 1998 – 2013	Vice President Assistant Vice President Vice President	AEC Securities PCL. RHB OSK Securities (Thailand) PCL. CIMB Securities International (Thailand) PCL.
12. Ms. Obom Rattanapol Senior Vice President Financial Department	52	<ul style="list-style-type: none"> <li>Bachelor Degree of Economics Kasetsart University</li> <li>Master of Science (Applied Statistics) NIDA</li> </ul>	None	None	2014 – Present 2006 – 2014	Senior Vice President Senior Vice President	AEC Securities PCL. Finansia Syrys Securities PCL.



# COMPANY HIGHLIGHTS

Unit: Million Baht

Period As of	Year Ended 2014 December 31,2014	Year Ended 2015 December 31,2015	Year Ended 2016 December 31,2016
<b>Financial Data</b>			
Assets	3,329.31	2,246.95	2,719.93
Liabilities	2,214.53	1,078.45	1,575.92
Equities	1,114.78	1,168.50	1,144.01
Paid – up Capital	1,009.74	1,224.24	1,224.24
Revenue	721.84	660.30	817.89
Net Profit	13.02	(192.78)	(24.95)
Earnings Per Share (Baht)	0.01	(0.17)	(0.02)
<b>Financial Ratio</b>			
ROA (%)	0.60	(6.91)	(1.00)
ROE (%)	1.27	(16.89)	(2.16)
Net Profit Margin (%)	1.80	(29.20)	(3.05)
<b>Statistics as of</b>	<b>December 31,2014</b>	<b>December 31,2015</b>	<b>December 31,2016</b>
Close Price (Baht)	1.45	0.41	0.57
Market Cap.	1,474.23	501.49	697.82
P/E	N/A	N/A	N/A
P/B	1.33	0.43	0.61
Book Value per share (Baht)	1.09	0.95	0.93
Dividend Yield (Baht)	N/A	N/A	N/A

# GENERAL INFORMATION

## AND OTHER IMPORTANT INFORMATION

### 1. General Information

Name of Company	:	AEC Securities Public Company Limited
Nature of Business	:	Securities Business <ul style="list-style-type: none"> <li>■ Securities Brokerage               <ul style="list-style-type: none"> <li>- Internet Trading</li> </ul> </li> <li>■ Derivatives Business</li> <li>■ Securities Trading</li> <li>■ Investment Banking</li> <li>■ Underwriting</li> <li>■ Lending and borrowing</li> <li>■ Selling Agent</li> <li>■ Wealth Management</li> </ul>
Head Office Address	:	63 Athenee Tower, 15 <sup>th</sup> , 17 <sup>th</sup> Fl., Wireless Road, Lumpini, Pathumwan, Bangkok 10330
Company Registration No.	:	0107536001575 (formerly Bor.Mor.Jor. 231)
Company Website	:	www.aecs.com
Telephone	:	0-2659-3456
Facsimile	:	0-2659-3457
Registered Capital	:	THB 2,414,615,498 (As of 31 December 2016)
Paid-up Capital	:	THB 1,244,224,758 (As of 31 December 2016)
Number of Share	:	1,244,224,758 Shares
Par Value	:	1 Baht
Type of Share	:	Ordinary shares
External Auditors	:	Ms.Ratana Jara Certified Public Accountant Registration No.3734 and/or Ms.Somjai Khunapasut Certified Public Accountant Registration No.4499 and/or Ms.Rachada Yongsawadvanich Certified Public Accountant Registration No.4951 <b>EY Office Limited</b> 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

**Company's Registrar** : **Thailand Securities Depository Co.,Ltd.**  
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400  
Tel.0-2009-9000 Fax 0-2009-9991

**Legal Advisor** : **Kritnin Co., Ltd.**  
No. 29, VanissaBuilding, 2<sup>nd</sup> Floor, Room B, SoiChidlom  
Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

**Siam Premier International Law Officer Limited**  
The Offices of Central World, 26<sup>th</sup> Floor, 999/9 Rama 1 Road,  
Pathumwan, Bangkok 10330

**Investor Relations** : **The Office of Director and Company Secretary**  
AEC Securities Public Company Limited  
63 Athenee Tower, 15<sup>th</sup> ,17<sup>th</sup> Fl., Wireless Rd., Lumpini,  
Pathumwan, Bangkok, 10330  
Tel.0-2659-3317 Fax. 0-2659-3388  
Emails: [thaveedej.u@aeecs.com](mailto:thaveedej.u@aeecs.com); [chantisa.t@aeecs.com](mailto:chantisa.t@aeecs.com)

# HISTORY OF THE COMPANY

## History of the Company

AEC Securities Public Company Limited (formerly United Securities Public Company Limited) (the “Company”) was incorporated under the laws of the Kingdom of Thailand on 6 July 1971 and became a public company on 15 December 1993 under the Public Companies Act. The Company became listed on the Stock Exchange of Thailand on 8 August 2001.

The Company operates its business in Thailand with the core business as Securities and Derivatives Brokerage. The Company has received the following licenses to operate as a securities company from the Ministry of Finance, the Securities Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”): (1) Securities Brokerage (2) Securities Trading (3) Investment Advisory (4) Underwriting (5) Securities Borrowing and Lending (6) Capital Fund (7) Derivatives Agent/Brokerage.

Currently, the Company has opened 15 full service branches on Bangkok and Perimeter areas 9 branches at Soi Soonvijai branch, Central Ladprao Branch, Silom Road branch, Park Ventures Ecoplex Branch, The Nine Branch, Mahatun Plaza Branch, Phahonyothin Branch, Bangna Branch and Fashion-Island Branch. On Provincial 6 Branches at Chiangmai-Mahidol Road Branch, Chiangmai-Changklan Road Branch, Nakhon Sri Thammarat Branch, Hadyai Branch, Saraburi Branch and Nakhon Ratchasima Branch (Opening act on 28 February 2017)

## Year 2014

- On 31 January 2014, the Company received a Type-Gor (A) license from the Ministry of Commerce and on 20 February 2014, the Company received a Type Sor-1 (S1) license from the SEC and SET (otherwise a “Full Licenses Services” license) allowing the Company to engage in all types business related to securities and derivatives brokerage and trading, making the Company a Type-Gor (A) securities company.
  - The Full Licenses Services for securities comprise of (1) Securities Brokerage (2) Securities Trading (3) Underwriting (4) Investment Advisory (5) Mutual Funds (6) Private Funds (7) Short Selling (8) Capital Fund.
  - The Full Licenses Services for derivatives comprise of (1) Derivatives Agent/Brokerage (2) Derivatives Trading (3) Derivatives Advisory (4) Derivatives Capital Management.
- On 31 January 2014, at the Extraordinary General Meeting of Shareholders No.1/2014, the shareholders’ approval of changing the par value of ordinary shares of the Company from a par value of 5 Baht to a par value of 1 Baht and reducing the registered capital of the Company from 860,000,000 Baht to 844,083,250 Baht by cancelling authorized but unissued shares of the Company and approval of increasing the registered capital of the Company to 1,331,716,928 Baht by issuing new ordinary shares in amount of

487,633,408 shares to be offered to existing shareholders(Right Offering) in amount of 168,816,704 shares and to Private Placement (PP) in amount of 100,000,000 shares, including the issuance of two types of Warrants to purchase ordinary shares of the Company of which W1 will be of 168,816,704 warrants and W2 will be of 50,000,000 warrants.

- On 14 May 2014, the Board of Director Meeting No.6/2014 approval to the acquisition of AAMC Asset Management Company Limited in order to expand the scope of business operation to create variety and will expand the investment to other business and opportunity for the business and build synergies and financial advisory business, which make AECS can run the asset management business in the name of “AAMC” by buying or transferring sub-debt from the financial institute then manage and/or sell it later. And offered to the Shareholders consideration, which the EGM No.2/2014 approval to the acquisition of AAMC Asset Management Company Limited.
- On 31 December 2014, Mr.Kobkiat Boontherawara is resigned from Director and Chief Executive Officer and the Board of Director Meeting No.11/2014 held on 17 December 2014, the meeting resolved to appoint Mr.Praphol Milindachinla as the Acting Chief Executive Officer will be effective on January 1, 2014 and has been approved by Securities and Exchange Commission on 26 December 2014.

#### Year 2015

- On 26 January 2015, the Board of Director Meeting No.1/2015 approved the issuance and allotment of newly issued ordinary shares to specific person under private placement, with the condition that any subscription of 2 new ordinary shares and a type 1 Warrant (AEC-W3) amount to 50,000,000 shares and that the price of any sale of ordinary shares through PP must not be less than 90 percent of the average price of such ordinary shares 15 days before establishing the price. Together with warrant (AEC-W3) in the amount of 0 Baht per warrant, a share conversion ratio of 1:1 and a conversion price of 3 Baht, convertible on the last business day of March and September of every year.
- On 12 March 2015, the Board of Director Meeting No.3/2015 acknowledge to Mr.Praphol Milindachinla is resigned from Acting of Chief Executive Officer will be effective on April 1,2015 onward and the meeting resolved to appointment as follows;
  1. Appointment Mr. Thada Chanprasit as Director (authorized) Executive Director and Co-Chief Executive Officer replace to Mr. Mr.Kobkiat Boontherawara.

2. Appointment Mr.Pisit Patumban as Executive Director and Co-Chief Executive Officer and has been approved by Securities and Exchange Commission on 22 April 2015.

- On 30 April 2015, The Annual General Meeting of Shareholder for the year 2015 has approve as follows;
1. The reduction of the registered capital of the Company and amendment of Clause 4. Of Memorandum of Association of the Company from Baht 1,331,716,928 to Baht 1,325,403,898
  2. The increase of the registered capital of the Company and amendment of Clause 4. Of Memorandum of Association of the Company from Baht 1,325,403,898 to Baht 2,414,615,498.  
And has registered capital reduction and increase Department of Business Development on May 14, 2015
  3. The issuance and offering of the newly issued ordinary shares of the Company in the amount not exceeding 300,000,000 shares at the par value of Baht 1 each to the existing shareholders of the Company in proportion to their respective shareholding ("Right Offering: RO") in combination with the Warrant to purchase the ordinary shares of the Company –Type 4 (AEC-W4) ("AEC-W4" or "Warrants-Type 4") in the amount not exceeding 300,000,000 units.

The newly issued ordinary shares as aforementioned shall be offered to the existing shareholders at the ratio of 4 existing ordinary shares to 1 newly issued ordinary share in combination with 1 unit of the Warrants to purchase the ordinary shares of the Company –Type 4 (i.e. 1 newly issued ordinary share to 1 unit of the Warrants). The offering price for newly issued ordinary shares shall be Baht 1 per share and for the Warrants–Type 4 shall be Baht 0 per unit. The exercise price for the Warrants-Type 4 shall be Baht 1 per share (except in case of rights adjustment), provided that any fraction of shares or Warrants derived from the calculations shall be disregarded and the existing shareholders who exercise their right to subscribe the newly issued shares are required to subscribe all Warrants-Type 4 at the same time and in line with their proportion.

4. The issuance and offering of the newly issued ordinary shares of the Company in the amount not exceeding 200,000,000 shares at the par value of Baht 1 each to the Private Placement subscriber(s) (Private Placement : PP) pursuant to the Notification of the Capital Market Advisory Board TorChor. 28/2551 re: the Application for Approval of Offer for Sale of Newly Issued Shares (as amended) in combination with the Warrants to purchase the ordinary shares of the Company–Type 5 (AEC-W5) ("AEC-W5" or "Warrants-Type 5") in the amount not exceeding 200,000,000 units.



The subscription is subject to the conditions that 1 newly issued ordinary shares in combination with 1 unit of the Warrants-Type 5. The offering price for the newly issued ordinary shares shall be Baht 1 per share and for the Warrants-Type 5 shall be baht 0 per unit. The exercise price for the Warrants-Type 5 shall be Baht 1 per share (except in case of rights adjustment).

5. The allocation of the newly issued ordinary shares in the amount of 89,211,600 shares in order to be reserved for the rights adjustment of Warrants – Type 2 (AEC-W2) and Warrants – Type 3 (AEC-W3). The Company must adjust the rights of Warrants-Type 2 (AEC-W2) and Warrants-Type 3 (AEC-W3) once the Company has issued and offering the newly issued ordinary shares. Warrants-Type 4 (AEC-W4) and Warrants-Type 5 (AEC-W5) in order to be in line with the conditions concerning the rights adjustment as stipulated in Item 4.2 1) (b) and (c) of the indicative terms and conditions of Warrants-Type 2 (AEC-W2) and Warrants-Type 3 (AEC-W3).

- On 16 July 2015, Mr. Apichai Taechaubol, Directors/Non-Authorized Director resigned from Board of Directors of the company.
- On 24 July 2015, Mr. Chaipant Pongtanakorn, Executive Officer and Director resigned from Executive Committee and Board of Directors.
- On 27 July 2015, the Board of Directors Meeting No. 6/2015 resolved to appoint Mr. Angoon Phimphorn as Executive Director (Authorized Director), replacing Mr. Apichai Taechaubol and received approval from the Securities and Exchange Commission on August 21, 2015.
- On August 27, 2015, Mr. Chaiwat Utaiwan, Advisor to the Board of Directors resigned from Advisor to the Board of Director.
- On December 24, 2015, the Company appointed Mrs. Amporn Chiammunchit, Chief Operating Officer as Acting Chief Executive Officer and received approval from the Securities and Exchange Commission on January 25, 2016.

#### Year 2016

- On March 21, 2016, the resignation of Mrs. Amporn Chiammunchit from the position of Acting Chief Executive Officer

- On March 21, 2016, the Board of Directors Meeting No. 2/2016 resolved to appoint Mr. Chanachai Joonjiraporn as a Director (Authorized Director) and Executive Director in replacement of Dr. Chaipant Pongtanakorn who resign.
- On March 21, 2016, the Board of Directors Meeting No. 2/2016 Mr. Chanachai Joonjiraporn as a Chief Executive Officer in replacement of Mrs. Amporn Chiammunchit who resign.
- On March 21, 2016, the Board of Directors Meeting No. 2/2016 resolved to approved the change of the Company's authorized signatories from " Mr. Praphol Milindachinla; Mr. Polchet Likittanasombat ; Mr. Thada Chanprasit and Mr. Angoon Phimphkorn two of four directors jointly sign and affix with the Common seal of the Company" to be "Mr. Praphol Milindachinla; Mr. Polchet Likittanasombat ; Mr. Thada Chanprasit Mr. Angoon Phimphkorn and Mr. Chanachai Joonjiraporn two of five directors jointly sign and affix with the Common seal of the Company
- On April 29, 2016, The Annual General Meeting of Shareholder for the year 2016 has approved the issuance and offering of the debenture in the amount not exceeding THB 2,000 billion. to enhance business operations as well as working capital and expansion. Including repayment of debt and other purpose as the Board of Director deems appropriate. So, propose the shareholder meeting to consider and approve the issuance and offering.
- On June 13, 2016, the resignation of Mr. Pisit Phatumban, Executive director and Co-Chief Executive Officer
- On June 13, 2016, the Board of Director Meeting No.1/2016 approved the sale of common shares of The AAMC Asset Management Company Limited ("AAMC") a subsidiary of the Company of 899,996 shares, representing 90 percent of the total shares of the AAMC. Book value of AAMC shares total value of 60,665,408.33 million baht or price per share of 60.67 baht (as of December 31, 2015), but include cost of investment in the amount of 61.5 million baht or price per share equal to 61.25 baht, to operate its business. The Board of Executive Committee or the authorized person that Executive Committee approves is tasked with the implementation of the agreed conditions and the preparation of contract documents.

With the aim to reduce the impact of the AAMC's business is to buy distressed property for management and the company must set aside assets in the financial statements. This will have an impact

on the financial statements of the Company and payment for shares is to be used as working capital to operate its business.

The transaction was to buy shares of the AAMC amount 600,000 shares (the shares paid up share 40 percent or 40 baht per share) at a price of 61.25 baht per share, totaling 36.75 million baht.

After transaction, Mr. Polchet Likittanasombat and Mr. Angoon Phimpkorm representative of AEC Securities Public Company Limited is resignation as Director of the AAMC and AAMC end condition, a subsidiary of the company.

- On June 27, 2016, the resignation of Mr. Thada Chanprasit for the positions of Co-Chief Executive Officer
- On December 14, 2016, Mr. Weerasak Futrakul has resigned from Director of Corporate Governance and Social Responsibility Committee

## 1. Revenue and Expense Structure of the Company

Revenue	2016		2015		2014	
	Baht	%	Baht	%	Baht	%
Brokerage fees from Securities business	500,994,197	61.25	490,699,210	74.31	442,926,595	61.36
Brokerage fees from Derivatives business	83,530,539	10.21	72,773,087	11.02	35,145,317	4.87
Brokerage fees from selling agent of unit trust	4,309,348	0.53	7,968,381	1.21	12,624,562	1.75
Fees and service income – Investment advisory fees	63,345,798	7.74	58,833,729	8.91	71,351,714	9.89
Gain (loss) on securities	97,207,271	11.89	(80,482,069)	(12.19)	93,461,455	12.95
Loss on disposal of subsidiary	(2,147,478)	(0.26)	-	-	-	-
Loss on revaluation of investment	(1,455,585)	(0.18)	-	-	-	-
Share of loss from investment in associate	(91,696)	(0.01)	-	-	-	-
Interest income	30,284,920	3.70	31,395,327	4.75	17,232,551	2.39
Interest on margin loans	37,870,904	4.63	60,590,521	9.18	46,827,905	6.49
Other income	4,045,542	0.50	18,522,060	2.81	2,269,409	0.30
<b>Total Revenues</b>	<b>817,893,760</b>	<b>100.00</b>	<b>660,300,246</b>	<b>100.00</b>	<b>721,839,508</b>	<b>100.00</b>

Expense	2016		2015		2014	
	Baht	%	Baht	%	Baht	%
Financial costs	37,884,941	4.53	74,220,657	8.69	54,913,553	7.76
Fee and service expenses	103,940,294	12.44	95,592,428	11.19	77,726,403	10.97
<b>Operating expenses</b>						
Personnel expenses	460,556,045	55.12	451,603,571	52.86	401,322,501	56.67
Premises and equipment expenses	137,340,138	16.44	127,397,531	14.91	98,864,973	13.96
Directors and managements' remuneration	14,980,000	1.79	16,794,667	1.96	14,400,667	2.03
Other expenses	80,868,465	9.68	89,281,146	10.45	66,141,877	9.34
<b>Total operating expenses</b>	<b>693,744,648</b>	<b>83.03</b>	<b>685,076,915</b>	<b>80.18</b>	<b>580,730,018</b>	<b>82.00</b>
Reverse of bad debt and doubtful accounts	-	-	(491,590)	(0.06)	(5,136,913)	(0.73)
<b>Total Expenses</b>	<b>835,569,883</b>	<b>100.00</b>	<b>854,398,410</b>	<b>100.00</b>	<b>708,233,061</b>	<b>100.00</b>

## 2. Business Lines

AEC Securities Public Company Limited operates a core business as securities brokerage for securities and Derivatives listed on the Stock Exchange of Thailand (SET) and the Thailand Futures Exchange (TFEX) by providing investment opportunities to customers.

In addition to operating as securities brokerage for securities and derivatives listed on SET and TFEX, the Company also operates the following business:

- Securities Brokering
- Derivatives Brokering
- E-Trading
- Investment Banking
- Mutual Funds
- Securities Borrowing and Lending
- Private Funds

### ➤ Securities Brokerage

In the goal towards earning trust from the customers in providing investment opportunities, the Company is prepared with qualified personnel that are experienced in providing investment advice for a variety of purposes. In addition, the Company has a complete research department who provide excellent content and guidance as tools for the customers to make their investment decisions more effectively.

### Types of Securities Trading Account

- **Cash Account**

A cash account is a type of securities trading account that the customer can trade under a trading limit that is considered and evaluated from the amount of cash that the customer provided according to the rules and regulations of the Company. The cash or security that the customer provides must have a value of 20% of the trading limit (according to the regulation of SET effective on 2 May 2013). All cash provided by the customer and held by the Company will receive interest (as stipulated under the rules and regulations of the Company), and any payments for the purchase or sale of securities must be provided within 3 (three) days commencing from the date of purchase or sale (T+3). The deduction of such payments will be through the Account Automatic Transfer Service (ATS), and in the case of receiving payments from the sale of securities, the customer will receive such payments within 3 (three) business days commencing from the date of sale through the ATS system.

Under a cash account, the customer will receive the right to purchase additional securities once the Company receives the payment from the purchase of securities from the customer.

- **Cash Balance Account**

Under a cash balance account, the customer is allowed to purchase or sell securities according to the amount of cash that they provided to the Company. The cash provided by the customer and held by the Company will receive interest, similar to a cash account.

Under a cash balance account, the customer will receive the right to purchase additional securities when the customer provides more cash to the Company.

- **Credit Balance Account**

A credit balance account allows the customer to borrow capital from the Company to purchase or sell securities but the customer must initially provide a minimum amount of cash or securities as collateral to the debt (also known as the initial margin rate). Under a credit balance account, the Company will calculate the value of the margin every day and if the margin is below the maintenance margin as stipulated by the Company, the Company will call the margin and request the customer to provide additional margin up to the amount of the maintenance margin. The Company may also force sell the margin and/or the collateral should the customer fail to provide additional margin.

➤ **Derivatives Brokerage**

In its objective to protect against the risks associated with investment and providing returns to investors, the Company also operates its business as a derivatives brokerage to provide additional investment opportunities to investors. Currently, the derivatives that the Company can trade on TFEX are Futures, Options and Options on Futures.

➤ **Electronic Trading**

Investing in securities and derivatives through electronic/internet trading presents another channel for investors to invest. Regardless of their location, investors can see the price of securities and make trading orders efficiently and quickly to adapt to the changing situations.

➤ **Investment Banking**

- **Financial Advisory (FA)**

The Company provides financial advisory services on business and financial valuation, project viability and feasibility, financial planning, issuance of warrants, issuing employee stock ownership plans (ESOP), underwriting, providing liquidity to businesses, and de-listing from SET.

- **Mergers and Acquisitions**

The Company provides advice on business and financial valuation towards a merger or acquisition, cooperating with quality investors through a network of affiliates and clients, evaluating business positions, providing advice on appropriate price for merger or acquisition, as well as providing advice on the appropriate structure, negotiation strategy and merger and acquisition process.

- **Initial Public Offerings (IPO)**

The Company provides advice on raising capital through Initial Public Offerings (IPO), listing of securities, Public Offerings (PO) and through Private Placement (PP).



- **Real Estate Investment Trust (REIT)/Infrastructure Fund**

The Company provides advice of structuring mutual funds, relevant regulations, issues on law and tax, distribution, and raising capital through REIT and infrastructure funds.

- **Debt Restructuring**

The Company provides advice on debt restructuring such as providing financial restructuring plans and process for debt restructuring, guidelines in rehabilitation, and purchasing of bad debts.

- **Corporate Structuring**

The Company provides advice on corporate structuring such as shareholding structure, exchange of shares and corporate restructuring. This includes advice and recommendation on the various choices and procedure involved, issues on law and tax, and any relevant procedure related to government agencies.

- **Capital Restructuring**

The Company provides advice on capital restructuring such as finding the appropriate balance between raising capital through debt and equity, changing the structure of assets and liabilities to reduce costs and maximize value for organizations for both return on equity and return on assets.

➤ **Selling Agent**

The Company provides services in selling and repurchasing units in mutual funds with efficiency, effectiveness and ease, and customers are able to quickly change their investment in a variety of funds from many leading asset management companies through the Company. Furthermore, customers can follow their investments portfolio with ease through summaries of investments in one statement without any additional fees; and customers has access to information from the Company regarding their investment through detailed research articles, comparison charts of funds, and performance of funds. All of these services are provided by experienced personnel who can advise customers according to their choices.

The Company represents the following asset management companies:

- Krung Thai Asset Management Public Company Limited
- Kasikorn Asset management Company Limited
- SCB Asset Management Company Limited
- Thanachart Fund Management Company Limited
- Phatra Asset Management Company Limited
- CIMB-Principal Asset Management Company Limited
- TMB Asset Management Company Limited
- Krungsri Asset Management Company Limited
- MFC Asset Management Public Company Limited
- Asset Plus Fund Management Company Limited
- UOB Asset Management (Thailand) Company Limited

- Solaris Asset Management Company Limited
- One Asset Management Limited
- Land and House Fund Management Company Limited
- Tisco Asset Management Company Limited
- Philip Asset Management Limited
- Manulife Asset Management Limited

➤ **SBL**

In order to increase diversity in services and to respond to the needs of customers and investors, AEC Securities also provide Securities Borrowing and Lending (SBL) services to its customers

➤ **Private Fund**

The private fund department of AEC Securities focuses on managing private funds that create wealth and value to customers under the principle of "Tailor Made". This principle allows AEC Securities to respond to customers' needs by converging ideas and investment strategies together, which is different from investing in mutual funds where the scope is wider and broader.

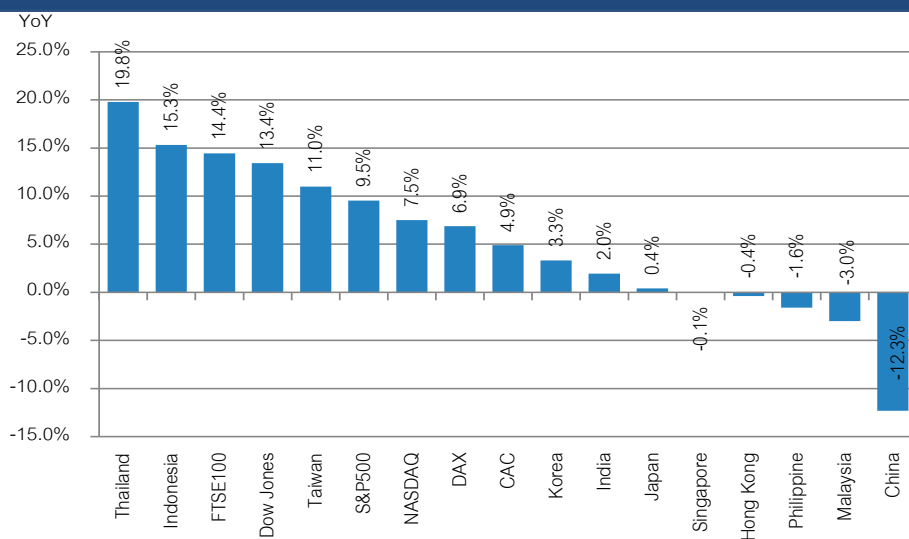
AEC Securities provide tailor-made solutions for each customer who requires different needs and the private management team, who possess over 20 years of experience of analyzing and crafting investment strategies in the capital markets.

### 3. Market Overview and Competition

#### Overview of the Stock Exchange of Thailand in 2016

The Stock Exchange of Thailand in 2016 was another good year for after its indexes were improved among the fluctuation caused by both domestic and international factors, although in the first quarter the household consumption and the private investment grew at a low rate and there was no significant sign of economic recovery. Plus, there was concern about effects from the problem of drought and the increase of household non-performing loans, which pressured the financial institutions to be even more wary of lending, but with the motivation of the government's ongoing economic-stimulus measure such as the farmer assistance measure, the Ban Pracharat project, the tax incentives for Songkran spending, and the progress of the government's infrastructure investment project, and so on; and the fact that the Thai tourism sector remained an important economic driving force owing to the continually increasing number of Thai and foreign tourists, especially Chinese tourists, and the return of European and Russian tourists; consequently, from the second quarter the Thai economic situation began to gradually recover. Regarding international factors, despite the deflation of the Chinese and Japanese economies, the U.S. and Euro economies also began to recover in due time, along with the recent improvement in the global crude oil price. In addition, since June 23rd, 2016 when the result of the referendum decision to leave the European Union ("Brexit") was known, global investors positively expected instead that the Fed would not hastily raise interest rates and central banks in many countries would implement additional economic stimulus measures to reduce the Brexit impact. Also, after August 7th, 2016, confidence in Thailand's political stability was boosted because of the announced result of the Constitutional Referendum; the fund flows were therefore driven back into the Thai stock exchange continuously. During the third quarter of 2016, foreign investors' net buy in the Thai stock market was unprecedentedly high at 97,300 million Baht, having caused the SET index to adjust up to the highest point of the year at 1,558.32 points on August 1st, 2016 (the SET index touched its lowest point of the year at 1,220.96 points on January 11th, 2016) before the Thai stock index moved down and fluctuated most dramatically during the fourth quarter of 2016 due to the concern about domestic and international factors such as the U.S. presidential election result and in December 2016, the Fed's decision to increase interest rates to 0.25% and the signal of interest rate hikes 3 times in the same year. However, at the end of 2016, the SET index closed at 1,542.94 points and the Thai stock market delivered a total return of +19.8%YoY, being the highest in the Asian region (as shown in the graph), with the average daily (including prop trade) turnover (including SET and MAI) at 52,700 million Baht, i.e. an increase by 19.0%YoY (if excluding prop trade, the turnover would be at 47,100 million Baht, equal to an increase by 17.2%YoY).

### Global Indices



Source: ASPEN

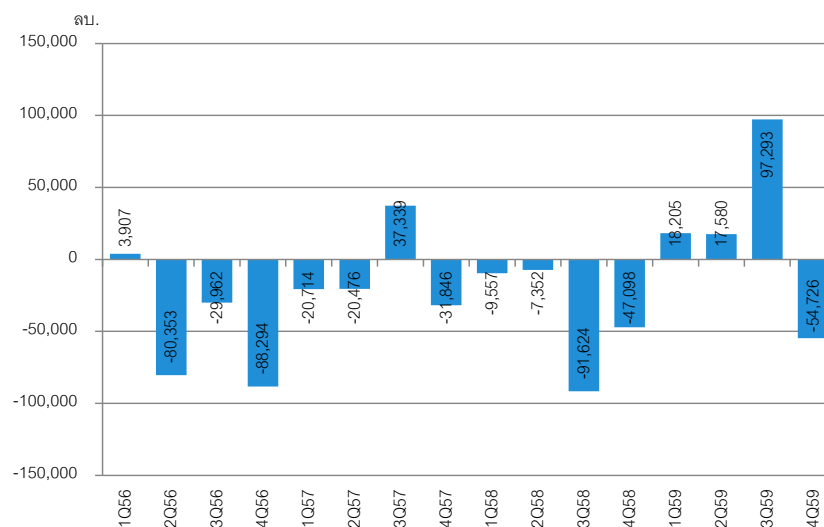
### Turnover and stock index in Thailand



Source: SET

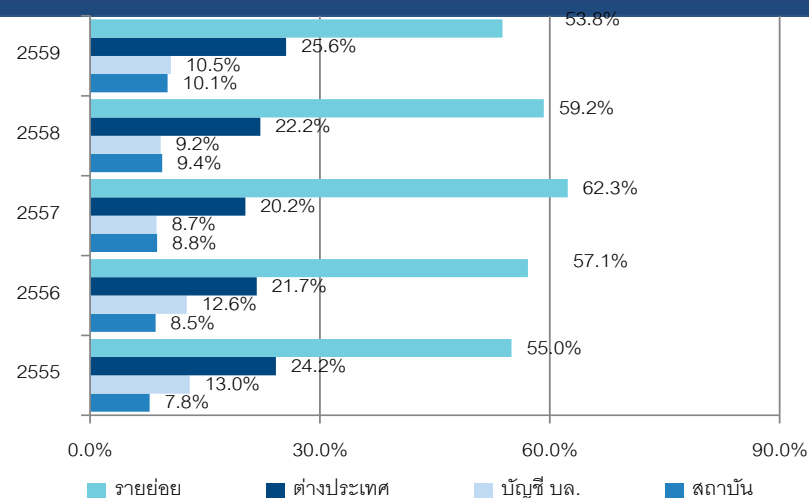
In 2016, foreign investors, securities company's accounts and institutional investors played a crucial role in pushing forward the Thai stock index; in particular, foreign investors reversed to be net buyers (in both SET and MAI) of 78,300 million Baht after their net-selling status for the previous 3 consecutive years, with the turnover ratio increasing from 22.2% in 2015 to 25.6% of the total turnover. Similarly, securities company's accounts reversed into net buying of 26,900 million Baht following their net selling in the previous year, with the turnover ratio increasing from 9.2% in 2015 to 10.5% of the total turnover. For institutional investors, their net buying continued for the fourth year, but with a decrease to only 472 million Baht; however, their turnover ratio increased from 9.4% in 2015 to 10.1% of the total turnover. Meanwhile, retail/individual investors switched into net buying of as high as 106,000 million Baht, with the turnover ratio decreasing from 59.2% in 2015 to 53.8% of the total turnover.

#### Net turnover of foreign investors quarterly.



Source: SET

#### Turnover ratio of individual investors.

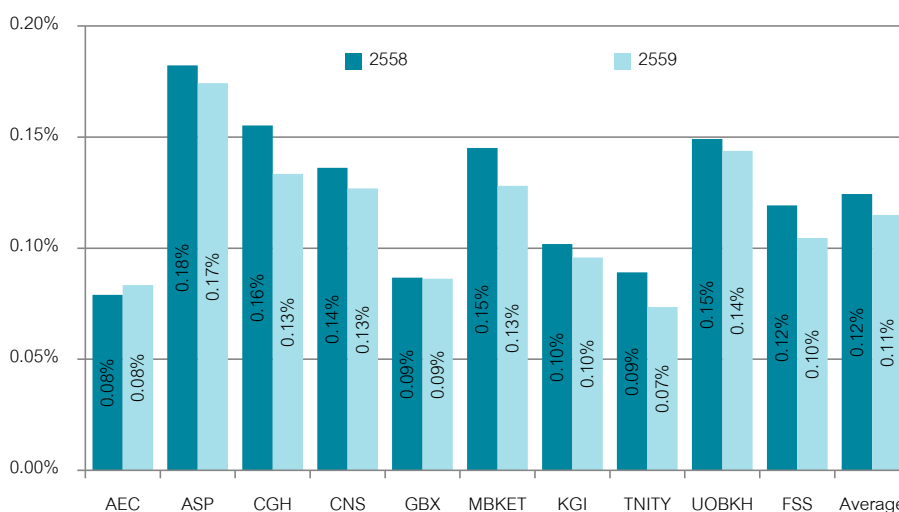


Source: SET

## Securities Business Overview of 2016

For 2016, the securities business profit increased from 2015 in accordance with the improved situation of the Thai stock market; the profits from the investment portfolio of securities companies increased outstandingly from the previous year after the investment confidence and climate enhanced increasingly from the beginning to the third quarter of 2016. The price competition was somewhat found in the brokerage business. After the end of 2015, another securities company was introduced with a low commission campaign during the beginning period of service. However, in 2016 the turnover commission rate (prop-trade excluded) of the securities group still decreased slightly to 0.11% from 0.12% in 2015. In accumulation with the entire year of 2016, the average daily turnover (including SET and MAI) increased at 19.0%YoY to 52,700 million Baht (if excluding prop trade, the turnover would be at 47,200 million Baht, equal to an increase by 17.2%YoY). Consequently, the revenue from the brokerage business could be improved. In the meantime, the revenue from the investment banking business was quite firm although in 2016 the market overview showed that new securities (IPO) were registered for 27 companies, as decreasing from 41 companies in 2015 (divided into 10 companies with securities listed in the SET, 13 companies in the MAI, and 4 companies in the REIT), and that the issue size throughout 2016 decreased by 59.3%YoY to 57,800 million Baht. The securities with the highest issue size in 2016 were of Banpu Power PCL. (BPP) with the issue size of 13,600 million Baht. Next below was Golden Ventures Leasehold Real Estate Investment Trust (GVREIT), which had the issue size of 8,150 million Baht, and then BCPG PCL. with the issue size of 5,900 million Baht, but it was reimbursed with the increased fees earned after fundraising through issuance of bond, bill of exchange, short-term and long-term debentures, with an increase by 19.8%YoY to 1.72 trillion Baht.

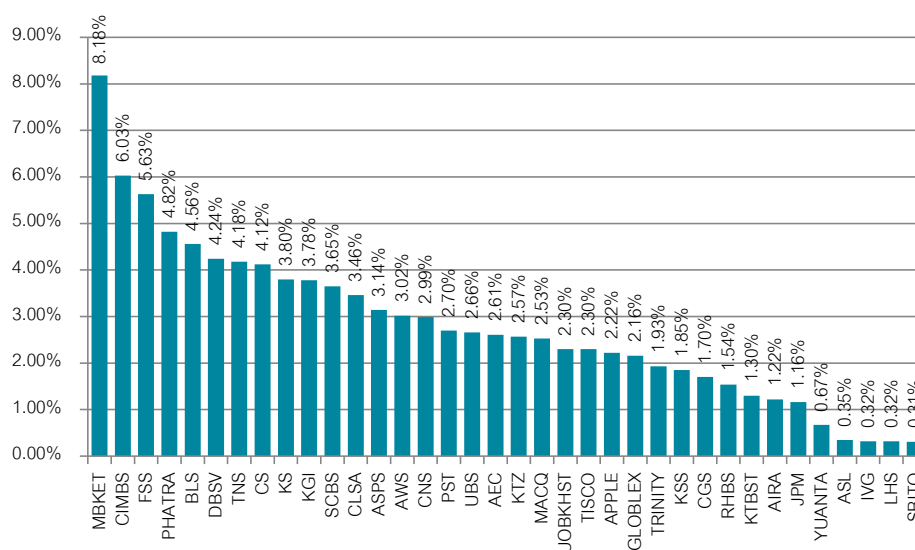
Commission Rate net of companies listed in the SET.



Source: AECS Research



### Market share in securities year 2016



Source: SET

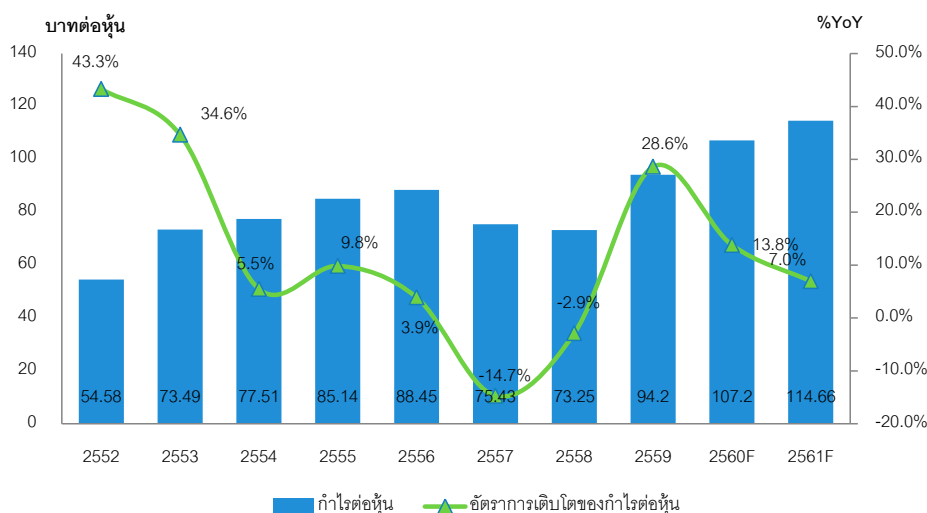
### Securities Business Trend in 2017

Although in 2017, the Thai stock market finds its positive factors in 1) the recovery of oil price after the oil producing countries both inside and outside of the OPEC group negotiated the reduction of productivity to solve the oversupply issue; 2) the continuation of the easy monetary policy in the developed world such as Japan and European countries after the slow recovery of the world's economy; 3) the Thai economic situation, which still has a chance to expand similarly to the previous year at 3.0-3.2%YoY according to the more obvious government investment after the ongoing progress in the bidding of government's infrastructure projects such as double track railway and MRTA/BTS Skytrain extension, as well as the improved private consumption after the end of the First Car project and the personal income tax reform. Also, the governmental sector gradually issues measures to help farmers. For the tourism industry, it is expected to keep growing constantly. And 4) the profits of companies listed in the SET are estimated to still expand at approximately 12-13%YoY, ranking among the top in the Asian region; nonetheless, the Thai stock market still has risk factors to pay attention to: namely 1) the fund flow that tends to go out from newborn stock exchange after Donald Trump won the presidential election and became the new President of the United States, who has major plans of infrastructure investment and tax reduction to draw the funds back into the U.S.A; 2) the signal of interest rate increases 3 times this year after the improvement in the U.S. economy, causing the currency exchange rate to be volatile; 3) the economy in the Euro countries may slow down due to the Brexit effect and the higher political uncertainty owing to new elections to be held in several countries, especially in France, Italy and the Netherlands; and 4) the volatility of financial institutions in Europe and China, including the tendentiously increasing NPL problem of Thai financial institutions.

With all the above reasons, we think that in 2017 Thailand's economic expansion will face great challenges and much pressure towards investment in the Thai stock exchange. Having evaluated the SET index target for 2017 based on the PER estimation from the previous Bands, we found that the lowest point in 5 years was at 13.8 times and the suitable average point of the Fair PER was at 15.7 times, resulting in the index margin between 1,474-1,683 points under the hypothesis on the overall operation of registered companies with a growing chance of 13.8%YoY, and the GDP at 3.2%YoY. However, with the comparison of Forward PER in 2017 for the regional stock markets, it was found that the Forward PER of the Thai stock exchange was at 15.2 times, which is no longer the cheapest or the most distinctive country. Thus, this year the investment in the Thai stock exchange must be carried out in a careful manner because the return on investment in the Thai stock exchange may not be sufficiently convincing to enable fund inflows; and the suitable investment strategy should emphasize only on stocks with outstanding and strong basic factors.

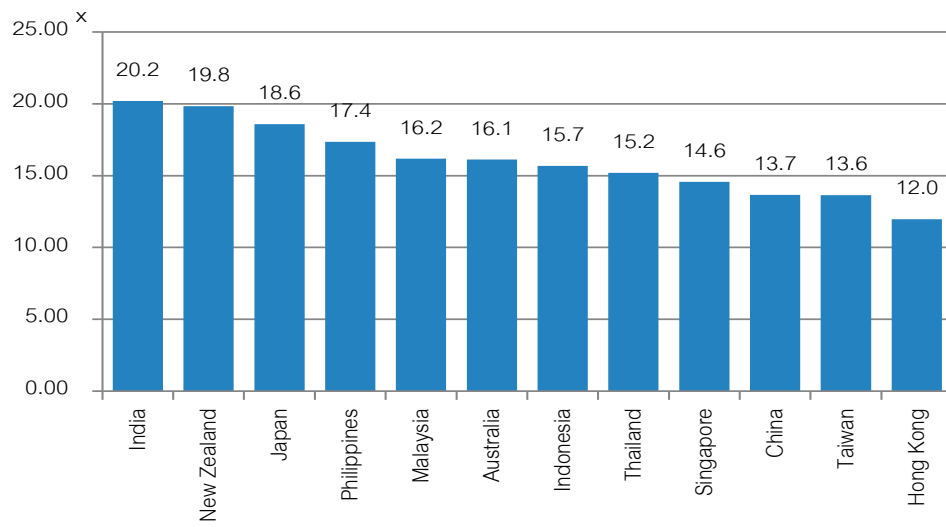
For the securities business this year, it is expected to still face a highly competitive situation in the brokerage business after a few new securities companies were opened (from the end of 2016 where there were already 36 member companies). Therefore, it may be difficult to avoid the price competition; however, in order to survive under the liberalization policy of the securities exchange commission of Thailand, each securities company should be prepared to maintain the old customer base and expand to a new market by increasing the service quality with quality investment recommendation and analysis, as well as to boost or distribute income to other businesses such as the investment banking business or the private fund management business, in order to reduce the risk of dependency on the income earned solely from the brokerage business.

Growth rate of earnings per share of the Thailand stock market



Source : SET

### Forward PER 2017



Source : SET

# RISK FACTORS



AEC Securities Public Company Limited considers the importance of risk management according to the constantly rapid changing environment that affects the Company directly and indirectly. As a result, the Company has a risk control and management department that is essential and to the Company. The risk control and management department is responsible to regulate and must follow the policies of the Board of Directors Executive Committee and Risk Management Sub-committee and also report to the working group's risk management and anti-money laundering monitoring the results of the risk. Moreover, there is an audit and compliance department that functions independently and is responsible for auditing and reviewing the affairs of the Company.

Risks that can affect the Company are as follows: strategic risks, operational risks, financial risks and compliance risks, all of which the Company has developed measures to control as follows;

## 1 Strategic Risk

Strategic risks are risks that result from the inability to operate the Company's business or strategy of the Company, which may be caused by not following the business plan or under the effect of external conditions leading to a change in the business plan.

- **Risks associated with underwriting.**

In investment banking, the Company is responsible for distributing and guaranteeing the distribution of securities. As a result, there are risks should the Company prove unable to distribute all or part of the securities that they have guaranteed, leading to the purchase of securities by the Company itself. This will affect the liquidity of the Company and the Company will sustain a loss from guaranteeing those securities. Risks associated with underwriting include inappropriate pricing, changing market situations, etc. Nevertheless, to reduce such risks, the Company has considered such risks and presented them to the Executive Committee for consideration, including evaluating market conditions before guaranteeing the underwriting. Furthermore, the Company maintains a Net Capital Rule (NCR) at a rate higher than stipulated by the Securities Exchange Commission (SEC). As at December 30, 2016, the company had NCR was 700.51 Million Baht or 62.26%.

## 2. Operational Risk

Operational risks is a risks associated with the operation of the system and personnel in each of the activities Within the company and risks associated with managing information technology, including information in order to achieve the performance targets. The operational risk will affect the efficiency of the process and the mail objectives of the company as a whole.

- **Risks associated with personnel.**

In presently, the securities business is a highly competitive environment, personnel with knowledge, experience and expertise is essential to the success of the Company. In such a competitive environment, there are always risks in personnel moving within and out of the Company. If experienced personnel leave the Company, this will affect the revenues of the Company.

Nevertheless, the Company recognizes the importance of human resources to carry out its business steadily and consistently. So, the company has continually developing personnel with training, including provides effective ongoing as well as increase awareness of ethical awareness to the personnel of the Company and clear and appropriate remuneration. In addition, the company also has a policy of personnel aimed at creating a new generation of effective and ethical behavior.

- **Risk associated with reliance on major customers.**

In 2015, the brokerage department of the Company is departments that generate the majority of revenue for the company by turnover, mostly from a number of major customers. While retail customers still have lower ratios result in the concentration of revenues with major customers, if the volume of customers has decreased significantly may affect the income of the brokerage firm aware of the risks of such a policy to expand the number of retail customers and trading value increased steadily in order to diversify sources of revenue to balance.

### **3. Financial Risk**

Financial risks are risks that affect the financial position of the Company and such risks may be divided into 1) Credit Risks, which are caused by customers defaulting due to breaches in the agreements and not paying their debts, and 2) Market Risks, which are caused by fluctuations in interest rates, exchange rates and prices of securities. The risk factors are below;

- **Credit Risk**

- **Risks from Credit Balance Accounts**

The Company has established policies and guidelines for the control of risks associated with credit balance accounts by evaluating the trading limit in accordance to the financial position of customers to trade securities and discharge their debts. The Company constantly revises the trading limit of customers and adjusts them to the financial position and trading behavior of customers. In addition, the Company also limits the credit limit of each customer not to exceed the overall credit limit of all customers to protect against financial risks.

Furthermore, the Company also determines lists of approved securities for trading on credit balance accounts in order to determine securities with quality and standard. The Company will consider basic factors and liquidity in the trading of securities (Market Capitalization, Daily Turnover Ratio, Price-Earnings Ratio, Price/Book Value Ratio), as well as determining the volume of securities to be used for trading or as margin, in order to limit over-possession of any single security. To this end, the Company constantly monitors such measures on a daily basis, including determining the policies for using securities as margin, calling margin, force selling, to limit losses that may occur to customers and the Company. Furthermore, the credit control committee meets on a monthly basis to consider all issues related to loans and risks associated with providing loans for securities trading.

- **Risks from Derivatives Trading.**

In futures trading, the Company holds risks from the margin provided by customers to settle debts at the Futures Exchange Clearing House derived from customers making losses in futures contracts. Therefore, to reduce such risks, the Company will only consider customers who are knowledgeable and experienced in futures trading as stipulated by the Company and determine the appropriate trading limit. The financial position, ability to settle debts and ability to provide cash before making trading orders are essential in determining customers. The Company is constantly evaluating trading limits and monitors the trading of futures by customers, as well as making sure that the margin is at the appropriate level according to the relevant regulations. This is to limit huge losses suffered by customers, including force selling should customers breach their agreements.

- **Market Risk**

- **Risks associated with Market Fluctuations.**

The Company operates in securities business as (1) Securities Brokerage Group such Securities Brokerage, Derivatives Brokerage, Securities Lending and Borrowing (2) Investment Banking Group such Underwriting, Investment advisory, Merger and Acquisition etc. (3) Investment Management Group such Mutual Funds. The majority of revenue from the company's brokerage business, which that related to several factors. Fluctuations in the economic that are impact factors including the capital market in Thailand over the past year are highly volatile. Results of risk factors are from domestic factors and external risks factors which has affected the arrival of the inevitable. Risk factors for domestic, In Politically of Thailand are under the current constitution and no elections. In Economy is forecast to grow slowly even though the Government has a policy on investment and development of large infrastructure whatsoever. The factors such was the impact on the economic and financial results of the listed company



which may cause the SET Index has volatility and trading volume in the stock market will pose a moderate due to the risk to the performance of the business brokerage and securities accounts for its investment (Portfolios). The Company's policy is focused on the distribution fees to the Derivative business, Securities lending and borrowing, Investment banking and Investment Management.

- **Risks associated with Invested Capital.**

The Company has invested in equity instruments which have risks of falling prices resulting from fluctuations in the market. As a result, the Company has countered such risks by diversifying their investments in a variety of types of products, both short-term and long-term, and the Investment Committee is responsible for setting policies and guidelines towards safe and sound investment. The Investment Committee regulates and monitors such risks associated with investments as well.

#### **4. Compliance Risk**

Securities companies operate under the laws, rules and regulations of the SEC and SET. Should such rules and regulations change, they may affect the competitiveness, financial costs and operations of the Company. Any breach of the rules or regulations by intention or negligence may cause the Company to be suspended or lose its variety of licenses.

To protect against such risks, the Company has appointed the audit and compliance department, which is independent from management, to monitor and follow the operations of the Company under the relevant regulations and policies of the Company, as well as informing the Company of any changes in the rules and regulations of SEC and SET.

The group of major shareholders to influence corporate policy, management or operation of the company significantly (as of December 30, 2016) is a Milindachinla Group (Mr. Praphol Milindachinla, Chairman of Executive Officer holds as 23.557% and Mrs. Vimolwan Milindachinla holds as 0.823%). The Company there is no shareholding agreement between the major shareholders in matters that affect the management of the Company.

## OTHER IMPORTANT INFORMATION

### ❖ Events after 31 December 2016

- On January 30, 2017 Mr.Thada Chanprasit, the Company's director and Executive director, has resigned from directorship.
- On February 26, 2017, acknowledge to resignation of Mr. Praphol Milindhachainda, the Company's Authorize Director and Chairman of the Executive Director.
- On February 26, 2017, the Board of Director Meeting No.2/2017 to appointment of Mr. Pitsanu Vichitcholchai as Executive Director, replacement of Mr. Thada Chanprasit, Resign before the end of term.
- On February 28, 2017, the opening of Nakhon Ratchasima. Branch.

# SHAREHOLDING INFORMATION

## 1. Amount of Registered Capital

As of 30 December 2016, the Company has a registered capital of THB 2,414,615,498 and a paid-up capital of THB 1,224,224,758 in the amount of 1,224,224,758 ordinary shares (no preferred shares) at a par value of THB 1.00

## 2. Shareholders

The top twenty major shareholders of the Company as of the Book Closing Date on 30 December 2016.

No.	Shareholder	Amount of Shares	Percentage of Registered Capital
1	Mr. Praphol Milindachinla	288,400,000	23.557
2	P-SAT Corporation Co.,Ltd.	81,821,070	6.683
3	Thai NVDR Company Limited	60,305,900	4.926
4	Mr. Tanet Panichewa	45,000,000	3.676
5	Mrs. Kingkarn Samitanon	27,590,380	2.254
6	Mrs. Anunya Rueongsakvichit	24,083,700	1.967
7	Ms. Pimsuda Suttisonk	21,000,000	1.715
8	Thai Luxe Enterprise Pcl.	18,500,200	1.511
9	Mr. Chuchart Jareanudompol	17,006,100	1.389
10	Mr. Kasin Wangsawangkul	16,499,900	1.348
11	Mrs. Duangta Jaiyen	16,300,000	1.331
12	Mrs. Sureerat Eaemsa-ard	15,700,600	1.282
13	Mr. Boonkiat Uesudkij	15,129,100	1.236
14	Ms. Siriwna Panichiwa	12,000,000	0.980
15	Mr. Suchaicharn Wongpiyabaworn	11,258,900	0.920
16	Mr. Piluck Wongwaisayawan	11,000,100	0.899

No.	Shareholder	Amount of Shares	Percentage of Registered Capital
17	Ms. Kantakorn Smitanon	11,000,000	0.899
18	Ms. Vimolwan Milindachinla	10,080,800	0.823
19	Mrs. Tunyarat Tungpadungrat	9,897,050	0.808
20	Mrs. Nattamon Yongthunyaroj	8,000,000	0.653
	<b>Total</b>	<b>777,165,550</b>	<b>63.479</b>

*Major shareholders with influence on policy-making, management and operation of the Company:*

*Mr. Praphol Milindachinla (Authorized Director)*

### 3. Public Offering

#### 1) Increase of ordinary shares of AEC Securities Public Company Limited

##### (A) Decrease of Capital

The Annual General Meeting of Shareholders year 2015 held on 30 April 2015 approve the reduction of the registered capital of the Company from Baht 1,331,716,928 to Baht 1,325,403,898 by cancelling 6,313,030 authorized but unissued ordinary shares at a par value of Baht 1 each (save for the authorized but unissued ordinary shares amounting to 89,211,600 shares which have been reserved for exercising of the holders of the Warrants to purchase the ordinary shares of the Company –Type 2 (“AEC- W2” or “Warrants-Type 2”) and the Warrants to purchase the ordinary shares of the Company –Type 3 (“AEC-W3” or (“Warrants-Type 3”))

##### (B) Increase of Capital

The Annual General Meeting of Shareholders year 2015 held on 30 April 2015 approve the increase of the registered capital of the Company from Baht 1,325,403,898 to Baht 2,414,615,498 by issuing 1,089,211,600 new ordinary shares at a par value of Baht 1 each. Detail as follows;

Type of capital increase	Type of Shares Issued	Number of shares (shares)	Par Value (THB/Share)	Total (THB)
Specifying the use of proceeds	Ordinary	1,089,211,600	1.00	1,089,211,600
	Preferred	-	-	-

##### (C) Allotment of Newly Issued Ordinary Shares

Allotted to	Number of shares (shares)	Ratio (Old : New)	Sale Price (THB/Share)	Subscription and payment period	Note
Existing Shareholders (Right Offering)	300,000,000	4 : 1	1.00	16-22 June 2015	-
Private Placement	200,000,000	-	1.00	16-22 June 2015	-
To be reserved for exercising rights of the warrants (AEC-W4) to be issued to the existing shareholders who subscribe for the right offering shares <sup>(1)</sup>	300,000,000	N/A	N/A	16-22 June 2015	Exercise Price = 1.00 Baht/comm on share
To be reserved for exercising rights of the warrants (AEC-W5) to be issued to the investors who subscribe for the privately placed shares <sup>(2)</sup>	200,000,000	N/A	N/A	16-22 June 2015	Exercise Price = 1.00 Baht/comm on share
To be reserved for adjustment of exercising rights of the warrants (AEC-W2 and AEC-W3)	89,211,600	N/A	N/A		-

2) Details of the Warrants to Purchase the Ordinary Shares of the Company Series #3 Issued to the Private Placement Subscribers (AEC-W3)

Type of Warrants	The third series of warrants to purchase the newly issued ordinary shares of the Company ("AEC-W3")
Category of Warrants	Stated the name of the holder and transferable
Maturity	Not more than 3 years from the Issuance Date
Amounts of Warrants Issued	50,000,000 Units

Selling Price/Unit	-0-
Allocation Method	AEC-W3 will be allocated to the Private Placement subscriber at the ratio of 1 unit of warrant for each 2 newly issued ordinary shares.
Number of Ordinary Shares Reserved for the Exercise of AEC-W3	50,000,000 common shares with 1.00 Baht par value each, or 5.92% of the current outstanding common shares as of 19 December 2013
Conversion Ratio	1 unit of warrant can be converted to 1 ordinary share (except there is any adjustment to rights)
Exercise Price	3.00 Baht/share (except there is any adjustment to rights)
Exercise Periods	The warrant holders can exercise their rights on the last business day of every March and September between 9.00 am to 3.30 pm over the tenor of the warrants.  The first exercising date is 31 March 2015 and the last exercising date is 26 March 2018 the date when the warrants are mature. If the exercising date is a holiday, the exercise date will be the last business day before the exercise date.
Declaration of Exercising Rights	Within 5 days before the exercising period
Last Declaration of Exercising Rights	Not fewer than 15 days before the last exercising period
Conditions on Warrant Exercising Rights	According to the terms and conditions of AEC-W3, as approved by the Shareholders.
Conditions on Issuing Additional Ordinary Shares in case of Right Adjustments:	When there is an adjustment of exercise price and conversion ratio as stipulated within the terms and conditions of AEC-W3.
Offering Period for AEC-W3:	The allocation of AEC-W3 to the existing shareholders who subscribe to the Private Placement will be made within one year after the Approval of the Shareholders.
Secondary Market for AEC-W3	None
Secondary Market for the Ordinary Shares Issued for the Exercised Warrants:	The Stock Exchange of Thailand

Benefits of the New Ordinary Shares Issued for the Conversion of Warrants	The New Ordinary Shares Issued from the Conversion of Warrants will have the same rights and benefits as the existing ordinary shares
Conditions for Right Adjustment	<p>Exercise Price and Conversion Ratio can be adjusted over before the maturity of the warrants, AEC-W3, in order to maintain the rights and benefits of the warrant holders under the following circumstances,</p> <ol style="list-style-type: none"> <li>1) when there is a change in the par value of the shares of the Company as a result of the share merger or share splits,</li> <li>2) when the Company sell newly issued shares at the price below 90% of the market price,</li> <li>3) when the Company sell convertible securities with the exercise price below 90% of the market price,</li> <li>4) when the Company pays stock dividends, fully or partially, to the shareholders,</li> <li>5) when the Company pays cash dividends at the payout rate which is higher than the rate stipulated in the terms and conditions, and</li> <li>6) where there are other circumstances similar to the above which worsen the rights and benefits of the warrant holders.</li> </ol> <p>The Board of Directors or any assigned Person will make decisions on changes in terms and conditions related to the adjustment in exercise price and conversion ratio.</p>
Remaining Warrants after Expiry Date	To be cancelled
Other Conditions	<p>Assign the Board of Directors or any Person assigned to have the authority to set conditions and details of the AEC-W3, including the offering and allocation methods, negotiation, entering into any contract or agreement, acquiring permission from any state agency (if needed), or any necessary transaction related to the issuance of AEC-W3, and to register the AEC-W3 with the Stock Exchange of Thailand.</p> <p>The Company will not extend the maturity of AEC-W3 or make any adjustment other than those stated herein.</p>
Registrar of the Warrants	AEC Securities Public Company Limited



3) Details of the Warrants to Purchase The Ordinary Shares of the Company Series #4 Issued to the Existing Shareholders who Subscribe to the Right Offering (AEC-W4)

Type of Warrants	The fourth series of warrants to purchase the newly issued ordinary shares of the Company (AEC-W4)
Category of Warrants	Stated the name of the holder and transferable
Maturity	Not more than 3 years from the Issuance Date
Amounts of Warrants Issued	300,000,000 units
Selling Price/Unit	-0-
Offering Method	The Company will allocate AEC-W4 to the shareholders who subscribe to the Right Offering.
Allocation Method	<p>AEC-W4 will be allocated to the shareholders who subscribe to the Right Offering. The list of the shareholders who are eligible for the Right Offering will be determined on May 28, 2015 (Record Date) and the book closing date will be May 29, 2015.</p> <p>The newly issued ordinary shares as aforementioned shall be offered to the existing shareholders at the ratio of 4 existing ordinary shares to 1 newly issued ordinary share in combination with 1 unit of the Warrants to purchase the ordinary shares of the Company –Type 4 (i.e. 1 newly issued ordinary share to 1 unit of the Warrants). The offering price for newly issued ordinary shares shall be Baht 1 per share and for the Warrants–Type 4 shall be Baht 0 per unit. The exercise price for the Warrants-Type 4 shall be Baht 1 per share (except in case of rights adjustment), provided that any fraction of shares or Warrants derived from the calculations shall be disregarded and the existing shareholders who exercise their right to subscribe the newly issued shares are required to subscribe all Warrants-Type 4 at the same time and in line with their proportion.</p>
Number of Ordinary Shares Reserved for the Exercise of AEC-W4	300,000,000 common shares with 1.00 Baht par value each, or 27.03% of the current outstanding common shares as of February 3, 2015.

Conversion Ratio	1 unit of warrant can be converted to 1 ordinary share (except there is any adjustment to rights)
Exercise Price	1.00 Baht/share (except there is any adjustment to rights)
Exercise Periods	The warrant holders can exercise their rights on the last business day of every June and December between 9.00 am to 3.30 pm over the tenor of the warrants.  The first exercising date is December 30, 2015 and the last exercising date is May 27, 2018 the date when the warrants are mature. If the exercising date is a holiday, the exercise date will be the last business day before the exercise date.
Declaration of Exercising Rights	Within 5 days before the exercising period.
Last Declaration of Exercising Rights	Not fewer than 15 days before the last exercising period.
Conditions on Warrant Exercising Rights	According to the terms and conditions of AEC-W4, as approved by the Shareholders
Conditions on Issuing Additional Ordinary Shares in case of Right Adjustments	When there is an adjustment of exercise price and conversion ratio as stipulated within the terms and conditions of AEC-W4
Offering Period for AEC-W4	The allocation of AEC-W4 to the existing shareholders who subscribe to the Right Offering will be made within one year after the Approval of the Shareholders.
Secondary Market for AEC-W4	The Stock Exchange of Thailand
Secondary Market for the Ordinary Shares Issued for the Exercised Warrants	The Stock Exchange of Thailand
Benefits of the New Ordinary Shares Issued for the Conversion of Warrants	The New Ordinary Shares Issued from the Conversion of Warrants will have the same rights and benefits as the existing ordinary shares.

Conditions for Right Adjustment	<p>Exercise Price and Conversion Ratio can be adjusted over before the maturity of the warrants, AEC-W4, in order to maintain the rights and benefits of the warrant holders under the following circumstances,</p> <ol style="list-style-type: none"> <li>1) when there is a change in the par value of the shares of the Company as a result of the share merger or share splits,</li> <li>2) when the Company sell newly issued shares at the price below 90% of the market price,</li> <li>3) when the Company sell convertible securities with the exercise price below 90% of the market price,</li> <li>4) when the Company pays stock dividends, fully or partially, to the shareholders,</li> <li>5) when the Company pays cash dividends at the payout rate which is higher than the rate stipulated in the terms and conditions, and</li> <li>6) where there are other circumstances similar to the above which worsen the rights and benefits of the warrant holders.</li> </ol> <p>The Board of Directors or any assigned Person will make decisions on changes in terms and conditions related to the adjustment in exercise price and conversion ratio.</p>
Remaining Warrants after Expiry Date	To be cancelled.
Other Conditions	<p>Assign the Board of Directors or any Person assigned to have the authority to set conditions and details of the AEC-W4, including the offering and allocation methods, negotiation, entering into any contract or agreement, acquiring permission from any state agency (if needed), or any necessary transaction related to the issuance of AEC-W4, and to register the AEC-W4 with the Stock Exchange of Thailand.</p> <p>The Company will not extend the maturity of AEC-W4 or make any adjustment other than those stated herein.</p>
Registrar of the Warrants	Thailand Securities Depository Company Limited ("TSD")

4) Details of the Warrants to Purchase The Ordinary Shares of the Company Series #5 Issued to the Private Placement Subscribers (AEC-W5)

Type of Warrants	The five series of warrants to purchase the newly issued ordinary shares of the Company ("AEC-W5")
Category of Warrants	Stated the name of the holder and transferable
Maturity	Amounts of Warrants Issued
Amounts of Warrants Issued	200,000,000 Units
Selling Price/Unit	-0-
Offering Method	The Company will allocate AEC-W5 to the shareholders who subscribe to the Private Placement
Allocation Method	AEC-W5 will be allocated to the Private Placement subscriber at the ratio of 1 unit of warrant for each 1 newly issued ordinary shares
Number of Ordinary Shares Reserved for the Exercise of AEC-W5	200,000,000 common shares with 1.00 Baht par value each, or 18.02 % of the current outstanding common shares as of February 3, 2015.
Conversion Ratio	1 unit of warrant can be converted to 1 ordinary share (except there is any adjustment to rights)
Exercise Price	1.00 Baht/share (except there is any adjustment to rights)
Exercise Periods	<p>The warrant holders can exercise their rights on the last business day of every June and December between 9.00 am to 3.30 pm over the tenor of the warrants.</p> <p>The first exercising date is 30 December 2015 and the last exercising date is 30 June 2018 the date when the warrants are mature. If the exercising date is a holiday, the exercise date will be the last business day before the exercise date.</p>
Declaration of Exercising Rights	Within 5 days before the exercising period
Last Declaration of Exercising Rights	Not fewer than 15 days before the last exercising period

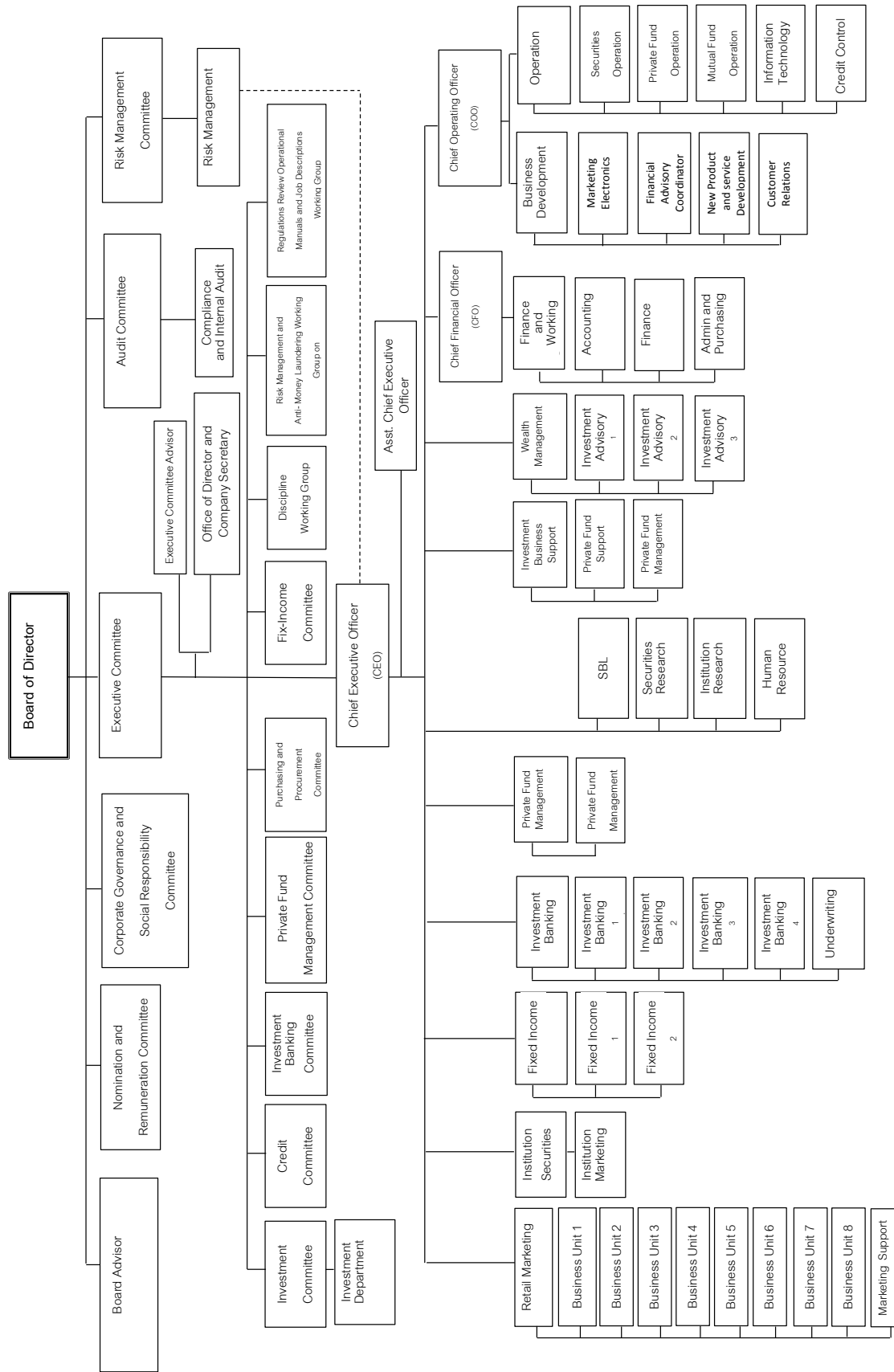
Conditions on Warrant Exercising Rights	According to the terms and conditions of AEC-W5, as approved by the Shareholders
Conditions on Issuing Additional Ordinary Shares in case of Right Adjustments:	When there is an adjustment of exercise price and conversion ratio as stipulated within the terms and conditions of AEC-W5.
Offering Period for AEC-W5:	The allocation of AEC-W5 to the existing shareholders who subscribe to the Private Placement will be made within one year after the Approval of the Shareholders.
Secondary Market for AEC-W5	None
Secondary Market for the Ordinary Shares Issued for the Exercised Warrants:	The Stock Exchange of Thailand
Benefits of the New Ordinary Shares Issued for the Conversion of Warrants	The New Ordinary Shares Issued from the Conversion of Warrants will have the same rights and benefits as the existing ordinary shares

Conditions for Right Adjustment	<p>Exercise Price and Conversion Ratio can be adjusted over before the maturity of the warrants, AEC-W5, in order to maintain the rights and benefits of the warrant holders under the following circumstances,</p> <ol style="list-style-type: none"> <li>1) when there is a change in the par value of the shares of the Company as a result of the share merger or share splits,</li> <li>2) when the Company sell newly issued shares at the price below 90% of the market price,</li> <li>3) when the Company sell convertible securities with the exercise price below 90% of the market price,</li> <li>4) when the Company pays stock dividends, fully or partially, to the shareholders,</li> <li>5) when the Company pays cash dividends at the payout rate which is higher than the rate stipulated in the terms and conditions, and</li> <li>6) where there are other circumstances similar to the above which worsen the rights and benefits of the warrant holders.</li> </ol> <p>The Board of Directors or any assigned Person will make decisions on changes in terms and conditions related to the adjustment in exercise price and conversion ratio.</p>
Remaining Warrants after Expiry Date	To be cancelled
Other Conditions	<p>Assign the Board of Directors or any Person assigned to have the authority to set conditions and details of the AEC-W5, including the offering and allocation methods, negotiation, entering into any contract or agreement, acquiring permission from any state agency (if needed), or any necessary transaction related to the issuance of AEC-W5, and to register the AEC-W5 with the Stock Exchange of Thailand.</p> <p>The Company will not extend the maturity of AEC-W5 or make any adjustment other than those stated herein.</p>
Registrar of the Warrants	AEC Securities Public Company Limited

### **Payment of Dividends**

The Company has a policy of paying dividends to shareholders at 75 percent of the net profit for each year. The Board of Directors has the authority to waive this policy or change the policy at their discretion. However, such actions must be for the maximum benefit of the shareholders, such as the necessary use of capital to service any remaining debt, the use of capital to expand the Company's business or to prepare for any changes in the economy and the market that can have an effect on the liquidity of the Company.

# ORGANIZATION STRUCTURE



Organization Structure  
AEC Securities Public Company Limited



# MANAGEMENT STRUCTURE



## Management Structure

The management structure of the Company includes comprises of the Board of Directors, the Board of Executive Directors and with details as follows:

- |  |   |
|--|---|
| 1. Audit Committee   | 8. Investment Banking Sub-Committee   |
| 2. Executive Committee   | 9. Purchasing and Procurement Sub-Committee                                     |
| 3. Corporate Governance<br>and Social Responsibility Committee | 10. Risk Management and Anti-Money<br>Laundering Working Group on Sub-Committee |
| 4. Nominations and Remuneration Committee                      | 11. Fixed Income Sub-Committee  |
| 5. Risk Management Committee                                   | 12. Private Fund Management Sub-Committee                                       |
| 6. Credit Sub-Committee  | 13. Discipline Working Group Sub-Committee                                      |
| 7. Investment Sub-Committee                                    |   |

### 1. The Board of Directors

As of 31 December 2016, the Company has 11 directors on the Board of Directors comprising of 5 executive directors (45.45%) and 6 non-executive independent directors (54.54%) as follows:

No	Name	Board of Director	Date of Appointment
1	Mom Rajawongse Somlabh	Chairman and Independent Director	30 Apr 2013
2	Prof. Dr. Chaiya Yimwilai	Chairman of Audit Committee and Independent Director	30 Apr 2013
3	Mr. Paisit Kaenchan	Audit Committee and Independent Director	30 Apr 2013
4	Ms. Siriporn Thongkam	Audit Committee and Independent Director	30 Apr 2013
5	Mr. Weerasak Kowsurat	Independent Director	19 Aug 2013
6	Dr. Vichya Krea-ngam	Director	9 Dec 2014
7	Mr. Praphol Milindachinla*	Director and Chairman of Executive Committee	30 Apr 2013
8	Mr. Polchet Likittanasombat*	Director and Executive Committee	6 Jun 2014
9	Mr. Angoon Phimpkorn*	Director and Executive Committee	22 Aug 2015
10	Mr. Chanachai Joonjirapornand*	Director and Chief Executive Officer	20 Apr 2016
11	Mr. Thada Chanprasit*	Director and Chief Operation Officer	22 Apr 2015
The secretary is Mr. Thaveedej Uyawong			

\*Director as Executive Committee

### Authorized Directors

The company's authorized signatory is Mr. Praphol Milindachinla Mr. Polchet Likittanasombat Mr. Angoon Phimpkorn Mr. Chanachai Joonjirapornand and Mr. Thada Chanprasit 2 of 5 directors' co-sign together with the company's seal affixed.

### Authorization and responsibilities of the Board of Directors

All directors are involved in the management of the Company and its business, and are all independent and neutral for the benefit of the shareholders and all stakeholders. The Board of Directors meets at least once a month to consider various agendas and manage the Company to reduce risks. The scope of authority of the Board of Directors is as follows:

1. To manage under the law, objectives and articles of the Company as prescribed at the General Meeting of Shareholders.
2. To manage under the authorities prescribed in the Memorandum of Association.
3. To appoint persons or a group of persons to carry out actions on behalf of the Board of Directors.
4. To formulate policies, goals and plans of the Company, including managing and supervising the management of the Company.
5. To fulfill the roles, responsibilities and duties as directors of the Company as prescribed under the relevant laws such as good faith, code of ethics and accountability to the shareholders.
6. To formulate the management and control of risks in the management of the Company

### Knowledge and Experience of Director

Name	Position	Finance and Capital Markets	Law and Regulations	Accounting and Finance	Management
Mom Rajawongse Somlabh Kitiyakara	Chairman of the Board of Directors and Independent Director				X
Prof. Dr. Chaiya Yimwilai	Chairman of the Audit Committee and Independent Director	X	X	X	X
Mr. Paisit Kaenchan	Audit Committee and Independent Director	X		X	X
Ms. Siriporn Thongkam	Audit Committee and Independent Director	X		X	X
Mr. Weerasak Kowsurat	Independent Director		X		X
Dr. Vichya Krea-ngam	Director		X		X
Mr. Praphol Milindachinla	Director and Chairman of the Executive Committee	X	X		X
Mr. Polchet Likittanasombat	Director and Executive Director	X	X		X
Mr. Angoon Phimpkorn	Director and Executive Director		X		X
Mr. Chanachai Joonjirapornand	Director and Chief Executive Officer	X			X
Mr. Thada Chanprasit	Director and Chief Operation Officer	X	X	X	X

## 2. Sub-Committees

### 2.1 Audit Committee

As of 31 December 2016, there are 3 members of Audit committee as follow:

No.	Name	Position
1	Prof. Dr. Chaiya Yimwilai	Chairman of the Audit Committee and Independent Director
2	Mr. Paisit Kaenchan	Audit Committee and Independent Director
3	Ms. Siriporn Thongkam	Audit Committee and Independent Director
	The Audit committee Secretary : Mr. Kasidit Nuchtan	

#### Authorization and responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure accuracy and adequacy.
2. To ensure that the connected transaction or transaction that may lead to conflict of interest has been done in compliance to the relevant laws and regulations.
3. To ensure that the Company has a suitable and efficient internal control system and internal audit system.
4. To ensure the independency of the Compliance and Internal Audit Department and to approve the appointment, transfer or employment termination of the head of the Compliance and Internal Audit Department or other related department.
5. To consider, select, nominate, and recommend remunerations of the Company's external auditor to present to the meeting of shareholders to consider and approve.
6. To review the management of the executives to ensure compliance with the recommendations and policies on compliance and internal audit.
7. To review the Company and its compliance with the laws and regulations related to the SEC, SET and other relevant laws and regulations.
8. To review the risk control and management system, as well as the maintenance and safety of the Company's information technology systems.
9. To report important matters to the Board of Directors.
10. To prepare a report of the Audit Committee as required by the SET and disclose it in the annual report of the Company, and have such a report signed by the Chairman of the Audit Committee.
11. To review and adjust the Audit Committee Charter at appropriate times and in case of any changes to the charter, such changes must be approved by the Board of Directors.

12. In case the auditor finds suspicious behavior that the directors or executives of the Company has committed a breach and reported such breach to the Audit Committee, the Audit Committee will immediately review such breach and report the matter to the SEC and the auditor.
13. To perform any other duties assigned by the Board of Directors.

## 2.2 Executive Committee

As of 31 December 2016, there are 5 members of Executive Committee as follow:

No.	Name	Position
1	Mr. Praphol Milindachinla	Chairman of the Executive Committee
2	Mr. Polchet Likittanasombat	Executive Director
3	Mr. Angoon Phimphorn	Executive Director
4	Mr. Chanachai Joonjirapornand	Chief Executive Officer and Director
5	Mr. Thada Chanprasit	Chief Operation Officer and Director
The Executive Committee Secretary : Mr. Thaveedej Uyawong		

### Authorization and responsibilities of the Executive Committee

Is responsible for the daily business operations related to the implementation and provide decision management systems and risk controls are adequate in terms of risk and overall risk profile of transactions provided by an analysis of the problems, a major risk measurement, risk control and monitor risks that could result in such damage has been damaged, policy and strategy, credit risk, market risk, liquidity risk and operational risk, as required under the scope approved by the Board of Directors.

In addition to a streamlined operation and internal control system in accordance with the practices and policies of the Company set rules about the cost as follows:

- (A) The cost of the purchasing asset, chief executive officer can approve expenses in an amount not exceeding THB 500,000 per times. Executive committee can approve expenses in an amount not exceeding THB 50 million per time and if the expense is more than THB 50 million per time, The expense shall be submitted to the Board of Director for approval.
- (B) The cost of supply (other than (A)) Chief Executive officer may approve expenses in an amount not exceeding THB 100,000 per time. The Executive Committee can approve expenses in an amount not exceeding THB 50 million per time. If the costs exceed THB 50 million per time, the cost shall be submit to the Board of Director for approval.

- (C) Costs related to employees and directors. Chief Executive officer may approve charges based on the amount actually paid. The Executive Committee can approve expenses in an amount not exceeding THB 50 million per time, and if the costs exceed THB 50 million per time, the cost shall be submit to the Board of Director for approval.
- (D) Miscellaneous expenses, Chief Executive officer can approve expenses in an amount not exceeding THB 50,000 per time. The Executive Committee can approve expenses in an amount not exceeding THB 50 million per time, and if the costs exceed THB 50 million per time the cost shall be submit to the Board of Director for approval

### 2.3 Corporate Governance and Social Responsibility Committee

As of 31 December 2016, there are 3 members of Corporate Governance and Social Responsibility

Committee as follow:

No.	Name	Position
1	Mr. Weerasak Kowsurat	Chairman of the Corporate Governance and Social Responsibility Committee
2	Mr. Surachai Puprasert	Corporate Governance and Social Responsibility Committee
3	Dr. Sorajak Kaseamsuwan	Corporate Governance and Social Responsibility Committee
The Corporate Governance and Social Responsibility Committee Secretary : Mr. Thada Chanprasit		

#### Authorization and responsibilities of the Corporate Governance and Social Responsibility Committee

1. Proposed Policy Statement on Corporate Governance and Corporate Social Responsibility. Including policies to create develop and promote the image and brands of the company
2. Overseeing the company's operations to ensure compliance with corporate governance and social responsibility of regulatory agencies such as the Securities and Exchange Commission, The Stock Exchange of Thailand and Government Official.
3. Review of policy on corporate governance and social responsibility of the company regularly.
4. Proposed restrictions on the conduct of the business of the Company and the practice of manual employees, including executives, directors and consultants.
5. To promote a culture of good corporate governance participation in social activity and activities for sustainable development the effect in practice.
6. To appoint sub- committees to be responsible for supporting the Corporate Governance and Social Responsibility Committee of the Board of Directors as appropriate.
7. To perform any other duties assigned by the Board of Directors.

## 2.4 The Nomination and Remuneration Committee

As of 31 December 2016, there are 3 members of Nomination and Remuneration Committee as follow:

No.	Name	Position
1	Mr. Weerasak Kowsurat	Chairman of Nomination and Remuneration Committee
2	Mr. Paisit Kaenchan	Nomination and Remuneration Committee
3	Ms. Siriporn Thongkam	Nomination and Remuneration Committee
The Nomination and Remuneration Committee Secretary : Mr. Thada Chanprasit		

### Authorization and responsibilities of the Nomination and Remuneration Committee

1. Reviewing the Board of Director's structure to be appropriate to the strategies of the company and proposes a guidelines for improving criteria for prospect candidates to be comply with the company's strategies.
2. Recommend and assess the nominees for directorship or the chief executive officer and set up criteria and selection method of qualified candidates propose to the Board of Director for approval.
3. Determine the remuneration packages for directors and the chief executive officer.
4. Establish, in a fair manner, criteria which will create the expected results to the Board of Director for approval.
5. To perform any other duties assigned by the Board of Director.

## 2.5 The Risk Management Committee

As of 31 December 2016, there are 3 members of Risk Management Committee as follow:

No.	Name	Position
1	Mr. Weerasak Kowsurat	Chairman of Risk Management Committee
2	Ms. Siriporn Thongkam	Risk Management Committee
3	Dr. Vichya Krea-ngam	Risk Management Committee
The of Risk Management Committee Secretary : Mr. Sataya Rangseekajee		

### Authorization and responsibilities of The Risk Management Committee

1. Reviewed the policy of risk management transactions, the company provides comprehensive credit risk (Credit Risk) Market Risk (Market Risk) risk operations (Operation Risk) Risk Strategy (Strategic Risk) risk conditions liquidity (liquidity risk) and other risks, including the risks in Law (Legal risk) and regulation (Regulatory risk).

2. To consider and review the guidelines and tools to manage risks effectively. And appropriate to the nature, size and risk of each transaction in which it operates.
3. To consider and review the limits of risk (Risk Limits / Risk Appetite) and measures in the event did not meet the required threshold of risk (Corrective Measures).
4. Monitoring, risk assessment, both in normal and crisis (Stress Testing).
5. Assessment of the risks that may arise from new products or risk potential for a transaction to be re-established. The guidelines for hedge transactions may occur.

## 2.6 The Credit Sub-Committee

As of 31 December 2016, there are 3 members of the Credit Sub-Committee as follow:

No.	Name	Position
1	Mr. Thada Chanprasit	Chairman of Credit Sub-Committee
2	Mrs. Vallapa Sunakorn	Credit Sub-Committee
3	Mrs. Amporn Chiammunchit	Credit Sub-Committee
4	Mr. Wiwat Angsupipat	Credit Sub-Committee
5	Mrs. Narumon Noisetta	Credit Sub-Committee
6	Mr. Sataya Rangseekajee	Credit Sub-Committee
	The Credit Sub-Committee Secretary : Mrs. Yada Atsongkram	

### Authorization and responsibilities of The Credit Sub-Committee

1. Determining the direction and review of credit limit of customers in accordance with the rules and regulations of the company, the Association of Thai Securities Companies, the Stock Exchange of Thailand and the Securities Exchange Commission.
2. Authorizing credit limit of customers.
3. Approval the credit limit of customers for all types of trading account.
4. Approval of the list of securities, its quantity and margin rate that is available for short selling and buying under a credit margin trading account.
5. Review, amend and change interest rates for deposits and loans for all types of trading accounts related to the securities business and derivatives business.



6. Determine policy and direction in risk management related to the securities business and derivatives business.
7. Receive reports regarding losses resulting from trades by customers that are accidentally transferred into the company's account.
8. Reviewing and proposing the authorized persons to approve the credit limit of customers for all types of trading account.
9. Review the terms and conditions for new types of transactions.
10. Others as designated by the company.

## 2.7 The Investment Sub-Committee

As of 31 December 2016, there are 3 members of Investment Sub-Committee as follow:

No.	Name	Position
1	Mr. Thada Chanprasit	Chairman of Investment Sub-Committee
2	Mrs. Amporn Chiammunchit	Investment Sub-Committee
3	Mr. Thaveedej Uyawong	Investment Sub-Committee
	The Investment Sub-Committee Secretary : Ms. Supornrat Chokchaikatanyu	

### Authorization and responsibilities of The Investment Sub-Committee

1. Determine direction and follow-up procedures regarding investment activities of the company, including demanding employees of the company to provide information regarding operations and requesting documentation in order to be reviewed.
2. Follow and evaluate the investment of the company under the objectives and missions of the company, including reporting and providing opinions of such investments to the Executive Committee.
3. Recommending and proposing ideas and opinions to the Executive Committee regarding investments by the company.
4. Others as designated by the company.

## 2.8 The Investment Banking Sub-Committee

As of 31 December 2016, there are 5 members of Investment Banking Sub-Committee as follow:

No.	Name	Position
1	Mr. Thada Chanprasit	Chairman of Investment Banking Sub-Committee
2	Mrs.Vallapa Sunakorn	Investment Banking Sub-Committee
3	Mrs. Amporn Chiammunchit	Investment Banking Sub-Committee
4	Mr. Sataya Rangseekajee	Investment Banking Sub-Committee
5	Head of Investment Banking	Investment Banking Sub-Committee
	The of Investment Banking Sub-Committee Secretary : Ms. Supornrat Chokchaikatanyu	

### Authorization and responsibilities of The Investment Banking Sub-Committee

1. Recommending direction towards policy determination and policy guidance related to the investment banking business of the company to be proposed to the Executive Committee as follows:
  - i) Financial Advisory
  - ii) Underwriting
  - iii) Capital Markets
2. Reviewing business operations and its impact related to investment banking.
3. Reviewing issues regarding risk and rewards.
4. Determining and amending rules related to the investment banking business.
5. Reviewing methods towards solving problems arising from the investment banking business.
6. Reviewing issues of professional conduct and ethics in business operations related to the investment banking business.
7. Determining directions, follow-up methods and evaluating the business operations and performance of the investment banking department, including demanding employees of the company to provide information regarding operations and requesting documentation in order to be reviewed.
8. Follow-up and evaluating the performance of the investment banking department under the objectives of the company.
9. Reporting and providing opinions regarding investment banking to the Executive Committee.
10. Recommending and proposing ideas and opinions to the Executive Committee regarding investment banking business by the company.
11. Others as designated by the company.

## 2.9 The Purchasing and Procurement Sub-Committee

As of 31 December 2016, there are 4 members of Purchasing and Procurement Sub-Committee as follow:

No.	Name	Position
1	Mrs. Amporn Chiammunchit	Chairman of Purchasing and Procurement Sub-Committee
2	Mr. Thada Chanprasit	Purchasing and Procurement Sub-Committee
3	Mr. Chatthapat Suttitak	Purchasing and Procurement Sub-Committee
4	Mr. Thaveedej Uyawong	Purchasing and Procurement Sub-Committee
	The Purchasing and Procurement Sub-Committee Secretary : Ms. Chitvimon Chaiwatana	

### Authorization and responsibilities of The Purchasing and Procurement Sub-Committee

1. Determine direction and follow-up procedures regarding purchasing and procurement by the company, including demanding employees of the company to provide information and requesting documentation in order to be reviewed.
2. Follow and evaluate the purchasing and procurement process of the company under the objectives and missions of the company.
3. Recommending and proposing ideas and opinions to the Executive Committee regarding purchasing and procurement by the company.
4. Others as designated by the company.

## 2.10 The Private Fund Sub-Committee

As of 31 December 2016, there are 4 members of the Private Fund Sub-Committee as follow:

No.	Name	Position
1	Mr. Chanachai Joonjirapornand	Chairman of Private Fund Sub-Committee
2	Mr. Aphisit Limsupanark	Private Fund Sub-Committee
3	Mr. Anupon Sriard	Private Fund Sub-Committee
	The Private Fund Sub-Committee Secretary : Mr. Anupon Sriard	

#### Authorization and responsibilities of The Private Fund Sub-Committee

1. Determining and approving policies, targets and strategies of investments of private funds.
2. Determining and approving list of securities that can be purchased, including determining strategies for short-term, medium-term and long-term investments.
3. Evaluating investment climate and adjust to the strategies of investments.
4. Review the purchase of securities under the private funds in accordance with the investment policies.
5. Review the performance of private funds using benchmark standards to correctly adjust investments according to each strategy as specified under the investment policies.
6. Review and approve policies towards choosing brokerage companies and securities depository and fees in the operations of the private fund department.
7. Review the investment framework and level of risks associated with the investment policies of each private fund, including following up with the fund manager.
8. Reviewing investments under each private funds in accordance with a safe level of risk.
9. Providing opinions to the compliance and internal audit department in order to correctly adjust the level of risk to the investment climate.

#### 2.11 The Fixed Income Sub-Committee

As of 31 December 2016, there are 6 members of the Fixed Income Sub-Committee as follow:

No.	Name	Position
1	Mr. Chanachai Joonjirapornand	Chairman of Fixed Income Sub-Committee
2	Mr. Ronnakrit Sarinwong	Fixed Income Sub-Committee
3	Mrs.Vallapa Sunakorn	Fixed Income Sub-Committee
4	Mr. Koraphak Phawaphornwaran	Fixed Income Sub-Committee
5	Mr. Chatthapat Suttitak	Fixed Income Sub-Committee
6	Mr. Nopporn Limpavuttivaranon	Fixed Income Sub-Committee
	The Fixed Income Sub-Committee Secretary : Ms. Ob-om Ratanapol	

#### Authorization and responsibilities of The Fixed Income Sub-Committee

1. Determining policies, targets, strategies, measures towards risk management, interest rates policies, ability to pay back, impacts and risks associated with default, related to the fixed income business in accordance with the policies, rules and regulations determining by the Board of Directors of the Company, the Executive Committee, the rules and regulations of all related agencies and regulators.
2. Review assets, securities and collateral to be used as securities/collateral under the fixed income business.
3. Review and analyze the investment climate related to the fixed income business in order to correctly adjust policies, targets and strategies of the fixed income business.
4. Follow-up, review and evaluate all units under the fixed-income business.
5. Review the fixed-income business.
6. Perform as designated by the Executive Committee.
7. Report to the Executive Committee.

#### 2.12 The Anti-Money Laundering Sub-Committee

As of 31 December 2016, there are 8 members of the Anti-Money Laundering Sub-Committee as follow:

No.	Name	Position
1	Mr. Chanachai Joonjirapornand	Chairman of Anti-Money Laundering Sub-Committee
2	Mr. Thada Chanprasit	Anti-Money Laundering Sub-Committee
3	Mrs. Amporn Chiammunchit	Anti-Money Laundering Sub-Committee
4	Mr. Sataya Rangseekajee	Anti-Money Laundering Sub-Committee
5	Mr. Chatthapat Suttitak	Anti-Money Laundering Sub-Committee
6	Mrs. Vallapa Sunakorn	Anti-Money Laundering Sub-Committee
7	Mr. Thaveedej Uyawong	Anti-Money Laundering Sub-Committee
8	Mr. Kasidit Nuchtan	Anti-Money Laundering Sub-Committee
	The Anti-Money Laundering Sub-Committee Secretary : Mr. Kasidit Nuchtan	

#### Authorization and responsibilities of The Anti-Money Laundering Sub-Committee

1. Determining risk management of the company to include all types of risk.
2. Assess and control risks associated with providing credit to customers, market risks, liquidity risks, operational risks and risks associated with the rules and regulation.

3. Assess, control and support risk management at a high level, including reassessing the risk management policies and systems, its effectiveness and adherence to policy.
4. Follow-up and evaluate risk management systems of the company at a high level.
5. Demanding executives and/or employees of the company to provide information and requesting documentation in order to be reviewed.
6. Requesting an independent/third-party opinion as necessary, and providing all employees with knowledge and training through workshops and seminars.
7. Determining direction, follow-up methods and evaluating the operations and performance towards anti-money laundering practices and anti-terrorism, including demanding executives and/or employees of the company to provide information and requesting documentation in order to be reviewed.
8. Follow and evaluate the anti-money laundering and anti-terrorism process of the company under the objectives and missions of the company.
9. Recommending and proposing ideas and opinions to the Executive Committee regarding anti-money laundering and anti-terrorism by the company.
10. Others as designated by the company.

### 2.13 The Discipline Working Group Sub-Committee

As of 31 December 2016, there are 7 members of Discipline Working Group Sub-Committee as follow:

No.	Name	Position
1	Mr. Chanachai Joonjirapornand	Chairman of The Discipline Working Group Sub-Committee
2	Mr. Thada Chanprasit	The Discipline Working Group Sub-Committee
3	Mrs. Amporn Chiammunchit	The Discipline Working Group Sub-Committee
4	Mr. Chatthapat Suttitak	The Discipline Working Group Sub-Committee
5	Mrs. Vallapa Sunakorn	The Discipline Working Group Sub-Committee
6	Mr. Thaveedej Uyawong	The Discipline Working Group Sub-Committee
7	Mr. Kasidit Nuchtan	The Discipline Working Group Sub-Committee
	The Discipline Working Group Sub-Committee Secretary : Mr. Rod Binmadnie	

#### Authorization and responsibilities of The Discipline Working Group Sub-Committee

1. Investigate issues regarding complaints and conducts against rules and regulations and ethical practices, whereby methods to be used include investigation for evidence, interview and filing reports.
2. Reviewing each case of disciplinary action and all factors involved in order to find an effective and practical solution and recommendation towards disciplining.
3. Investigating disciplinary actions under the proper procedure in order for the process to be fair and legitimate to all parties involved. Such investigations shall cover examination of witnesses, investigation of all facts, cross-examination, as well as review of documents and behaviors, as whatever method is necessary for the situation.
4. Summarize complaints and provide solutions to customers and any parties involved.

#### Management Team

As of 31 December 2016 Management Team as follows;

No.	Name	Position
1	Mr. Chanachai Joonjirapornand	Chief Executive Officer
2	Mr. Chatthapat.Suttitak *	Assistant Chief Executive Officer
3	Mr. Thada Chanprasit	Chief Operating Officer
4	Mrs. Amporn Chiammunchit*	Chief Financial Officer
5	Mr. Kittipong Vipooipinyo*	Managing Director – Investment Banking 1
6	Mr. Teerawat Chongthaweephoh*	Managing Director – Investment Banking 2
7	Ms. Lertnapa Srithongsuk*	Managing Director – Investment Banking 3
8	Mr. Sumritchai Thangharat*	Managing Director – Investment Banking 5
9	Mr. Ronnakrit Sarinwong*	Managing Director – Securities
10	Mr. Kasidit Nuchtan*	Assistant Managing Director - Compliance and Internal Audit Department
11	Ms. Obom Rattanaol*	Senior Vice President - Financial Department
12	Ms. Manee Khemthong*	Vice President - Account Department

Note \* The people who is rank first four management from Chief Executive Officer and position in line of Financial Manager according announcement of SEC's definition.

## Participation of the Board of Director in 2016 (as of 31 December 2016)

Name	Board of Director	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Risk Management Sub-Committee	Corporate Governance and Social Responsibility Committee
Mom Rajawongse Somlabh Kitiyakara	6/6	-	-	-	-	-
Prof. Dr. Chaiya Yimwilai	6/6	5/5	-	-	-	-
Mr. Paisit Kaenchan	6/6	5/5	-	2/2	10/10	-
Ms. Siriporn Thongkam	5/6	5/5	-	2/2	10/10	-
Mr. Weerasak Kowsurat	4/6	-	-	2/2	-	4/4
Dr. Vichya Krea-ngam <sup>1</sup>	5/6	-	-	-	2/10	-
Mr. Praphol Milindachinla	6/6	-	19/20	-	-	-
Mr. Polchet Likittanasombat	5/6	-	20/20	-	-	-
Mr. Angoon Phimpkorn	6/6	-	19/20	-	-	-
Mr. Thada Chanprasit <sup>2</sup>	3/6	-	10/20	-	-	-
Mr. Chanachai Joonjirapomand <sup>3</sup>	4/6	-	13/20	-	-	-

<sup>1</sup> Appointment as The Risk Management Sub-Committee as November 2016<sup>2</sup> Appointment as Director as 22 April 2015 and The SEC has suspended approval for six months each starting from 29 December 2015<sup>3</sup> Appointment as Director as 20 April 2016



### 3. The Company Secretary

The Board of Directors has appointed Mr. Thaveedej Uyawong, the Senior Executive Vice President, as the Company Secretary due to his high qualifications and experience. He is also the Secretary to the Board of Directors, with the following roles and responsibilities:

1. To organize the meeting of shareholders and the meeting of the Board of Directors under the law and articles of the Company, as well as related rules and regulations.
2. To establish and maintain the register of directors, notice of meetings and minutes of meetings for the meetings of shareholders and the meeting of the Board of Directors, as well as the Company's annual report.
3. To record all parties involved in related and/or conflicted matters as reported by the directors or the executives of the Company, and to report such records as prescribed under the law.
4. To recommend and report to directors about their roles and responsibilities under the law and relevant rules and regulation.
5. To maintain and arrange for the disclosure of information as stipulated under the rules and regulations of the relevant authorities.

### 4. The selection of directors and executives

The executive director and management team are selected from the Board of Director's meeting with the approval from the Nomination and Remuneration Committee. The criteria for selection are as follows:

#### Components and appointment of members of the Board of Directors

1. The Board of Director comprises at least 5 members with half of the directors having residence in Thailand. The Board of Directors are chosen based on qualifications as stated in article 68 of Public Limited Company Act B.E. 2535 and related announcement of SEC. The Board of Directors also consider the candidates based on related experience to securities business, and will then propose the appointment of the names at the shareholders' meeting

2. In every annual shareholder's meeting, one third of the directors have to leave their positions. If the number of directors leaving cannot be exactly divided by one third, the number closest to one third will be used. The directors leaving in the first and second year after listing are drawn by chance. Then, a director who is in the position longest will have to leave the year after that. Directors then can be reelected.

3. The shareholders' meeting will appoint directors by majority votes' as follow:

3.1) One shareholder's number of votes is equal to his/her holding shares.

3.2) Each shareholder must use up all his/her number of votes in 3.1 to select 1 person or many persons to be directors but cannot separate the vote to individual candidates.

3.3) Individuals who gain the highest vote respectively are the elected directors as the number required during election time. In the event there are too many candidates of equal votes, the CEO will be one who makes the ultimate decision.

4. In case the director position is vacant for other reasons other than out of its term, the Executive Committee should find a resolution to a qualified person who does not have legally prohibited qualification to replace with three-fourth majority votes. However, the replaced director can be in the position only as long as the term of previous director left except such director's term is left less than 2 months.

5. Shareholders' meeting can have a resolution to withdraw a director before his/her term with the votes of not less than three-fourth of a number of shareholders in the meeting who have a voting right and have total shares of not less than half of the shareholders in the meeting who have a voting right.

#### Selection criteria for independent directors and members of the Audit Committee

The company selects independent directors and members of the Audit Committee by considering the minimum qualification set by SEC as follows:

- (1) Holds not more than 1% of the shares with voting right of the Company, BFIT, or related company.
- (2) Not being an employee who gets salary or authorized person of the company, parent company, subsidiary, or related company (at present and within 2 years before appointment).
- (3) Not being a person who has a lineage or legal relationship in terms of father, mother, spouse, siblings, child, and children's spouse of the executives, major shareholders, controlling persons of persons who will be nominated to be an executive or authorized person.
- (4) Do not have a business relationship, at and within 2 years before appointment, with the Company, parent company, subsidiary, or related company that can impede one's independent decisions and do not have other traits that will lead to the inability to independently give opinions about the Company's operation.
- (5) Not a director who is appointed to represent the company's board, major shareholders, or shareholders who are related to major shareholders of company.
- (6) No other characteristics that cannot be seen to be independent.

Persons nominated to be a member of the Audit Committee, are subject to additional qualification as follow:

- (1) Not a director who has led the Board of Director to decide on the operations of the company, parent company, subsidiary, or related company.
- (2) Not a director of a parent company, subsidiary, and subsidiary in the same sub-order.

The company also considers experience, understanding of the business, the ability to give opinions that are useful to the company's operation in addition to the initial qualifications. At least one of the members of the Audit Committee must have expertise in financial accounting.

## 5. Remuneration of Directors and Executive

Name	Position	Monthly Remuneration (Baht)	Allowance per Meeting (Baht)	Total (Baht)
Mom Rajawongse Somlabh Kitiyakara	Chairman of the Board of Directors	960,000	120,000	1,080,000
Prof. Dr. Chaiya Yimwilai	Independent Director	480,000	60,000	540,000
	Chairman of Audit Committee	-	150,000	150,000
Mr. Paisit Kaenchan	Independent Director	480,000	60,000	540,000
	Audit Committee	-	50,000	50,000
	Nominations and Remuneration Committee	-	15,000	15,000
	Chairman of Risk Management Sub-Committee	-	100,000	100,000
Miss Siriporn Thongkam	Independent Director	-	100,000	100,000
	Audit Committee	480,000	50,000	530,000
	Nominations and Remuneration Committee	-	50,000	50,000
	Risk Management Sub-Committee	-	75,000	75,000
Mr. Weerasak Kowsurat	Independent Director	480,000	40,000	520,000
	Chairman of Nominations and Remuneration Committee	-	20,000	20,000
	Chairman of Corporate Governance and Social Responsibility Committee	-	40,000	40,000
Mr. Vichya Krea-ngam	Director	480,000	100,000	580,000
	Risk Management Sub-Committee	-	15,000	15,000
Mr. Praphol Milindachinla	Director	-	-	-
	Chairman of Executive Director	3,600,000	-	3,600,000
Mr. Polchet Likittanasombat	Director	-	-	-
	Executive Director	3,000,000	-	3,000,000
Mr. .Angoon Phimpkorn	Director	-	-	-
	Executive Director	3,000,000	-	3,000,000
Mr. Chanachai Joonjirapornand	Director	-	-	-
	Chief Executive Director	-	-	-

Name	Position	Monthly Remuneration (Baht)	Allowance per Meeting (Baht)	Total (Baht)
Mr. Thada Chanprasit	Director	-	-	-
	Chief Operating Director	-	-	-
<b>Total</b>		12,960,000	1,045,000	14,005,000

**Note:** Directors who are also management executives do not receive remuneration as directors of the Company. Allowance per Meeting will be paid only to director who attend the meeting.

The Annual General Meeting of Shareholders year 2015 has set the remunerations of the Board of Directors and the Sub Committees as the following rate :

Board / Committee	Position	Remunerations (Baht/Month)	Allowance (Baht/Meeting)
Board of Directors	Chairman of the Board of Director	80,000	20,000
	Vice Chairman of the Board of Directors	60,000	10,000
	Member of the Board Directors	40,000	10,000
Audit Committee	Chairman of Audit Committee	-	30,000
	Member of Audit Committee	-	10,000
Executive Committee	Chairman of Executive Committee	300,000	-
	Member of Executive Committee	250,000	-
Nomination and Remuneration Committee	Chairman of Nomination and Remuneration Committee	-	10,000
	Member of Nomination and Remuneration Committee	-	7,500
Corporate Governance and Social Responsibility Committee	Chairman of Corporate Governance and Social Responsibility Committee	-	10,000
	Member of Corporate Governance and Social Responsibility Committee	-	7,500
Sub-Committee	Chairman of Committee	-	10,000
	Member of Committee	-	7,500
<b>Bonus Board for Operating results for the year 2015 at a rate not exceeding 5 percentages of net profit from operations. By assign to the Board of Director is to determine the appropriate amount.</b>			-

**Note:** Directors who are also management executives do not receive remuneration as directors of the Company.

### The Remuneration of Personnel

The remuneration of personnel for 2016 is as follows;

Salary	227.42	Million Baht
Provident Fund Contribution	8.43	Million Baht
Social Security Contribution	3.75	Million Baht
Marketing Officers' Benefit	184.45	Million Baht
<b>Total</b>	<b>424.05</b>	<b>Million Baht</b>

### Information from Financial Statement as of 31 December 2016

Expenses Related to Personnel	459.96	Million Baht
Remuneration to Directors and Executives	14.68	Million Baht

## 6. Personnel

As of 31 December 2016, there were 428 officers in the following departments:

Department	Amount (Person)
The Office of the Board of Director and Company	15
Department of Information Technology	13
Department of Investment	1
Department of Compliance and Internal Audit	6
Department of Credit Control	7
Department of Human Resource	5
Department of Administration and Procurement	4
Department of Investment Management	7
Department of Risk Management	3
Department of Accounting	7
Department of Finance	3
Department of Operation	10
Department of Business Development	1
Department of Private Fund	5
Department of Private Fund Support	2
Department of Bond Management 1	2
Department of Bond Management 2	7
Department of Electronic Marketing (E-Biz)	3
Department of Research	9
Department of Securities Borrowing and Lending	3
Department of Customer Relations	4
Department of Investment Banking 1	6
Department of Investment Banking 2	7
Department of Investment Banking 3	3
Department of Investment Banking 5	6
Department of Foreign Investment Banking	2
Department of Marketing Support	22
Department of Retail Business	265
<b>Total</b>	<b>428</b>

## 1. Policies on Corporate Governance

As the Company is listed on the Stock Exchange of Thailand, the Company acknowledges the significance of corporate governance in order to demonstrate that the Company has efficient management, is transparent and open to review, which will increase confidence in the Company for shareholders, investors and stakeholders. Therefore, corporate governance increases value and supports sustainable growth for the company. The Company has 5 categories of corporate governance according to the guidelines for corporate governance of listed companies as determined by SET, which are rights of the shareholders, equality of treatment to shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board.

## 2. Supervision of Business Operation in Subsidiaries Company

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

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

## 3. Controlling Inside Information

The Company has measures of protection on using inside information for personal gain or for other persons through abusive self-dealing, such as directors, executives and officers involved in compiling financial information before disclosure to the public (i.e. accounting and finance, executive office and audit and compliance departments). The Company (AECS) will be included on the Watched List on every 15<sup>th</sup> of the month following the last month of each quarter, until the date that the Company

discloses financial information to the public. Directors, executives and officers shall strictly follow this policy and the Company shall appoint a Committee on Discipline and Punishment in case of such breaches of the rules, regulations and articles of the Company. In addition, the Company has measures to protect acknowledgment of inside information between departments and personnel of the Company as follows:

- The Front Office and Back Office are physically separated from each other.
- The Research department and Investment Banking department are clearly separated from each other to protect marketing officers from knowing vital information before they are disclosed to the public for personal gain and/or for the gain of customers and/or other persons.
- The Proprietary Investment department is clearly separated from Retail Marketing department.
- The Company actively controls a Watched List, Restricted List and Research List to control inside information.
- The Company allows directors, executives and officers to open securities trading and/or derivatives trading accounts with the Company. Related persons to officers such as spouse and offspring that have not reached the legal age must allow other Securities Companies to disclose trading information and activities to the Company so that the Company can control and prohibit the use of inside information for the gain of officers and/or related persons.

#### **Guidelines for keeping confidential information and the use of internal information**

Employees must not disclose the clients' or potential clients' confidential information except allowed by them or required by laws. Also, they must not use the Company's and clients' internal information for their own or related persons' benefits. In addition, they must not use the information in securities trading recommendation.

#### **4. Remuneration of the External Auditor**

The Company acknowledges the significance of accurate information in providing confidence for investors and consumers in the financial statements of the Company, and has provided the fee for the external auditor for the year 2015 in the amount of THB 1,500,000 to EY Office Limited.



## 5. Principles of Corporate Governance

### Rights of shareholders

#### 1. Right to obtain profit sharing in the form of dividends

The Company's dividend policy requires the Board of Directors to consider the dividend payment based on performance. If the Company has profits, it will pay dividends of at least 75 percent of net profits to shareholders. Such payment of dividends requires the resolution of the shareholders.

#### 2. Right to attend the Annual General Meeting of Shareholders (AGM)

##### *Before the meeting date*

- The Company delivers the notice of the AGM together with related documents in hard copies and annual report CDs to all shareholders (annual reports in document format also provided upon request), prior to the meeting. The Company assigned the Thailand Securities Depository Co., Ltd., as the Company's Registrar in order to send the invitation to its shareholders by registered mail over 14 days prior to the meeting.
- The Company published notice of the AGM with related documents in both Thai and English language on its website, [www.aecs.com](http://www.aecs.com), under the topic 'AEC News', 30 days before the meeting so that shareholders can access such information more conveniently and quickly. Such information are the same as the documents sent to the shareholders.
- In the notice of the AGM, the Company disclosed sufficient information in every agenda to support decision in voting of shareholders.

##### *On the meeting date*

- The Company schedules the date, time and venue of the AGM by concerning the convenience of the shareholders, including the elderly and disabled using wheelchairs. The Company provided adequate staff and technology to facilitate the convenience of the shareholders such as staff with expertise in foreign language to assist foreign shareholders, the preparation of a secondary meeting room, communication systems in the meeting room, safety and security in the meeting room, the review of shareholders' documents as well as provided duty stamps to affix the shareholders' proxy forms and providing a reception for shareholders. The Company did not restrict the right to attend the meeting of the late show-up shareholders.

- The AGM was arranged in compliance to the best practice of the Principles of Good Corporate Governance for Listed Companies as follows:
  1. All the Company's directors and management attended the meeting to explain and answer questions to the shareholders. The Chairman of the Board of Directors as chairman of the meeting welcomed the shareholders and asked the Company Secretary to introduce the members of the Board of Directors, Audit Committee, Executive Directors, the Executives of the Company, the Head of Accounting and Finance and the representatives from the Company's independent auditor. The Company notified a list of directors who had no voting rights in any agendas for the meeting.
  2. Before starting the meeting, the Company announced the proportion of shareholders and grantees of proxy attending the meeting, the counting and voting method. All votes of 'disapprove' and 'abstain' were recorded by the shareholders in the voting sheets provided by the company, Regarding the election of Directors agenda, all shareholders have to submit their voting cards which will be kept as evidence.
  3. The Company conducted the meeting respectively as specified in the notice of the AGM. There was no further or switching agendas other than those specified in the notice.
  4. The Chairman allowed the shareholders full opportunity to express their opinions in the meeting to comment and ask related questions during the end of each agenda before voting or the last agenda which availed for consideration of other business.
  5. The Company provided to the shareholders the transparency of voting rights and separate voting for each agenda so that the shareholders can exercise their rights independently for each agenda. For the agenda on the election of Directors to replace those retired by rotation, the shareholders were able to vote for individual Director by using the voting sheet for every vote cast and all of those sheets were kept for records.
  6. The Company conducted and disclosed the vote count on each agenda of the AGM with transparency by specifying number and percentage of all vote casts – approve, disapprove or abstain with representatives from the Company's independent auditor as witness in the votes counting.

#### *After the meeting date*

- The Company disclosed the AGM resolution via the Stock Exchange of Thailand's Electronic Company Information Disclosure system before 09.00 hrs. of the business day after the day of the meeting. For the AGM, the Company also disclosed the number of all vote casts – approve, disapprove and abstain.
- The Company provided AGM minutes containing entire important information; date, beginning and closing time, list of present and absent directors, significant explanation, questions and answers, comment summaries, resolutions of individual agenda with number of all vote casts – approve, disapprove and abstain.
- The Company submitted minutes of AGM in both Thai and English language to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting.

### 3. Right to receive information

The Company ensures that its shareholders receive important information such as the Board of Directors and profiles, major shareholder list, annual report, financial statements, as well as other significant events by posting on its website and always keeping such information updated.

#### **Equitable Treatment of Shareholders**

1. Shareholders who cannot attend the meeting themselves are able to grant proxy to others to come to the Meeting and vote on their behalf or the proxy may be granted to the Company's independent directors without any cost on mailing the proxy back or any other costs.
  - The shareholders who cannot attend the meeting by themselves are able to grant proxy to others. The Company encourages its shareholders to use the Proxy Form A, B or C (both Thai and English) in which the shareholders can specify comments in the voting, which can be downloaded from the Company's website.
  - In the Annual General Meeting of the Shareholders, the Company will provide the Minutes of Meeting to SET and on the Company's website in both Thai and English within 14 days commencing from such meeting.
  - In case shareholders who wish to grant proxy to others, the Company will provide the names, profiles and details of the independent directors in the notice sent to the shareholders for the consideration of shareholders who wish to grant proxy.

## 2. Preventive measure against the use of inside information by directors and executive.

The Company set up rules to prevent and report the abusive self-dealing and related party transactions of directors and executives as well as the staff in the related departments. Directors, managing directors and the first four management level executives below the managing director, including the manager of the accounting and finance department with the equivalent position of head director, must disclose the connected transactions of him/herself, spouse and/or minor children and/or close relatives as follows:

- Shareholding in other firm in which the reporter, their spouse, children and/or close relative hold the shares collectively more than 10 percent of the paid-up capital shares with voting right of such firm, must be reported by using the Company's form on 31 January of every year. The report shall be updated to the Company Secretary annually within 15 February of every year.
- Position holding as director or management with controlling power in any other firm by the reporter, their spouse, children and close relative must be reported by using the Company's form on 31 January of every year. The report shall be updated to the Company Secretary annually within 15 February of every year.
- Report without delay if there are any changes of shareholding and/or position holding as director or management of the reporter, their spouse, children and close relative occurring during the year.

The Company has complied with Section 89/16 of the Securities and Exchange Act B.E. 2551, requiring the Company Secretary to submit a copy of the above reports (according to Section 89/14) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven business days from the date on which the Company has received such reports, which are used when the Board considers transaction between the Company and its directors or executives. The directors or executives having interest or involvement cannot participate in the decision-making process of such transaction, but may be present at the meeting only to provide additional information only.

## **Role of Stakeholders**

### **1. Treatment of Stakeholders**

The company emphasizes the importance and respects the rights of all stakeholders such as shareholders, customers, employees, suppliers, creditors, competitors, environment and society, etc. All stakeholders mentioned above are well taken care of and treated right according to the related laws or agreement made with the Company. The Company always strengthens the cooperation among all stakeholders in compliance to the related regulations for its optimal performance and sustainable growth detailed as follows:

- Shareholders:

The Company aims to perform the best to create maximum satisfaction to its shareholders by concerning the growth of its value in the long term including the disclosure of accountable information with transparency.

- Customers:

The Company aims to fully satisfy their customers with good care and responsibility. New forms of services and channel / choices were developed to serve the customers through accurate and complete information without any distortion and without any breaches of the rules, regulations and articles of external regulators.

Customers' confidential information were kept confidential except on permission or enforced by law to disclose. In addition, complaint receiving system from the customers has been set up which the audit and compliance department will oversee the procedure and guidelines of investigation aiming for immediate best and justified solutions in accordance with the specified period set by SEC.

- Employees:

Employees are the most valuable and important factors to the Company's success. The Company aims to develop and promote a good working atmosphere and encourage teamwork as well as encourage employees to continuously improve knowledge. The Company is always responsible for maintaining a safe working environment to secure all employees' lives and properties and strictly adhering to comply with labor laws for employment, appointment and transfer of employees which it applies on a moral and merit basis in the consideration process and treats employees fairly and equally, as well as providing suitable compensation.

- Suppliers:

Business with any suppliers must not bring about any infamous reputation of the Company or against any law, especially regarding breaches of intellectual property, copyright or patents. The Company treats its suppliers according to the framework of honest business competition and concerns the equality in operating business and mutual benefits with suppliers by complying with the fair trading terms and fair selection.

- Creditors:

The Company has commitment in contract and complies with the terms and conditions set forth in the agreement with creditors in the repayment of principal, interest and collateral custody.

- Competitors:

The Company promotes fair competition policy without monopoly and follows the related rules set by the regulators particularly regulations concerning the rate of brokerage fee in securities trading and remuneration of marketing staff.

- Environment and Society:

The Company aims to comply with environmental laws and regulations, effectively provides a safety environment, promotes employees' awareness of environmental protection such as switching off unnecessary lights, shutting down unused electric office appliances during lunch time, using both sides of printing papers, separate recycle trashes as well as allocates some budget for public charity.

- Human Rights:

The Company ensures that its business is not involved in human rights violations and the Company treats all stakeholders with utmost respect for human rights with an emphasis on non-discrimination on the grounds of race, religion, ethnicity, gender, age, health, social status, class affiliations and political opinions.

## 2. Notice of clues or complaints

The Company provides a channel for all stakeholders to send the notice of complaint to the Company's Compliance and Internal Audit Department at No. 63, Athenee Tower, Floor 15, 17, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Tel. 02-836-0160 or to [compliance@aeccs.com](mailto:compliance@aeccs.com). The Compliance and Internal Audit Department will propose to the Audit Committee for consideration and report to the Board of Directors.

## Disclosure and Transparency

The Company's disclosure policy is to disclose clear, accurate, sufficient and timely information, both financial and non-financial, to all concerns in relation to the rules set by the SET and SEC and with transparency that is able to be inspected. The Company's information will be disclosed through the Company's annual report and the important information will be disclosed through the SET's electronic system (SCP Portal) and also posted on the Company's website under "AEC News" topic. Such information will be updated regularly including the Company's quarterly financial information. Such financial statements are prepared by the Certified Public Accountant who has no relationship whatsoever with the Company and in accordance with the generally accepted accounting standard. Before each disclosure, the financial statement is reviewed and audited by the Company's Audit Committee who is the Company's Independent Director and the Board of Directors.

Besides financial information, other significant non-financial information was also disclosed such as related party transactions, list of top 20 shareholders of each quarter, Board of Directors' and Audit Committee's Charter and other Board's resolutions. In addition, 30 days in advance of the AGM, the AGM documents are disclosed in the Company website in both Thai and English language so that the shareholders are able to study the information before the meeting date. There was also an announcement to allow the minor shareholders to submit the proposal for special agenda and nominate qualified candidates for Directors position in advance to be considered in the AGM. All information disclosed was put in both Thai and English languages and posted on the Company's website and the news was also disclosed on the SET's electronic system to ensure the shareholders of its clear, accurate and sufficiency of the information and to provide sufficient time for them to study the information in each agenda before attending the Meeting by themselves or by granting a proxy to attend the Meeting or to vote on their behalf. Other information which was not able to be put on the Company's website such as remunerations policy as well as types of remunerations was included in the Form 56-1 and the annual report of the Company. The Company has not officially set up an Investor Relations Department as the Company is still considered as relatively small. Nevertheless, shareholders or other investors may reach the Company or contact the executives of the Company by visiting the office of the Company, or contracting through the telephone or by electronic mail.

### **Responsibilities of the Board**

The Company focuses significantly on the role, duties and responsibilities of the Board of Directors as being the one who determines policies and direction of the Company and reveals them to the management who uses them as a direction in operating the Company's businesses towards profit achievement for the benefit of the shareholders. Therefore, the Board's structure and qualifications including the efficiency in carrying out their duties are important factors that the Company are always concerned with. The Company has provided guidelines to Directors and has supported the Directors to attend seminar on the roles, responsibilities and duties of Directors in listed companies organized by the SET and/or other relevant authorities such as the Institute of Directors (IOD), of which all of the Company's directors have attended and completed their course.

#### **1. Structure of the Directors**

The Company concerns the appropriateness of structure of the Directors with respect to the Board's Responsibilities. As for the Board of Directors' structure of 2016, the Company's Board of Directors consisted of 11 members comprising 5 executive directors (45%), 6 non-executive independent directors (55%), whereby the Chairman of the Board of Directors is not the same person as the Managing Director or the highest management of the Company to assure that the Board can actively perform its duties as shareholders' representative and a

balance of power is properly exercised. The Board believes that the Board of Directors' composition is appropriate in terms of number of members compared to the Company's size. The qualifications of the Board especially the Audit Committee members all of which are experts in areas of accounting, finance and law.

The Company has established the Audit Committee, the Executive Committee, the Corporate Governance and Social Responsibility Committee, the Nominations and Remuneration Committee, and the Risk Management Sub - Committee in order to help screen information to facilitate the Board of Directors' decision making or it is able to make its own decision concerning the normal business operations of the Company which is in line with the pre-determined approval authority and along the policies of Company determined by the Board of Directors

## **2. The Meeting of the Board of Directors**

The Company arranges its Board of Directors Meeting and Audit Committee Meeting regularly on a quarterly basis or at least 4 times a year. Before the meeting date, the directors will receive the agenda and documents about 3 - 7 days in advance which is a sufficient time for the members to study and prepare for the meetings. The quarterly meeting for the Board of Directors and the Audit Committee is appropriate and sufficient to oversee that the Company's operations has been running successfully.

In addition to approving the minutes of the previous meeting of the Board of Directors, each meeting of the Board of Directors consists of regular agendas, such as:

- Summary of the minutes of the meeting of the Executive Committee which divided into matters for acknowledgement and matters required further approval from the Board of Directors including the report on each department's performance of the previous month which serves as a form of monitoring of the Company's management operations efficiency.
- Summary of the minutes of the meeting of the Audit Committee which consists of the auditing results in terms of compliance to the rules and regulations of the regulators and the Company's rules as well as internal control and various risk done by the Compliance and Internal Audit Department.
- The approval of disclosing and reporting quarterly financial statements, 56-1 Form, F54-3 Form, Annual Report and the notes and descriptions of any 20 percent change in the operation of the Company's business in comparison to the same quarter of the previous year.
- Update the Company's securities holding of Directors and Executives.

The Board of Directors has established the Executive Board consisting of the Chairman of the Executive Board, the Managing Director and the top management from the Company's core departments, in order to help



screen information to facilitate the Board of Directors' decision-making or it is able to make its own decision concerning the normal business operations of the Company which is in line with the pre-determined approval authority and along the policies of Company determined by the Board of Directors.

The Company operates its business with responsibility for all groups of stakeholders. The Company strives towards this by strictly complying with all applicable laws and regulations. The principles and guidelines consisting of 7 aspects as follows:

1. Fair business operation

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

2. Anti-corruption

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

3. Giving respect to human rights

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

4. Fair labor treatment

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

5. Responsibilities to the customer

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

6. Environmental protection

The Company regularly encourages employees to be environmentally aware.

7. Joint development of the community or society

The Company supports social and community activities and encourages and supports employees to be trainers on investment to investors and students.

## **Corporate Social Responsibility Operations**

### **Product design**

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

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

### **Sources of Funding**

If the Company requires new funds, the policy is to try to procure the cheapest source of funds available and not depend upon just a single source of funds. The Company has a policy to maintain a Net Capital Rule and a Net Capital Ratio (NCR) that are the requirements under the SEC regulations,

### **Operational laws and regulations**

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

### **Risk Management**

At the heart of the business operation is the question of how to maximize profits while keeping risk at a reasonable level. Under this concept, the Company, who has developed various new financial products, knows that the risk factors must be handled effectively. Therefore, the Company has established an Risk Management Committee as well as other components to see that risk is always balanced with return. The Company's Risk Management Department is responsible for monitoring all trading positions by systematically calculating Value at Risk (VaR) and also monitoring all the clients' positions by computerized systems. The Company has been able to analytically identify risk and thereby fully realize the full potential of the capital in question. Other innovations by the Company include a variety of standard operational procedures that have been developed to reduce risk in routine operations.

### **Fair treatment to employees**

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

### **Fair competition policy**

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

### Anti - Corruption Practices

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

In addition, the Company has taken actions to prevent fraud and corruption as follows:

- The Company has communicated the policy to all levels of management and employees to ensure they strictly comply with the policy.
- The Company also provides a channel to inform of violations or corruption and has protective measures for the person who reports the violation or corruption to the Company, by report to Compliance and Internal Audit Department, at Telephone number: 02-836-0160 or Email [compliance@aeecs.com](mailto:compliance@aeecs.com)
- The Company will propose to Board of director to review the anti-corruption policy every year.

### Prevention of Involvement in Corruption

Our ideology is to run business ethically based on the Best Practice Guidelines for Business Engagement. We hereby declare the intention to adhere to responsibility towards the society and all related parties, and have participated in the "Collective Action Coalition in Anti-corruption Policy enacted by Thai Private Sector" to show our intention and determination to fight against corruption in any form. To ensure that we have an appropriate policy determining responsibilities, practical guidelines and implementation provisions as a tool to prevent corruption from all business activities, our operations are principally based on the currently reigning monarch's ten royal virtues comprised of ten ways of life: 1. alms-giving; 2. morality; 3. liberality; 4. honesty; 5. mildness; 6. self-restriction; 7. Non-anger; 8. non-violence; 9. patience; and 10. Non-offensiveness in order to prudently make a decision on any course of action that could possibly pose fraud and corruption risks. We formulated as principles of conduct a written guideline called "Anti-corruption Policy" to serve as an apparent guideline in performing business and effectively developing to organization of sustainability and require that the Directors, Management Team and all staff, including persons involved in the operations, comply strictly with the Anti-corruption Policy.

## **Anti-corruption Policy**

AEC Securities Public Company Limited hereby declares that we do not accept any corruption, covering all transactions conducted by enterprise-wide relevant units. The Directors, Management Team and all staff are required to accept these Anti-corruption measures and prohibited from demanding, committing or accepting every type of corruption both in a direct and indirect manner for organizational, their own or family's gain, encompassing every business and every related department in every country. Compliance with the Anti-corruption Policy is needed to be reviewed regularly, including with a possible revision of the practical guidelines and implementation provisions in order to accord with business changes, rules and regulations, and statutory requirements.

### **Duties and Responsibilities Involving Combating Corruption**

1. The Board of Directors is responsible for formulating the policy, forming an effective system supporting Anti-corruption act in order to ensure operational compliance with the rules and regulations. The Management Team intensively concerns, emphasizes and cultivates Anti-corruption mindset as the organization's culture.
2. The Audit Committee is responsible for revision of the financial and accounting system, internal controls and internal audit functions so that such operations are concise, appropriate, modern and effective.
3. The Chief Executive Officer is responsible for putting the Anti-corruption Policy into practice through a required job system, promoting and encouraging Anti-corruption manner conveyed to all staff and related parties. This also includes reconsideration of the job system and measures in order to best adjust with business changes, rules and regulations, and statutory requirements.
4. Directors, executives, and employees are responsible for strictly observing and encouraging the Anti-corruption Policy without either direct or indirect corruption involvement, including whistleblowing or giving information, in order for the policy to achieve successful results.
5. The Compliance and Internal Audit Department is responsible for auditing, assessment, and evaluations in business transactions whether they are accurate and complied with the policy, practical guidelines, approval authority, regulatory practices and laws in order to assure that the operations are proper and the controls are suitable and sufficient for probable risk in corruption. This shall be reported to the Audit Committee.
6. In this Announcement, notification of incidents or reporting in order of chain of command or superiors shall be according to the corporate organizational structure chain of command whereby a director makes

notification to the Chairman of the Board, and the Chairman of the Board makes notification to the Board of Directors, in a sequential manner.

### **Practical Guidelines to Combating Corruption**

1. Directors, executives and employees must follow the Anti-corruption Policy and AEC Securities Code of Conduct by avoiding involving with any course of corruption in a direct or indirect manner.
2. Directors, executives and employees shall not neglect or disregard any discovery of an act that falls within AEC Securities related corruption and must notify such act to the supervisors or responsible person, including collaborate with investigation. Any questions or queries are needed to be consulted by the supervisor or a responsible person who monitors AEC Securities Code of Conduct compliance provided in particular channels.
3. AEC Securities shall provide fairness and safeguard staff who denies or informs corruption cases relating to AEC Securities by applying Protection Policy for appellant or persons who incorporate with Anti-corruption information as stated in the Whistleblower Policy.
4. AEC Securities concerns the importance of dissemination, knowledge sharing, and communications with other people who involve or affect the Company so that those parties shall conform effectively to the Anti-Corruption Policy.
5. AEC Securities shall communicate the Anti-corruption measures, whistleblowing channels or complaints to its people through different channels such as director and staff orientations, corporate seminars and training courses, etc., for serious adoption of the measures and to make sure that AEC Securities personnel understand and agree to implement the measures in a serious manner.
6. AEC Securities shall communicate the Anti-corruption measures, whistleblowing channels or complaints to the public, its associated companies, subsidiaries and other companies controlled by AEC Securities (if any), business representatives, and related business partners through different channels such as AEC Securities' website, annual reports, etc., in order to create an understanding and for serious adoption of the measures.
7. Staff shall sign as an acknowledgement of the Anti-corruption measures to affirm their entire acknowledgement, understanding and willing to use the policy in their enterprise-wide performance in a strict manner.
8. AEC Securities put in place a money payment regulation specifying approval authority or limits. Any reimbursement or payment other than in AEC Securities' normal course of business requires documentary proof to prevent inappropriate reimbursements or payments and inappropriate political contributions and

to ensure that reimbursement for any charitable cause is not meant for corruption and business support reimbursement is not used as an assertion for corruption.

9. Directors, executives, and employees should not accept or give gifts, entertainment and hospitality activities, and any other expenses that are more than necessary and inappropriate for government officers or persons doing business with AEC Securities. If a gift with value more than customary for a traditional occasion is received, Directors, executives or employees should deny or refuse to accept such gift and must report it to hierarchical supervisors immediately.

10. AEC Securities shall provide internal audits and controls to prevent corruption, covering sales, marketing, purchasing, contracting, human resources management, finance and accounting, data record storage, performance of works, including other internal processes related to the Anti-corruption measures, and shall cause the audits to be conducted regularly in accordance with the audit process established by the Compliance and Internal Audit Department.

11. This Anti-Corruption Policy shall encompass personnel management process—from recruitment or selection to remuneration, promotion, training and job performance evaluation.

12. AEC Securities shall provide a risk management to prevent corruption by identifying incidents with a good chance to be from probable corruption from the operations; assessment of risk levels both in terms of chance and possible impact; and regular monitoring of development in risk management to prevent corruption, including review of appropriate risk handling to keep risks at acceptable levels.

13. AEC Securities shall provide internal audits to ensure that the risk management so established would help AEC Securities to attain the set goals, including internal performance audits to ensure compliance with requirements, rules and regulations.

14. AEC Securities shall cause these practices to be documented in accordance with the internal control principles in order to be in alignment with its policy and regulations.

15. The Compliance and Internal Audit Department must provide as an annual meeting agenda for the CEO to report the annual audit results of Anti-corruption measures to the Audit Committee for further proposing to the Board of Directors.

### **Political Contribution Guidelines**

“Political contributions” means provision of financial or non-financial support to politicians or political parties; non-financial support shall include lending and donation of equipment, free provision of technology services, and promoting and supporting advertisement for a political party and/or encouragement for employees to participate in political activities on behalf of the company. The Company has primary political contribution guidelines as follows:

1. The Company shall not provide financial or supply support to any political party, politicians or political candidates as political contributions according to the definition above, with an objective to wrongfully facilitate business benefits.
2. Directors, executives and employees are free to participate in political activities under the provisions of the Constitution, but with no reference of being directors, executives and employees or with any properties, equipment and devices of the Company to be used for any political undertaking. If a political participation is decided, it must be careful not to suggest that any action is done by or on behalf of the Company.
3. The Company shall inform directors, executives and employees that it shall not participate or assist in any inappropriate political activities and wrongfully facilitate business benefits.

### **Charity donation and financial aid guidelines**

Charity donation in the form of financial assistance or others such as knowledge provision or time devotion is allowed as part of a social contribution activity, however to be undertaken strictly in accordance with the charity donation and financial aid guidelines in order to create business publicity and good image to the Company. It can be done with a purpose for business, product brand or Company's reputation; nonetheless, it may have some risk as it is concerned with spending for services or benefits difficult to be evaluated and followed. Therefore, the charity donation and financial aid guidelines must be strictly observed; such donation and aid may cause the Company to risk corruption because such activity is related to spending without tangible benefits and can be used as excuse or way to corruption. To avoid hidden purposes of charity donation and financial aid, the action must be taken with prudence to ensure that such charity donation and financial aid are transparent and complying with the governing laws and the Company's regulations. In any case, the charity donation and financial aid guidelines are as follows:

1. The Company's directors, executives and employees who wish to join a charity donation or financial aid, shall submit a document requesting approval for charity donation and financial aid, by specifying the



donor's name and/or the recipient's name, and the objective of such donation and aid, along with supporting documents, to the Company's authorized person.

2. Those who wish the Company to join charity donation or financial aid shall be responsible for verifying charity organizations, foundations, companies, or stores with which the Company will join the donation or aid prior to submitting it to the authorized person, with the following procedures:

2.1 It is to be ensured that the charity donation or financial aid will not be used as a way to bypass bribery, and that the undertaking thereof is transparent and complying with the governing laws.

2.2 It must be proven that any activities for such charity are really held with undertakings to reach the charity's objective and provide benefits to the society in a concrete way, or to comply with the objective based on the corporate social responsibility.

2.3 It must be proven that such activities are meant for charity and financial aid purposes, with no relation to interest to any person or organization, except for honor announcement based on common etiquette.

3. If the Company finds or is informed by the authority that corruption occurs in the organization, foundation, company or store to which the Company made donation or financial aid, the Company shall suppress the donation or activity support to such organization or company as soon as it is known.

4. Follow-up and verification to ensure that the charity donation or financial aid has not been made for corruption, is part of the compliance procedures.

#### **Guidelines for gifts, hospitality and other expenses**

Receiving and giving inappropriate gifts, hospitality and other expenses may lead to corruption risk and open a way to malpractice such as payment of money to be expenses for the Company's directors, executives and employees as bribery; besides, the Company's inappropriate gifts, hospitality or other expenses given to customers may be a practice against the policy of certain customers or trading partners, and cause the Company to lose business opportunity.

The Company is aware of the importance in building good relationships with business alliance so as to bring continual success to the Company, meanwhile to maintain the Company's reputation of running the business with honesty and legality. In any case, the Company's guidelines for gifts, hospitality and other expenses are as follows:

1. The Company's directors, executives and employees are allowed to give or receive gifts, hospitality and other expenses such as a welcoming party or receiving of one from other persons in different occasions according to generally practiced custom, tradition or social manner, with transparency and no hidden purposes. Such giving or receiving shall not create any advantage or profitability through inappropriate

acts, or shall not be an obvious or hidden exchange to gain assistance or benefits in return or to cause approval or flexibility in any inappropriate business agreement or decision; and it must be in line with related laws. At all events, any gifts given by the Company shall be in the name of the Company and not personal name, the gifts may be made with the Company's logo or attached with a name card with the Company's logo on it, and they must be proper for the occasion; for example, new year festival, Chinese new year or Songkran, etc. However, the gifts shall not be in the form of cash or cash equivalents such as checks, gift cards or vouchers; except for the form of sale promotion with clearly specified criteria to be practiced in the same way by everyone.

2. The Company's directors, executives and employees shall not demand or receive any gifts, hospitality or other expenses from customers or persons relating to the Company's business in any cases, which can effect on decision making or performing duties with partiality or discomfort or conflicts of interest.

3. The Company's directors, executives and employees shall not receive any unreasonable gifts or compensations owing to duty performance; for instance, in a bidding they shall not receive any gift or hospitality from a bidding or related company.

4. To receive gifts, hospitality or other benefits of over 3,000 Baht or gifts in cash or cash equivalents such as gift cards or vouchers, when in a situation in which one cannot refuse such gifts or benefits as in a meeting with customers, the receiver may accept such gifts or benefits for the time being and report it to the superior immediately. In any case, the Company shall consider further donating the received articles or gifts to charity as appropriate.

5. To give and receive other benefits such as a reception party, it must be ensured that such reception party is not too often held or in a way of too much spending that an obligation is caused to its organizer whether directly or indirectly.

6. The Company shall publicize to its directors, executives and employees the guidelines for gifts, hospitality and other expenses through an annual meeting and other existing communication systems.

7. The Company shall publicize or inform customers, trading partners or those relating to the Company's business on the policy and guidelines for gifts, hospitality and other expenses through company brochures.

#### **Penalties for breach or non-observance of anti-corruption policy**

1. If a director breaches or does not observe this policy, the Company shall appoint a committee to investigate the truth about such action in no time. However, the investigating committee shall compose of all the independent directors of the Company. If in an investigation, there is a director who has breached

or has not observed the policy in it, it is forbidden for that independent director to be a member of the investigating committee. In case where it is proven that a director has really breached or has really not observed the policy, the investigating committee shall consider a penalty as based on evidence, facts and circumstances as the case may be, and report the result and penalty to the Company's Board of Directors (excluding the breaching director) for further consideration. At all events, if such breach or non-observance of anti-corruption policy is an illegal act, a legal penalty as prescribed by the law shall also be applied.

2. If a director or employee of the Company commits a breach or non-observance of this policy, they shall be subject to a disciplinary penalty; the punishing method will depend on the facts and circumstances. At all events, if such breach or non-observance of anti-corruption policy is an illegal act, a legal penalty as prescribed by the law shall also be applied along with consideration of employment termination. However, the Company has no policy to decrease positions, punish or bring negative effects to employees who deny corruption even though such act causes the Company the lose business opportunity.

3. The Company uses all the internal communication systems to publicize the penalties if the anti-corruption policy is not observed and the awareness of the policy has no negative effects to employees denying corruption even though such act causes the Company the lose business opportunity.

4. The Company builds the awareness to general employees in terms of anti-corruption policy observance by an employee or several; for example, a eulogy or an award.

#### **Informant protection mechanism**

In order to assure informants or appellant, the Company prioritizes data collection, whistleblowing or complaint to be confidential, and has specified the process of receiving the matter and investigating in writing. Such complaint will be acknowledged only by a group of assigned and associated people. If such confidentiality is disclosed, the Company shall detect the disclosing person and execute a penalty to such person. Besides, it is considered as a duty of the superior or the head of the informant or appellant's unit to use his discretion to execute suitable order for the protection of the informant or appellant, witnesses and those giving information for investigation in order for them not to be endangered or disturbed with any injustice due to whistleblowing, complaint, attestation or information, however to be in line with the policy to protect and give fair treatment to the employees informing or complaining about corruption or non-compliance with the laws, regulations, rules and the Company's code of conduct.

#### **Implementation of measures by the Company and related persons**

1. The Company shall inform and support subsidiaries, associated companies or other companies under its authorization (if any) on the implementation of anti-corruption measure.
2. It is forbidden for the Company's directors, executives and employees to hire any agent or business intermediary for the purpose of corruption.
3. The Company shall arrange for purchase of products and services with fairness and transparency, and conduct an evaluation to select sellers, service providers, as well as contractors in accordance with the procurement regulations in a strict manner. At all events, the Company shall inform sellers, service providers, and contractors on the present anti-corruption policy and measures.
4. The Company reserves the right to cancel any procurement if it appears that any sellers, service providers, and contractors commit corruption or bribery.

#### **Publicity of anti-corruption policy**

1. The Company shall post a notice about its anti-corruption policy in an observable space for everyone in the organization to acknowledge.
2. The Company shall disseminate the anti-corruption policy through its communication channels such as website or pamphlets, to the public.
3. The Company shall communicate the anti-corruption policy and its penalties in case of non-observance, including the whistleblowing or complaining channel in the Company through several methods such as new employees' orientation program, annual seminar and training, or BOD meeting, in order to seriously implement the policy and ensure that the Company has the human resources with sufficient skills for policy execution.

#### **Internal control and report**

1. The Company has an internal control system to undertake its tasks with suitability and efficiency, including compliance with the laws and related governmental regulations. In order to reduce the risk of corruption, an internal monitoring system is executed to reasonably ensure that the existing internal control system enables the Company to achieve its goal.
2. The Company specifies the Compliance and Internal Audit Department to prepare a monitoring plan at least once a year; such plan will be approved by the Audit Committee with consideration based on the risk of corruption.

3. The Company shall maintain the internal control system to be effective against corruption, which includes an inter-balance and audit in terms of accounting and finance, data collection and other related business procedures.

4. The Company specifies the process to report audit results and urgent issues as follows:

4.1 The Compliance and Internal Audit Department shall report audit results and issues on a yearly basis minimally to the Audit Committee and parallelly to the Chief Executive Officer.

4.2 After having reported the audit result, the Compliance and Internal Audit Department shall discuss the internal control result with the department administrator, the Chief Executive Officer, and the chairman of the Audit Committee, to find a suitable method of internal control.

4.3 If an urgent issue is found, the Compliance and Internal Audit Department shall directly inform the chairman of the Audit Committee immediately.

4.4 The Audit Committee shall report the audit result to the Company's Board of Directors.

#### Data collection

1. The Company has a policy to comply with the standard, principle and governing laws in regard to accounting and financial reporting.

2. All types of expense must be supported with documents, approved according to the authorization; and the Company's data collection and storage must comply with the related laws and regulations.

3. The Company does not permit recording of false, illegitimate, incomplete and incorrect information or window dressing. Also, no extra-budgetary account shall be made to support or conceal inappropriate payments.

#### Human resource management

This anti-corruption policy shall cover the process of human resource management, from personnel recruitment, promotion, training, performance evaluation and remuneration; the Company prescribes that the superior of all levels shall communicate and create understanding with the employees under their responsibility about the policy, and effectively supervise the observance to the policy as follows:

1. Employment: the Company has specified the types and qualifications for recruitment; applicants with specified qualifications must never have a background of misconduct or omitting of duty performance or abuse of function for undue benefits by corruption of any forms; the procedure to recruit an employee is the following:

- Applicants shall submit the application form with supporting evidence as specified by the Company, to the Human Resource Department.

- The Human Resource Department considers the primary qualifications and joins the administrator of the unit requesting the employment in carrying out a knowledge and ability test as appropriate.

- Once the Company has made an employment agreement with any person to work in any position, it shall be deemed that such person is the Company's employee to receive the wage as specified in the agreement or the employee registration as the hiring rate is based on knowledge, skill, experience and the competitiveness in the labor market.

2. Performance evaluation: the Company conduct the employees' performance evaluation in the 2 phases as follows:

- Probationary performance evaluation: new employees must work for the probationary period of 120 days counting from the beginning date of working.

- Annual performance evaluation: to create common understanding towards the working goal and the employees' efficiency improvement in the past year, including an assessment of working behavior, especially that indicating non-performance or omission of performance or abuse of power in seeking undue benefits by corruption in any forms.

### **Training and communication**

#### **1. Board of Directors**

The Company shall present information on the anti-corruption policy to all the directors for acknowledgement, and conduct an orientation to new directors in regard to anti-corruption matter.

#### **2. Employees**

- All the new employees shall receive a copy of the anti-corruption policy and training on the policy and measure of anti-corruption, as well as the penalties in case of non-observance in the orientation program for new employees.

- All the current employees shall read, study, and sign to acknowledge the anti-corruption policy, in order to ensure that they know and understand the Company's policy against corruption. Besides, they can learn of the updated policy and information in the Company's website as the Company will inform the employees on any significant change of information. All employees shall constantly receive training regarding anti-corruption, so that they are aware of such policy and in particular different forms of corruption, the risk of taking part in corruption and the reporting method in case of finding or suspecting corruption, as well as the penalties in case of non-observance of the present policy.

### Measure for whistleblowing and complaining

The Company provides a measure for whistleblowing and complaining on violation of laws and codes of conduct, behaviors of corruption risk or misconduct of any person in the organization, including employees and other interested persons, such action as well as false financial reporting or defective internal control system. The Company must have a protection mechanism for informants or appellants so that the interested persons can be part of the surveillance of the Company's benefits with better efficiency.

Matters of whistleblowing and complaining:

- Violation of laws or the Company's regulations, depravity or misconduct of employees and directors;
- Abnormality of financial reporting;
- Defective internal control system;
- Matters with impacts on the Company's interest.

### Channels for whistleblowing or complaining

The Company offers an opportunity for interested persons to communicate with the directors and to be protected of their right for whistleblowing or complaining on any issue, with communication channels through the Company's Audit Committee to undertake the process as specified by the Company and further report to the Company's Board of Directors. At all events, the communication channels are the following:

- Via postal mails, to be addressed to the Chairman of the Audit Committee,  
AEC Securities Public Company Limited , 63 Athenee Tower 17th Fl., Witthayu Rd.,  
Lumphini, Pathum Wan, Bangkok 10330;
- Via email, to be sent to [Compliance@aece.com](mailto:Compliance@aece.com).

# INTERNAL CONTROL AND RISK MANAGEMENT

## 1. Internal Control

### Summary of Internal Control

AEC Securities Public Company Limited understands the importance of internal control in order to protect against potential loss and risks that may arise against the Company and stakeholders. Executives and officers must follow these guidelines:

- Assist and support the internal control process to create a good working relationship and understanding of the roles between executives and officers
- Assist and support all departments to have self-control and internal control according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) of which there are 5 (five) categories:
  1. Internal Environment
  2. Risk Management
  3. Control of Operations of Management Executives
  4. Communication and Information Systems
  5. Tracking and Review System

### Internal Environment

AEC Securities Public Company Limited has a policy of efficient self-control and regulation, internal control and risk management, which the Audit Committee, Risk Management Sub-Committee and Management Executives constantly review. Such policies include financial control and control of operations according to the law and regulations, and to constantly develop such policies and procedures.

The Company promotes directors, executives and officers to understand the necessity of internal control systems, where the Board of Directors supervises and sets clear guidelines for the Company to follow and to allow efficient management. Professional codes of conduct and ethics are instilled in the principles prescribed in the Compliance Manual to prohibit management executives and officers from engaging in conflicts of interests with the Company and to punish those who breach such duties.

Corporate structure also supports efficient and effective management to reach the goals of the Company, where the Board of Directors provides policies for the Company and the Executive Committee provides management direction and operations for the management executives. Furthermore, the Company has an audit and compliance department, and a risk management and control department, to efficiently and effectively regulate and control the internal environment and potential risks. Such guidelines are provided in writing to protect against corruption issues. Nomination of qualified personnel by considering knowledge, experience and qualifications to meet each job description, where each job requires different roles and responsibilities, is essential to the Company, its business and its corporate culture. Orientation of new personnel is important so that new personnel understand the vision and mission of the Company. The control of each department is controlled by the heads of each department, who creates a check and balance system for all types of business that the Company is engaged in.



### **Risk Management**

AEC Securities Public Company Limited has clear objectives that coincide with the visions, missions and strategies of the Company. Such objectives are at a satisfactory level to allow for efficient and effective management, as well as at an acceptable rate of risk. Stress scenarios are used to prepare against possible negative scenarios and to evaluate potential damage and loss that may occur. The Company constantly develops and prepares against stress scenarios under careful risk management.

The Company has a policy of risk management and is constantly evaluating internal and external risks that may affect the Company, as well as establishing measures to review causes of risk factors and measures to decrease such risks under the management and control of the Executive Committee. Such measures are communicated to all the departments of the Company to prepare against any potential risks in protection against potential damage and/or loss. Audit and review of the internal environment to ensure that operations of each department are proceeding as planned by the risk management and control plan, especially regarding the Net Capital Rule (NCR) for Credit Balance accounts and proprietary trading accounts of the Company.

Risk Management Department work together with related department to determine how to respond for the risk in the acceptable level. By selecting the appropriate response to deal with the probability and effect, which comparing the cost and benefits including monitoring and review of the measures in response to the risk according the regulatory, Monitor operation of the company in accordance with related regulatory to reduce the risk of the business and maintaining in the event of a crash occurs. Establish a committee investigation that includes federal agency to find out the facts and solutions to prevent such errors.

### **Control of Operations of Management Executives**

The Company has established and separated the scope of roles and responsibilities, as well as the authorization limit, of management executives and committees at each level. Issues such as recording information, accounting information and communication information are separated from each other to allow for checks and balances. In case the Company engages in related party transactions or acquisition and disposition of assets, the Company has provided written regulations where related parties must disclose to the Company as soon as possible and such related parties shall not be involved or vote on that transaction. Such information shall also be disclosed to public with the interests of the Company and shareholders regarded as highest.

### **Information and Communication**

The Company has established clear, accurate and efficient information and communication systems throughout the Company to aid quick reactions and decision-making. Information are separated from each other to allow for clear and concise understanding, increasing efficiency and effectiveness in process, coupled with developing personnel to understand their roles further in providing information to customers, investors, business partners and related persons. The Company has established policies to secure and protect information and communication as follows:

- Segregation of duties to support checks and balances of personnel in the Company to reduce infrastructure risk.
- Creating physical security for computers and server rooms in case of emergencies from fire, electricity failure and temperature malfunction.
- Establishing information and network security to restrict unauthorized persons from knowing and modifying computer information.
- Creating change management in information systems management in the Company so information systems are constantly developing to facilitate users, which will reduce integrity risks.
- Establishing backup and information technology continuity plan so information systems can work continuously and effectively, reducing availability risks.
- Creating continuous computer operation for increased accuracy, continuity and efficiency.
- Establishing control and management of IT outsourcing for efficient and effective management of outsourcing, thus controlling risks in the process.

#### Tracking and Review System

The Company has created steps, procedure and tools to assist and support management executives and various sub-committees to track and review operations to ensure efficiency in operations and internal control. The track and review system allows for the Company to adapt to changing situations and problems to be easily fixed. The Company has established a report system where business and operations are reported quarterly or monthly, depending on the situation, to assess the impacts and loss towards the Company. Through evaluating the reports, the Company is able to reassess the procedure, operations and efficiency of risk management methods. Such reports are carried out by the audit and compliance department and the risk management and control department, including reviews by an external auditor and the Board of Directors according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to increase confidence that the Company has an internal control mechanism that can fulfill the objectives of the Company.

## 2. Report of Audit Committee

The Board of Directors of AEC Securities Public Company Limited has appointed 3 independent directors as the Audit Committee including (1) Prof. Dr. Chaiya Yimwilai; (2) Mr. Paisit Kaenchan and (3) Miss Siriporn Thongkam. Prof. Dr. Chaiya Yimwilai chairs the Audit Committee and the assistant manager for regulatory and audit department serves as the secretary to the Committee. Each committee member has sufficient qualifications and experiences to carry out a review on the creditability of financial statements. The committee members are not advisor, executive director, worker or employee of the Company and have full qualifications as determined by the Securities and Exchange Commission.

The Audit Committee has independently performed its duties in the scope of authority prescribed in the Charter of the Audit Committee with cooperation from all related parties. The Committee is aware of the importance of internal control, risk management and good corporate governance to ensure that the Company has effective internal controls, manages risks in an appropriate and acceptable level, and reports accurate and reliable financial statements.

Throughout the year 2016, the Audit Committee held a total of five meetings, attended by all committee members. The Committee's main activities are summarized as follows:

1. Review of quarterly and annual financial statements: The Committee reviewed the Company's quarterly and annual financial statements before proposing to the Board of Directors to ensure that the Company's financial statements were in conformity with accounting standards under the generally accepted accounting principles; the information in the financial statements was timely, accurately and sufficiently disclosed; and the preparation of the financial statements was improved based on observations of the auditor. The Audit Committee agreed with the external auditor that the Company's financial statements were in conformity with accounting standards under the generally accepted accounting principles and the information in the financial statements was timely, accurately and sufficiently disclosed.

2. Selection and appointment of the auditor: The Committee considered choosing the external auditor by taking in consideration the independence of the auditor and also determined appropriate audit fees. It also proposed to the Board of Directors the appointment of a well-qualified certified public accountant as the Company's auditor. It endorsed the appointment of EY Company Limited as the Company's external auditor in 2016, same as the previous year.

3. Consideration on related matters and conflict of interest: The Committee reviewed compliance and accurate and complete information disclosure as stipulated by applicable laws.

4. Consideration on the report on performance of the external legal office: The Committee reviewed compliance of the legal office's performance with the Company's policy.

5. Regulating the regulatory and audit department: The Committee reviewed the annual audit plan which was mainly based on awareness of possible risks that may affect the Company's financial statements and operations and other issues possibly affecting the operations. The Committee acknowledged the report on the regulatory and audit department's quarterly performance to consider and propose guidelines for improvement and correction and monitoring the improvement based on the observations.

In summary, the Audit Committee performed its duties and responsibilities in the scope and authority stated in the Charter of the Audit Committee. The Committee's opinion is that preparation and disclosure of the Company's financial information are accurate, reliable and in accordance with the requirements of the regulatory agencies. In addition, the Company commands adequate and effective risk management, and suitable and sufficient internal audit. The Committee found no significant errors affecting the Company's financial status and then reported the full results to the Board of Directors.

### 3. Summary of the Opinions of the Board of Directors of AEC Securities Public Company Limited on Internal Control and Environment

The Board of Directors considers that the internal control of the Company is satisfactory and appropriate, which protects the assets of the Company against unauthorized use and abuse of power by management executives. The Company has not had any issues on internal control and the external auditor has not raised any issues on internal control of the Company. The Company has also established guidelines for internal control according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which has been considered and approved by the Board of Directors.

The Audit Committee agrees with the Board of Directors.

### 4. Head of Internal Control and Compliance of the Company

Details of the Head of internal control and compliance of the Company as follows;

Details	Head of Internal Control and Compliance		
Name	Mr. Kasidit Nuchtan		
Position	Assistant Managing Director		
Education	Bachelor Degree – Business Administration, Dhurakij Pundit Universtiy		
Experience	AEC Securities PCL.	Executive Vice President	Apr. 2015 – Present
	Merchant Partners Asset Management Co.,Ld	Senior Vice President	Sep. 2014 – Apr. 2015
	UOB Securities PCL.	Vice President	Apr. 2005 – Sep. 2014
Training	Course of Regulatory Practice (Organized by Association of Thai Securities Companies, The Stock Exchange of Thailand and The Securities and Exchange Commission)		
	- Expectations of SEC and Preparing of Compliance to the capital markets in the futures		
	- Ethics in the Securities Business		
	- The regulatory order is not appropriate		
	- Regulatory of Derivatives		
	- Governance rules of the SET and TCH		
	- Private Funds		
	- Guidelines for the management of financial risk		
	- Regulatory approach to performance management funds and issues observed by the audit		
	- The rules and regulations related to the brokerage unit		
Responsibility	■ Control and responsibility on auditing results accordance with the plan and objective are determinate, which is conformity with policy of the Company. Reporting on operation of the department to supervisor and management.		
	■ Consultant comments and recommend on the internal control and system development to be effective and adapt to changing business environments. Including to legal		

	<p>compliance regulations of the Company along with ethics of member companies</p> <ul style="list-style-type: none"> <li>▪ Consulting and training and evaluate the performance of employee in the department.</li> </ul>
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The Audit Committee has considered the head of internal control and compliance of the Company as knowledgeable, experienced and qualified for the position. In 2016, training on Auditing to know the facts about the customer according to the Law on the Prevention and Money Laundering Office Course (by AMLO ) and Preparation of the securities and asset Management Company for requesting a certificate of compliance alignment of the private sector in the fight against corruption (by SEC).

Appointment, dismissal and transfer of the head of internal control and compliance of the Company require approval from the Audit Committee.

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors of AEC Securities Public Company Limited has appointed 3 independent directors as the Audit Committee including (1) Prof. Dr. Chaiya Yimwilai; (2) Mr. Paisit Kaenchan and (3) Miss Siriporn Thongkam. Prof. Dr. Chaiya Yimwilai, Chairs the Audit Committee and the assistant manager for regulatory and audit department serves as the secretary to the Committee. Each committee member has sufficient qualifications and experiences to carry out a review on the creditability of financial statements. The committee members are not advisor, executive director, worker or employee of the Company and have full qualifications as determined by the Securities and Exchange Commission.

The Audit Committee has independently performed its duties in the scope of authority prescribed in the Charter of the Audit Committee with cooperation from all related parties. The Committee is aware of the importance of internal control, risk management and good corporate governance to ensure that the Company has effective internal controls, manages risks in an appropriate and acceptable level, and reports accurate and reliable financial statements.

Throughout the year 2016, the Audit Committee held a total of five meetings, attended by all committee members. The Committee's main activities are summarized as follows:

1. Review of quarterly and annual financial statements: The Committee reviewed the Company's quarterly and annual financial statements before proposing to the Board of Directors to ensure that the Company's financial statements were in conformity with accounting standards under the generally accepted accounting principles; the information in the financial statements was timely, accurately and sufficiently disclosed; and the preparation of the financial statements was improved based on observations of the auditor. The Audit Committee agreed with the external auditor that the Company's financial statements were in conformity with accounting standards under the generally accepted accounting principles and the information in the financial statements was timely, accurately and sufficiently disclosed.

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In summary, the Audit Committee performed its duties and responsibilities in the scope and authority stated in the Charter of the Audit Committee. The Committee's opinion is that preparation and disclosure of the Company's financial information are accurate, reliable and in accordance with the requirements of the regulatory agencies. In addition, the Company commands adequate and effective risk management, and suitable and sufficient internal audit. The Committee found no significant errors affecting the Company's financial status and then reported the full results to the Board of Directors.

A handwritten signature in blue ink, appearing to read 'Chaiya Yimwilai', is positioned above the printed name.

( Prof. Dr. Chaiya Yimwilai )

Chairman of the Audit Committee

# CONNECTED TRANSACTIONS

## 1. Connected Transactions between the Company and related persons in 2015 and 2016

During the years 2016 and 2015, the Company has no significant business transaction and outstanding balance with the related party.

## 2. Measures or approval process for connected transactions

The Board of Directors had considered the above connected transactions and agreed that they were for the highest benefits of the company and were normal businesses. For similar transactions in the future, the Board of Directors stated that if they are the company's normal transactions which are transactions of brokerage, securities dealing, investment advisory, and securities underwriting such as the approval of securities trading credit line as in the company's regulations, the company can process by following the approval procedure and report to Audit Committee. or the Board of Directors for acknowledgement.

For connected transactions that are not normal business transactions, there must be a presentation of details, transactions, relationship, appropriateness, and expert opinions from the third person such as auditor, property valuer, independent engineer, or legal office (if any) to the Audit Committee and the Board of Directors for consideration, then submit to the shareholders' meeting for approval before actually making the transactions.

Nonetheless, directors who will be affected by the transactions are not allowed to approve the transactions and have to reveal relationship with the counter party to the company.

## 3. Policies and tendency of connected transactions

The Board of Directors, with the opinion of the Audit Committee, will consider policies of connected transactions and reasons of such transaction by considering conditions of price setting and conditions of transactions as normal business. However, related persons will not participate in the approval consideration. The Board of Directors to be complies with the laws of securities and exchange, regulations, notifications, and SET's regulations. This includes the cooperation in information disclosure about connected transactions and the acquisition or sale of important asset of the company or subsidiary company and in accordance with accounting standard set by Institute of Certified Accountants and Auditors of Thailand in case there are connected transactions taking place with individuals who may have conflicts of interest, impacts, or future conflicts of interest. The company will assign the Audit Committee to give opinions about necessity and appropriateness of such transactions whether they are complied with normal business conduct and compare the price setting with the outsiders. In case the Audit Committee does not have expertise in consideration of possible connected transactions, the Company will find independent expertise or the company's auditors to give opinions about such transactions to increment the decision making of the Board of Directors or shareholders. However, the company will disclose connected transactions in note to financial statement audited by the auditor.



# MANAGEMENT

## DISCUSSION AND ANALYSIS



### Operational and Financial Standing Analysis

#### (1) Operational Analysis

##### **Operational overview and significant changing factors for the accounting period of 2016**

AEC Securities Public Co., Ltd. is the 38<sup>th</sup> member listed in the Stock Exchange of Thailand, with a full securities business license type A and a full derivatives business license type Sor-1, engaging in the primary business as a broker facilitating the buying and selling of financial securities and derivatives. The Company also operates licensed businesses such as securities trading, investment advisor (investment banking), securities underwriting, securities borrowing and lending, and private fund management. In 2016, the Company expanded the bond trading and financial advisor businesses with a total of 14 branches. The Company's primary revenues originate from the brokerage business; in 2016 and 2015 the brokerage fee revenue was contributed at 72-87% of the total revenue. The Company provides services to both individual and institutional customers domestically whereas the majority is individual customers. In 2016, the Company had a market share in solely the brokerage business at 2.60% and was ranked at the 18<sup>th</sup> of the entire market.

In April 2016, the Company experienced a change of management with the appointment of a new CEO, Mr. Chanachai Joonjiraporn, and was joined with an earner team, as well as a reorganization to facilitate the Company's business operation with continuity and efficiency.

In June 2016, the Company sold the investment fund in AAMC Management Co., Ltd., a subsidiary company, to outsiders at the amount of 600,000 shares, equal to 36.75 million Baht. After the selling, the Company's shareholding proportion decreased from 90% to 30%, and the investment fund status of AAMC Management Co., Ltd. was altered from the investments in subsidiary to associated company.

In August 2016, the Company terminated the private fund management agreement with a fund management securities company that managed investment funds in the marketable listed securities, and brought them back to be managed by the Company itself.

In December 2016, the Company relocated the Prachachuen branch office to Park Ventures Ecoplex building, and changed the name of Prachachuen branch to Park Ventures Ecoplex branch. Meanwhile, the Company closed the Nakhon Sawan branch as its turnover did not reach the target.

For 2016, the investment situation and competition in the securities business industry remained intense and fierce, particularly the competition to be the market leader; also, new competitors were constantly introduced into the industry.

The global deflation and the change in the European zone were all affecting on the investment in Thailand. However, the Company commits to developing and maintaining its competitiveness and expanding its revenue base to be more diversified by decreasing the revenue proportion from the brokerage commission and increasing it from other businesses such as brokerage fee revenue, profits from investment funds, and bond trading revenue, for the purpose of the Company's growth with strength, continuity and sustainability in its operation and good organization.

For the accounting period of 2016, the Company and its subsidiaries reported the total revenues of 817.89 million Baht, an increase by 157.59 million Baht or 23.87%, from 660.30 million Baht in 2015. The Company's revenues were significantly increased owing to the profit recognition from the fair value adjustment for investments in marketable listed securities.

Meanwhile, the total expenses decreased at 18.83 million Baht from 854.40 million Baht in 2015 to 835.57 million Baht in 2016, equal to 2.20%, resulting mainly from the reduced financial costs due to the decrease of customer deposit amount and bonds for loans.

The Company's sources of revenue consist of brokerage commission, fee and service, gain (loss) on investments, gain on sale of investment in receivables, interest received, interest on margin loans and other revenues; the contribution of each revenue type and growth is shown as follows:

**(Unit: Million Baht)**

Revenues	2016		2015	
	Amount	Per cent	Amount	Per cent
Brokerage commission	588.83	71.99	571.44	86.54
Fee and service	63.35	7.74	58.83	8.91
Gain (loss) on investments	97.21	11.89	(80.48)	(12.19)
Loss on sale of subsidiary	(2.15)	(0.26)	-	0.00
Loss on fair value adjustment	(1.46)	(0.18)	-	0.00
Share of loss of investments in subsidiaries	(0.09)	(0.01)	-	0.00
Interest received	30.28	3.70	31.40	4.75
Interest on margin loans	37.87	4.63	60.59	9.18
Other revenues	4.05	0.50	18.52	2.81
Total revenues	817.89	100.00	660.30	100.00

In conclusion, in the year of 2016, the Company reported a comprehensive loss of 18.49 million Baht, the operating profit improved to 174.30 million Baht or 90.41% as compared to the same period in 2015 in which the net operating loss was 192.78 million Baht.

From the results above, the Company's gross profit margin for the period of 2016 improved from previously 73.54% in 2015 to 82.57 in 2016; the net profit margin increased from (29.20) in 2015 to (3.05) in 2016. The return on equity increased from (16.89) in 2015 to (2.16) in 2016, and the return on investment increased from (7.02) in 2015 to 16.43 in 2016. The return on assets increased from (6.91) in 2015 to (1.00) in 2016, and the asset turnover increased from 0.24 in 2015 to 0.33 in 2016.

**The total revenues for the accounting period of 2016 increased as compared to the accounting period of 2015.**

**Brokerage commission revenue**

The brokerage commission revenue for the period of 2016 increased from 571.44 million Baht in 2015 to 588.83 million Baht in 2016, as an increase by 17.39 million Baht or 3.04%, contributed by an increase by 10.29 million Baht or 2.10% in securities trading commission; and by 10.76 million Baht or 14.78% in derivatives trading commission; with a decline by 3.66 million Baht or 45.92% in investment units selling agent commission.

The revenue proportion of brokerage commission per total revenues decreased quite drastically from 86.54% in 2015 to 71.99% in 2016 because the Company remodeled its business for diversification, in which the Company attempted to distribute revenues by reducing the dependency on the brokerage commission revenue.

**Fee and service revenue**

The fee and service revenues for the period of 2016 increased from 58.83 million Baht in 2015 to 63.35 million Baht in 2016, as an increase by 4.52 million Baht or 7.68%, contributed by an increase by 7.50 million Baht or 7,915.96% in securities underwriting revenue; by 5.81 million Baht or 318.36% in financial advisory revenue; and by 4.45 million Baht or 144.20% in customer asset management, with a decline by 12.21 million Baht or 23.87% in bill of exchange sales revenue. The revenue proportion of fee and service per total revenues slightly decreased from 8.91% in 2015 to 7.74% in 2016.

**Profits from investment funds**

The profits from investment funds improved considerably from the previous year, from the loss of 80.48 million Baht in 2015 to the profit of 97.21 million in 2016, as an increase by 177.69 million Baht or 220.78% owing to the recognition of actual profits and the fair value adjustment for investments in marketable listed securities. Besides, the profits were contributed by the expansion of the bond trading business in which more investors made their investments due to the low deposit interest rate and the deposit amount determination protected by the Deposit Protection Agency, and because the profit proportion from individual investments increased from (12.19%) in 2015 to 11.89% in 2016.

**Loss on sale of subsidiary**

The Company recognized the loss caused by the sale of investment fund in a subsidiary at the amount of 2.15 million Baht.

**Loss on fair value adjustment**

The Company recognized the remaining investment funds in subsidiaries and associated companies in fair value as of the date of selling the subsidiary, and recognized the difference from the fair value adjustment for investments in the account at the amount of 1.46 million Baht, as the loss caused by the fair value adjustment in the consolidated financial statements. Such fair value is considered as the recognized start-up cost of the investment in associated companies in the financial statements under the equity method.

**Share of loss of investments in associated companies**

The Company recognized the share of loss caused by the operation of associated companies according to the Company's shareholding proportion, which is equal to 0.09 million Baht.

**Revenue on interest received**

The revenue on interest received decreased from 31.40 million Baht in 2015 to 30.28 million Baht in 2016, as a decline by 1.12 million Baht or 3.57% due to the decreased deposit amount of the Company and customers according to the market situation and the decreased interest rate.

**Revenue on interest on margin loans**

The revenue on interest on margin loans decreased from 60.59 million Baht in 2015 to 37.87 million Baht in 2016, as a decline by 22.72 million Baht or 37.50% due to the decline of margin loan business.

**Other revenues**

The Company had other revenues that included benefits allocated from the Clearing Fund, benefits allocated from the Derivatives Clearing Fund, default fine revenue, interest received-installment receivables, and revenues from subsidiaries, with the total value of 2016 equal to 4.05 million Baht decreasing from 2015 at 14.47 million Baht or 78.13%, mostly as a decline of subsidiaries' revenues because in 2016 the Company recognized the revenues until the day of selling the subsidiary.

**Total expenses for the accounting period of 2016 decreased in comparison to that of 2015.****Financial costs**

The Company's financial costs decreased from 74.22 million Baht in 2015 to 37.88 million Baht in 2016, as a decline by 36.34 million Baht or 48.96%, contributed by the decrease of customer deposit amount and bonds for loans.

**Fees and service fees payable**

The fees and service fees payable increased from 95.59 million Baht in 2015 to 103.94 Baht in 2016, as an increase by 8.35 million Baht or 8.73%, contributed by the increase of service fees payable as varied by the increase in the number of securities and derivatives trading brokerage transactions.

**Operational expenses**

The operational expenses for the period of 2016 increased by 8.66 million Baht from 685.08 million Baht in 2015 to 693.74 million Baht in 2016, as an increase of 1.26% contributed mainly by the following:

Personnel expenses increased from 451.60 million Baht in 2015 to 460.56 million Baht in 2016, as an increase by 8.96 million Baht or 1.98%, varying according to the trading value of securities and derivatives.

Property, plant and equipment expenses increased from 127.40 million Baht in 2015 to 137.34 million Baht in 2016, as an increase by 9.94 million Baht or 7.80%.

Other expenses including entertainment, data service, lease line and internet service, bank charges, fuel, messengers, advertising, other fees, audit fee, lawyer fee, specific business tax, etc. cost a total of 80.87 million Baht in 2016, as a decline by 8.41 million Baht or 9.42% when compared to 89.28 million Baht in 2015.

**Bad debt and doubtful accounts**

In 2016, the Company had no reversal of bad debt and doubtful accounts.

**Corporate income tax expense**

The corporate income tax expense for the year of 2016 was 7.27 million Baht due to the adjustment to deferred income tax as the Company expected it to be of no use in the future.

The income tax related to other comprehensive profit and loss included the deferred income tax arising from the actuarial gains for the employee benefits project was 1.62 million Baht.

**(2) Financial Standing Analysis****Overview of the Company's financial standing as of 31<sup>st</sup> December 2016**

As of 31<sup>st</sup> December 2016, the Company's total assets were 2,719.93 million Baht, an increase by 472.98 million Baht or 21.05%, of the total assets of 31<sup>st</sup> December 2015 at the amount of 2,246.95 million Baht; the improvement was mostly contributed by the increasing net investment funds at 417.92 million Baht owing to the considerably growing bond trading business because of the situation of low deposit interest rate in which the private sector augmented fund raising through issuance of corporate bonds and debt securities and investors were interested in investing in it while accepting higher risks coming with higher investment return.

As of 31<sup>st</sup> December 2016, the Company's total liabilities were 1,575.92 million Baht, increasing by 497.47 million Baht or 46.13% as compared to the same period in 2015 at 1,078.45 million Baht, chiefly caused by an increase of securities and derivatives business payables at 500.77 million Baht or 176.12% as corresponding to the securities trading volume during the 3 last working days of the year. The debt to equity ratio increased from 0.92 times in 2015 to 1.38 times in 2016 due to an increase of securities and derivatives business payables at 500.77 million Baht according to the securities trading volume during the 3 last working days of the year.

The Company's financial liquidity remained good with the net capital as of 31<sup>st</sup> December 2016 at 643.92 million Baht, equal to the net liquid capital rule (NCR) of 52.80% of general liabilities and security interest, which was a higher rate than that specified by the requirements under the SEC regulations, i.e. not lower than 7% of general liabilities and security interest.

In conclusion, the Company is considered a securities company with strong financial standing and is still solvent for business operation.

**The Company's total assets as of 31<sup>st</sup> December 2016 increased as compared to the same period in 2015.****Cash and cash equivalents**

The cash and cash equivalents decreased by 44.33 million Baht from 139.79 million Baht in 2015 to 95.46 million Baht in 2016 or 31.71%.

**Deposits at financial institutions**

The deposits at financial institutions increased by 0.27 million Baht from 77.20 million Baht in 2015 to 77.47 million Baht in 2016 or 0.35%.

**Receivables from Clearing House**

As of 31<sup>st</sup> December 2016, the Company had receivables from Clearing House at the amount of 351.91 million Baht, as the net balance of receivables from Clearing House caused by securities and derivatives clearing, comprising the security money deposited to the Clearing House for derivatives transactions, which varies according to securities trading value on the day-end as a normal trading state of securities business.

**Securities and derivatives business receivables**

The net securities and derivatives business receivables as of 31<sup>st</sup> December 2016 amounted 904.17 million Baht, decreasing by 178.63 million Baht or 16.50% as compared to the same period in 2015 at 1,082.80 million Baht, mostly caused by the reduction of margin loan receivables by 157.08 million Baht.

The Company takes into consideration the risk from doubtful accounts and bad debt with the assessment of each debtor's financial status. This assessment includes importance placed on customer acceptance consideration for quality customers, determination of securities trading amount suitable for customer's financial status, risk consideration and security value, and customer reminder for punctual securities payment. 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.

In this respect, the Company has the policy to set allowance for doubtful accounts by means of comparing the source of debt obligation to the customer's security. For any debtor with security inferior to the debt, the Company will set allowance for doubtful accounts to be higher than the security, as in compliance with the requirements stated in the Office of the Securities and Exchange Commission's Notifications No. KorThor. 33/2543 regarding NPL accounting for securities companies dated 25<sup>th</sup> August 2000 and Kor.Thor. 5/2544 regarding NPL accounting for securities companies (No.2) dated 15<sup>th</sup> February 2001.

Nonetheless, as of 31<sup>st</sup> December 2016, the Company's allowance for doubtful accounts was 86.56 million Baht.

**Investments**

The net investments as of 31<sup>st</sup> December 2016 amounted 985.00 million Baht, increasing by 417.92 million Baht or 73.70% as compared to the same period in 2015 at 567.08 million Baht, chiefly caused by an increase of trading securities in private bond at 240.03 million Baht, in line with the bond trading situation as aforementioned and the investment funds in investment units at 174.61 million Baht due to the excess liquidity management in the end of the year.

**Building improvement and equipment**

Building improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any). Depreciation of building improvement and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives.

Building improvement and equipment, for the most part, included computing devices, office equipment and office decorative items; the net book value as of 31<sup>st</sup> December 2016 was 174.74 million Baht as compared to the balance at the end of 2015 at 218.86 million Baht, decreasing by 44.12 million Baht or 20.16%.

**Other assets**

The Company's other assets include deposits, payments for Clearing Fund, asset for protecting the clearing system, prepaid expenses, accrued interest income, accrued income and other receivables from sales; the net book value as of 31<sup>st</sup> December 2016 was 72.96 million Baht as compared to the balance at the end of 2015 at 92.36 million Baht, decreasing by 19.40 million Baht or 21.00% mainly owing to the reduction of accrued service fee revenue at 22.16 million Baht.

**The Company's total liabilities as of 31<sup>st</sup> December 2016 increased as compared to the same period in 2015.**

#### **Securities and derivatives business payables**

The securities and derivatives business payables as of 31<sup>st</sup> December 2016 amounted 785.09 million Baht as compared to the balance at the end of 2015 at 284.33 million Baht, increasing by 500.77 million Baht or 176.12%, mostly contributed by an increase of creditors buying securities in cash at 522.82 million Baht due to the increasing securities trading value on the day-end of 2016 when compared to 2015 as a normal trading state of securities business.

#### **Debt issued and other borrowings**

The debt issued and other borrowings as of 31<sup>st</sup> December 2016 were 463.94 million Baht as compared to the balance at the end of 2015 at 575.92 million Baht, decreasing by 111.98 million Baht or 19.44% due to the maturity of subordinated debentures.

		(Unit: Million Baht)			
		Consolidated and separate financial statement			
		2016			
		The maturity dates of debt			
	Interest rate (per cent)	Less than 1 year	1 - 5 years	Over 5 years	Total
Bills of exchange	4.20 – 5.75	393.94	-	-	393.94
Subordinate debentures	5.40 – 5.75	70.00	-	-	70.00
Total		463.94	-	-	463.94

		(Unit: Million Baht)			
		Consolidated and separate financial statement			
		2015			
		The maturity dates of debt			
	Interest rate (per cent)	Less than 1 year	1 - 5 years	Over 5 years	Total
Bills of exchange	4.62 – 5.00	300.92	-	-	300.92
Subordinate debentures	5.10 – 6.00	205.00	70.00	-	275.00
Total		505.92	70.00	-	575.92

### Accrued Expenses

The Company's accrued expenses as of 31<sup>st</sup> December 2016 amounted 92.36 million Baht as compared to the balance at the end of 2015 at 70.17 million Baht, decreasing by 22.19 million Baht or 31.62%, mostly caused by accrued employee expenses to be paid in 2017 including marketing officers and investment advisors' benefit, fees for licensed persons to be paid on the basis of business amount and fixed rate based on the marketing compensation criteria set out by the government, suppliers and account payables, and other expenses such as accrued interest, accrued commission, accrued entertainment expenses, and accrued audit fees.

### The equity attributed to owners of the Company as of 31<sup>st</sup> December 2016 decreased as compared to the same period in 2015.

The equity attributed to owners of the Company as of 31<sup>st</sup> December 2016 amounted 1,144.01 million Baht, as a decline by 24.49 million Baht as compared to the same period in 2015 at 1,168.50 million Baht or 2.10%.

### Company's liquidity and investment sufficiency

#### Liquidity

In 2016, the Company's net cash and cash equivalents decreased by 44.33 million Baht, as detailed into the following cash flow activities:

	(Unit: Million Baht)	
	2016	2015
Cash flows from operating activities	99.65	486.84
Cash flows from investing activities	(31.27)	(152.13)
Cash flows from financing activities	(112.71)	(542.47)
Net increase (decrease) in cash and cash equivalents	(44.33)	(207.76)

### Cash flows from operating activities

In 2016, the Company's net cash flows from operating activities amounted to the total of 99.65 million Baht, with the operating loss prior to the change in operating assets and liabilities at 35.81 million Baht, and an increase in the change in operating assets at 468.97 million Baht and in operating liabilities at 604.43 million Baht.

### Cash flows from investing activities

In 2016, the Company's net cash flows used in investing activities amounted to the total of 31.27 million Baht, mainly caused by the cash payment for the purchase of private bonds at 49.70 million Baht, the purchase of building improvement and equipment at 10.86 million Baht; and the cash received from the sale of investments in the subsidiary was at 33.93 million Baht.

### Cash flows from financing activities

In 2016, the Company's net cash flows used in financing activities amounted to the total of 112.71 million Baht, chiefly due to the repayment for mature bonds at 111.98 million Baht.



At all events, in considering the Company's liquidity, an additional point to be taken is the ability to maintain the Net Liquid Capital Rule (NCR) in accordance with the requirements of the Office of the Securities and Exchange Commission (SEC). The Company has a policy to maintain an NCR and its ratio at a rate higher than stipulated by the SEC; that is to say, the SEC specifies the NCR to be maintained at no less than 25 million Baht and the NCR ratio at no less than 7% of liabilities and guarantees. In the past 2 years (2015-2016), the Company was able to maintain the NCR ratio at a rate higher than 7%, meaning that the Company's liquidity was sufficient for business operation. The Company's NCR in 2015 was 84.13% and 52.80% in 2016. However, the NCR ratio varies according to different factors such as the amounts of securities trading, investment funds, debentures and issued bonds, and securities underwriting.

### **Source of funding**

As of 31<sup>st</sup> December 2016, the Company's source of funding from liabilities amounted 1,575.92 million Baht, and from equity 1,144.01 million Baht. The debt to equity ratio as of 31<sup>st</sup> December 2015 and 2016 was equal to 0.92 and 1.38 times respectively. The majority of liability included securities and derivatives business payables and debt issued and other borrowings. However, if considering the debt to equity ratio without including the securities and derivatives business payables, the Company's debt to equity ratio as of 31<sup>st</sup> December 2015 and 2016 would be 0.68 and 0.69 times respectively.

### **Provisions**

Provisions are recognized when the Company and the subsidiary has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company has contingent liabilities as a result of litigation as follows:

#### **1. Litigation in which the Company has been sued by security business customers**

1.1 The Company was sued by a security business customer, as the 2<sup>nd</sup> defendant, to retrieve securities of approximately 3.3 million Baht during 2004; the Court ruled that the Company as the employer was liable jointly with the 1<sup>st</sup> defendant. On 29<sup>th</sup> January 2010, the Court of Appeals upheld the decision of the Court of first instance. Later on, the Company appealed to the Supreme Court. In September 2016, the said case was final as the Supreme Court confirmed the judgment of the Court of Appeals and ordered the 2 defendants to pay 6.8 million Baht to the plaintiff. Therefore, the Company recorded the clearing of liabilities as estimated at 5.6 million Baht to pay for such damage; the difference of damage at 1.2 million Baht to be paid to the plaintiff was already executed by UOB Kay Hian Securities (Thailand) PCL.

1.2 In 2009, the Company was sued by a security business customer for damages from breach of agent/broker contract, with the amount in dispute at 34.8 million Baht. On 17<sup>th</sup> February 2011, the Court of first instance ruled for the Company to be liable to the plaintiff. During 2012, the Company filed an appeal; and on 22<sup>nd</sup> August 2014, the Court of Appeals dismissed the case. At present, the case is pending under the consideration of the Supreme Court to decide whether to allow the plaintiff to appeal or not. The Company's management believes that the Company will not be liable to such damages.

However, if the aforementioned case causes any further damages to the Company beyond the provisions considered earlier, the Company will be able to claim such damages from UOB Kay Hian Securities (Thailand) PCL. in accordance with the assignment agreement made between the Company and the new major shareholder; in this agreement, the Company was assigned with the right to claim for damages from any litigation arising prior to 26<sup>th</sup> March 2013 from the major shareholder as the Company is able to do so from UOB Kay Hian Securities (Thailand) PCL. within 60 days counting from the date of the case being final.

2. Litigation in which the Company was sued by the same major shareholder

In 2013, the Company was sued by the same major shareholder, as the 3<sup>rd</sup> defendant, to prohibit the assignment of SET membership to UOB Kay Hian Securities (Thailand) PCL. as approved in the meeting of the Company's Board of Directors No. 3/2556. On 23<sup>rd</sup> September 2014, the Court of first instance dismissed the case. At all events, the said major shareholder filed an appeal to the Court of Appeals, who also dismissed the petition filed by the plaintiff. The plaintiff also appealed to the Supreme Court under which the case is now pending. Therefore, on 31<sup>st</sup> December 2015, the Company has not assigned the right of SET membership to UOB Kay Hian Securities (Thailand) PCL.

3. A customer's case of transfer of share

On 7<sup>th</sup> July 2016, the Company was sued as a joint defendant (4<sup>th</sup> defendant) in a case of transfer of share filed by a customer to retrieve securities or be compensated for damages, with the amount in dispute at about 38 million Baht (the amount in control of the Company cannot be identified as yet because there are 4 joint defendants). However, the Company's lawyer considered and saw that that Company had a proof relevant to rebut the accusation. The case is now under the consideration of the Court of first instance with no final ruling yet; the result cannot be defined for the moment. The Company's management believes that no damages will be caused to the Company; no bookkeeping has been made for contingent liabilities from the said case.

### **Factors affecting on the future operation result**

The investment situation in the securities market in the past year of 2016 can be said to be a vigorous year of investment as the SET index increased to 19.79% by 254.93 points. The daily average trading volume made a record of as high as 52,700.26 million Baht. For 2017, the factors to be taken into account are the following:

1. The global economic expansion is still difficult to be estimated; the World Bank primarily estimated that the expansion would be at 3.4% but with great volatility because of crucial issues that included the new U.S. president, Mr. Donald Trump whose policies are still on the lookout after his inauguration; besides, the Brexit and the tendency of other countries to leave the EU are contributed to the uncertainty of global economic expansion;
2. The energy prices that tend to decrease, especially the fluctuating oil price in the world's market although the oil producing countries are controlling the productivity. However, the demand remains high; consequently, the oil price cannot be increased. Subsequently, the share prices in the related energy group also decelerate, impacting on the investment situation for shares with major authorized capital;
3. The domestic economy increased moderately between 3.2 – 3.4% (World Bank, Mar. 2017) or the GDP size was at 14.3 trillion Baht (in comparison to the expansion of GDP at 3.2% from 2016). Being compared to the value registered to the SET in March at the amount of 15.1 trillion Baht, it can be seen that the investment in the stock market is higher than the GDP value at 5% while the GDP has a lower increasing rate. Thus, the investment in 2017 may be caused to be less vigorous or it can be concluded that the daily average trading volume may be inferior to the previous year.

From the above factors, it can be estimated that the securities trading revenue tends to decrease, which is risky to the business. However, the Company's adjustment of business operation plan by increasing the portion of other businesses such as bond trading, private funds, financial advisory and listing of shares in the market will be reinforcing factors for the Company to be compensated with other revenues and to have a chance of better operation result without too much depending on the brokerage business.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AEC Securities Public Company Limited

## Independent Auditor's Report

To the Shareholders of AEC Securities Public Company Limited

### Opinion

I have audited the accompanying financial statements of AEC Securities Public Company Limited (the Company) and its subsidiary, which comprise the statement of financial position in which the equity method is applied as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of AEC Securities Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AEC Securities Public Company Limited and its subsidiary and of AEC Securities Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company and its subsidiary in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matters**

I draw attention to Note 33.1.3 to the consolidated financial statements, which described that the Company was sued as a co-defendant in connection with the share transfer of a client. The case is being considered by the Court of First Instance, which has yet to issue a final judgement, meaning that the outcome cannot be determined at this time. The Company therefore has not yet recorded any entries in the accounts. My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### ***Recognition of revenue from brokerage fees***

The Company's revenue mainly consisted of brokerage fees amounting to Baht 589 million, representing 72 percent of the Company's total revenue. The Company charges brokerage fees at percentages of trading volume, which are freely negotiated, and based on a sliding scale fee structure. Because of the size and volume of transactions, the large number of customers, the fees charged to customers being dependent on various factors, and the recognition of revenue from brokerage fees relying primarily on data processed by information systems, I focus my audit on the measurement and occurrence of brokerage fees.

The audit procedures I performed included assessing and testing, on a sampling basis, the Company's internal controls relevant to the recognition of revenue from brokerage fees, and its information technology controls relevant to the calculation of brokerage fees. I also tested, on a sampling basis, the brokerage rates, the calculation and the account recording. In addition, I performed analytical procedures on brokerage fees and examined, on a sampling basis, material accounting adjustments made through journal vouchers.

***Allowance for doubtful accounts for securities and derivatives business receivables***

As discussed in Note 4.9 to the financial statements, the Company's allowance for doubtful accounts for securities and derivatives business receivables is determined through the consideration of specific reviews, the collection risk and the collateral value. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the value of collateral required dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts for securities and derivatives business receivables is significant because the Company has a large number of customers and the amount of outstanding receivables is significant to the Company's financial statements (as at 31 December 2016, the securities and derivatives business receivables amounting to Baht 991 million, representing 36 percent of the Company's total assets). Therefore, I focused my audit on the adequacy of allowance for doubtful accounts for such receivables.

I have performed audit procedures on the allowance for doubtful accounts as follows:

- I assessed, and tested on a sampling basis, the Company's internal controls relevant to the status of account receivables, the calculation of collateral value, and the calculation and recording of allowance for doubtful accounts. I also assessed the methods applied by the Company to determine and calculate the allowance, and compared the Company's policy to regulatory requirements.
- I examined the allowance for doubtful accounts as at the period-end date by checking the completeness of the data used in the calculation of allowance for doubtful accounts. I also tested on a sampling basis the status of receivables, the valuation of collateral, the debt collections after the period-end date, the correctness of debt classification and the calculation of the allowance.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charge with governance for correction of the misstatement

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

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

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

Those charged with governance are responsible for overseeing the Company's and its subsidiary's financial reporting process.

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

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiary's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiary to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Company and its subsidiary audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Ratana Jala.

Ratana Jala  
Certified Public Accountant (Thailand) No. 3734

EY Office Limited  
Bangkok: 26 February 2017

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Financial statement				
	Note	in which the equity	Consolidated	Separate	
		method is applied	financial statement	financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
Cash and cash equivalents	6	95,458,760	139,787,568	95,458,760	135,679,026
Deposits at financial institutions	7	77,472,335	77,196,484	77,472,335	77,196,484
Receivables from Clearing House	8	351,913,252	13,795,300	351,913,252	13,795,300
Securities and derivatives business receivables - net	9	904,172,332	1,082,804,604	904,172,332	1,082,804,604
Investments - net	11	984,998,907	567,079,620	984,998,907	527,079,620
Investment in subsidiary	12	-	-	-	55,120,380
Investment in associate	13	17,896,838	-	18,370,380	-
Premises improvement and equipment - net	14	174,737,283	218,857,459	174,737,283	213,995,805
Goodwill		-	4,376,116	-	-
Intangible assets - net	15	36,978,997	38,459,800	36,978,997	38,429,061
Deferred tax assets	31	3,348,499	12,236,449	3,348,499	12,236,449
Other assets - net	16	72,956,899	92,356,345	72,956,899	79,065,791
<b>Total assets</b>		2,719,934,102	2,246,949,745	2,720,407,644	2,235,402,520

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

		Financial statement in which the equity method is applied	Consolidated financial statement	Separate financial statements	
	Note	2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Liabilities</b>					
Payables to Clearing House		-	111,006,010	-	111,006,010
Securities sold under repurchase agreements	18	198,930,193	-	198,930,193	-
Securities and derivatives business payables	19	785,091,556	284,325,781	785,091,556	284,325,781
Finance lease liabilities	20	703,368	1,427,071	703,368	1,427,071
Debt issued and borrowings	21	463,939,170	575,923,317	463,939,170	575,923,317
Provisions for litigations	33.1	-	5,617,345	-	5,617,345
Provision for long-term employee benefits	22	14,148,227	13,834,816	14,148,227	13,834,816
Accrued expenses		92,364,506	70,170,896	92,364,506	69,815,527
Accrued withholding tax		1,689,554	1,029,567	1,689,554	1,011,834
Other liabilities	23	19,055,824	15,119,270	19,055,824	13,866,291
<b>Total liabilities</b>		<b>1,575,922,398</b>	<b>1,078,454,073</b>	<b>1,575,922,398</b>	<b>1,076,827,992</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
2,414,615,498 ordinary shares of Baht 1 each		2,414,615,498	2,414,615,498	2,414,615,498	2,414,615,498
Issued and fully paid-up					
1,224,244,758 ordinary shares of Baht 1 each		1,224,244,758	1,224,244,758	1,224,244,758	1,224,244,758
Share premium		85,226,981	85,226,981	85,226,981	85,226,981
Retained earnings					
Appropriated - statutory reserve	25	17,207,886	17,207,886	17,207,886	17,207,886
Unappropriated (deficit)		(182,667,921)	(164,250,614)	(182,194,379)	(168,105,097)
Equity attributable to owners of the Company		1,144,011,704	1,162,429,011	1,144,485,246	1,158,574,528
Non-controlling interests of the subsidiary		-	6,066,661	-	-
<b>Total shareholders' equity</b>		<b>1,144,011,704</b>	<b>1,168,495,672</b>	<b>1,144,485,246</b>	<b>1,158,574,528</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,719,934,102</b>	<b>2,246,949,745</b>	<b>2,720,407,644</b>	<b>2,235,402,520</b>

The accompanying notes are an integral part of the financial statements.

Directors

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit or loss:</b>					
<b>Revenues</b>					
Brokerage fees	29	588,834,084	571,440,678	588,834,084	571,440,678
Fee and service income	30	63,345,798	58,833,729	63,345,798	58,833,729
Gains (losses) on investments		97,207,271	(80,482,069)	97,207,271	(80,482,069)
Loss on disposal of subsidiary		(2,147,478)	-	-	-
Loss on revaluation of investment		(1,455,585)	-	-	-
Share of loss from investment in associate	13.2	(91,696)	-	-	-
Interest income		30,284,920	31,395,327	28,800,272	31,038,244
Interest on margin loans		37,870,904	60,590,521	37,870,904	60,590,521
Other income		4,045,542	18,522,060	1,663,585	2,193,548
<b>Total revenues</b>		<b>817,893,760</b>	<b>660,300,246</b>	<b>817,721,914</b>	<b>643,614,651</b>
<b>Expenses</b>					
Finance costs		37,884,941	74,220,657	37,884,941	74,220,657
Fee and service expenses		103,940,294	95,592,428	103,940,294	95,592,428
Operating expenses					
Personnel expenses	22	460,556,045	451,603,571	459,980,595	449,883,651
Premises and equipment expenses		137,340,138	127,397,531	136,314,315	125,334,171
Directors' remuneration	31	14,980,000	16,794,667	14,680,000	15,884,667
Other expenses		80,868,465	89,281,146	78,199,504	75,139,154
Total operating expenses		693,744,648	685,076,915	689,174,414	666,241,643
Reversal of bad debt and doubtful accounts		-	(491,590)	-	(491,590)
<b>Total expenses</b>		<b>835,569,883</b>	<b>854,398,410</b>	<b>830,999,649</b>	<b>835,563,138</b>
<b>Loss before income tax</b>		<b>(17,676,123)</b>	<b>(194,098,164)</b>	<b>(13,277,735)</b>	<b>(191,948,487)</b>
<b>Income tax</b>	32	<b>(7,272,669)</b>	<b>1,314,397</b>	<b>(7,272,669)</b>	<b>1,314,397</b>
<b>Loss for the year</b>		<b>(24,948,792)</b>	<b>(192,783,767)</b>	<b>(20,550,404)</b>	<b>(190,634,090)</b>
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains on defined benefit plans		8,076,403	-	8,076,403	-
Income tax effects		(1,615,281)	-	(1,615,281)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		6,461,122	-	6,461,122	-
<b>Other comprehensive income for the year</b>		<b>6,461,122</b>	<b>-</b>	<b>6,461,122</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(18,487,670)</b>	<b>(192,783,767)</b>	<b>(14,089,282)</b>	<b>(190,634,090)</b>

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME (continued)

For the year ended 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit (loss) attributable to</b>					
Equity holders of the Company		(24,878,429)	(192,568,799)	(20,550,404)	(190,634,090)
Non-controlling interests of the subsidiary		(70,363)	(214,968)		
		<u>(24,948,792)</u>	<u>(192,783,767)</u>		
<b>Total comprehensive income attributable to</b>		(18,417,307)	(192,568,799)	(14,089,282)	(190,634,090)
Equity holders of the Company		(70,363)	(214,968)		
Non-controlling interests of the subsidiary		<u>(18,487,670)</u>	<u>(192,783,767)</u>		
<b>Earnings per share</b>					
Basic earnings per share	27				
Loss attributable to equity holders of the Company		<u>(0.02)</u>	<u>(0.17)</u>	<u>(0.02)</u>	<u>(0.16)</u>

The accompanying notes are an integral part of the financial statements.

# CASH

## FLOW STATEMENT

For the year ended 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Cash flows from operating activities					
Loss before income tax		(17,676,123)	(194,098,164)	(13,277,735)	(191,948,487)
Adjustments to reconcile loss before income tax					
to net cash received (paid) from operating activities					
Depreciation and amortisation		57,296,740	55,898,249	56,673,558	54,646,674
Reversal of bad debt and doubtful accounts		-	(491,590)	-	(491,590)
Unrealised (gain) loss on revaluation of investments					
in trading securities		(85,089,525)	73,451,369	(85,089,525)	73,451,369
Loss on disposal of subsidiary	12.1	2,147,478	-	-	-
Loss on revaluation of investment	12.1	1,455,585	-	-	-
Share of loss from investment in associate	13.2	91,696	-	-	-
Write off premises improvement and equipment		6,239,733	-	6,239,733	-
Write off intangible asset		44,626	-	44,626	-
Gain on sale of premises improvement, equipment					
and intangible assets		-	(2,236)	-	(2,236)
Provision for long-term employee benefits		8,389,814	8,131,965	8,389,814	8,131,965
Finance costs		37,884,941	74,220,657	37,884,941	74,220,657
Interest and dividend income		(68,155,824)	(91,985,848)	(66,671,176)	(91,628,765)
Cash paid for interest expenses		(37,687,942)	(74,416,574)	(37,687,942)	(74,416,574)
Cash received from interest income		65,678,702	91,550,002	64,175,355	91,211,618
Cash paid for corporate income tax		(6,426,927)	(3,804,872)	(6,222,951)	(3,615,840)
Operating loss before changes in operating assets					
and liabilities		(35,807,026)	(61,547,042)	(35,541,302)	(60,441,209)
Operating assets (increase) decrease					
Deposits at financial institutions		(275,851)	(31,142,240)	(275,851)	(31,142,240)
Receivables from Clearing House		(338,117,952)	189,693,504	(338,117,952)	189,693,504
Securities and derivatives business receivables		178,632,272	488,275,756	178,632,272	488,275,756
Investments in trading securities		(322,856,314)	280,650,333	(322,856,314)	280,650,333
Other assets		13,648,876	(33,973,521)	14,553,298	(21,100,458)
Operating liabilities increase (decrease)					
Payable to Clearing House		(111,006,010)	(25,854,588)	(111,006,010)	(25,854,588)
Securities sold under repurchase agreements		198,930,193	-	198,930,193	-
Securities and derivatives business payables		500,765,775	(275,904,821)	500,765,775	(275,904,821)
Provision for litigations		(5,617,345)	-	(5,617,345)	-
Accrued expenses		22,234,771	(40,125,342)	22,351,980	(38,437,458)
Accrued withholding tax		681,475	399,485	677,720	408,167
Other liabilities		(1,561,970)	(3,627,634)	(1,556,782)	(3,980,615)
Net cash provided by operating activities		99,650,894	486,843,890	100,939,682	502,166,371

The accompanying notes are an integral part of the financial statements.

# CASH

## FLOW STATEMENT (continued)

For the year ended 31 December 2016

AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment in subsidiary - net	12.1	33,930,246	-	36,750,000	-
Cash paid for purchase of investment in private debt securities		(49,699,082)	(40,000,000)	(49,699,082)	-
Cash paid for purchase of investment in general investment		-	(50,000,010)	-	(50,000,010)
Cash paid for purchase of premises improvement and equipment		(10,859,166)	(54,755,434)	(10,859,166)	(54,553,530)
Proceeds from disposal of premises improvement and equipment		-	54,978	-	54,978
Cash paid for purchase of intangible assets		(4,643,850)	(7,432,455)	(4,643,850)	(7,396,075)
<b>Net cash used in investing activities</b>		<b>(31,271,852)</b>	<b>(152,132,921)</b>	<b>(28,452,098)</b>	<b>(111,894,637)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuing bills of exchange		93,015,853	5,708,100	93,015,853	5,708,100
Repayment of subordinated debentures		(205,000,000)	(794,000,000)	(205,000,000)	(794,000,000)
Cash payment for finance lease liabilities		(723,703)	(680,821)	(723,703)	(680,821)
Cash received from issuance of ordinary shares		-	246,501,049	-	246,501,049
<b>Net cash used in financing activities</b>		<b>(112,707,850)</b>	<b>(542,471,672)</b>	<b>(112,707,850)</b>	<b>(542,471,672)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(44,328,808)</b>	<b>(207,760,703)</b>	<b>(40,220,266)</b>	<b>(152,199,938)</b>
Cash and cash equivalents at beginning of year		139,787,568	347,548,271	135,679,026	287,878,964
<b>Cash and cash equivalents at end of year</b>	6	95,458,760	139,787,568	95,458,760	135,679,026

The accompanying notes are an integral part of the financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016  
AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Consolidated financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficit)		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
			Appropriated	Unappropriated (deficit)			
<b>Balance as at 1 January 2015</b>	1,009,743,709	53,226,981	17,207,886	28,318,185	1,108,496,761	6,281,629	1,114,778,390
Loss for the year	-	-	-	(192,568,799)	(192,568,799)	(214,968)	(192,783,767)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(192,568,799)	(192,568,799)	(214,968)	(192,783,767)
Issue ordinary shares	214,501,049	32,000,000	-	-	246,501,049	-	246,501,049
<b>Balance as at 31 December 2015</b>	1,224,244,758	85,226,981	17,207,886	(164,250,614)	1,162,429,011	6,066,661	1,168,495,672
<b>Balance as at 1 January 2016</b>	1,224,244,758	85,226,981	17,207,886	(164,250,614)	1,162,429,011	6,066,661	1,168,495,672
Loss for the year	-	-	-	(24,878,429)	(24,878,429)	(70,363)	(24,948,792)
Other comprehensive income for the year	-	-	-	6,461,122	6,461,122	-	6,461,122
Total comprehensive income for the year	-	-	-	(18,417,307)	(18,417,307)	(70,363)	(18,487,670)
Decrease in non-controlling interest of the subsidiary as a result of disposal of investment	-	-	-	-	-	(5,996,298)	(5,996,298)
<b>Balance as at 31 December 2016</b>	1,224,244,758	85,226,981	17,207,886	(182,667,921)	1,144,011,704	-	1,144,011,704

The accompanying notes are an integral part of the financial statements.



# STATEMENTS OF

## CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the year ended 31 December 2016  
AEC Securities Public Company Limited and its subsidiary

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share Capital	Share premium	Retained earnings (deficit)		Total shareholders' equity
			Appropriated	Unappropriated (deficit)	
<b>Balance as at 1 January 2015</b>	1,009,743,709	53,226,981	17,207,886	22,528,993	1,102,707,569
Loss for the year	-	-	-	(190,634,090)	(190,634,090)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(190,634,090)	(190,634,090)
Issue ordinary shares	214,501,049	32,000,000	-	-	246,501,049
<b>Balance as at 31 December 2015</b>	<b>1,224,244,758</b>	<b>85,226,981</b>	<b>17,207,886</b>	<b>(168,105,097)</b>	<b>1,158,574,528</b>
<b>Balance as at 1 January 2016</b>	<b>1,224,244,758</b>	<b>85,226,981</b>	<b>17,207,886</b>	<b>(168,105,097)</b>	<b>1,158,574,528</b>
Loss for the year	-	-	-	(20,550,404)	(20,550,404)
Other comprehensive income for the year	-	-	-	6,461,122	6,461,122
Total comprehensive income for the year	-	-	-	(14,089,282)	(14,089,282)
<b>Balance as at 31 December 2016</b>	<b>1,224,244,758</b>	<b>85,226,981</b>	<b>17,207,886</b>	<b>(182,194,379)</b>	<b>1,144,485,246</b>

The accompanying notes are an integral part of the financial statements.

# NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2016

AEC Securities Public Company Limited and its subsidiary

## 1. General information

### 1.1 Corporate information

AEC Securities Public Company Limited (formerly known as United Securities Public Company Limited) is a company limited incorporated and domiciled in Thailand. The Company has licenses for securities business, which are securities brokerage, securities trading, securities underwriting, investment advisory service, derivatives brokerage, securities borrowing and lending and private fund management.

The registered office of the Company is at 63 15<sup>th</sup> and 17<sup>th</sup> Floor, Athenee Tower, Wittayu Road, Lumpini, Pathumwan, Bangkok. As at 31 December 2016, the Company has 14 branches in Bangkok and upcountry (31 December 2015: 15 branches).

In 2011, the Company sold and transferred its securities and derivatives brokerage related businesses to UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKH"). After the sale and transfer of such businesses, the Company was permitted by the Office of the Securities and Exchange Commission ("SEC") to temporarily cease its operation of securities and derivatives brokerage businesses, effective from 25 October 2011, and was permitted by the Stock Exchange of Thailand ("SET") and Thailand Futures Exchange Public Company Limited ("TFEX") to cease its operations from 25 October 2011 to 31 December 2013. However, the Company continues to operate securities business in the form of securities trading and investment advisory services.

On 30 April 2013, the Company was informed by UOBKH which was the major shareholder of the Company, that UOBKH had entered into a Share Purchase Agreement ("SPA") to sell 157,796,396 ordinary shares of the Company, representing 93.47 percent of its paid-up capital, to a group of investors; and on the same day the Board of Directors meeting No.3/2013 resolved to approve the Company's transfer of the following assets:

- A) Transfer Stock Exchange of Thailand membership to UOBKH or any party nominated by UOBKH, and
- B) Transfer the fixed income business and mutual fund distribution business, including clients, staff and related assets, to UOBKH.

The total value of above assets is Baht 2 million.

After the transfer of SET membership, fixed income business and mutual fund distribution business to UOBKH, the Company planned to resume operation of the securities and derivatives brokerage business.

On 15 May 2013, the Company entered into the Assets Purchase Agreement with UOBKH, whereby the Company was to transfer the assets relating to the fixed income and mutual fund distribution business, and also transfer the SET membership. The transfer of the fixed income and mutual fund business was effective on 1 June 2013 and the Company received full payment from UOBKH on 26 July 2013.

However, the Company has not transferred the SET Membership to UOBKH because the former major shareholder of the Company petitioned Bangkok South Civil Court to issue an injunction to the Company temporarily preventing the transfer of the SET Membership to UOBKH. In addition, the former major shareholder sued the Company as a third defendant seeking to prevent the transfer of the SET Membership to UOBKH. Moreover, the Company received a postponement notice from UOBKH to hold the transfer of the SET Membership to UOBKH. In order to operate its businesses as planned, the Company therefore submitted letters to reactivate its securities and derivatives brokerage businesses to SEC on 10 July 2013, to TFEX on 17 July 2013, and to SET on 18 July 2013.

Subsequently, on 27 September 2013, the Company received approval from SEC to reactivate its securities and derivatives brokerage businesses. On the same date, SET and TFEX granted the Company approval to start submitting securities and derivatives purchase or sale orders using the abbreviation “AEC”, from 4 October 2013 onwards.

On 19 December 2013, the Bangkok South Civil Court lifted the temporary injunction preventing the transfer of the SET Membership. With respect to the lawsuit brought by the former major shareholder of the Company as mentioned above, on 23 September 2014, the Court of First Instance dismissed the case. However, the plaintiff has filed an appeal and the case is being considered by the Court of Appeal. Therefore, as at 30 September 2016, the Company has not yet transferred the SET Membership to UOBKH.

## 2. Basis for preparation of the financial statements

- 2.1** These financial statements are prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547. The presentation of the financial statement has been made in compliance with SEC Notification No. Sor Tor/Khor/Nor. 53/2553 relating to the format of the financial statements for securities businesses, dated 15 December 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements “the Company” and the following subsidiary company.

Subsidiary	Nature of business	Country of incorporation	Percentage of Shareholding	
			2016	2015
			Percent	Percent
AAMC Asset Management Company Limited	Asset Management	Thailand	- <sup>(1)</sup>	90

<sup>(1)</sup> Included in the consolidated statement of comprehensive income until the date losing control.

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) The subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

**2.3** The separate financial statements present investments in the subsidiary and associate under the cost method.

### **3. New financial reporting standards**

#### **a. Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiary have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiary's financial statements.

#### **b. Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

## **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

a) Brokerage fees

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

b) Fee and service income

Fee and service income are recognised when services have been rendered, taken into account the stage of completion.

c) Gain (loss) on investments

Gain (loss) on investments are recognised as income/expense on the transaction date.

d) Interest and dividend

Interest is recognised on an accrual basis based on an effective rate. Dividend is recognised when the right to receive the dividend is established.

e) Interest on credit balance loans

Interest is recognised on accrual basis. The Company cease accrual when there is uncertainty as to the collectability of loans and interest.

The following cases are considered as uncertainty of collectability of loans and interest in accordance with the Notification of the Office of the Securities and Exchange Commission.

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

#### **4.2 Expense recognition**

- a) Interest on borrowings

Interest on borrowings is charged to expenses on an accrual basis.

- b) Fee and service expenses

Fee and service expenses are charged to expenses on an accrual basis.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including certificate of deposit maturing within 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

#### **4.4 Deposits at financial institutions**

Deposits at financial institutions include fixed deposits, bills of exchange and promissory notes issued by financial institutions with an original maturity of longer than 3 months or with an original maturity of 3 months or less, but the Company and its subsidiary intend to roll-over them, or deposits subject to withdrawal restrictions.

#### **4.5 Recognition and amortisation of customers' assets**

Assets which customers have placed with the Company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the Company for internal control purpose. At the financial position date, the Company writes off those amounts which there are no guarantee obligations from both assets and liabilities and presents only those assets which belong to the Company.

#### **4.6 Borrowing and lending of securities**

The Company is engaged in securities borrowing and lending, whereby the Company acts as a principal or an agent of the borrowers and lenders of securities.

The Company records its obligations to return borrowed securities which it has lent as “securities borrowing payables” and securities lent to customers are recorded as “securities borrowing receivables” in the statement of financial position. At the end of the year, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in part of profit or loss in the statement of comprehensive income. The Company records cash paid as collateral for securities borrowing as “guaranteed deposit receivables” and cash received as collateral for securities lending as “guarantee deposit payable”. Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

#### **4.7 Investments**

- a) Investments in trading securities are determined at fair value. Changes in fair value of these securities are recorded as gains or losses in the statement of comprehensive income.
- b) Investments in available-for-sale securities, both held for short-term and long-term investments, are stated at fair value. The change in the fair value of securities is recorded as gain (loss) on changes in value of investments as part of other comprehensive income in the statement of comprehensive income, and will be recorded as part of profit or loss when the securities are sold.
- c) Held to maturity debt securities are recorded at amortised cost. The Company records premium/discount on debt securities is amortised by the effective interest rate method with the amortised amount presented as an adjustment to the interest income. Debt securities will be reclassified to held to maturity whether the Company has an intention and ability to hold until the maturity date.



- d) Investments in non-marketable equity securities which the Company classified as general investments, are stated at cost net of allowance for impairment loss (if any).
- e) The fair value of marketable securities 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 debt instruments is determined based on required rate of return or the yield rates quoted by the Thai Bond Market Association.
- f) In the event the company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date, The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.
- g) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as part of profit or loss in the statement of comprehensive income.
- h) Impairment loss (if any) is included in part of profit or loss in the statement of comprehensive income when there is a factor indicating that such investments might be impaired.
- i) Investments in associate are accounted for in the consolidated financial statements using the equity method.
- j) Investments in subsidiary and associate are accounted for in the separate financial statements using the cost net of allowance for impairment loss (if any).

#### **4.8 Receivables from/payables to Clearing House**

Receivables from/payables to Clearing House comprise the net balance of receivables from/payables to Thailand Clearing House in respect of settlements for securities trades and derivative instruments. They include amounts pledged with Thailand Clearing House as security for derivatives trading.

#### **4.9 Securities and derivatives business receivables and allowance for doubtful accounts**

Securities business receivables and derivatives business receivables comprise of 3 categories as follows:

1) Receivable from securities business and derivatives business of cash accounts

Receivable from securities business and derivatives business of cash accounts are the receivable that were derived from cash settlements within 1 - 3 working days after the securities and derivatives purchasing date.

2) Credit balance receivables

Credit balance receivables are accounts that debtors are granted loan for securities purchasing with collaterals placed not lower than the rate required by the Stock Exchange of Thailand.

3) Other receivables

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

The allowance for doubtful accounts on securities business receivables is based on management's review and assessment of the status of individual debtor and overall debtors as well as the requirements as stated in the Office of the Securities and Exchange Commission's Notifications No. Kor Thor. 33/2543 and Kor Thor. 5/2544 dated 25 August 2000 and 15 February 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.

#### **4.10 Premises and Equipment/Depreciation**

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

Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Building improvement	5 and 10 years
Furniture, fixtures and equipment	5 years
Financial lease assets	5 years

No depreciation is provided on assets under installation.

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

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.11 Intangible assets and amortisation**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

SET and derivatives memberships	5 years
Computer software licenses	Over the period of license term
Software	5 years
Company's logo	5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

#### 4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.13 Securities sold under repurchase agreements

The Company enters into sales of securities under agreements to repurchase securities at certain dates in the future at a fixed price. Securities sold under repurchase agreements presented as liabilities in the statement of financial position are stated at amounts received from the sale of those securities and the underlying securities are treated as collaterals.

The difference between the sale and purchase considerations is recognised on an accrual basis over the period of the transaction and is included in financial cost.

#### **4.14 Securities and derivatives business payables**

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

#### **4.15 Borrowings and debt issued**

Borrowings and debt issued are recognised initially at the fair value of the proceeds received. Borrowings are subsequently stated at amortised cost, using the effective yield method; any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.16 Long-term lease**

Leases of vehicle which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.17 Provisions**

Provisions are recognised when the Company and the subsidiary has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, management personnel, directors and officers with authority in the planning and direction of the operations of the Company.

#### **4.19 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.20 Employee benefits**

a) Short-term benefits

Salaries, wages, bonuses, contribution to the social security fund and provident fund are recognised as expenses when the employees performed the service.

b) Post-employment benefits (Defined contribution plans)

The Company and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiary. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

#### **4.21 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on foreign exchange are included in determining income.

#### **4.22 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 subsidiary recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 utilised.

At each reporting date, the Company and its subsidiary 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 utilised.

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

### 4.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows



At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at time requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant accounting judgements and estimates are as follows:

### **5.1 Allowances for doubtful accounts for securities and derivatives business receivables**

Allowances for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. The management uses the SEC's regulations regarding the provision of allowance for doubtful accounts and judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

### **5.2 Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and long-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **5.3 Impairment of equity investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

#### **5.4 Building improvement and equipment/Depreciation**

In determining depreciation of building improvement and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiary's premises and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **5.5 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

#### **5.6 Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **5.7 Employee benefit**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate.

#### **5.8 Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded provision for contingent liabilities as at the end of reporting period. In case where they believe that no loss will result, the contingent liabilities are recorded.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied	Consolidated financial statement	Separate financial statements	
	As at	As at	As at 31 December	
	31 December	31 December		
	2016	2015	2016	2015
Cash, short-term deposits and notes receivable with maturity less than three months	718,140	1,367,503	718,140	1,363,394
Cash and short-term deposits managed by an asset management company	-	548	-	548
Less: Deposits for customers' accounts	(622,681)	(1,228,263)	(622,681)	(1,228,263)
Total cash and cash equivalents	95,459	139,788	95,459	135,679

## 7. Deposits at financial institutions

As at 31 December 2016, deposits at financial institutions amounting to Baht 77 million (2015: Baht 77 million), represent fixed deposits pledged with banks as collateral for bank overdrafts and loans, to secure letters of guarantee issued by these banks, and as a bond for the postponement of legal execution under a lawsuit as discussed in Note to financial statements No. 17.

## 8. Receivables from Clearing House

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement	Consolidated/separate financial statements
	As at	As at
	31 December 2016	31 December 2015
Receivables from Clearing House	407,478	41,361
Receivables from Clearing House managed by an asset management company	-	13,574
Less: Receivables from Clearing House for the customers	(55,565)	(41,140)
Total Receivables from Clearing House	351,913	13,795

## 9. Securities and derivatives business receivables - net

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement	Consolidated/ separate financial statements
	As at 31 December 2016	As at 31 December 2015
<u>Securities business receivables</u>		
Customer accounts - cash	441,419	402,563
Customer accounts - credit balance	452,206	609,290
Collateral receivables	-	32,160
Securities borrowing and lending	-	26,000
Other receivables		
Installment receivables	-	317
Receivables subject to legal proceedings	95,306	95,306
Total securities business receivables	988,931	1,165,636
Add: Accrued interest receivables	37	37
Less: Allowance for doubtful accounts	(86,558)	(86,558)
	902,410	1,079,115
<u>Derivatives business receivables</u>		
Derivatives business receivables	1,762	3,690
Securities and derivatives business receivables - net	904,172	1,082,805

As at 31 December 2016, the Company has credit balance accounts and other receivables, for which it has stopped recognising interest income of approximately Baht 95 million (2015: Baht 95 million).

The Company has classified securities and derivatives business receivables in accordance with the Notification of the SEC as follows:

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement			Consolidated/separate financial statements		
	As at 31 December 2016			As at 31 December 2015		
	Allowance for			Allowance for		
	Receivable balance	doubtful accounts	Receivable balance - net	Receivable balance	doubtful accounts	Receivable balance - net
Normal debts	895,388	-	895,388	1,074,021	-	1,074,021
Substandard debts	8,784	-	8,784	8,784	-	8,784
Doubtful debts	86,558	(86,558)	-	86,558	(86,558)	-
Total	990,730	(86,558)	904,172	1,169,363	(86,558)	1,082,805

#### 10. Allowance for doubtful accounts

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement	Consolidated/separate financial statements
	As at 31 December 2016	As at 31 December 2015
Beginning balance of the year	86,558	91,586
Reversal of bad debt and allowance for doubtful accounts	-	(5,028)
Ending balance of the year	86,558	86,558

## 11. Investments - net

### 11.1 Classified by investment classification

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied		Consolidated financial statement	
	As at 31 December 2016		As at 31 December 2015	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Trading securities</b>				
Listed securities	167,826	189,964	81,225	69,797
Listed securities managed by an asset management company	-	-	220,969	166,867
Unit trusts	415,000	415,027	240,222	240,416
Private debt securities	280,539	280,035	40,000	40,000
Total	863,365	885,026	582,416	517,080
Add (less): Allowance for revaluation	21,661	-	(65,336)	-
Trading securities - net	885,026	885,026	517,080	517,080
<b>Available-for-sale securities</b>				
Private debt securities	-		28,500	
Less: Allowance for impairment	-		(28,500)	
Available-for-sale securities - net	-		-	
<b>Held-to-maturity debt securities</b>				
Government debt securities	897,168		-	
Private debt securities	49,973		8,500	
Total	947,141		8,500	
Less: Investments for customers' account	(897,168)		-	
Less: Allowance for impairment	-		(8,500)	
Held-to-maturity debt securities - net	49,973		-	
<b>General investments</b>				
Non marketable equity securities	50,000		50,000	
Total general investments	50,000		50,000	
<b>Investments - net</b>	<b>984,999</b>		<b>567,080</b>	

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December			
	2016		2015	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Trading securities</b>				
Listed securities	167,826	189,964	81,225	69,797
Listed securities managed by an asset management company	-	-	220,969	166,867
Unit trusts	415,000	415,027	240,222	240,416
Private debt securities	280,539	280,035	-	-
Total	863,365	885,026	542,416	477,080
Add (less): Allowance for revaluation	21,661	-	(65,336)	-
Trading securities - net	885,026	885,026	477,080	477,080
<b>Available-for-sale securities</b>				
Private debt securities	-		28,500	
Less: Allowance for impairment	-		(28,500)	
Available-for-sale securities - net	-		-	
<b>Held-to-maturity debt securities</b>				
Government debt securities	897,168		-	
Private debt securities	49,973		8,500	
Total	947,141		8,500	
Less: Investments for customers' account	(897,168)		-	
Less: Allowance for impairment	-		(8,500)	
Held-to-maturity debt securities - net	49,973		-	
<b>General investments</b>				
Non marketable equity securities	50,000		50,000	
General investments	50,000		50,000	
<b>Investments - net</b>	984,999		527,080	

As at 31 December 2016 and 2015, the Company had investments in debt securities subject to restrictions as follows:

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement		Consolidated/separate financial statements
	As at 31 December 2016		As at 31 December 2015
Securities sold under repurchase agreements			
- trading securities	196,905		-

## 11.2 Debt securities classified by remaining periods to maturity

As at 31 December 2016 and 2015, the Company classified investments in available-for-sales debt securities and held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement			
	As at 31 December 2016			
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
<b>Held-to-maturity debt securities</b>				
Government debt securities	897,168	-	-	897,168
Private debt securities	49,973	-	-	49,973
Less: Investments for customers' account	(897,168)	-	-	(897,168)
<b>Total investments in held-to-maturity debt securities</b>	49,973	-	-	49,973
<b>Total investments in debt securities</b>	49,973	-	-	49,973



(Unit: Thousand Baht)

	Consolidated/separate financial statements			
	As at 31 December 2015			
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sales debt securities</b>				
Private debt securities	28,500*	-	-	28,500
Less: Allowance for impairment	(28,500)	-	-	(28,500)
<b>Total investment in available-for-sales debt securities</b>	-	-	-	-
<b>Held-to-maturity debt securities</b>				
Private debt securities	8,500*	-	-	8,500
Less: Allowance for impairment	(8,500)	-	-	(8,500)
<b>Total investments in held-to-maturity debt securities</b>	-	-	-	-
<b>Total investments in debt securities</b>	-	-	-	-

\* Investments in debt securities which are mature but not yet paid, consequently. As at 31 December 2015, the Company had set a full allowance for impairment loss on such investments

## 12. Investment in subsidiary

### 12.1 Details of investment in a subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Subsidiary	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years ended 31 December	
	As at 31 December		As at 31 December		As at 31 December		ended 31 December	
	2016	2015	2016	2015	2016	2015	2016	2015
			(Percent)	(Percent)				
AAMC Asset Management								
Company Limited	-	55,000	-	90	-	55,120	-	-
Total Investment in subsidiary	-	55,000			-	55,120	-	-

As at 31 December 2015, the subsidiary had an authorised share capital of Baht 100 million and paid-up share capital of Baht 55 million. The Company has commitments of Baht 40.5 million with respect to the unpaid portion of its investment in the subsidiary.

On 30 June 2016, the Company sold 600,000 ordinary shares in AAMC Asset Management Company Limited to a third party amounting to Baht 36.75 million. After the sale, the Company's proportion shareholding decreased from 90% to 30%. The Company assessed its control over AAMC Asset Management Company Limited and concluded that it lost control over such subsidiary company. The Company therefore recognised the sale of investment as the loss of control in subsidiary and changed the status of the investment in AAMC Asset Management Company Limited from investment in subsidiary to investment in associated company as follows.

- (1) Derecognise the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- (2) Recognise the investment retained in the former subsidiary as investment in associated company at the fair value as at the date the control is lost and the difference arising from the adjustment to fair value amounting to Baht 1.5 million is recognised as loss from revaluation in the consolidated income statement. Such fair value is recognised as the cost on initial recognition of investment in the associate in the statement of financial position, in which the equity method is applied.
- 3) Recognise loss on disposal of the former subsidiary in the consolidated income statement amounting to Baht 2.1 million.

For the separate financial statement, the investment in such associated company was recognised using the cost method by recording the carrying amount of the investment as an initial investment cost as at the date the control is lost.

The financial information of the former subsidiary as at 30 June 2016 (the date of disposal of the subsidiary) was as follows:

		(Unit: Thousand Baht)
		As at 30 June 2016
<b>Assets</b>		
Cash and interbank and money market items		2,820
Service receivable		13,531
Investments-net		40,000
Building improvement and equipment-net		4,242
Intangible assets-net		27
Other assets-net		1,387
		<u>62,007</u>
<b>Liabilities</b>		
Current liabilities		1,195
Non-current liabilities		850
		<u>2,045</u>
Net asset value		59,962
Less: Equity attributable to non-controlling interests of the former subsidiary		(5,996)
Remaining equity of the former subsidiary attributable to the Company		<u>(17,989)</u>
Disposal part of equity of the former subsidiary attributable to the Company		35,977
Goodwill		4,376
Loss on disposal of the subsidiary		(2,147)
Loss on revaluation of investment		<u>(1,456)</u>
Selling price of disposal of investment in subsidiary		36,750
Less: cash and cash equivalents of the former subsidiary		
as at the date losing control		<u>(2,820)</u>
Net selling price		<u><u>33,930</u></u>

### 13. Investment in associate

#### 13.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Financial statement in which the equity method is applied/consolidated financial statement					
			Shareholding percentage		Cost		Carrying amount based on the equity method	
			As at 31 December		As at 31 December		As at 31 December	
			2016	2015	2016	2015	2016	2015
			(percent)	(percent)				
AAMC Asset Management Company Limited	Asset management	Thailand	30	-	17,897	-	17,897	-
Total					17,897	-	17,897	-

(Unit: Thousand Baht)

(Unit: Thai Baht)										
Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding		Cost		Allowance for		Carrying amount based	
			percentage				impairment		on the cost method - ne	
			As at 31 December		As at 31 December		As at 31 December		As at 31 December	
			2016	2015	2016	2015	2016	2015	2016	2015
			(percent)	(percent)						
AAMC Asset Management Company Limited	Asset management	Thailand	30	-	18,370	-	-	-	18,370	-
Total					18,370	-	-	-	18,370	-

#### 13.2 Share of comprehensive income and dividend received

During the year, the Company has recognised its share of profit/loss from investments in associate in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Associates	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015	2016	2015
AAMC Asset Management Company Limited	(92)	-	-	-	-	-
Total	(92)	-	-	-	-	-

# 14. Premises improvement and equipment - net

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied				
	Building improvement	Furniture, fixtures and office equipment	Financial lease assets	Assets under installation	Total
<b>Cost</b>					
As at 1 January 2015	174,625	80,806	3,100	-	258,531
Additions	29,408	11,551	-	22,445	63,404
Transfers in (out)	7,067	(2,976)	-	(22,445)	(18,354)
Disposals/Written-off	(59)	-	-	-	(59)
As at 31 December 2015	211,041	89,381	3,100	-	303,522
Decrease from losing control in the subsidiary	(6,164)	(65)	-	-	(6,229)
Additions	612	1,587	-	8,476	10,675
Transfers in (out)	4,844	3,474	-	(8,318)	-
Disposals/written-off	(10,694)	(34)	-	(117)	(10,845)
As at 31 December 2016	199,639	94,343	3,100	41	297,123
<b>Accumulated depreciation</b>					
As at 1 January 2015	22,888	16,608	727	-	40,223
Depreciation for year	26,874	17,057	620	-	44,551
Transfers in (out)	782	(885)	-	-	(103)
Depreciation of disposals	(6)	-	-	-	(6)
As at 31 December 2015	50,538	32,780	1,347	-	84,665
Decrease from losing control in the subsidiary	(1,967)	(19)	-	-	(1,986)
Depreciation for year	25,097	18,596	620	-	44,313
Depreciation of disposals	(4,585)	(21)	-	-	(4,606)
As at 31 December 2016	69,083	51,336	1,967	-	122,386
<b>Net book value</b>					
As at 31 December 2015	160,503	56,601	1,753	-	218,857
As at 31 December 2016	130,556	43,007	1,133	41	174,737
<b>Depreciation for years ended 31 December</b>					
2015					44,551
2016					44,313

	Separate financial statement				
	Building improvement	Furniture, fixtures and office equipment	Finance lease assets	Assets under installation	Total
<b>Cost</b>					
As at 1 January 2015	168,461	80,741	3,100	-	252,302
Additions	29,408	11,551	-	22,445	63,404
Transfers in (out)	7,067	(2,976)	-	(22,445)	(18,354)
Disposals/written-off	(59)	-	-	-	(59)
As at 31 December 2015	204,877	89,316	3,100	-	297,293
Additions	612	1,587	-	8,476	10,675
Transfers in (out)	4,844	3,474	-	(8,318)	-
Disposals/written-off	(10,694)	(34)	-	(117)	(10,845)
As at 31 December 2016	199,639	94,343	3,100	41	297,123
<b>Accumulated Depreciation</b>					
As at 1 January 2015	22,767	16,608	727	-	40,102
Depreciation for year	25,641	17,044	620	-	43,305
Transfers in (out)	782	(885)	-	-	(103)
Depreciation of disposals	(6)	-	-	-	(6)
As at 31 December 2015	49,184	32,767	1,347	-	83,298
Depreciation for year	24,484	18,590	620	-	43,694
Depreciation of disposals	(4,585)	(21)	-	-	(4,606)
As at 31 December 2016	69,083	51,336	1,967	-	122,386
<b>Net book value</b>					
As at 31 December 2015	155,693	56,549	1,753	-	213,995
As at 31 December 2016	130,556	43,007	1,133	41	174,737
<b>Depreciation for years ended 31 December</b>					
2015					43,305
2016					43,694

As at 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht. 0.2 million (2015: Baht 0.2 million).

## 15. Intangible assets - net

(Unit: Thousand Baht)

Financial statement in which the equity method is applied												
For the year ended 31 December 2016												
	Useful lives	Cost					Accumulated amortisation					Intangible assets - Net
		1 January 2016	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2016	1 January 2016	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2016	
Computer software	5 years	61,527	9,529	1,168	(36)*	72,188	25,974	12,681	-	(9)*	38,646	33,542
Software under installation	-	1,851	2,045	(1,168)	(45)	2,683	-	-	-	-	-	2,683
SET and Derivatives memberships	5 years	227,770	-	-	-	227,770	227,770	-	-	-	227,770	-
Licenses	1 year	1,162	-	-	-	1,162	302	232	-	-	534	628
Company's logo	4-5 years	346	-	-	-	346	150	70	-	-	220	126
<b>Total</b>		<b>292,656</b>	<b>11,574</b>	<b>-</b>	<b>(81)</b>	<b>304,149</b>	<b>254,196</b>	<b>12,983</b>	<b>-</b>	<b>(9)</b>	<b>267,170</b>	<b>36,979</b>

\* Decreased from losing control in the subsidiary

(Unit: Thousand Baht)

Separate financial statement												
For the year ended 31 December 2016												
	Useful lives	Cost					Accumulated amortisation					Intangible assets - Net
		1 January 2016	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2016	1 January 2016	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2016	
Computer software	5 years	61,491	9,529	1,168	-	72,188	25,969	12,677	-	-	38,646	33,542
Software under installation	-	1,851	2,045	(1,168)	(45)	2,683	-	-	-	-	-	2,683
SET and Derivatives memberships	5 years	227,770	-	-	-	227,770	227,770	-	-	-	227,770	-
Licenses	1 year	1,162	-	-	-	1,162	302	232	-	-	534	628
Company's logo	4-5 years	346	-	-	-	346	150	70	-	-	220	126
<b>Total</b>		<b>292,620</b>	<b>11,574</b>	<b>-</b>	<b>(45)</b>	<b>304,149</b>	<b>254,191</b>	<b>12,979</b>	<b>-</b>	<b>-</b>	<b>267,170</b>	<b>36,979</b>

(Unit: Thousand Baht)

Consolidated financial statement												
For the year ended 31 December 2015												
	Useful lives	Cost					Accumulated amortisation					Intangible assets - Net
		1 January 2015	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2015	1 January 2015	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2015	
Computer software	5 years	53,506	5,244	2,777	-	61,527	14,820	11,051	103	-	25,974	35,553
Software under installation	-	3,178	1,871	(3,198)	-	1,851	-	-	-	-	-	1,851
SET and Derivatives memberships	5 years	227,770	-	-	-	227,770	227,770	-	-	-	227,770	-
Licenses	1 year	642	258	262	-	1,162	75	227	-	-	302	860
Company's logo	4-5 years	346	-	-	-	346	81	69	-	-	150	196
<b>Total</b>		<b>285,442</b>	<b>7,373</b>	<b>(159)</b>	<b>-</b>	<b>292,656</b>	<b>242,746</b>	<b>11,347</b>	<b>103</b>	<b>-</b>	<b>254,196</b>	<b>38,460</b>

Separate financial statement												
For the year ended 31 December 2015												
	Useful lives	Cost					Accumulated amortisation					Intangible assets - Net
		1 January 2015	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2015	1 January 2015	Additions	Transfers in (out)	Disposals/ Written-off	31 December 2015	
Computer software	5 years	53,506	5,208	2,777	-	61,491	14,820	11,046	103	-	25,969	35,522
Software under installation	-	3,178	1,871	(3,198)	-	1,851	-	-	-	-	-	1,851
SET and Derivatives memberships	5 years	227,770	-	-	-	227,770	227,770	-	-	-	227,770	-
Licenses	1 year	642	258	262	-	1,162	75	227	-	-	302	860
Company's logo	4-5 years	346	-	-	-	346	81	69	-	-	150	196
Total		285,442	7,337	(159)	-	292,620	242,746	11,342	103	-	254,191	38,429

As at 31 December 2016, certain computer software has been fully amortised but is still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 4.4 million (2015: Baht 4.4 million).

## 16. Other assets - net

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied				Consolidated financial statement		Separate financial statements	
	As at				As at		As at 31 December	
	31 December				31 December		As at 31 December	
	2016				2015		2016	
Deposits	10,466				8,760		10,466	
Payments for clearing funds	30,215				26,489		30,215	
Asset for protecting the clearing system	5,000				5,000		5,000	
Prepaid expenses	7,267				3,541		7,267	
Accrued interest income	6,249				4,047		6,249	
Accrued income	4,075				26,237		4,075	
Receivables from sales of investment	-				10,982		-	
Others	10,078				7,693		10,078	
Less: Allowance for impairment of other assets	(393)				(393)		(393)	
Total other assets - net	72,957				92,356		72,957	



## 17. Credit facility from financial institutions

As at 31 December 2016 and 2015, the Company has unused facilities for bank overdraft and Effect Not clear from local banks as follows:

(Unit: Thousand Baht)

		Financial statement in which the equity method is applied/separate financial statement		Consolidated/separate financial statements
		As at	As at	
	Interest rate	31 December 2016	31 December 2015	
Credit line of bank overdrafts	Fixed plus margin, MOR*	50,000	55,000	
Credit line of Effect Not Clear**	0.50 percent per year	50,000	50,000	
Credit line of Effect Not Clear**/				
Intraday Advance Payment***	0.75 percent per year	20,000	20,000	
Intraday Advance Payment***	0.50 percent per year	300,000	300,000	
		420,000	425,000	

The Company's fixed deposits are pledged with banks as collateral for credit line of bank overdraft and credit line of loans (as discussed in Note 7).

\* MOR is interest rate of overdraft facilities for corporate customer in Good Standings.

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

\*\*\* Intraday Advance payment means the service that the bank would paid in advance for the owner which the owner will repay such advance to the bank within the same day.

## 18. Securities sold under repurchase agreements

As at 31 December 2016, the Company had private debt securities sold under repurchase agreements amounting to Baht 199 million with maturity dates within 3 months.

## 19. Securities and derivatives business payables

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement	Consolidated/separate financial statements
	As at 31 December 2016	As at 31 December 2015
<u>Securities business payables</u>		
Cash accounts	779,764	256,948
Securities borrowing and lending payables	-	26,000
Total securities business payables	779,764	282,948
<u>Derivatives business payables</u>		
Derivatives business payables	5,327	1,378
Total derivatives business payables	5,327	1,378
Total securities and derivatives business payables	785,091	284,326

## 20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement	Consolidated/separate financial statements
	As at 31 December 2016	As at 31 December 2015
Liabilities under finance lease agreements	725	1,516
Less: Deferred interest expenses	(22)	(89)
Total	703	1,427
Less: Portion due within one year	(703)	(724)
Liabilities under finance lease agreements - net of current portion	-	703

The Company has entered into a hire-purchase agreement with a leasing company for rental of a vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of agreement is 4 years, ended at 30 November 2017.

As at 31 December 2016 and 2015, future minimum lease payments under the financial lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2016		
	Within 1 year	1 - 5 years	Total
Future minimum lease payments	725	-	725
Deferred interest expenses	(22)	-	(22)
Present value of future minimum lease payments	703	-	703

(Unit: Thousand Baht)

	As at 31 December 2015		
	Within 1 year	1 - 5 years	Total
Future minimum lease payments	791	725	1,516
Deferred interest expenses	(67)	(22)	(89)
Present value of future minimum lease payments	724	703	1,427

## 21. Debt issued and borrowings

(Unit: Thousand Baht)

	Interest rate (percent)	Financial statement in which the equity method is applied/ separate financial statement			
		As at 31 December 2016			
		The maturity dates of debt			
		Within 1 year	1 - 5 years	Over 5 years	Total
Bills of exchange	4.20 - 5.75	393,939	-	-	393,939
Subordinate debentures	5.40 - 5.75	70,000	-	-	70,000
Total		463,939	-	-	463,939

(Unit: Thousand Baht)

	Interest rate (percent)	Consolidated/separate financial statements			
		As at 31 December 2015			
		The maturity dates of debt			
		Within 1 year	1 - 5 years	Over 5 years	Total
Bills of exchange	4.62 - 5.00	300,923	-	-	300,923
Subordinate debentures	5.10 - 6.00	205,000	70,000	-	275,000
Total		505,923	70,000	-	575,923

## 22. Provision for long-term employee benefit

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, as at 31 December 2016 and 2015 was as follows:

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	As at 31 December	
	2016	2015
<b>Provision for long-term employee benefit at beginning of year</b>	13,835	5,703
Included in profit or loss:		
Current service costs	7,988	7,964
Interest costs	401	168
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(4,096)	-
Financial assumptions changes	579	-
Experience adjustments	(4,559)	-
Benefits paid during the year	-	-
<b>Provisions for long-term employee benefits at end of year</b>	<b>14,148</b>	<b>13,835</b>

The Company expects to pay long-term employee benefits during the next year amounting of Baht 0.6 million (2015: Baht 1 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 22 years (2015: 23 years).

The principal actuarial assumptions used to calculate the obligations under the defined post-employment benefit plans as at 31 December 2016 and 2015 are as follows:

	Consolidated/separate financial statements	
	As at 31 December	
	2016	2015
Discount rate	2.45 %	2.94 %
Salary increase rate	3 %	3 %
Turnover rate	0 - 20.5 %, subject to range of age of employee	0 - 16 %, subject to range of age of employee

The result of sensitivity analysis for significant assumptions that affect the present value of long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated/separate financial statements		
	As at 31 December 2016		
	Changes in assumption	Increased	Decreased
Discount rate	1 %	(907)	1,022
Salary increase rate	1 %	1,064	(961)

(Unit: Thousand Baht)

	Consolidated/separate financial statements		
	As at 31 December 2015		
	Changes in assumption	Increased	Decreased
Discount rate	1 %	(1,167)	1,340
Salary increase rate	1 %	1,535	(1,349)

## 23. Other liabilities

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied	Consolidated financial statement	Separate financial statements	
	As at	As at	As at 31 December	
	31 December	31 December		
	2016	2015	2016	2015
Fixed asset payable	7,009	263	7,009	263
Provision for demolition of office improvement	8,423	9,530	8,423	8,680
Value added tax payable	2,885	4,413	2,885	4,060
Others	739	913	739	863
Total other liabilities	19,056	15,119	19,056	13,866

## 24. Ordinary share warrants

The Company has issued the warrants to the allocated shareholders, details of each type of warrants are as follows:

- (1) Warrants to purchase ordinary shares type 2 (“AEC-W2”) are allocated to the existing shareholders who have the rights to buy the ordinary shares in proportion to their respective shareholding with the ratio of 1 newly issued ordinary share to 1 warrant.

Number of proposed warrants	: 168,816,704 Units
Number of allocated warrants	: 165,660,189 Units
Underlying shares	: 165,660,189 Shares
Conversion ratio	: 1 warrant can be converted to 1 ordinary share
Offering price	: Baht 0 per unit (at no cost)
Exercise price	: Baht 2 per share, except an amendment in accordance with the right adjustment.
Issue date	: 11 April 2014
Term of warrants	: 3 years from the issue date
Exercise period	: The warrants can be exercised on the last working days of every June and December throughout the life of the warrant. The first exercise date is 30 June 2014 and last exercise date is 10 April 2017.
Secondary Market	: The Company registered the warrants with the Stock Exchange of Thailand on 14 May 2014.

No warrants had been exercised during the year, therefore as at 31 December 2016 the outstanding Warrant AEC-W2 was 165,660,189 units as equal to the original allocated units.

- (2) Warrants to purchase ordinary shares type 3 (“AEC-W3”) are allocated to the existing shareholders who has the rights to buy the ordinary shares with the ratio of 2 newly issued ordinary share to 1 Warrant.

Number of allocated warrants	: 50,000,000 Units
Underlying shares	: 50,000,000 Shares
Conversion ratio	: 1 warrant can be converted to 1 ordinary share
Offering price	: Baht 0 per unit (at no cost)
Exercise price	: Baht 3 per share, except an amendment in accordance with the right adjustment.
Issue date	: 27 January 2015
Term of warrants	: 3 years from the issue date
Exercise period	: The warrants can be exercised on the last working days of every June and December throughout the life of the warrant. The first exercise date is 31 March 2015 and last exercise date is 26 January 2018.

No warrants had been exercised during the year, therefore as at 31 December 2016 the outstanding Warrant AEC-W3 was 50,000,000 units as equal to the original allocated units.

- (3) Warrants to purchase ordinary shares type 4 (“AEC-W4”) are allocated to the existing shareholders who have the rights to buy the ordinary shares in proportion to their respective shareholding with the ratio of 1 newly issued ordinary share to 1 Warrant.

Number of proposed warrants	: 300,000,000 Units
Number of allocated warrants	: 114,501,049 Units
Underlying shares	: 114,501,049 Shares
Conversion ratio	: 1 warrant can be converted to 1 ordinary share
Offering price	: Baht 0 per unit (at no cost)
Exercise price	: Baht 1 per share, except an amendment in accordance with the right adjustment.
Issue date	: 28 May 2015
Term of warrants	: 3 years from the issue date
Exercise period	: The warrants can be exercised on the last working days of every June and December throughout the life of the warrant. The first exercise date is 30 December 2015 and last exercise date is 27 May 2018.
Secondary market	: The Company registered the warrants with the Stock Exchange of Thailand on 16 July 2015.

No warrants had been exercised during the year, therefore as at 31 December 2016 the outstanding Warrant AEC-W4 was 114,501,049 units as equal to the original allocated units.

(4) Warrants to purchase ordinary shares type 5 ("AEC-W5") are allocated to Private Placement subscriber which is UOB Kay Hian Private Limited.

Number of proposed warrants	: 200,000,000 Units
Number of warrants	: 0 Units
Underlying shares	: 200,000,000 Shares
Offering price	: Baht 0 per unit (at no cost)

No warrants had been allocated to such Private Placement subscriber therefore there was no not Warrant AEC-W5 outstanding as at 31 December 2016.

## **25. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the subsidiary pays out a dividend, until such reserve reaches ten percent of its registered share capital. The statutory reserve cannot be used for dividend payment.

## **26. Capital management**

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

The Company has a policy to pay dividend at least 75% of net profit after statutory reserve deduction. The payment is subject to the resolution of the shareholders' meeting.



## 27. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

However, as at 31 December 2016 and 2015, no calculation of diluted earnings per share since they were no issued dilutive potential ordinary shares from the exercise of warrants (since the exercise price is in excess of the fair value of the ordinary shares).

Basic earning per share were as follow:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Loss attributable to the Company (Baht)	(24,878,429)	(192,568,799)	(20,550,404)	(190,634,090)
Weighted average number of shares (shares)	1,224,244,758	1,160,305,899	1,224,244,758	1,160,305,899
Basic earnings loss per share (Baht/share)	(0.02)	(0.17)	(0.02)	(0.16)

## 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 6 percent of basic salary. The fund, which is managed by Krungsri Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year, the contribution for the year 2016 accounting to approximately Baht 8 million (2015: Baht 6 million) were recognised as expenses.

## 29. Brokerage fees

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	For the years ended 31 December	
	2016	2015
Brokerage fees from securities business	500,994	490,700
Brokerage fees from derivatives business	83,531	72,773
Brokerage fees from selling agent of unit trust	4,309	7,968
Total brokerage fees	588,834	571,441

## 30. Fees and service income

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	For the years ended 31 December	
	2016	2015
Underwriting fees	7,592	95
Investment advisory fees	7,635	1,825
Commission from sale of bills of exchange	38,925	51,132
Others	9,194	5,782
Total fees and service income	63,346	58,834

## 31. Directors' remuneration

Directors' remuneration represents the benefit paid to the directors of the Company in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to directors who hold executive position.

## 32. Income tax

Income tax for the years ended 31 December 2016 and 2015, were made up as follows:

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	For the years ended 31 December	
	2016	2015
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	7,273	(1,314)
<b>Income tax expense (income) reported in the statement of comprehensive income</b>	<b>7,273</b>	<b>(1,314)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Deferred tax on actuarial gain	1,615	-	1,615	-
	<b>1,615</b>	<b>-</b>	<b>1,615</b>	<b>-</b>

The reconciliation between accounting profit and income tax expense are shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2016	2015	2016	2015
Accounting loss before tax	(17,676)	(194,098)	(13,278)	(191,948)
Applicable corporate income tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(3,535)	(38,820)	(2,655)	(38,390)
Loss from subsidiary	880	430	-	-
Tax effects from tax-exempted revenues and non-tax deductible expenses	1,942	2,344	1,942	2,344
Increase in loss carry forwards	-	34,732	-	34,732
Loss carry forwards used during the year	(651)	-	(651)	-
Adjustment of deferred tax assets during the year	8,637	-	8,637	-
Income tax expense reported in statement of comprehensive income	7,273	(1,314)	7,273	(1,314)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement		Consolidated/separate financial statements	
	For the year ended		For the year ended	
	31 December 2016		31 December 2015	
<b>Deferred tax assets</b>				
Allowance for impairment of investments	-		7,514	
Provision for long-term employee benefits	2,829		2,767	
Amortisation of intangible assets	519		832	
Provision for litigations	-		1,123	
Total	3,348		12,236	

As at 31 December 2016 and 2015, the Company and its subsidiary did not record deferred tax assets for temporary differences relating to tax loss carried forward, since the Company's management considered there to be uncertainty about whether they could be utilised in the future.

### **33. Commitment and contingent liabilities**

#### **33.1 Litigations**

##### **33.1.1 Litigation against the Company by securities trading customers**

- 1) The Company was sued as the second defendant by a securities trading customer seeking the return of securities with a monetary value of approximately Baht 3.3 million. During the year 2004, the Court of First instance ruled that the Company, as an employer, was jointly responsible with the first defendant. On 29 January 2010, the Court of Appeal upheld the judgement of the Court of First instance. Subsequently, the Company appealed the court's decision to the Supreme Court.

In September 2016, this case was finalised. The Supreme Court upheld the judgement of the Court of Appeal, ordering both defendants to pay damages amounting to Baht 6.8 million to the plaintiff. The Company had previously set aside a provision for litigation in relation to this particular case in the amount of Baht 5.6 million and the difference of Baht 1.2 million had already been paid by UOBKH.

- 2) In 2009, the Company was sued by a securities trading customer seeking compensation of Baht 34.8 million for the Company's breach of a securities brokerage agreement. On 17 February 2011, the Court of first instance gave a judgement in favour of the plaintiff. During the year 2012, the Company appealed the Court's decision and on 22 August 2014, the Appeal Court gave judgement dismissing the plaintiff. Currently, the case is under the consideration of the Appeal Court. The Company's management believes that the Company will not be obliged to pay such compensation.

However, if the litigation matters listed above result in the Company incurring losses in excess of the recorded amounts mentioned above, the Company can claim the losses from UOBKH under the Assignment Agreement between the Company and the new major shareholder which grants the Company the right to make claims against UOBKH only for those cases that occurred before 26 March 2013. The Company can lodge claims with UOBKH for up to 60 days from the date of final judgement.

### 33.1.2 Litigation against the Company by a former major shareholder of the Company

In 2013, the Company was sued as a third defendant by the former major shareholder of UOBKH, to prevent the transfer of SET Membership to the UOBKH as the Board of Directors of the Company had resolved in the meeting No. 3/2013 (Note 1.1). On 23 September 2014, the case was dismissed by the court of first instance. However, the former major shareholder appealed this decision to the Appeal Court. The Appeal Court save judgement dismissing the plaintiff. The plaintiff appealed the Court's decision to the Supreme Court. Currently, the case is order the consideration of the Appeal Court. Accordingly, as at 31 December 2016, the Company has not transferred SET membership to UOBKH.

### 33.1.3 Litigation relating to a client's share transfer

On 7 July 2016, the Company was sued as a co-defendant (Defendant no. 4) in a case relating to a client's share transfer, with the plaintiff seeking the return of the securities or payment of compensation. The amount in dispute is approximately Baht 38 million (it cannot be determined what portion of this amount in dispute belongs to the Company, since there are 4 co-defendants). The Company's lawyer has considered the case and believes that the Company has evidence to refute the allegations. The case is being considered by the Court of First Instance, which has yet to issue a final judgement, meaning that the outcome cannot yet be determined. The Company's management believes that they will not suffer losses. The Company therefore has not yet recorded any entries in the accounts for the contingent liabilities from this litigation.

**33.2** The Company and its subsidiary have non-cancellable lease agreements for office premises and facilities for periods of 1-4 years, renewable every 1-4 years. In addition, the Company has non-cancellable lease agreements for vehicles for periods of 4 years with rental fee rates as specified in the agreements. The Company and its subsidiary do not have an option to purchase the leased assets at the expiry of lease period. These agreements expire within December 2018.

As at 31 December 2016 and 2015, the Company and its subsidiary are required to pay rental and related service fees under the lease agreements for office premises and facilities and vehicles as follows:

(Unit: Thousand Baht)

Type	Financial statement in which the equity method is applied		Consolidated financial statement	
	Remaining rental expenses		Remaining rental expenses	
	As at 31 December 2016		As at 31 December 2015	
	Within 1 year	Within 2 - 5 years	Within 1 year	Within 2 - 5 years
Office building	31,164	32,090	21,315	10,464
Office equipment	8,354	2,846	8,948	11,200
Vehicle	8,324	4,387	8,570	7,676
	<u>47,842</u>	<u>39,323</u>	<u>38,833</u>	<u>29,340</u>

(Unit: Thousand Baht)

Type	Separate financial statements			
	Remaining rental expenses			
	As at 31 December 2016		As at 31 December 2015	
	Within 1 year	Within 2 - 5 years	Within 1 year	Within 2 - 5 years
Office building	31,164	32,090	20,541	8,871
Office equipment	8,354	2,846	8,948	11,200
Vehicle	8,324	4,387	8,570	7,676
	<u>47,842</u>	<u>39,323</u>	<u>38,059</u>	<u>27,747</u>

- 33.3** As at 31 December 2016 and 2015, the Company and its subsidiary have commitments to purchase computer software amounting to Baht 2.68 million and Baht 1.85 million, respectively.
- 33.4** As at 31 December 2016 and 2015, the Company is required to pay to the Stock Exchange of Thailand monthly securities trading fees of Baht 50,000 and 0.005 percent of the trading value.
- 33.5** As at 31 December 2016 and 2015, the Company is required to pay service fees to the Thailand Depository Company Limited for rendering securities depository system services at rates according to each type of service.

- 33.6** As at 31 December 2016 and 2015, the Company is required to pay fees to the Office of the Securities and Exchange Commission for its business operations under the license whereby the Company is charged a fee at a rate of 1 percent of total fee income which is calculated from net capital gain arisen from the trading of debt securities and unit trusts and fee income from securities underwriting. Such fee shall not be less than Baht 500,000 per annum.
- 33.7** As at 31 December 2016 and 2015, the Company is required to pay contributions to the Compensation Fund for Securities Clearing and Settlement, which is overseen by the Thailand Securities Depository Company Limited, and the Compensation Fund for Derivatives Clearing and Settlement, which is overseen by the Thailand Clearing House Company Limited at certain rates of its net settlements each month.
- 33.8** As at 31 December 2016 and 2015, the Company is required to pay annual membership fees of Baht 500,000 per annum to the Thailand Future Exchange Public Company Limited and an annual fee of Baht 300,000 and a monthly fee of Baht 15,000 to Thailand Clearing House Company Limited.

#### **34. Related party transactions**

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

This also applies to the close members of the family of such individuals and companies associated with these individuals.

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

The name of the related company is as follows:

Name	Relationship	Business type
AAMC Asset Management Company Limited	Subsidiary *	Asset management

\* Being subsidiary until the date losing control

During the years 2016 and 2015, the Company has no significant business transaction and outstanding balance with the related party.



### Management's remuneration

During the year ended 31 December 2016 and 2015, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	For the years ended 31 December	
	2016	2015
Short-term employee benefits	33,131	28,463
Post-employment benefits	2,071	2,205
Total	35,202	30,668

### **35. Financial information by segment**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have 3 reportable segments as follows:

- Securities business segment, which provide service according to brokering, derivatives brokering and securities borrowing and lending.
- Investment Segment, which investment in securities and private fund.
- Asset management segment, which manages Non-Performing Loan (NPL) assets from financial institution.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit of loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the income tax is not allocated to the segment.

The transfer price between operating segment is based on fair value (arm's length basis).

The following tables present revenue and profit information regarding the Company's and its subsidiary's operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

	For the year ended 31 December 2016			
	Securities and	Investing	Asset	Consolidated
	derivatives	business	management	financial
	business	business	business	statement
<b>Income</b>				
Brokerage fees	588,834	-	-	588,834
Fee and service income	55,104	8,242	-	63,346
Gain on investments	237	96,970	-	97,207
Loss on disposal of subsidiary	-	(2,147)	-	(2,147)
Loss on revaluation of investment	-	(1,456)	-	(1,456)
Share of loss from investment in associate	-	(92)	-	(92)
Interest income	-	7,135	1,485	8,620
Interest on margin loans	37,871	-	-	37,871
<b>Total income</b>	<b>682,046</b>	<b>108,652</b>	<b>1,485</b>	<b>792,183</b>
<b>Unallocated income and expenses:</b>				
Interest income				21,665
Other income				4,046
Finance costs				(37,885)
Fee and service expense				(103,940)
Other operating expenses				(693,745)
Loss before tax				(17,676)
Income tax				(7,273)
Loss for the period				(24,949)

(Unit: Thousand Baht)

	For the year ended 31 December 2015			
	Securities and derivatives business	Investing business	Asset management business	Consolidated financial statement
<b>Income</b>				
Brokerage fees	571,441	-	-	571,441
Fee and service income	58,834	-	-	58,834
Gain (loss) on investments	22,286	(102,768)	-	(80,482)
Interest income	-	2,349	357	2,706
Interest on margin loans	60,591	-	-	60,591
<b>Total income</b>	<b>713,152</b>	<b>(100,419)</b>	<b>357</b>	<b>613,090</b>
<b>Unallocated income and expenses:</b>				
Interest income				28,689
Other income				18,522
Finance costs				(74,221)
Fee and service expense				(95,593)
Bad debt and doubtful accounts (reversal)				492
Other operating expenses				(685,077)
Loss before tax				(194,098)
Income tax				1,314
Loss for the period				(192,784)

### 36. Fair value hierarchy

As of 31 December 2016 and 2015, the Company and its subsidiary had assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Financial statement in which the equity method is applied/separate financial statement			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading securities				
Equity instruments	189,964	415,027	-	604,991
Debt instruments	-	280,035	-	280,035
<b>Assets for which fair value are disclosed</b>				
Cash and cash equivalents	95,459	-	-	95,459
Deposits at financial institutions	-	77,472	-	77,472
Receivables from Clearing House	-	351,913	-	351,913
Securities and derivatives business receivables - net	-	904,172	-	904,172
Non-marketable equity securities	-	-	50,000	50,000
<b>Liabilities for which fair value are disclosed</b>				
Payables to Clearing House	-	-	-	-
Securities sold under repurchase agreements	-	196,910	-	196,910
Securities and derivatives business payables	-	785,092	-	785,092
Finance lease liabilities	-	703	-	703
Debt issued and borrowings	-	463,939	-	463,939

(Unit: Thousand Baht)

	Consolidated Financial Statement			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading securities				
Equity instruments	236,664	240,416	-	477,080
Debt instruments	-	40,000	-	40,000
<b>Assets for which fair value are disclosed</b>				
Cash and cash equivalents	139,788	-	-	139,788
Deposits at financial institutions	-	77,196	-	77,196
Receivables from Clearing House	-	13,795	-	13,795
Securities and derivatives business receivables - net	-	1,082,805	-	1,082,805
Non-marketable equity securities	-	-	50,000	50,000
<b>Liabilities for which fair value are disclosed</b>				
Payables to Clearing House	-	111,006	-	111,006
Securities and derivatives business payables	-	284,326	-	284,326
Finance lease liabilities	-	1,427	-	1,427
Debt issued and borrowings	-	300,943	278,488	579,431

(Unit: Thousand Baht)

	Separate financial statement			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading securities				
Equity instruments	236,664	240,416	-	477,080
<b>Assets for which fair value are disclosed</b>				
Cash and cash equivalents	135,679	-	-	135,679
Deposits at financial institutions	-	77,196	-	77,196
Receivables from Clearing House	-	13,795	-	13,795
Securities and derivatives business receivables - net	-	1,082,805	-	1,082,805
Non-marketable equity securities	-	-	50,000	50,000
<b>Liabilities for which fair value are disclosed</b>				
Payables to Clearing House	-	111,006	-	111,006
Securities and derivatives business payables	-	284,326	-	284,326
Finance lease liabilities	-	1,427	-	1,427
Debt issued and borrowings	-	300,943	278,488	579,431

### 37. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity in the meantime.

#### 37.1 Risk management

As at 31 December 2016, the Company has no policy for speculation in or engaging in the trading of any derivative financial instruments.

As at 31 December 2016, financial instruments of the Company principally comprise cash and cash equivalents, deposits at financial institutions, investments, receivables from and payables to Clearing House, borrowings from financial institutions, securities and derivatives business receivables and payables, financial lease liabilities and debt issued and borrowings. The financial risks associated with these financial instruments and how they are managed is described below:

#### 37.1.1 Liquidity risk

Under the notification of the SEC No.Kor Tor. 18/2549 regarding “Principle for Maintaining Capital Adequacy”, the Company shall have adequate capital at the end of the day at least Baht 15 million and at least 7% of general liability.

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

Additionally, in accordance with the regulation of Thailand Clearing House Company Limited (TCH) Chapter 300 “Ordinary Members” regarding the “Qualification of Membership”, the Ordinary Membership is required to have share capital at least Baht 100 million for membership operating only derivatives business.

As at 31 December 2016 and 2015, the company has maintained capital adequacy higher than notification of the SEC, and had share capital higher than TCH’s regulation.

The maturity dates of financial instruments held as of 31 December 2016 and 2015, counting from the financial position dates, are as follows:

(Unit: Million Baht)

	Financial statement in which the equity method is applied/ separate financial statement						
	As at 31 December 2016						
		Within 1	1 - 5	Over 5	No	Non-	
	At call	year	years	years	maturity	performing debts	Total
<b>Financial assets</b>							
Cash and cash equivalents	95	-	-	-	-	-	95
Deposits at financial institutions	-	77	-	-	-	-	77
Receivables from Clearing House	-	352	-	-	-	-	352
Securities and derivatives business receivables - net	-	895	-	-	-	9	904
Investments - net	-	935	-	-	50	-	985
<b>Financial liabilities</b>							
Payables to Clearing House	-	-	-	-	-	-	-
Securities sold under repurchase agreements	-	199	-	-	-	-	199
Securities and derivatives business payables	-	785	-	-	-	-	785
Financial lease liabilities	-	1	-	-	-	-	1
Debt issued and borrowings	-	464	-	-	-	-	464

(Unit: Million Baht)

	Consolidated financial statement						
	As at 31 December 2015						
		Within 1	1 - 5	Over 5	No	Non-	
	At call	year	years	years	maturity	performing debts	Total
<b>Financial assets</b>							
Cash and cash equivalents	140	-	-	-	-	-	140
Deposits at financial institutions	-	77	-	-	-	-	77
Receivables from Clearing House	-	14	-	-	-	-	14
Securities and derivatives business receivables - net	-	1,074	-	-	-	9	1,083
Investments - net	-	517	-	-	50	-	567
<b>Financial liabilities</b>							
Payables to Clearing House	-	111	-	-	-	-	111
Securities and derivatives business payables	-	284	-	-	-	-	284
Financial lease liabilities	-	1	1	-	-	-	2
Debt issued and borrowings	-	506	70	-	-	-	576

(Unit: Million Baht)

	Separate financial statement						
	As at 31 December 2015						
	At call	Within 1	1 - 5	Over 5	No	Non-	Total
		year	years	years	maturity	performing debts	
<b>Financial assets</b>							
Cash and cash equivalents	136	-	-	-	-	-	136
Deposits at financial institutions	-	77	-	-	-	-	77
Receivables from Clearing House	-	14	-	-	-	-	14
Securities and derivatives business							
receivables - net	-	1,074	-	-	-	9	1,083
Investments - net	-	477	-	-	50	-	527
<b>Financial liabilities</b>							
Payables to Clearing House	-	111	-	-	-	-	111
Securities and derivatives business							
payables	-	284	-	-	-	-	284
Financial lease liabilities	-	1	1	-	-	-	2
Debt issued and borrowings	-	506	70	-	-	-	576

### 37.1.2 Interest rate risk

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

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are as follows:

(Unit: Million Baht)

	Financial statement in which the equity method is applied/separate financial statement								
	As at 31 December 2016								
	Outstanding balance of financial Instrument								
	Remaining period to the contractual reprising								
	date or maturity date							Interest Rate (% p.a.)	
	Floating Interest rate	Within 1 year	1 - 5 years	Over 5 years	Non-performing debts	Without interest	Total	Floating interest rate	Fixed interest rate
<b>Financial assets</b>									
Cash and cash equivalents	95	-	-	-	-	-	95	0.125 - 1.00	-
Deposits at financial institutions	-	77	-	-	-	-	77	-	0.85 - 1.375
Receivables from Clearing House	-	-	-	-	-	352	352	-	-
Securities and derivatives business receivables - net	-	452	-	-	9	443	904	5.50 - 12.00	18.00
Investments - net	-	-	-	-	-	985	985	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	-	-	-	-
Securities sold under repurchase agreements	-	199	-	-	-	-	199	-	2.77 - 4.12
Securities and derivatives business payables	-	-	-	-	-	785	785	-	-
Financial lease liabilities	-	1	-	-	-	-	1	-	6.1237
Debt issued and borrowings	-	464	-	-	-	-	464	-	4.20 - 5.75



Consolidated financial statement									
As at 31 December 2015									
Outstanding balance of financial Instrument									
Remaining period to the contractual reprising									
date or maturity date								Interest Rate (% p.a.)	
Floating	Within	1 - 5	Over 5	Non-	Without			Floating	Fixed
Interest	1 year	years	years	performing	interest	Total		interest	interest
rate	1 year	years	years	debts	interest	Total		rate	rate
<b>Financial assets</b>									
Cash and cash equivalents	140	-	-	-	-	-	140	0.125 - 1.20	-
Deposits at financial institutions	-	77	-	-	-	-	77	-	1.15 - 2.60
Receivables from Clearing House	-	-	-	-	-	14	14	-	-
Securities and derivatives business receivables - net	-	609	1	-	9	464	1,083	5.50 - 12.00	18.00
Investments - net	-	-	-	-	-	567	567	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	111	111	-	-
Securities and derivatives business payables	-	-	-	-	-	284	284	-	-
Financial lease liabilities	-	1	1	-	-	-	2	-	6.1237
Debt issued and borrowings	-	506	70	-	-	-	576	-	4.62 - 6.00

(Unit: Million Baht)

Separate financial statement									
As at 31 December 2015									
Outstanding balance of financial Instrument									
Remaining period to the contractual reprising									
date or maturity date								Interest Rate (% p.a.)	
Floating	Within	1 - 5	Over 5	Non-	Without			Floating	Floating
Interest	1 year	years	years	performing	interest	Total		Interest	Interest
rate	1 year	years	years	debts	interest	Total		rate	rate
<b>Financial assets</b>									
Cash and cash equivalents	136	-	-	-	-	-	136	0.125 - 1.20	-
Deposits at financial institutions	-	77	-	-	-	-	77	-	1.15 - 2.60
Receivables from Clearing House	-	-	-	-	-	14	14	-	-
Securities and derivatives business receivables - net	-	609	1	-	9	464	1,083	5.50 - 12.00	18.00
Investments - net	-	-	-	-	-	527	527	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	111	111	-	-
Securities and derivatives business payables	-	-	-	-	-	284	284	-	-
Financial lease liabilities	-	1	1	-	-	-	2	-	6.1237
Debt issued and borrowings	-	506	70	-	-	-	576	-	4.62 - 6.00

### 37.1.3 Credit Risk

Credit risk related to investment in debt securities, account receivable and securities and derivatives business receivables is the risk that the party to a financial instrument will fail to discharge an obligation and consequently causes the Company and its subsidiary to incur a financial loss. The maximum credit risk exposure is the carrying amount of such assets as stated in the statement of financial position.

### 37.1.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in change in the value of financial instruments.

There is no foreign exchange risk due to the Company has no foreign transactions and there are no foreign financial instruments as at financial statement date.

### 37.1.5 Fair value of financial instruments

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

Summarised comparison between fair value and book value are as follows:

(Unit: Million Baht)

	Financial statement in which the equity method is applied		Consolidated financial statement		Separate financial statements			
	As at 31 December		As at 31 December		As at 31 December			
	2016		2015		2016		2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>								
Cash and cash equivalents	95	95	140	140	95	95	136	136
Deposits at financial institutions	77	77	77	77	77	77	77	77
Receivables from Clearing House	352	352	14	14	352	352	14	14
Securities and derivatives								
business receivables - net	904	904	1,083	1,083	904	904	1,083	1,083
Investment in domestic marketable equity and debt securities	935	935	517	517	935	935	477	477
Investment in domestic non-marketable equity securities	50	50	50	50	50	50	50	50
<b>Financial liabilities</b>								
Payables from Clearing House	-	-	111	111	-	-	111	111
Securities sold repurchase agreements	199	197	-	-	199	197	-	-
Securities and derivatives								
business payables	785	785	284	284	785	785	284	284
Finance lease liabilities	1	1	2	2	1	1	2	2
Debt issued and borrowings	464	464	576	579	464	464	576	579

The methods and assumptions used by the Company and its subsidiary in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, deposits at financial institutions, accounts receivable and short-term loans, accounts payable and short-term investments, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices.
- c) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models using discount rate at weighted average cost of investment when no market price is available.
- d) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

### **38. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2017.

Branch of AEC SECURITIES PUBLIC CO.,LTD.

No.	Branch Name	Address	Telephone	Fax
1	HEAD QUARTERS	63 Athenee Tower,15,17th Fl., Wireless Rd.,Lumpini, Pathumwan, Bangkok 10330	02-659 3456	02-659 3300
2	MAHATUN PLAZA (Branch Office)	888/200 Mahatun Plaza Building ,3rd Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330	02-651 5764	02-254 2011
3	BANGNA (Branch Office)	58, BIZZO Building Unit No. B201,B202, 2nd Fl., Bangna Trad 23 Road, Bangna, Bangkok 10260	02-001 3313	02-001 3327
4	FASHION ISLAND (Branch Office)	589/7-9 Fashion Island B Fl., B001 Ramintra Road, Khannayao, Khan Na Yao, Bangkok 10230	02-130 4289	02-130 4289
5	PARK VENTURES ECOPLEX (Branch Office)	Park Ventures Ecoplex, 16th Fl., UNITS 1607B-1608, 57, Wireless Road, Lumpini, Pathumwan, Bangkok 10330	02-263 8500, 02-681 9800	02-263 8556
6	PHAHONYOTHIN (Branch Office)	412/44, 412/45 Phahonyothin Place Building, 3rd Fl., Phahonyothin Road, Samsen Nai, Phaya Thai, Bangkok 10400	02-619 0600, 02-619 0601, 02-619 0602	02-619 0599
7	SOI SOONVUJAI (Branch Office)	499/5 Soi Soonvijai, New Phetchaburi Road, Bang Kapi, Huai Khwang, Bangkok 10320	02-836 0331-45	02-319 0219
8	CENTRAL LADPHRAO (Branch Office)	1693 Central Lad Phrao Office Building , Unit No. 1101, 11st Fl., Phahonyothin Road, Chatuchak , Bangkok 10900	02-792 4700	02-541 1656
9	THE NINE (Branch Office)	33/4 The Nine Tower Rama 9, 2rd Fl., Rama 9 Road, Huai Khwang, Bangkok 10310	02-836 0245	02-168 1358
10	SILOM (Branch Office)	323 United Center Building ,15th Fl., Silom Road, Bangrak, Bangkok 10500	02-836 0001, 02-836 0301, 02-836 0315	02-236 8190-91
11	NAKHONRATCHASIMA (Branch Office)	1195/5 Mittraphab - Nongkai Road, Tumbol Naimuang, Aumthur Muang Nakhonratchasima, Nakhonratchasima 30000	044-353 699	044-353 494
12	SARABURI (Branch Office)	1/11 soi13 Sut Banthat Rd., Pak Phreao, Muang Saraburi, Saraburi 18000	036-232 091, 036-232 100, 036-232 101	036-232 102

No.	Branch Name	Address	Telephone	Fax
13	CHIANGMAI - CHANGKHLAN (Branch Office)	215/2 Unit no B202, Changklan Road, Tambol Changklan, Amphur Muang Chiangmai, Chiangmai 50100	053-908 700	053-908 799
14	CHIANGMAI - MAHIDOL (Branch Office)	288/61-62 Mahidol Road, Tambol Changklan, Amphur Muang Chiangmai, Chaingmai 50100	053-908 200	053-285 222
15	NAKHON SI THAMMARAT (Branch Office)	202,204 Wandeekosikulporn Road, Tambol Naimuang, Amphur Muang NakhonSi Thamarat, NakhonSi Thamarat 80000	075-432 177	075-432 332
16	HATYAI (Branch Office)	59/10, 59/12 Juti – Anusorn Road, Tambol Hatyai, Amphur Hatyai, Songkhla 90110	074-222 700	074-222 799



AEC Securities Public Company Limited

63 Athenee Tower 15<sup>th</sup>, 17<sup>th</sup> Floor,  
Wireless Rd., Lumpini, Pathumwan,  
Bangkok, 10330

Hotline : 02-659 3456

Website : [www.aecs.com](http://www.aecs.com)

