

Part 1

Business Operation

1. Company Background and Business Overview

1.1. Vision, Objectives, Goals, Strategy

➤ Vision

- ✓ To Create Wealth for our Customers

➤ Mission

- ✓ To provide an 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 follows:

- ✓ 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, made business and strategic partnerships domestically and internationally, which is not only limited to our Bangkok office since our Company has planned to offer its services 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), commencing with investment banking services in Laos and Myanmar.

Therefore, the Company is confident that with the right strategy, quality of service and personnel, operation system and plan, the Company will be able to follow the objectives as directed by the Board of Directors.

1.2. Important Changes and Developments of the Company's Business

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 13 full service branches on Bangkok and Perimeter areas 9 branches at Soi Soonvijai branch, Silom Road branch, Park Ventures Ecoplex 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 Thamarat Branch, Hadyai Branch, Saraburi Branch and Nakhon Ratchasima Branch

Year 2017

- On January 31, 2017, the resignation of Mr. Mr. Thada Chanprasit, Executive director and Co-Chief Executive Officer
- On 31 March 2017, the Company sold its shareholding in AAMC in the amount of 299,996 shares at 61.25 THB per share, totaling at 18,374,755 THB. The sale was in accordance with the resolution of the meeting the Board of Directors No. 1/2016, held on 26 February 2016, to sell the ordinary shares in AAMC, and as a result, the Company has to reserve for non-performing assets, impacting the balance sheet of the Company. The proceeds from the sale will be used as cash flow for the Company, to be determined by the Executive Committee of the Company.
- On 10 April 2017, the Warrant of the Company No. AEC-W2 had its last exercise date in the amount of 165,660,189 units, which was allocated to existing shareholders at the ratio of 1:1 with the exercise price of 2 THB per share. There was 1 shareholder who exercised their right at 700 shares, totaling 14,000 THB (Par value at 1 THB), the proceed of which will be used as cash flow for the Company. The remaining warrants shall be cancelled.

- On 24 April 2017, the Company changed its registered capital of the Company to 1,224,245,458 THB and changed its paid-up capital of the Company to 1,224,245,458 shares.
- On 11 May 2017, the Board of Directors of the Company appointed Mr. Sombat Narawuttichai as Authorized Director and Member of the Executive Committee in replacement of Mr. Praphol Milindachinla. The Board of Directors of the Company also appointed Dr. Vichaya Krea-Ngam as Independent Director.
- On 2 June 2017, Mr. Polchet Likittanasombat and Mr. Pissanu Wichitcholachai both resigned as Director and Member of the Executive Committee of the Company
- On 8 June 2017, Miss Siriporn Tongkam resigned as Independent Director, Member of the Audit Committee and other positions in the Company.
- On 19 June 2017, Mr. Weerasak Kowsurat resigned as Independent Director and other positions in the Company.
- On 27 June 2017, the Board of Directors of the Company appointed Associate Professor Suchart Laopreeda as Independent Director and Member of the Audit Committee in replacement of Miss Siriporn Tongkam.
- On 4 August 2017, Mr. Angkoon Pimpakorn resigned as Director and Chairman of the Executive Committee.
- On 22 August 2017, the Company closed its Ladprao office effective as of 25 September 2017.
- On 30 August 2017, the Meeting of the Board of Directors No. 6/2017 appointed Mr. Sombat Narawuttichai as Chairman of the Executive Committee instead of Mr. Angkoon Pimpakorn.
- On 15 September 2017, Professor Dr. Chaiya Yimwilai, Independent Director and Chairman of the Audit Committee, and Dr. Vichaya Krea-Ngam, Independent Director, both resigned as Directors of the Company and other positions in the Company.

- On 11 October 2017, the Meeting of the Board of Directors No. 7/2017 appointed the following Directors:
 1. Mr. Thaveedeej Uyawong as Authorized Director instead of Mr. Polchet Likkitanasombat.
 2. Mr. Seri Suwannapanon as Independent Director and Member of the Audit Committee instead of Professor Dr. Chaiya Yimwilai.

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.
- On June 13, 2016, the resignation of Mr. Pisit Phatumban, Executive director and Co-Chief Executive Officer

- On June 29, 2016, the Board of Director Meeting No.1/2016 held on February 26, 2016 to 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. The 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 Phimphkorm 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 11, 2016, Mr. Weerasak Futrakul has resigned from Director of Corporate Governance and Social Responsibility Committee

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. 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.

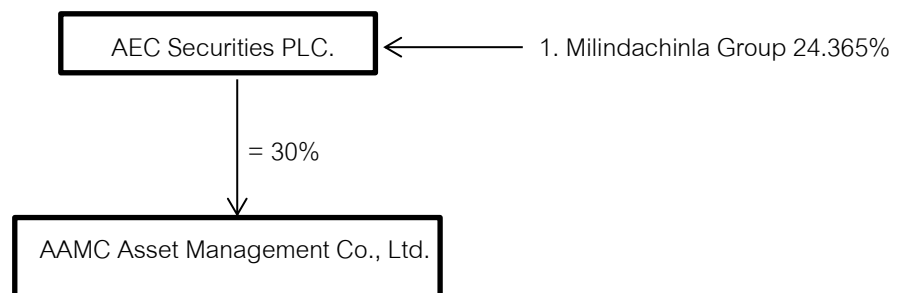
The subscription is subject to the conditions that 1 newly issued ordinary shares in combination with 1 unit of the Warrants-Type 5. The offering price for the newly issued ordinary shares shall be Baht 1 per share and for the Warrants-Type 5 shall be baht 0 per unit. The exercise price for the Warrants-Type 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-Type3 (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 Director and Director resigned from Executive Director and Directors.
- On 27 July 2015, the Board of Directors Meeting No. 6/2015 resolved to appoint Mr. Angoon Pimphkorn as Executive Director and 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.

1.3. Shareholding Structure of Corporate Group



The Company has the subsidiary as AAMC Asset Management Company Limited ("AAMC"), which directly investment in subsidiary 30 percentage of shareholding ,Register Capital 100,000,000 Baht and has objective is the management of non-performing assets purchased or transferred from financial institutions, including collateral for those assets, either for management of further disposal. On March 31, 2017, the Company has disposed all ordinary shares in AAMC to an Investor. As a result of the completion of this transaction, AAMC have ceased to be a subsidiary of the Company.

2. Nature of Business

2.1 Revenue and Expense Structure of the Company

Revenue	2017		2016		2015	
	Baht	%	Baht	%	Baht	%
Brokerage fees from Securities business	414,824,982	56.84	500,994,197	61.25	490,699,210	74.31
Brokerage fees from Derivatives business	66,106,944	9.06	83,530,539	10.21	72,773,087	11.02
Brokerage fees from selling agent of unit trust	3,588,147	0.49	4,309,348	0.53	7,968,381	1.21
Fees and service income – Investment advisory fees	99,779,748	13.67	63,345,798	7.74	58,833,729	8.91
Interest on margin loans	34,943,692	4.79	37,870,904	4.63	60,590,521	9.18
Gain and return on financial instruments	105,960,756	14.52	126,036,606	15.41	-	-
Gain (loss) on securities	-	-	-	-	(80,482,069)	(12.19)
Loss on disposal of subsidiary	509,801	0.07	(2,147,478)	(0.26)	-	-
Share of loss from investment in associate	(31,884)	(0.01)	(91,696)	(0.01)	-	-
Interest income	-	-	-	-	31,395,327	4.75
Other income	4,134,436	0.57	4,045,542	0.50	18,522,060	2.81
Total Revenues	729,816,622	100.00	817,893,760	100.00	660,300,246	100.00

Note:

The financial statements for the year ending 31 December 2017 were prepared in conformity with the requirement of the Notification of the Office of the Securities and Exchange Commission, No. SorThor. 22/2559, regarding “The Form of Financial Statements for Securities Companies”, dated 2 June 2016, which became effective for fiscal years beginning on or after 1 January 2017. Therefore, reclassifications have been made by the auditor to the financial statements for 2016 in order to conform to the classifications used in the financial statement for 2017.

The following differences are present between the Income (Profit and Loss) Statements for the years 2017 & 2016 and the Financial Statements for the year 2015:

1. The brokerage fees for the years 2017 and 2016 shall not include the brokerage fees from selling agents of unit trust.
2. The fee and service income for the years 2017 and 2016 shall include the brokerage fees from selling agents of unit trust.
3. The profits and returns from financial instruments for the years 2017 and 2016 shall include the profits (losses) from investments and the received interest altogether.

Expense	2017		2016		2015	
	Baht	%	Baht	%	Baht	%
Employee benefit expenses	433,719,162	53.66	475,536,045	56.91	-	-
Fee and service expenses	94,265,695	11.66	103,940,294	12.44	95,592,428	11.19
Reverse of bad debt and doubtful accounts	3,123,417	0.39	-	-	(491,590)	(0.06)
Finance costs	48,064,855	5.94	37,884,941	4.53	74,220,657	8.69
Other expenses	229,130,695	28.35	218,208,603	26.12	-	-
Operating expenses						
Personnel expenses	-	-	-	-	451,603,571	52.86
Premises and equipment expenses	-	-	-	-	127,397,531	14.91
Directors and managements' remuneration	-	-	-	-	16,794,667	1.96
Other expenses	-	-	-	-	89,281,146	10.45
Total operating expenses	-	-	-	-	685,076,915	80.18
Total Expenses	808,303,824	100.00	835,569,883	100.00	854,398,410	100.00

Note:

The following differences are present between the Expense (Profit and Loss) Statements for the years 2017 & 2016 and the Financial Statements for the year 2015:

1. The employee benefit expenses for the years 2017 and 2016 shall include the employee expenses and the director remuneration altogether.
2. Other expenses for the years 2017 and 2016 shall include the premises and equipment expenses and other expenses altogether.

2.2 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
- AIPRO Trading System

➤ 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
- 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 (Securities Borrowing and Lending)**

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.

➤ **AIPRO Trading System**

The provision of investment services in security exchange with the program trading system refers to the application of computer system in improving the efficiency of management and trading through the artificial intelligence process of decision making, which evaluates information on interesting stocks at the time, using fundamental, technical and qualitative analyses, as well as functions of port risk management with the processing system in market and liquidity risks. The services also include an automatic forwarding of trading orders. The

company calls this system “AIPRO” or automatic trading system. The provision of these services is for the purpose of increasing service channels and responding better to customers and investors’ demands.

2.3 Market Overview and Competition

Overview of the Stock Exchange of Thailand in 2017

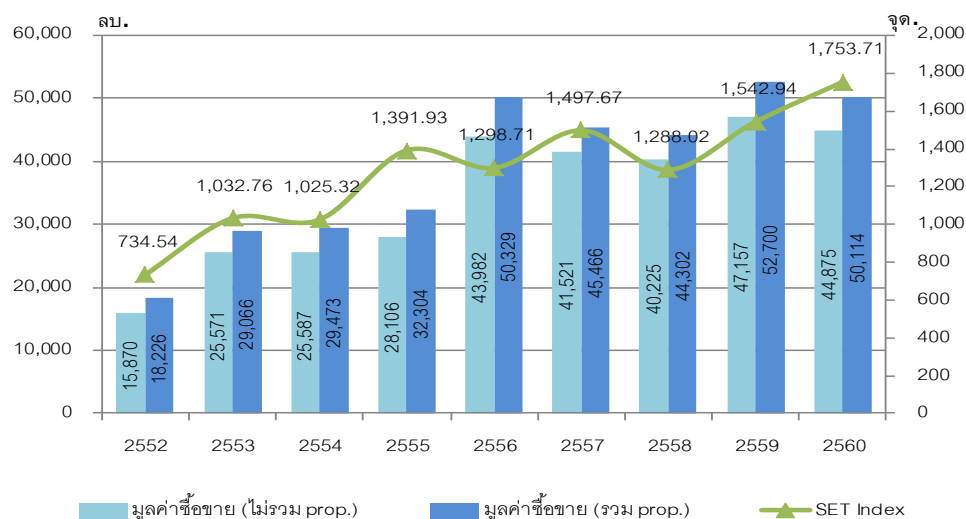
2017 was a golden year for the Stock Exchange of Thailand although in the first half of the year, the SET Index only moved sideways in a range of 1,540-1,600 points, owing to domestic supporting factors from the better expansion of government spending, product exportation and household consumption. Also, Thailand’s tourism sector continued to grow at a good rate, along with a high-level liquidity ratio in the world’s market, resulting in a continual fund flow from domestic institutes and foreign investors into the Thai stock market. This reflects in the fact that during the first six months of the year 2017, the net buying value for domestic institutes and foreign investors in the SET was approximately at 51.0 and 13.5 billion Baht respectively, but such buying force was reduced by the selling force of retail investors in the first six months of the year with an approximate value of 63.3 billion Baht, following the concern towards the fund outflow due to the economic policies run by the President of the United States of America, Mr. Donald Trump, with major plans of infrastructure investment and tax reduction to draw the funds back into the USA, as well as the FED’s signal of interest rate increases 3 times in 2017 after the improvement in the U.S. economy. The observation was also made on the economic problems in the Euro countries due to the Brexit effect and the higher political uncertainty owing to new elections held in several countries, especially in France, Italy and the Netherlands. However, in the second half of the year, the Thai stock index continued to improve; particularly since 29 August 2017, the SET index jumped by over 31.94 points and was able to close above the key 1600-point level for the first time in over 2.5 years (from 20 February 2015) after investors’ relief of worries about the domestic political problem due to Miss Yingluck Shinawatra, former prime minister, having fled the country. Plus, the state of Thai economy showed a significant sign of recovery and a tendency of better growth than the estimation of several economic academies, with the main propelling factor from the very good expansion in every export market and in almost all categories of product (in the first 11 months of 2017, the Thai export value increased by 10%YoY, being the highest growth in the past 6 years). As well as in the tourism sector, the expansion was found in all groups of nationality (in the first 11 months of the year, the number of foreign tourists in Thailand increased by 7.8%YoY), especially Chinese tourists due to the previous year’s low status caused by the suppression of zero-dollar tours, and Russian tourists with an increasing number after the opening of more direct flying routes to Thailand. There was also a specific positive factor found in stocks in the energy group after the improvement of the global crude oil price as the oil producing countries extended the period of productivity reduction. Meanwhile, stocks in the contract

construction and industrial estate groups were also beneficial from the government sector with the policy to push forward the Eastern Economic Corridor (EEC) Development Plan and the investment in major infrastructure projects. In consequence, investment confidence and climate in the stock market brightened up again. Although in 2017, the FED resolved to increase the policy interest rate 3 times, each time by 0.25% (in the monetary policy meetings as held in March, June and December 2017), it went according to the market estimation. In 2017, the SET Index adjusted up to the highest point of the year at 1,763.36 points on 27 December 2017 (the SET index touched its lowest point of the year at 1,528.78 points on 13 March 2017). Before the end of 2017, the SET Index closed at 1,753.71 points, the highest daily close in 24 years. The Thai stock market delivered a total return of +13.7%YoY (as shown in the graph), with the average daily (including prop trade) turnover (including SET and MAI) at 50.1 billion Baht, i.e. a decrease by 4.9%YoY (if excluding prop trade, the turnover would be at 44.9 billion Baht, equal to a decrease by 4.8%YoY).



Source: ASPEN

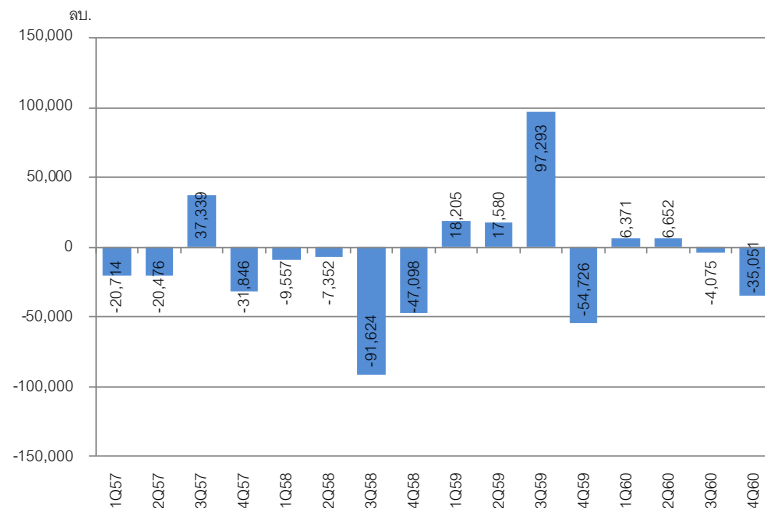
TRADE VALUE AND SET INDEX



Source: SETSMART

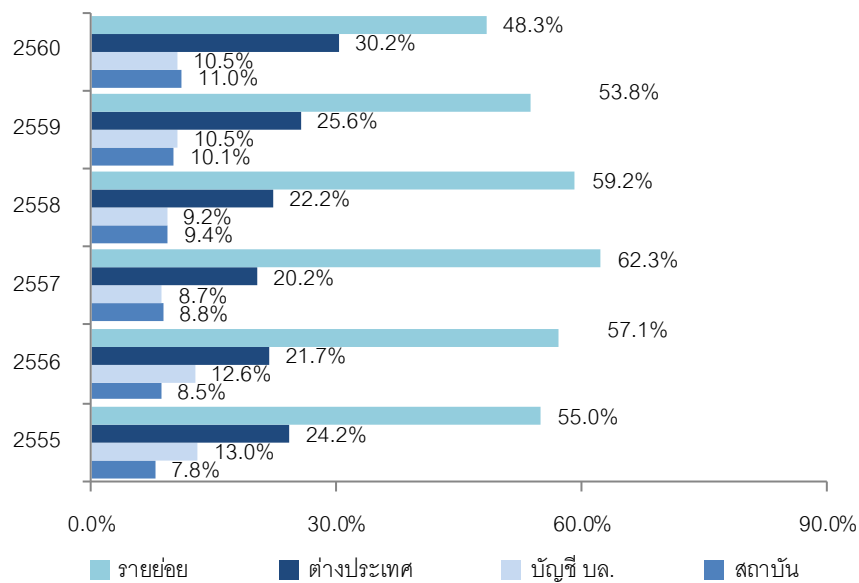
In 2017, institutional investors played a crucial role in pushing forward the Thai stock index, with their net buying (in both SET and MAI) at approximately 1.05 hundred billion Baht being the continuous net buying for the 5th consecutive year; with the turnover ratio increasing from 10.1% in 2016 to 11.0% of the total turnover. Similarly, securities company's accounts remained net buyers for 2 years in a row, at approximately 16.6 billion Baht, with the turnover ratio standing firm at 10.5% from the year 2016, while foreign investors reversed to be net sellers of 26.1 billion Baht after their net-buying status in the previous year, with the turnover ratio increasing from 25.6% in 2016 to 30.2% of the total turnover. Meanwhile, retail/individual investors remained net sellers for the 2nd consecutive year, at approximately 95.2 billion Baht, with the turnover ratio decreasing from 53.8% in 2016 to 48.3% of the total turnover.

Quarterly Net Trade Value of Foreign Investors



Source: SETSMART

CONTRIBUTION OF TRADE VALUE BY EACH INVESTOR GROUP

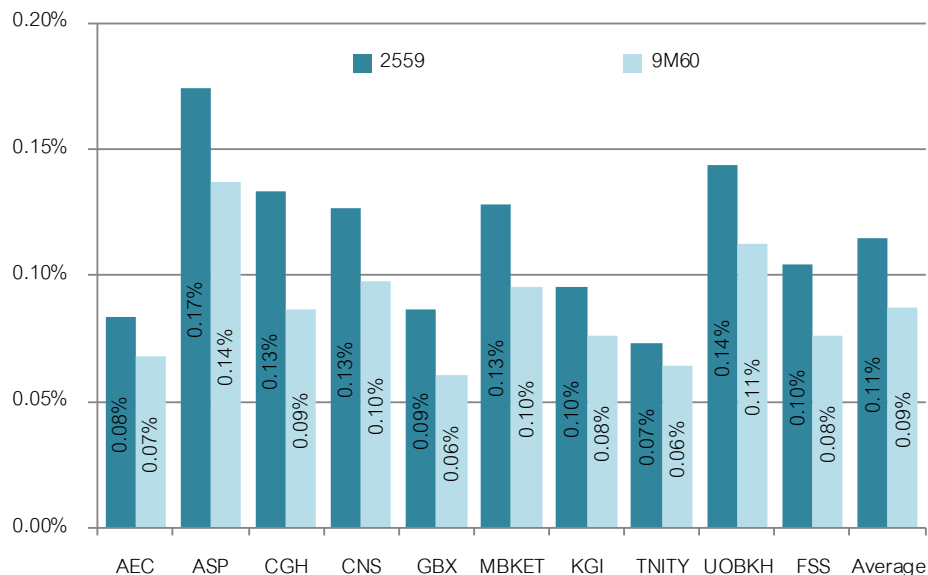


Source: SETSMART

Securities Business Overview of 2017

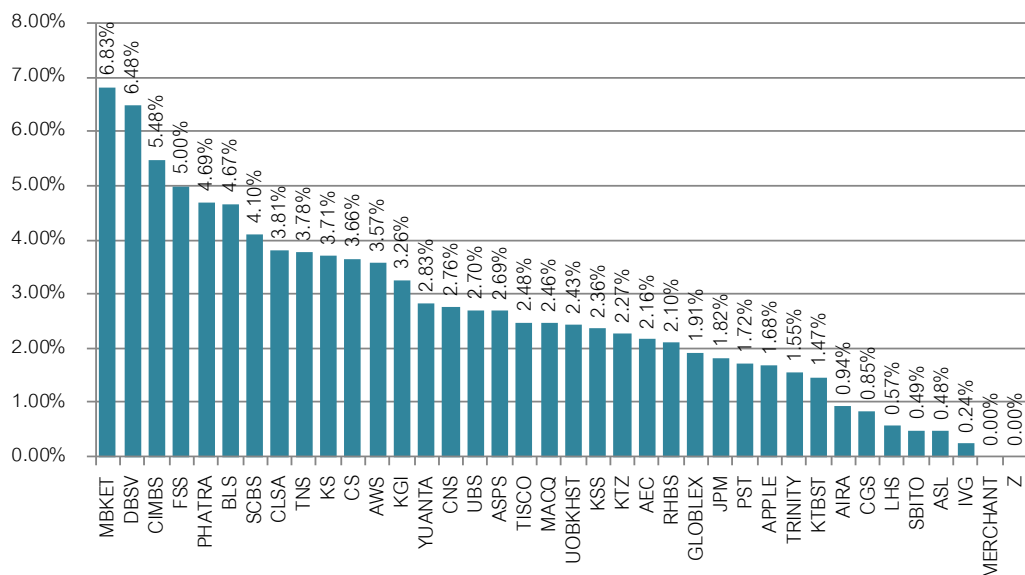
In 2017, the securities business profit decreased from 2016 despite the fact that investment confidence and climate in the Thai stock market enhanced unceasingly since the third quarter of 2017, resulting in the SET Index close at 1,753.71 points in the end of 2017, which was the highest daily close in the period of 24 years. The Thai stock market delivered a total return of +13.7%YTD; consequently, the profits from the investment portfolio of securities companies increased from the previous year. Plus, the revenue from the investment banking business saw its lively growth because in 2017, the Thai stock market overview showed that new securities (IPO) were registered for 46 companies, as increasing from 29 companies in 2016 (divided into 22 companies with securities listed in the SET, 17 companies in the MAI, and 6 companies in the REIT), and that the issue size throughout the year increased to 101.4%YoY at 1.06 hundred billion Baht. The securities with the highest issue size in 2017 were of Gulf Energy Development PCL. (GULF) with the issue size of 24.0 billion Baht. Next below was TPI Polene Power PCL. (TPIPP), which had the issue size of 17.5 billion Baht, and then B.Grimm Power PCL. (BGRIM) with the issue size of 10.4 billion Baht, but such positive factors were all reduced by the effect from the high price competition found in the brokerage business because the new securities companies debuting the past 2-3 years still proceeded with their strategy of low commission campaign in order to snatch the market share. This was reflected in the first 9 months of 2017 where the turnover commission rate (prop-trade excluded) of the securities group still decreased to 0.09% from 0.11% in 2016. In accumulation with the entire year of 2017, the average daily turnover (including SET and MAI) was only at 50.1 billion Baht (prop-trade included), decreasing at 4.9%YoY (if excluding prop trade, the turnover would be at 44.9 billion Baht, equal to a decrease by 4.8%YoY). Consequently, in 2017, the revenue from the brokerage business shrank significantly from 2016.

NET COMMISSION FEE OF SECURITIES GROUP LISTED IN SET



Source: AECS Research

MARKET SHARE OF SECURITIES COMPANIES IN 2017



Source: SET

Thai Stock Market and Securities Business Trend in 2018

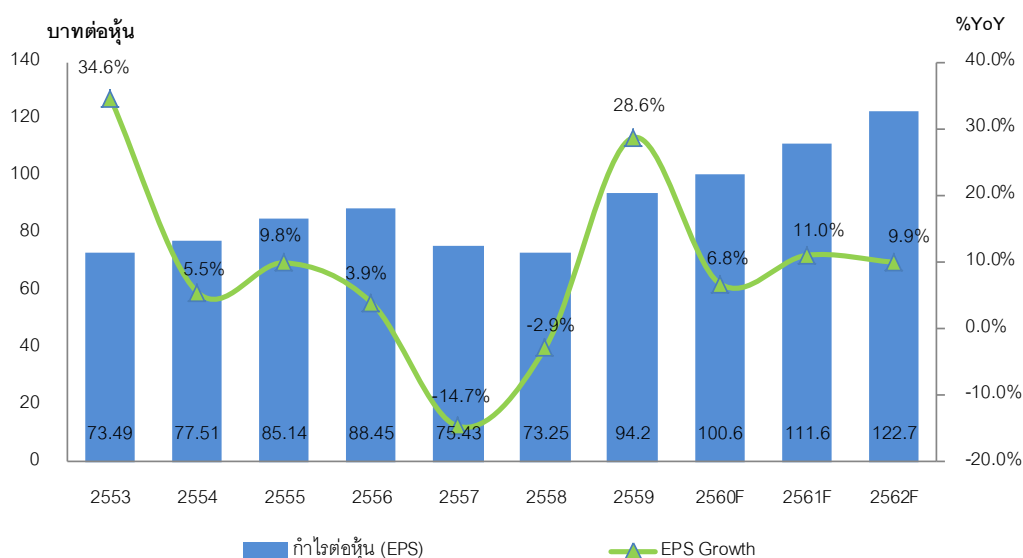
2018 is seen as another ongoing good year for the Thai stock market, with a chance for the index to set a new all-time high since its opening. We evaluated the SET index target for 2018 based on the PER estimation at 17.0-17.5 times, resulting in the index margin between 1,897-1,953 points under the hypothesis on the overall operation of registered companies with a growing chance of 11.0%YoY, and the GDP at 4.0%YoY, with the following motivations:

1) the Thai economic situation tends to continually expand at approximately 3.8-4.0%YoY, being similar to the previous year, with the driving factors from the government's major infrastructure investment projects in communication with more distinction, several projects having been bidden out their construction contracts signed. Also, it is concerned with the strong growth of the export and tourism sectors after the world's economy kept expanding at a good rate (the IMF estimated that the world's economy and trading volume in 2018 would increase at 3.7%YoY and 4.0%YoY respectively); and the Thai aviation capacity has improved after the ICAO removed Thailand's red flag status. The confidence in investment and consumption in the private sector also tends to improve after an election for a new government became more on the horizon and the government sector planned to implement economic stimulus measures on the rural economy with a weak purchasing power, and still pushed forward the investment promotion policies including BOI, EEC and PPP.

2) The global crude oil price has a tendency to remain high after the oil producing countries both inside and outside of the OPEC group negotiated the reduction of productivity to solve the oversupply issue; and 3) The profits of companies listed in the SET are estimated to interestingly expand at approximately 11.0%YoY; however, 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 markets after the USA's major plans of infrastructure investment and tax reduction to draw the funds back into it. Also, the USA's financial policies have become more strict as the FED sent out the signal of interest rate increases for 3 times in 2018 and 3 times 2019 after the expected improvement in the U.S. economy, which may cause the currency exchange rate to be volatile; 2) the economic problems in the Euro zone due to the Brexit effect, the quantitative easing (QE) tapering policy by the European Central Bank, and the political uncertainty in Europe; 3) the conflicts on the Korean Peninsula and in the Middle East; 4) China's economic situation with tendency of a slow growth rate after having faced the situation of high domestic debts and the problems of intellectual property infringement and trading dispute with the USA; and 5) the election for Thailand's new government, which, in case of postponement, may impact on investors' trust both domestically and abroad.

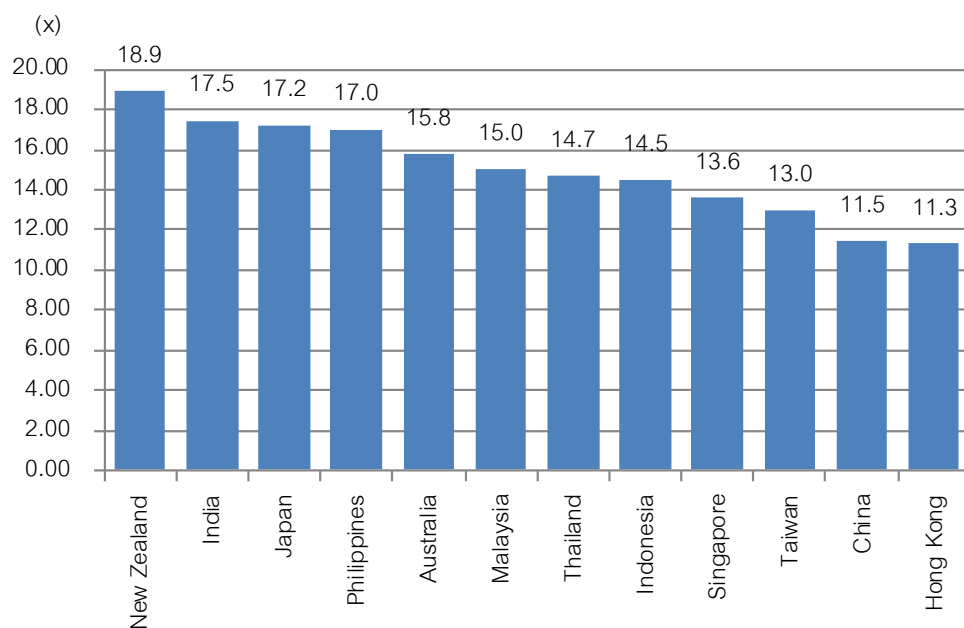
For the securities business in 2018, it is expected to still face a highly competitive situation in the brokerage business after two new securities companies were introduced in the business last year (from the end of 2017 where there were already 38 member companies; and 36 member companies from the end of 2016). 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.

EARNING PER SHARE GROWTH OF THAI STOCK MARKET



Source : SET

Forward PER 2018



Source : Bloomberg

3. 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 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 Compliance and Internal Audit 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

3.1 Strategic Risk

The strategic risk is the risk relating to the mapping out of the strategic plan, operational plan and the application of such plan for practical implementation. In addition, it includes the changes derived from the external and internal factors consequently affecting the mapping out of the strategic plan or operations in attaining the main objective, goal and operational guidelines of the company.

The liberalization of securities broker license and brokerage since 2012 has caused higher competitiveness in securities business. The company thereby has a plan on the revenue distribution structure to the businesses other than the securities broker and forward contract such as underwriting and bond trader services since 2017 and is of the view that such path is still a suitable strategy. The company is also of the view that the current world has swiftly changed in line with the advanced technology. Therefore, apart from adhering to the guidelines on the revenue distribution structure to the other businesses as the strategy for 2018, the company also has focally aimed to develop the business with the innovation on the aspect of modern finance and investment to be yet another strategy of the company.

- **Risks associated with underwriting**

The company carries out the investment banking business by taking the jobs as the underwriter. The risk which could possibly occur is a loss from taking the securities remaining left from the underwriting service for putting into the investment account of the company. Because of the reason that the underwriting service which is in an inappropriate quantity and price or affected from the securities trade condition fluctuation in the Stock Exchange of Thailand, the interest rates and foreign currency exchange rates have consequently resulted in the investors to not subscribe or subscribe the securities which the company is the underwriter not in fully complete account which may affect the company's liquidity. To reduce such risk, the company then conducted comprehensive analysis together with the tests on market demands, Net Capital Rule (NCR) level of the company in the case for which the company has provided any underwriting service and that not all the securities could be distributed. Prior to submitting to the

Investment Banking Committee, the company Executive Board of Directors and Board of Directors have made a consideration first before agreeing to enter into such Underwriting Service Contract (in accordance with the approval power level and the transaction volume). Provided, however, that the company has maintained NCR at the rate higher than the criteria prescribed by Office of Securities Exchange Commission (SEC) the whole time which as at 29 December 2017, the company accounted for the NCR of 50% or in monetary amount of 534.24 million Baht.

- **Bond trader business risk:**

A risk associated with bond trader business may be arisen from the counterparty who cannot comply with the obligations prescribed under the bond or as agreed upon including the bond issuer's credit risk ranking which has been reduced that may affect the returning income from the bond to be lessened, as well. The company has the Bond Committee to scrutinize the bond that the company will go in for transactions in order to ensure that it is the quality bond without any opportunity for a risk to happen from the counterparty's non-compliance with the contract.

3.2 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.

- **Corruption risk**

Corruption means all forms of bribes and/or the use of information or the exercise of position power wrongfully in order to acquire a benefit for which a person is not entitled. Forms of the corruption include an offer to give, a covenant, giving, giving a promise, requesting, giving or receiving money or property or any other benefits which are improper or inappropriate to government officials and organizations, private organizations or persons having duty to perform, whether directly or indirectly, in order to bribe such person to perform or omit to perform in

order to enable the briber to acquire or maintain a business or any other benefits which are unsuitable in the business way.

The company upholds ideal in carrying out business operations with righteousness in the way of good corporate governance and declares its intention in firmly adhering to its obligations on social responsibility to the societies and all related parties as well as become a member of the “Collective Action Coalition Against Corruption (CAC)”. In order to express its intention and firm determination on counter corruption of all forms, the company has therefore mapped out a policy defining suitable responsibilities, practical guidelines and operational requirements to prevent corruption practice with all company’s business activities and that in order to enable the decision making including the business operations which may pose a risk on the corruption to be brought up for consideration and carefully implemented, the company therefore make the “Anti-corruption Policy” in writing for use as expressly practical guidelines in carrying out the business operations and development toward a sustainable organization and as the principle of executions for all Directors, Executives, staff and employees including persons related to the business operation to strictly comply with.

The company has mapped out the Regulation, Standard Operating Procedure (SOP), Customer Service Manual in writing for the staff and employees to strictly comply and that the punishment will intensely be inflicted upon persons committing the corruption-related offence.

3.3 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 economic situation is still uncertain; the market fluctuations are still going on which, all these, may have an effect on the movements of the capitals and investors' confidences in the Stock Exchange of Thailand and may result in the securities trade value to decrease which will eventually affect the securities trade commission which is the company's important income. Nevertheless, the company still has the goal to maintain the market share not to be lower than the existing one and is trying to compete in order to increase the market share to be higher. In addition, the company will increase the income proportion by expanding its other businesses rather than being the underwriter such as the investment banking and bond trader.

- **Risks associated with the investment impairment;**

The company has the investment in the equity with the associated risk from the fluctuations in the price of the securities according to the market situation. The company implements the risk preventive measure on such particular matter. Which, in this respect, on the part of being the investment for the account, the company has distributed the investments to be short-term and long-term investments in various categories of the instruments and designated the Investment Committee to map out policy and guidelines on the investments

for the Investment Department for use as practical guidelines on the investments. The investments in any securities have been defined to be in accordance with the policy for use as the practically operational guidelines and that on the part of the investment for risk management associated with the derivative instrument, the Investment Committee has been entrusted to map out the policy and guidelines on the investment for risk management, as well.

3.4 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 29, 2017) 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.

4. Operating Assets

4.1 Land, Building, Machinery and Equipment

As of 31 December 2017, the Company has fixed assets of office space, fittings, office equipment and vehicles, worth 145,064,880 Baht.

List of Assets	Net value after depreciation (Baht)	Encumbrance	Type of ownership
1. Computers and accessories.	24,907,114	None	Owner
2. Office equipment	104,468,386	None	Owner
3. Vehicle	8,068,430	None	Owner
4. Work under construction	1,611,830	None	Owner
5. Financial Lease	6,009,120	48 Months	Owner

4.2 Intangible Assets

As of 31 December 2017, the Company has intangible assets of software computers for securities trading and other operating systems worth 25,437,044 Baht.

List of Assets	Net value after depreciation (Baht)	The remaining period of amortization
1. Software	23,875,251	3-5 Years
2. Derivatives business license fee	-	-
3. Securities business license fee	-	-
4. Company Logo fee	57,065	5 Years
5. Goodwill	-	-
6. Software under development	1,504,728	None
Total	25,437,044	-

The company holds the business license, which is owned and without any encumbrance as the details in following:

Types of license	Issuer	Date of received	Term
1. Securities Business License Type A	Ministry of Finance	31 January 2014	Indefinite
2. Derivative Business License Type Sor-1 (S1)	Office of Securities and Exchange Commission	20 February 2014	Indefinite
3. Financial Advisory License	Office of Securities and Exchange Commission	22 December 2013	5 years
4. SBL License(Principal Only)	Office of Securities and Exchange Commission	20 May 2014	-

The Company has entered into the Lease Contract to be used the office of the Company as follows:

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
1	Head Quarters	63 Athenee Tower,17 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Unit No. 1701-1707 Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	Renew a Contract 3 Y	01/06/2013	31/05/2016	1,389.86	-	5,455,200.50
		01/06/2016		31/05/2019	8,756,118.00	7,105,659.25		
		63 Athenee Tower,15 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Unit No. 1507/2 Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	3 Y	01/10/2014	30/09/2017	156.34	1,214,605.46	1,594,668.00
		1 Y 8 M	01/10/2017	31/05/2019	436,892.13	-		
		63 Athenee Tower,5 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Unit No. 502 C Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	3 Y	01/02/2015	31/01/2018	98.79	1,028,231.02	1,007,658.00

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
		63 Athenee Tower, 4 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Generator 1 Room Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	3 Y	01/08/2015	31/07/2018	10	240,000.00	240,000.00
2	Nakhonsawan (Branch Closed)	47/9-11 Atthakawee Road, Tambol Paknampho, Amphur Muang Nakhonsawan, Nakhonsawan 60000 Lessor: Ruampol Industrial Nakhonsawan Co., Ltd.	3 Y	01/01/2014	31/12/2016	160	-	480,000.00
3	Silom Branch	323 United Center Building ,15 th Fl., Silom Road, Bangrak, Bangkok 10500 Unit No. 507-508 Lessor : United Centre Co., Ltd.	Renew A Contract 3 Y	15/01/2015 15/01/2017	14/01/2017 14/01/2020	295 Sq.w.	- 2,579,385.60	2,242,944.00 -
4	Chiangmai - Mahidol Road Branch	288/61-62 Mahidol Road, Tambon Changklan, Amphoe Muang Chiangmai, Chiangmai 50100 Lessor : Ms. Kularb Kabkam	Renew A Contract 3 Y	01/02/2014 01/02/2017	31/01/2017 31/01/2020	34.4	50,000.00 605,000.00	600,000.00 -

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
5	Soi Soonvijai Branch	499/5 Soi Soonvijai, New Phetchaburi Road, Bang Kapi, Huai Khwang, Bangkok 10320 Lessor : Yai Rak Lan Ordinary Partnerships	Renew A contract 3 Y	01/02/2014 01/02/2017	31/01/2017 31/01/2020	155	30,000.00 363,000.00	360,000.00 -
6	Central Ladphrao (Branch Closed)	1693 Central Lat Phrao Office Building , Unit No. 1101, 11 st Fl., Phahonyothin Road, Chatuchak , Bangkok 10900 Lessor : Central Pattana PLC.	3 Y 7 M	15/02/2014 15/02/2017	14/02/2017 30/09/2017	182.04	245,711.04 885,532.83 (9 Months)	1,419,912.00
7	Chiangmai – Changkran Road Branch	215/2 Unit no.B202, Changkran Road, Tambon Changkran, Amphoe Muang Chiangmai 50100 Lessor : C. A.S. Market Place Ltd., Part.	Renew A Contract 3 Y	15/01/2014 15/01/2017	14/01/2017 15/01/2020	89	- 402,369.00	402,369.00 -
8	Nakhon Si Thammarat Branch	202,204 Wandeekositkulporn Road, Tambon Naimuang, Amphoe Muang Nakhon Si Thammarat, Nakhon Si Thammarat 80000 Lessor : Ms. Kittiya Saksrimaneekol	Renew A contract 3 Y	01/03/2014 01/03/2017	28/02/2017 28/02/2020	39.5 Sq.w.	50,000.00 250,000.00	300,000.00 -
9	Hatyai Branch	59/10, 59/12 Juti – Anusorn Road, Tambon Hadyai, Amphoe Hatyai, Songkhla 90110 Lessor : Mr.Nikom Preechaveerakul	Renew A Contract 3 Y	01/03/2014 01/02/2017	28/02/2017 28/02/2020	56.7 Sq.w.	120,000.00 600,000.00	720,000.00 -

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
10	Prachachuen (Branch Relocation)	105/1 Room No. B404, Thetsaban Songkhro Road., Lad Yao, Chatuchak, Bangkok 10900 Lessor: Rajanakarn (2530) Ltd., Part.	1 Y	01/01/2016	31/12/2016	72	-	211,680.00
11	The Nine Branch (Branch Closed)	33/4 The Nine Tower Grand Building Rama 9, 2 nd Fl., Rama 9 Road, Huai Khwang, Bangkok 10310 Lessor: Grand Canal Land PCL.	2Y 10M	05/08/2014	30/06/2017	115.01	499,948.50 (6 Months)	999,897.00
12	Mahatun Plaza Branch	888/200 Mahatun Plaza Building ,3 rd Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Unit No.200 Lessor: Mahatun Plaza Co., Ltd.	3 Y Renew A Contract 3 Y	01/09/2014 01/09/2016 01/09/2017	31/08/2016 31/08/2017 31/08/2020	132	- 754,142.40 382,536.00	721,353.60 377,071.20 -
	(Cancellation rental No.199)	888/200 Mahatun Plaza Building ,3 rd Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Unit No.199 Lessor: Mahatun Plaza Co., Ltd.	2Y 5M	01/09/2015 01/09/2016	31/08/2016 31/08/2017	132	- 754,142.40 (8 Months)	721,353.60 377,071.20

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
13	Phahonyothin Branch	412/44, 412/45 Ban Phahonyothin Place Building , Plaza Zone, 3 rd Fl., Phahonyothin Road, Samsen Nai, Phaya Thai, Bangkok 10400 Lessor: Phahon 8 Co., Ltd.	3 Y	01/09/2015	31/08/2018	126	876,960.00	876,960.00
14	Bangna Branch	58, BIZZO Building Unit No. B201,B202, 2 nd Fl., Bangna trad 23 Road,Bangna, Bangkok 10260 Lessor: Deesuwan resort Co., Ltd.	Renew A Contract 3 Y	01/09/2015 01/09/2017	31/08/2017 31/08/2020	100	383,456.00 191,728.00	575,184.00 -
15	Saraburi Branch	1/11 Soi 13, Sut Ban That Road, Tambon Pak Phrieo, Amphoe Mueng Saraburi, Saraburi 18000 Lessor: Ms. Naree Srivichai	3 Y	15/01/2015	14/01/2018	-	240,000.00	240,000.00
16	Fashion Island Branch	589/7-9 Fashion Island, B Fl., Unit B 001 Ram Intra Road, Khannayao, Khannayao, Bangkok 10230 Lessor: Siam Retail Development Co., Ltd	3 Y	01/10/2015	30/09/2018	91.65	1,269,829.08	1,269,829.08

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2017	2016
17	Park Ventures Branch (Cancellation rental No.1607A)	57 Park Ventures Ecoplex Building, Unit 1607A 16th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Lessor: Golden Ventures Leasehold Real Estate Investment Trust (GVREIT)	1 Y 2 M	01/06/2016	31/07/2017	159.50	1,304,980.11 (7 Months)	1,304,980.11 (7 Months)
		57 Park Ventures Ecoplex Building, Unit 1607B,1608 16th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Lessor: Golden Ventures Leasehold Real Estate Investment Trust (GVREIT)	2 Y 3 M	01/06/2016	31/08/2018	287.50	3,463,627.56	2,020,449.41 (7 Months)
18	Nakhon Ratchasima Branch	1195/5 Mittraprab - Nongkai Road, Tambon Naimuang, Amphoe Muang Nakhon Ratchasima, Nakhon Ratchasima 30000 Lessor: Mr. Surapong Kongmiya	3 Y	01/03/2017	29/02/2020	-	130,000.00 (10 Months)	-

5. Legal Disputes

5.1 Black Case Number Por. 1193-1194/2556, Red Case Number Por. 1796 – Por. 1797/2557

Bangkok South Civil Court

<u>Case</u>	Rescission of Sale and Purchase Agreement, Rescission of Tender Offer and Rescission of Resolutions
<u>Parties</u>	APF Holdings Company Limited, Plaintiff, and AEC Securities Public Company Limited, 3 rd Defendant.
<u>Court of Jurisdiction</u>	Bangkok South Civil Court
<u>Case Commencement Date</u>	17 June 2013

Claims

On 17 June 2013, Plaintiff filed a claim alleging that Plaintiff had an agreement with 1st Defendant and 2nd Defendant regarding the transfer of the shares of the 3rd Defendant and requested the court to order the 1st Defendant, 2nd Defendant and 3rd Defendant to

(1) Rescission of the Asset Sale and Purchase Agreement between 1st Defendant and 2nd Defendant and to remove the list of transferees from the Register of Shareholders that 1st Defendant transferred the shares to under any agreement between the 1st Defendant and 2nd Defendant,

(2) Rescission of the Resolutions of the Board of Directors and the Resolutions of the Shareholders that 2nd Defendant exercise the vote on,

(3) Rescission of Tender Offer dated 14 May 2013 of 2nd Defendant, and

(4) Rescission of the Resolution of the Board of Directors that approved the transfer of 3rd Defendant's assets on the Stock Exchange of Thailand (SET) Membership to other persons and to prohibit the transfer of the SET Membership.

Facts

The Company (3rd Defendant) does not have any agreements with the Plaintiff regarding transfer of shares and the Company has not transferred the SET Membership to any other persons.

Case Status

On 19 December 2013, the Bangkok South Civil Court ordered to suspend the motion of temporary injunction on the transfer of the SET Membership.

The Bangkok South Civil Court suspended the motion of temporary injunction of the Plaintiff. Furthermore, the case has no capital and there is no claim for the Company to compensate for any loss. The Bangkok South Civil Court ruled for the Company on 23 September 2014 and the Defendants appealed the case. The Court of Appeal upheld the decision of the Bangkok South Civil Court. Currently, the case is under review by the Supreme Court pending judgment.

6. General Information and Other Important Information

6.1 General Information

Name of Company	:	AEC Securities Public Company Limited
Nature of Business	:	Securities Business <ul style="list-style-type: none"> ■ Securities Brokerage <ul style="list-style-type: none"> - Internet Trading - AIPRO Trading System ■ Derivatives Business ■ Securities Trading ■ Investment Banking ■ Underwriting ■ Lending and borrowing ■ Selling Agent ■ Wealth Management
Head Office Address	:	63 Athenee Tower, 15 th , 17 th 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 EY Office Limited 33 rd 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
Website: <http://www.set.or.th/tsd>
E-mail: SETContactCenter@set.or.th

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

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

Kudan and Partners Limited
973 President Towers, 14th Floor, Unit 14 C
Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Investor Relations : The Office of Director and Company Secretary
AEC Securities Public Company Limited
63 Athenee Tower, 15th, 17th Floor., Wireless Rd., Lumpini,
Pathumwan, Bangkok, 10330
Tel. 0-2659 -3317 Fax. 0-2659 - 3388
E-mails: thaveedej.u@aeecs.com; pranpriya.h@aeecs.com

6.2 Other Important Information

Events after 31 December 2017

- On 24 January 2018, Mr. Sombat Narawutthichai tendered his resignation from being a Director of the Company Board of Directors and Chairman of the Executive Board of Directors.
- On 19 February 2018, the Board of Directors Meeting, No. 2/2017, rendered a resolution appointing Professor Dr. Chaiya Yimwilai to hold the position of the Board Vice Chairman (Director with no management power) and acting Chairman of the Executive Board of Directors.
- On 27 February 2018, the Board of Directors Meeting, No. 3/2017, rendered a resolution approving the proposal of the Company Shareholding Structure and Management Plan and other matters relating to the Shareholding Structure and Management including the exchange of all company's securities with holding company (which will be subsequently established) and that such plan shall be submitted to the Shareholders Meeting for consideration which is scheduled to be held on 27 April 2018.

The company has appointed Finnex Advisory Co., Ltd., to be its Financial Advisor and Kudun and Partners Ltd., to be its Legal Advisor to formalize actions on the submission of application for authorization to carry out transactions in accordance with the Capital Market Notification No. ThorJor. 34/2552, Re: Rules on the Offering of Newly Issued Securities and the Making of Offer on the Purchase of the Existing Securities of Listed Companies Shareholding Structure and Management Reorganization, Dated 3 August 2009 and appointed Avantgarde Capital Co., Ltd., to be the Independent Financial Advisor to give its opinions on the transactions.

