

Part 1

Business Operation

1. Company Background and Business Overview

1.1. Vision, Objectives, 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

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.

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 1 branches is Mahatun Plaza Branch.

Year 2019

- On 28 February 2019, the Meeting of the Board of Directors No. 1/2019 has resolved as following;
 1. Acknowledge to resign of Dr. Noppadol Mingchinda from the Director (Authorized Director) of the Company, effective since 1 March 2019 onwards.
 2. Appointment to Dr. Sathi Limpongpan as Advisor of the Company.
- On 22 April 2019, The Annual General Meeting for the Year 2019 has resolved to appointment Mr. Waiwit Udayachalerm as a Director (Authorized Director) in replacement Dr. Noppadol Mingchinda who director was resigned before the end of term)
- On 22 April 2019, the Meeting of the Board of Directors No. 2/2019 has resolved to appointment Professor Dr. Chaiya Yimwilai as Chairman of Executive Committee, effective since 22 April 2019 onwards.
- On 2 May 2019, Mr. Seree Suwanpanont has resigned from Independent Director and Audit Committee, effective since 1 May 2019 onwards.
- On 12 July 2019, the Meeting of the Board of Directors No. 4/2019 has resolved as following;
 1. Acknowledge to resign of Mr. Chanachai Joonjiraporn as a Director (Authorized Director), Executive Director and Chief Executive Officer of the Company, effective since 25 July 2019 onwards.
 2. Appointment to Mr. Waiwit Udayachalerm as Acting Chief Executive Officer, effective since 26 July 2019 onwards.
 3. Appointment to Dr. Vichya Krea-ngam as Independent Director and Audit Committee in replacement Mr. Seree Suwanpanont who director was resigned from the Company, effective since 12 July 2019 onwards.
- On 26 July 2019, the Company change the Head Office's address of the Company, effective since 26 July 2019 onwards.

- On 27 August 2019, the Meeting of the Board of Directors No. 5/2019 has an appointment Mr. Waiwit Udayachalerm as Chief Executive Officer, effective since 1 August 2019 onwards.
- On 30 August 2019, Associate Professor Suchart Laopreeda has resigned from Independent Director, Chairman of Audit Committee and Nomination and Remuneration Committee, effective since 1 September 2019 onwards.
- On 13 September 2019, Professor Dr. Chaiya Yimwilai has resigned from Vice Chairman of the Board of Director and Chairman of Executive Committee, effective since 15 September 2019 onwards.
- On 11 November 2019, the Meeting of the Board of Directors No. 6/2019 has resolved as following;
 1. Appointment to Mr.Paisit Kaenchan as Chairman of Audit Committee
 2. Appointment to Dr. Pattanant Petchchedchoo as Independent Director and Audit Committee in replace of Assoc. Suchart Laopreeda Independent Director and Audit Committee who director has resigned.
 3. Appointment to Dr.Siridech Kumsuprom as Independent Director in replace of Professor.Dr.Chaiya Yimwilai has resigned, Chairman of Risk Management Committee and Nomination and Remuneration Committee in replace of Assoc. Suchart Laopreeda who director has resigned.

Year 2018

- On 24 January 2018, the resignation of Mr. Sombat Narawutthichai, Director and Chairman of Executive Committee and other positions in the Company.
- On 19 February 2018, the Meeting of the Board of Directors No. 2/2018 appointed Director replacement of Director who resigns as follows:
 1. Appointment of Pro.Dr.Chaiya Yimwilai as Vice Chairman of the Board of Directors replace of Mr.Weerasak Kosurat who resigns, effective on 19 February 2018 onwards.
 2. Appointment of Pro.Dr.Chaiya Yimwilai as Acting of Chairman of Executive Committee replace of Mr.Sombat Narawutthichai who resigns, effective on 19 February 2018 onwards. This is until the recruitment of qualified candidates is considered.
- On 10 May 2018, the Meeting of the Board of Director No.4/2018 appointed Dr. Noppadol Mingchinda as Director (Authorized Director) and Executive Director, replacement of Director who resigns effective on 10 May 2018 onwards.
- On 31 May 2018, the Company would like to inform the changing of paid-up capital of the Company as the follows detail;

1. The paid-up capital of the Company amount of Baht 1,224,249,008 (One Thousand Two Hundred Twenty Four Million Two Hundred Forty Nine Thousand and Eight Baht Only)
 2. The number of issued and paid-up share amount of 1,224,249,008 shares (One Thousand Two Hundred Twenty Four Million Two Hundred Forty Nine Thousand and Eight Shares) and which is the whole amount of ordinary share.
- On 8 June 2018, The company report on Utilization of increase Capital, according the Company to warrants to purchase ordinary shares of AEC Securities Public Company Limited No.4 (AEC W-4) in an amount of 114,501,049 units issued by AEC Securities Public Company Limited and allocated to the existing shareholders based on the shareholding ratio and the last warrants No.4 (AEC-W4) conversion right, which was exercised on 25 May 2018 in the ratio of 1 new ordinary share per 1 unit of warrant at 1 baht per share, in which two shareholder exercised conversion right accounting for a 3,550 capital increase of ordinary shares in the total amount of 3,550 baht (at a par value of 1 baht) as detailed in the referenced document and warrants to purchase the remaining ordinary shares shall be cancelled. Therefore, the Company used it as a revolving fund for the Company's business operation as per its objectives.
- On 5 October 2018, the Company closed its Park Venture branch effective as of 15 November 2018 onward.
- On 8 October 2018, the Company closed its Phahon Yothin branch effective as of 8 November 2018 onward.
- On 12 October 2018, according a resolution of the Meeting of Board of Director No.5/2108 held on 12 July 2018 has approved to enter into the memorandum of an agreement for acquisition of share of O Money Co., Ltd. ("O Money") and O Mobile Co., Ltd. ("O Mobile") Totaling baht 50 million. And assigned to the Executive Committee investigate the investment which the Executive Committee Meeting No.15/2018 held on 28 September 2018 has approved investigate the investment in accordance with the resolution of the above mentioned.
- On 31 October 2018, the Company closed its Nakhon Sri Thamarat branch effective as of 30 November 2018 onward.
- On 9 November 2018, the Company closed 9 branches as Hadyai branch (2) Silom branch (3) Saraburi branch (4) Fashion Island branch (5) Nakhon Ratchasima branch (6) Chiang mai-Mahidol branch (7) Chiangmai-Changkran branch (8) Bangna branch (9) Soi Soonvijai branch and effective on 11 December 2018 onward.
- On 12 November 2018, the Meeting of the Board of Director No.8/2018 held on 12 November 2018 has resolved to grant approval for the Company to dispose of the Company's assets in respect of securities and derivative retail brokerage business to UOB Kay Hian Securities (Thailand) Public Company Limited and Country Group

Securities Public Company Limited, totally nine branches of the Company, with a total transaction value of not exceeding 244.10 million baht. In this regard, the Board of Directors' Meeting authorized the Executive Committee to have power to take actions in connection with the entry into the Asset Disposition Transaction, including the negotiation of conditions and other obligations pertaining to such transaction and to amend, agree upon, enter into and execute an asset purchase agreement with each purchaser.

- On 20 December 2018, the Company establishment of new subsidiary as ACE Incorporation Co., Ltd. has a register capital 1,000,000 baht divide into amount of 100,000 ordinary shares. Par value 10 baht per share. Objective are Investment in a limited company and a public company limited and being shareholders or partnerships including investment with person and juristic person for operating all types of lawful business both domestic and international.
- On 21 December 2018, the Board of Director No.6/2018 held on 28 August 2018 and the Executive Committee No.17/2018 held on 9 November 2018 has approved to investment in Zipmex Co., Ltd. ("Zipmex") and Zipmex Asia Pte. Ltd. ("Zipmex Asia") amount baht 15 million and baht 17.69 million and The Board of Directors No.5/2018 held on 12 July, 2018 has approved to investment in ACE Incorporation Co., Ltd. amount baht 0.99 million. Totaling baht 33.68 million.

Year 2017

- On 31 January 2017, the resignation of 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 Likittanasombat.
 2. Mr. Seri Suwannapanon as Independent Director and Member of the Audit Committee instead of Professor Dr. Chaiya Yimwilai.

Year 2016

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

- On 21 March 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 21 March 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 21 March 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 29 April 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 13 June 2016, the resignation of Mr. Pisit Phatumban, Executive director and Co-Chief Executive Officer
- On 29 June 2016, the Board of Director Meeting No.1/2016 held on 26 February 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 27 June 2016, the resignation of Mr. Thada Chanprasit for the positions of Co-Chief Executive Officer

- On 11 December 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 1 April 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 Boontharawara.
 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 14 May 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.

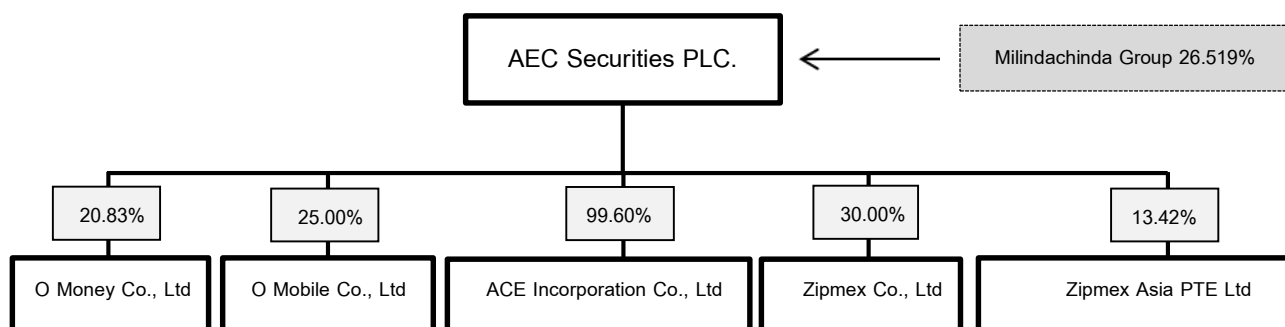
The subscription is subject to the conditions that 1 newly issued ordinary shares in combination with 1 unit of the Warrants-Type 5. The offering price for the newly issued ordinary shares shall be Baht 1 per share and for the Warrants-Type 5 shall be baht 0 per unit. The exercise price for the Warrants-Type 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 Phimphkorn as Executive Director and Director (Authorized Director), replacing Mr. Apichai Taechaubol and received approval from the Securities and Exchange Commission on 21 August 2015.
- On 27 August, 2015, Mr. Chaiwat Utaiwan, Advisor to the Board of Directors resigned from Advisor to the Board of Director.

- On 24 December, 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 25 January, 2016.

1.3. Shareholding Structure of Corporate Group



The Company has investment and held participating share in another five companies as follows:

1. **O Money Company Limited ("O Money")**, the Company held participating share total of 20.83 percent of all participating shares of O Money, which O Money has register capital as 120,000,000 million Baht, separate to 1,200,000 ordinary share of baht 100 each. The Company operates business on Electronic payment service business and other types of services.
2. **O Mobile Company Limited ("O Mobile")**, the Company held participating share total of 25.00 percent of all participating shares of O Mobile, which O Mobile has register capital as 100,000,000 million Baht, separate to 1,000,000 ordinary share of baht 100 each. The Company operates business on telecommunication, data visualization, voice and other types of services.
3. **ACE Incorporation Company Limited ("ACE Incorporation")**, the Company held participating share total of 99.60 percent of all participating shares of ACE Incorporation, which ACE Incorporation has register capital as 1,000,000 million Baht, separate to 100,000 ordinary share of baht 10 each. The Company operates business on investment in a limited company and a public company limited and being shareholders or a partnerships including investment with person and juristic person for operating all types of lawful business both domestic and international.
4. **Zipmex Company Limited ("Zipmex")**, the Company held participating share total of 30.00 percent of all participating shares of Zipmex, which Zipmex has register capital as 1,000,000 million Baht, separate to 100,000 ordinary share of baht 10 each. The Company operates business on digital asset trading business Crypto currencies and digital tokens.
5. **Zipmex Asia Pte Ltd. ("Zipmex Asia")**, the Company held participating share total of 13.42 percent of all participating shares of Zipmex, which Zipmex has register capital as US\$3,000,000, separate to 3,000,000 ordinary share of US\$1 each. The Company operates business on digital asset trading business Crypto currencies and digital tokens for both of individual investment and Insinuation investment.

2. Nature of Business

2.1 Revenue and Expense Structure of the Company

Revenue	2019		2018		2017	
	Baht	%	Baht	%	Baht	%
Brokerage fees from Securities business	41,500,439	16.16	339,428,092	51.80	414,824,982	56.88
Brokerage fees from Derivatives business	10,604,989	4.13	89,061,188	13.59	66,106,944	9.06
Fees and service income	84,939,122	33.07	104,174,091	15.90	103,192,712	14.15
Interest on margin loans	4,822,027	1.88	19,955,151	3.05	34,943,692	4.79
Gain and return on financial instruments	106,602,100	41.51	67,481,392	10.30	105,960,756	14.53
Gain on disposal of associate	-	-	-	-	4,375	0.00
Other income	8,352,677	3.25	35,139,022	5.36	4,309,619	0.59
Total Revenues	256,821,354	100.00	655,238,936	100.00	729,343,080	100.00

Expense	2019		2018		2017	
	Baht	%	Baht	%	Baht	%
Employee benefit expenses	172,771,310	32.92	387,365,568	52.19	433,719,162	53.66
Fee and service expenses	35,380,212	6.74	107,254,589	14.45	94,265,695	11.66
Reverse of bad debt and doubtful accounts	139,903,265	26.66	-	-	-	-
Share of loss of investment in associate	4,482,177	0.85	45,283	0.01	-	-
Finance costs	18,526,345	3.53	44,155,093	5.95	48,064,855	5.95
Other expenses	153,752,641	29.30	203,322,060	27.40	232,254,112	28.73
Total Expenses	524,815,950	100.00	742,142,593	100.00	808,303,824	100.00

Note:

- Consolidated Financial Statement for the year 2019
- Consolidated Financial Statement for the year 2018 due to have investment in subsidiary.
- Separate Financial Statement for the year 2017.
- Statement of comprehensive income transaction for the year period ended 31 December 2017, some transactions have been reclassified in accordance with the Statement of comprehensive income transactions for the year period ended 31 December 2018 as follows:

(Unit : Thousand Baht)

	Separate financial statements		
	For the period ended 31 December 2017		
	Before reclassifications	Reclassifications	After reclassifications
Statement of comprehensive income			
Fees and service income	103,368	(175)	103,193
Other incomes	4,135	175	4,310
Bad debt and doubtful accounts	3,123	(3,123)	-
Other expenses	229,131	3,123	232,254

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.

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 Brokerage
- Derivatives Brokerage
- 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 2 (two) days commencing from the date of purchase or sale (T+2). 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.

➤ **E - 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.

➤ **Mutual Funds**

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	Asset Plus Fund Management Company Limited
Kasikorn Asset management Company Limited	UOB Asset Management (Thailand) Company Limited
SCB Asset Management Company Limited	Innotech Asset Management Company Limited
Phatra Asset Management Company Limited	One Asset Management Limited
CIMB-Principal Asset Management Company Limited	Land and House Fund Management Company Limited
TMB Asset Management Company Limited	Tisco Asset Management Company Limited
Krungsri Asset Management Company Limited	Philip Asset Management Limited
Manulife Asset Management Limited	Capital Link Fund Management Limited
MFC Asset Management Public Company 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

2019 Overview of Stock Exchange:

2019 was the year that the Thai stock market index (SET Index) was highly volatile. The index had increased (bullish) since the opening of the market at the beginning of the year, before continuing to create the highest point of the year at the level of 1,748.15 points in mid-July after receiving 2 domestic driving factors: 1) the election of the Prime Minister on 24th March 2019 and later the establishment of a new government to run the country on 5th June 2019 which was the consolidation of MPs from Palangpracharath Party and other joint parties, under the leadership of General Prayut Chan-o-cha who has been elected as the current Prime Minister; and 2) there was another additional driving factor which was the issuance of measures to support the continuing economic growth through large-scale investment projects by the government sector focusing on planning infrastructure system and investment in new industrial zones, such as investment in the Eastern Economic Corridor Special Development Zone (EEC).

However, after the SET index created the highest point of 2019, it continuously went down (bearish) to the lowest point of the year during mid-December, due to the main factor of the US-China trade war, whereby both the countries implemented countermeasures through tax policies.

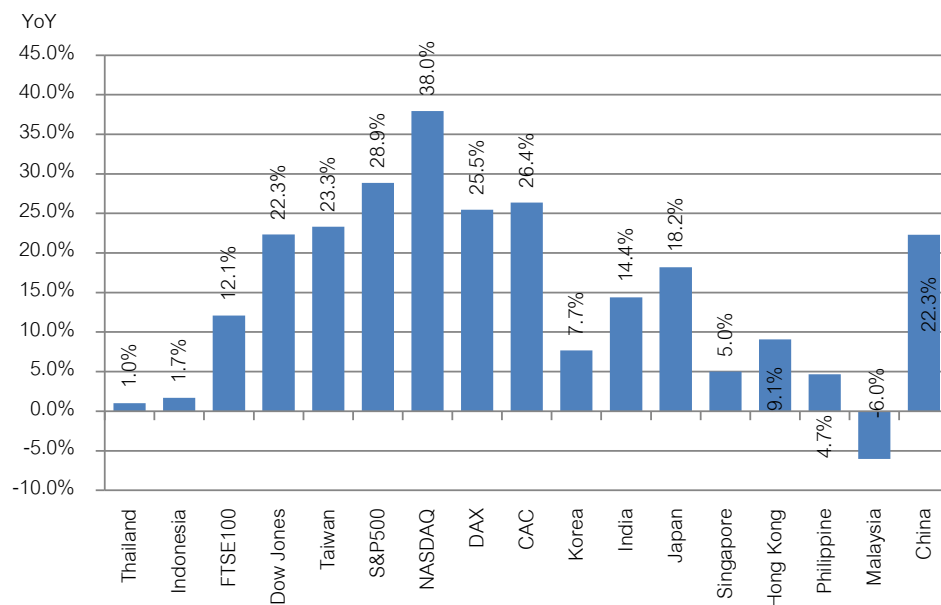
In May, the US began raising taxes from 10% to 25% on imported goods from China, worth 200 billion USD. After that in June, China responded to the US by raising taxes from 10% to 25% as well, on imported goods from the US, worth 60 billion USD. There was also an additional tax increase in the 2nd round in September, with the US raising taxes on imported goods from China to 25%, worth 120 billion USD. China responded to the US by raising taxes to 5-10% on imported goods from the US, worth 75 billion USD, affecting the economy of the countries within the supply chain to be likely to slow down.

The slowdown in the economy led the Federal Reserve (the Fed) to cut the policy interest rate 3 times, down by 25 bps per time in July, September and October in 2019 respectively, from 2.25-2.50% to 1.50-1.75% to prevent the economic recession. In addition, the appreciation of Thai Baht is another factor affecting Thai exports from the demand side from foreign countries that had contracted sharply from both automotive parts and equipment parts of electronics. As for the Nominal Effective Exchange Rate (NEER), in January, it was at 119.11, then it strengthened to 126.84 in November, resulting in an overall Thai exports from January to November 2019 having the value of exports at 7,054,236.99 million Baht, contracting 5.61% YoY.

In addition, the slowdown in the Thai economy due to both domestic and foreign factors had put pressure on the profits of listed companies in the stock exchange of Thailand during 3rd quarter of 2019, which were in a declining trend, resulting in a gradual reduction of the listed company's earnings forecasts. Consensus data showed the diluted earnings per share decreased from the beginning of the year 2019, expected from 115.13 Baht to just 93.64 Baht, representing a contracted 18.67% YTD, resulting in the expected rate on return of investment in the capital market being lower. However, the situation of US-China trade conflicts began to be resolved after both sides had canceled the taxes on imported goods. Both the US and China were prepared to enforce the import tax cancellation on 15th December 2019, and could negotiate the signing of the phase 1 trade agreement.

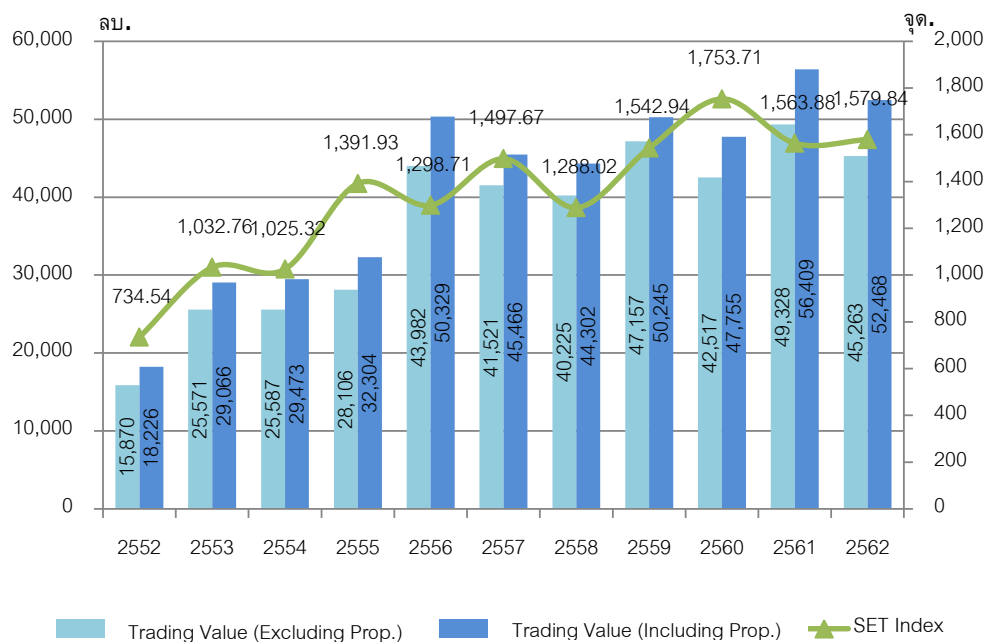
Overall, in the year 2019, the SET Index rose to the highest point of the year at the level of 1,748.15 points on 11th July 2019 (SET Index made the lowest point of the year at 1,543.22 points as of 17th December 2019) before at the end of the year, SET Index would close at 1,579.84 points, with Thai stock market yielding + 1.02% YTD (as shown in the graph) and average daily trading value (including SET and MAI) (including prop trade) at 52.4 billion Baht, down by 6.98 % YoY (if excluding prop trade, the value would be 45.2 billion Baht, down by 8.18% YoY).

Stock Market Index Worldwide



Source: Bloomberg

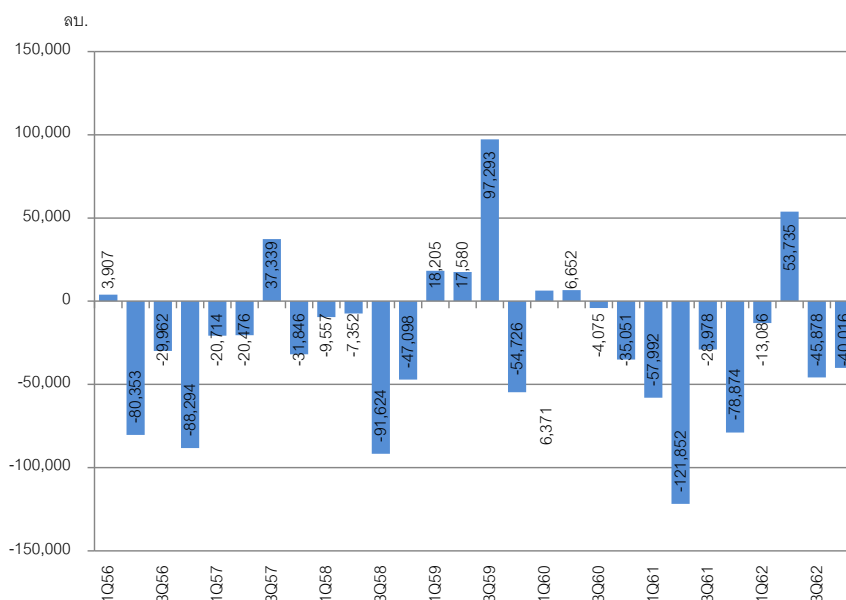
Trading Value and SET Index



Source: SETSMART

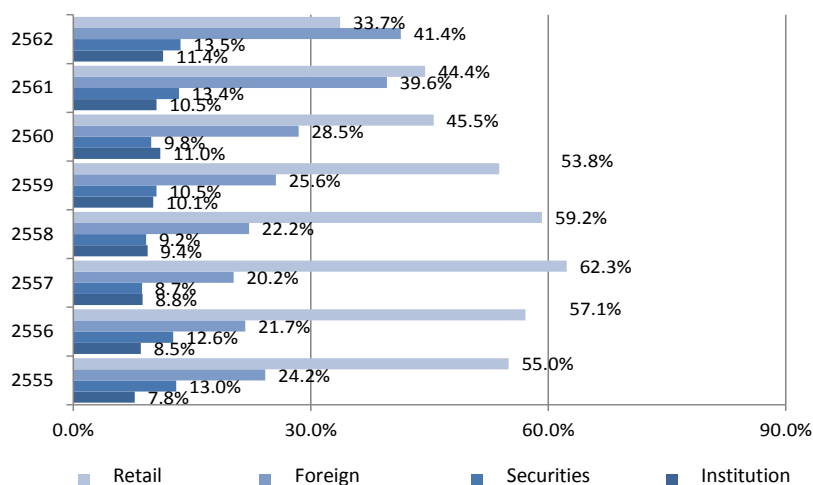
In the year 2019, institutional investors played a very important role in driving the Thai stock index, with a net purchase (in both SET and MAI) of around 51.3 billion Baht, which was a continuous net purchase for the 7th year and had 11.4% of the total trading value, while retail investors sold a net of around 21.4 billion Baht, accounting for 33.7% of the total trading value. Foreign investors still had net sales of 44.7 billion Baht, selling for the 3rd consecutive year, with 41.4% of the total trading value, while securities company accounts turned back to have a net purchase of 14.9 billion Baht, accounting for 13.5% of the total trading value.

Quarterly Net Trading Volume of Foreign Investors



Source: SETSMART

Proportion of Turnover of Each Group of Investors



Source: SETSMART

2019 Overview of Securities Business

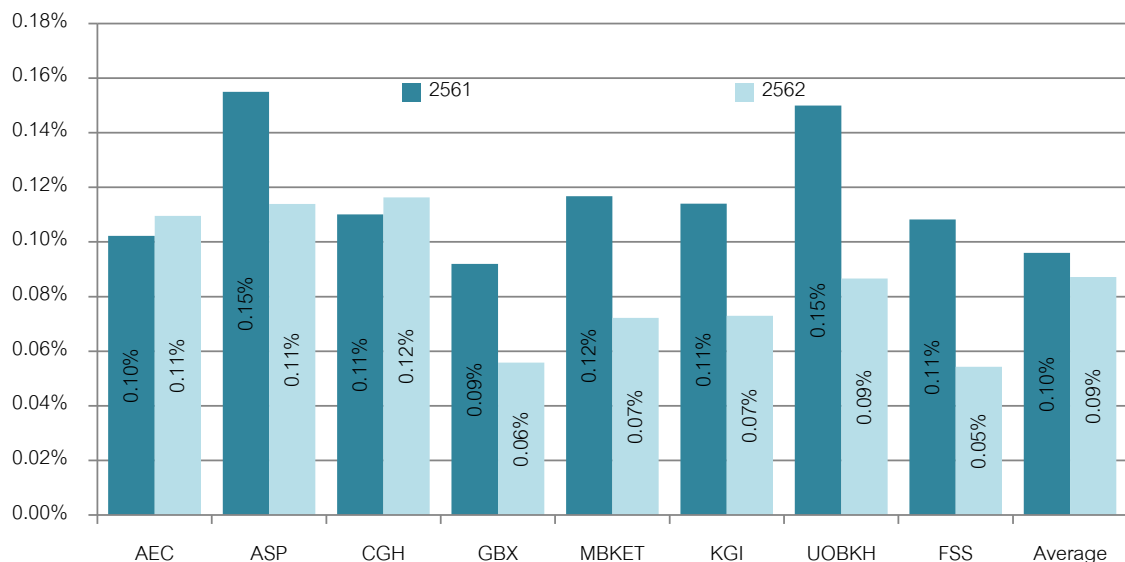
In 2019, profits from securities business decreased from 2018, mainly due to the investors' confidence that was concerned about the economic slowdown caused by both negative factors both domestic and foreign. SET Index since the beginning of the year was at 1,563.88 points and rose with positive expectations, resulting in the SET Index reaching the highest level at 1,748.15 points before falling in the second half because many economic numbers did not go as expected. This was followed by a reduction of the listed companies' earnings forecast, closing at the end of the year at 1,579.84 points. In 2019, the Thai stock market yielded + 1.02% YTD, resulting in the profits from portfolios of securities companies not growing, compared to the previous year.

Revenues from the investment banking business had grown slightly because in 2019 the Thai stock market had 34 new securities registered (divided into SET for 13, MAI for 17, IFF for 1 and REIT for 3), increased from the year 2018 where there were only 23 (IPO) securities (divided into SET for 8, MAI for 11, IFF for 1 and REIT for 3). The fundraising value throughout the year 2019 increased by 10.95% YoY, to reach 90.8 billion Baht.

The highest fundraising securities company in 2019 was Asset World Corp Public Company Limited (AWC), with a fundraising value of 48.0 billion Baht, followed by S Hotel and Resort Public Company Limited (SHR), with a fundraising value of 7.47 billion Baht and Bangkok Commercial Asset Management Public Company Limited (BAM), with a fundraising value of 4.90 billion Baht, respectively. In addition, the main income which was the securities business, was undermined by the effect of the very high price competition in the securities brokerage business, as new securities companies had launched during the past 4-5 years and due to the effort from large securities companies to maintain market share, resulting in strategy campaigns (e.g. charging low commissions) being implemented to compete for market share.

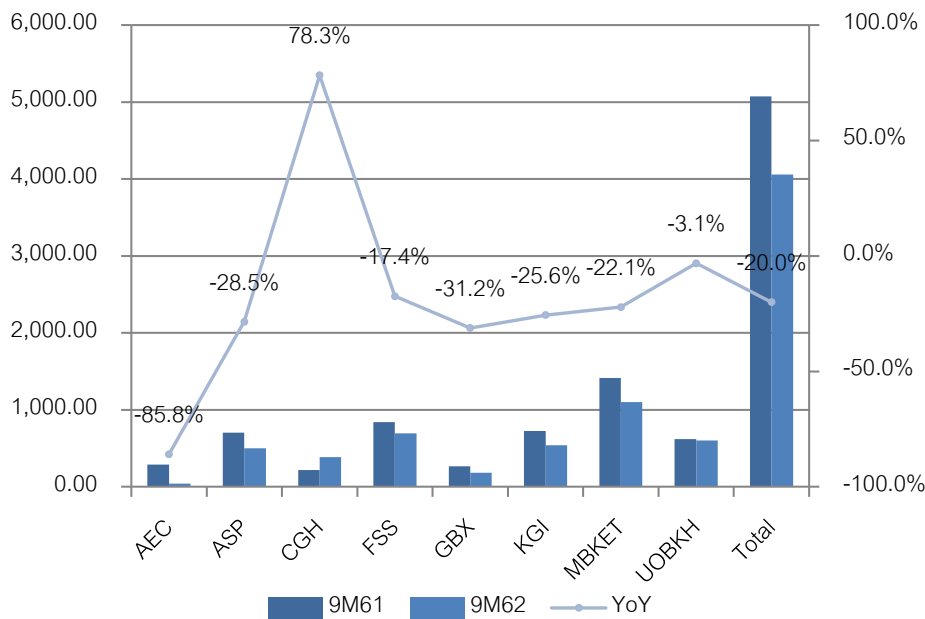
In 2019, the Thai stock market (including SET and MAI) (including prop trade) decreased to 22.95 trillion Baht, down by 8.17% YoY (if excluding prop trade, the full-year trading value of 2019 would decrease to 22.44 trillion Baht, down by 9.47% YoY). As the price war pressured profitability, during the commission rate for net securities trading (excluding prop trade) of the securities group still decreased to at 0.09%, from 2018 at 0.10%, therefore causing 2019 income of the brokerage business to decrease significantly from the year 2018.

Net Commission Rate of Securities Groups Listed on The SET and The Industry Average (Excluding Prop Trade)



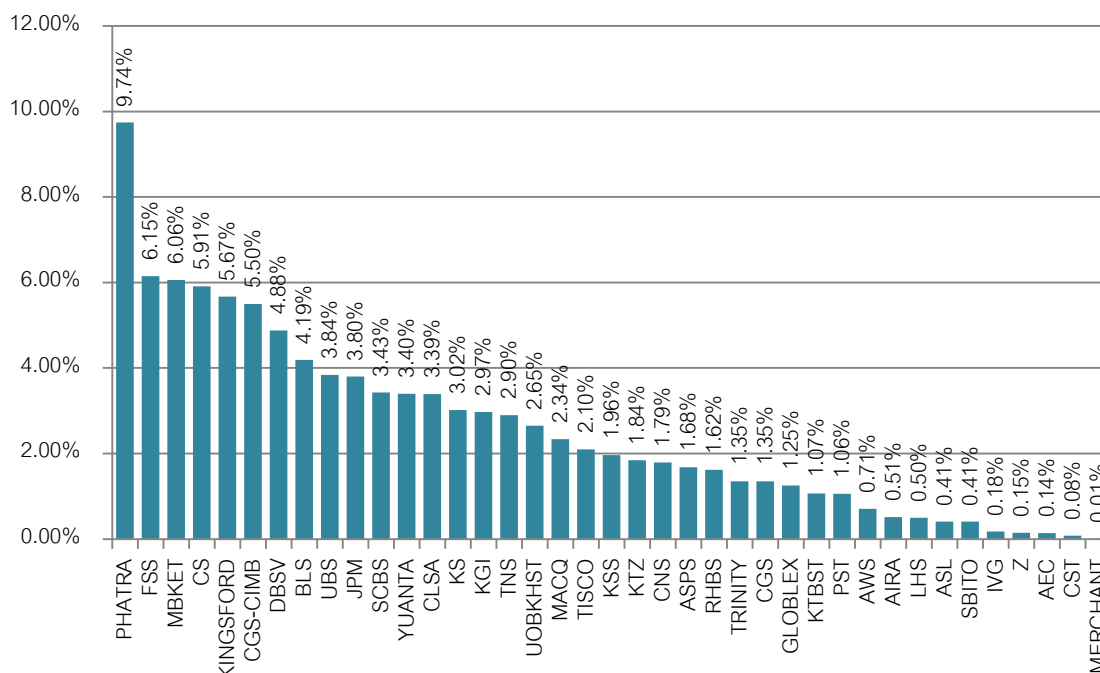
Source: AECS Research

Commission Income from Securities Trading in 2019 (Listed)



Source: SETSMART

Market Share of Securities Companies in 2019 (SET + MAI)



Source: SETSMART

2020 Trend of Thai Stock Market and Securities Business

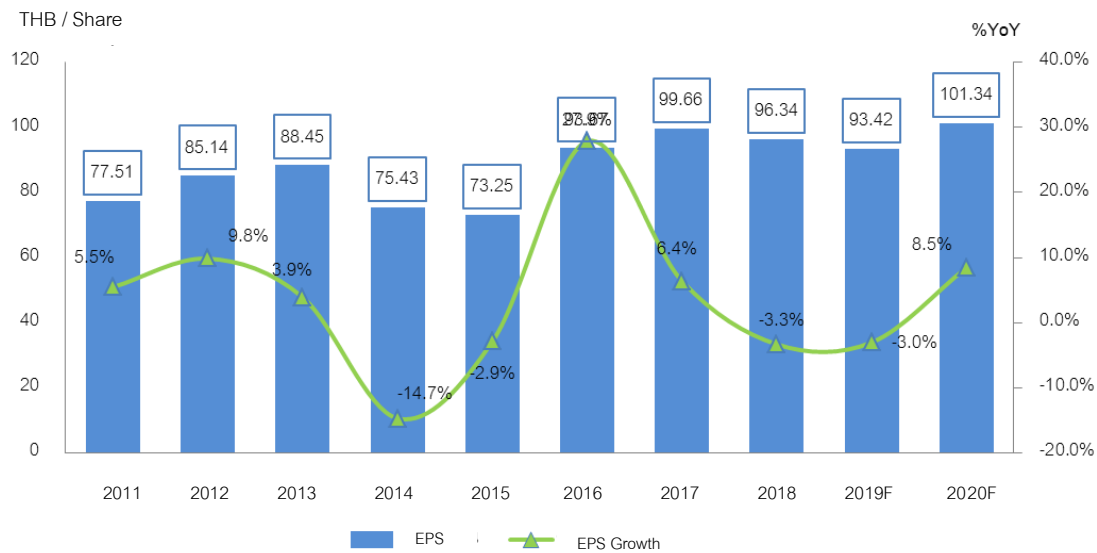
2020 is seen as the year that the Thai stock market has a chance to swing highly volatily in a broad range. We estimate the SET Index target of 2020 based on the PER of 14.5-16.5 times, resulting in an index target range of 1,469.4 - 1,671.1 points, under the assumptions of listed companies' operating performance having a potential for 8.5% YoY growth and an expansion of Thai economy (GDP) at 2.5-3.0% YoY. The direction of the Thai economy is likely to grow at a rate similar to that of 2019, with positive factors in the country that helped the economic recovery during the first half of the year, based on the main consideration of the draft Budget Act of 2020, which is expected through the consideration process until it comes into effect in mid-February 2020, believing that when the Budget Act of 2020 is in effect, it will help stimulate and accelerate budget disbursements for both large-scale government and private projects, which is good for the liquidity of the economy to be more streamlined.

However, we estimate that the Thai economy is still exposed to risks that could turn from a recovery to a slowing economy if unable to cope with the following 3 main risk factors: 1) domestic consumption that is fragile from the problem of household debt accelerated in 2019. According to data from the Bank of Thailand which revealed that the proportion of Thai household debt at the end of 3rd quarter of 2019 accounted for 79.3% of GDP, increasing from 77.9% of the previous year. In addition, this year's drought is likely to be severe and lasts longer than usual, which will weaken the purchasing power of the household sector even further. 2) The global economic slowdown, which resulted in business and private sectors both slowing down their orders, putting pressure on the demand side which contracted continuously. Also, the decision to postpone the investment directly affected the Thai export sector that had a chance to slowly recover 3) Foreign geopolitical risks that are highly uncertain, as well as the US-China trade war issue, which we must follow the progress from both sides after the first phase of the agreement is reached in mid-January.

Meanwhile, the issue of the separation of England from the Euro Zone (Brexit) is a factor that must be continuously monitored as well, as it is considered as a factor that will increase uncertainty in the global economy. Besides, the issue of conflicts in Middle East between US-Iran following the killing of a senior Iranian military leader, has a tendency and risk to deteriorate and form a military war at any time. Although the US has announced the choice to retaliate or punish Iran through economic measures and through calling on alliances to punish Iran instead, it does not guarantee that both parties agree to choose to respond to each other in this form forever.

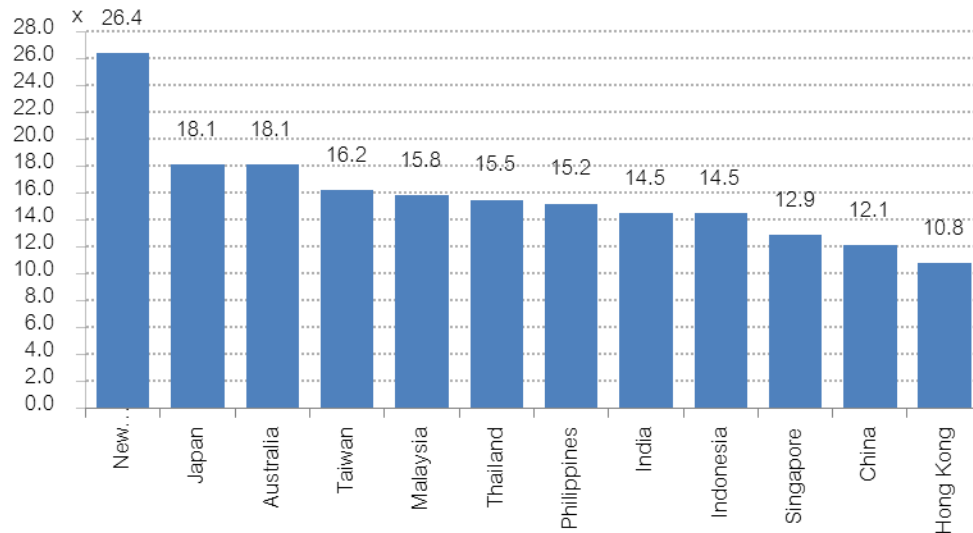
As for the securities business in 2020, it is expected to still face higher competition in the brokerage business. Currently there are 39 securities companies, so it may be difficult to avoid price competition. However, in order to survive under the liberalization of commissions, each securities company should prepare to maintain the existing customer base and expand a new customer base by increasing service quality, including investment advice and quality analysis as well as accelerating the increase of new innovative products such as 1) automatic stock trading services using artificial intelligence (AI) technology, which is like a human brain to adapt to ongoing events and situations 2) Securities Borrowing and Lending (SBL) which is securities borrowing and lending between the lender and the borrower 3) trading Single Stock Futures that brokers will enter into contract pairs, opposite to the customers, for trading Single Stock Futures, whether Long or Short or the Block Trade, as well as the distribution of income to other businesses such as investment banking, private fund management business etc., to reduce the risk of relying solely on revenue from the brokerage business.

The Growth Rate of Earnings Per Share of The Thai Stock Market



Source: Bloomberg (10 JAN 2020)

Forward PER 2020



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 a 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 Company has organized the business structure in accordance with market fluctuations and rapidly technological changes by adhering to the distribution of revenue structure in various businesses more than the securities and derivatives brokerage business. Such as securities underwriting business and bond issue business.

- **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 31 December 2019, the company accounted for the NCR of 65.79% or in monetary amount of 111,850,109 Baht.

- **Bond Issue 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. For deb instrument, The Company has set criteria guideline and standards of debt that can be invested. For providing service to clients wishing to issue bonds for distribution, the Company has developed personnel to be understating about rules and regulations regarding to be able to perform correctly. In addition, the Company has fix income committee to be consider and selecting debt instrument that the Company will distribute to customer to ensure that the debt instrument are quality. This is for the Company to be able operate the business correctly, transparently and to achieve the set goals.

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.

- **Risk 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) and 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**
 - **Risk 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.

- **Risk 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. By having modern financial and investment innovations Artificial intelligence (AI) is used as a tool for customer service. As well as the company has prepared guidelines for expanding its business overseas. 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 SET and AMLO. 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 government sector and related person.

The group of major shareholders to influence corporate policy, management or operation of the company significantly (as of December 30, 2019) is a Milindachinla Group (Mr. Praphol Milindachinla, holds as 23.557% and Mrs. Vimolwan Milindachinla holds as 2.962%). 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 2019, the Company has fixed assets of office space, fittings, office equipment and vehicles were 49,171,568 baht.

List of Assets	Net value after depreciation (Baht)	Encumbrance	Type of ownership
1. Computers and accessories.	6,624,529	None	Owner
2. Office equipment	26,707,898	None	Owner
3. Vervoermiddel	9,333,072	None	Owner
4. Work under construction	-	None	Owner
5. Financial Lease	6,506,069	48 Months	Owner
Total	49,171,568		

4.2 Intangible Assets

As of 31 December 2019, the Company has intangible assets of software computers for securities trading and other operating systems were 22,530,351 baht.

List of Assets	Net value after depreciation (Baht)	The remaining period of amortization
1. Software	21,466,681	3-5 Years
2. Derivatives business license fees	-	-
3. Securities business license fees	-	-
4. Company Logo fees	3.00	5 Years
5. Goodwill	-	-
6. Software under development	1,063,667	None
Total	22,530,351	

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 2018	5 years
4. SBL License(Principal Only)	Office of Securities and Exchange Commission	20 May 2014	-
5. Foreign Exchange License	Ministry of Finance	5 August 2019	1 year

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		2019	2018
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.	3 Y	01/06/2016	31/05/2019	1,389.86	6,473,272.95	15,535,855.08
		63 Athenee Tower,17 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Unit No. 1702-1704 Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	45 Day	01/06/2019	15/07/2019	628.95	869,350.93	-
		63 Athenee Tower,17 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Unit No. 1701,1705-1707 Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.	3 Y	01/06/2019	31/05/2022	760.91	5,705,740.67	-
		63 Athenee Tower,15 th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330	1 Y 8 M	01/10/2017	31/05/2019	156.34	728,153.55	1,747,568.52

Head Quarters / Branches	Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
		Year	Commencement Date	Expiry Date		2019	2018
	Unit No. 1507/2 Lessor: Thai Commercial Investment Freehold and Leasehold Fund c/o Krungthai Asset Management PCL.						
	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 1Y 4M 3 Y	01/02/2015 01/02/2018 01/06/2019	31/01/2018 31/05/2019 31/05/2022	98.79	- 460,114.45 740,784.24	85,685.91 1,012,251.79 -
	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 10 M 3 Y	01/08/2015 01/08/2018 01/06/2019	31/07/2018 31/05/2019 31/05/2022	10	- 112,350.00 180,883.50	149,800.00 112,350.00 -
2	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	01/09/2017	31/08/2020	132	1,206,981.60	1,169,467.20

Head Quarters / Branches	Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
		Year	Commencement Date	Expiry Date		2019	2018
	888/200 Mahatun Plaza Building ,3 rd Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Unit No.199 Lessor: Mahatun Plaza Co., Ltd.	1Y 2M	01/07/2019	31/08/2020	132	622,987.20	-
3	Silom Branch (*Closed on Dec 2018) 323 United Center Building ,15 th Fl., Silom Road, Bangrak, Bangkok 10500 Unit No. 507-508 Lessor : United Centre Co., Ltd.	1Y 11M	15/01/2017	10/12/2018*	295	-	2,436,086.40
4	Chiangmai - Mahidol Road Branch (*Closed on Dec 2018) 288/61-62 Mahidol Road, Tambon Changklan, Amphoe Muang Chiangmai, Chiangmai 50100 Lessor : Ms. Kularb Kabkam	1Y 10M	01/02/2017	10/12/2018*	34.4 Sq.w.	-	657,333.33
5	Chiangmai – Changklan Road Branch (*Closed on Dec 2018) 215/2 Unit no.B202, Changklan Road, Tambon Changklan, Amphoe Muang Chiangmai 50100 Lessor: C. A.S. Market Place Ltd., Part.	1Y 11M	15/01/2017	10/12/2018*	89	-	380,015.16

Head Quarters / Branches		Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
			Year	Commencement Date	Expiry Date		2019	2018
6	Soi Soonvijai Branch (*Closed on Dec 2018)	499/5 Soi Soonvijai, New Phetchaburi Road, Bang Kapi, Huai Khwang, Bangkok 10320 Lessor : Yai Rak Lan Ordinary Partnerships	1Y 10M	01/02/2017	10/12/2018*	155	-	377,750.00
7	Nakhon Si Thamarat Branch (*Closed on Nov 2018)	202,204 Wandeekositkulporn Road, Tambon Naimuang, Amphoe Muang Nakhon Si Thamarat, Nakhon Si Thamarat 80000 Lessor : Ms. Kittiya Saksrimaneekol	1Y 9M	01/03/2017	30/11/2018*	39.5 Sq.w.	-	275,000.00
8	Hatyai Branch (*Closed on Nov 2018)	59/10, 59/12 Juti – Anusorn Road, Tambon Hadyai, Amphoe Hatyai, Songkhla 90110 Lessor : Mr.Nikom Preechaveerakul	1Y 9M	01/03/2017	30/11/2018*	56.7 Sq.w.	-	693,000.00
9	Phahonyothin Branch (*Closed on Nov 2018)	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	-	609,675.92
			4 M	01/09/2018	08/11/2018*		-	181,842.15
10	Bangna Branch (*Closed on Dec 2018)	58, BIZZO Building Unit No. B201,B202, 2 nd Fl., Bangna trad 23 Road,Bangna, Bangkok 10260 Lessor : Deesuwan resort Co., Ltd.	1Y 3 M	01/09/2017	10/12/2018*	100	-	551,218.00

Head Quarters / Branches	Tenancy / Lesser	Leased Period			Area (Sq.m.)	Rent / Service (THB)	
		Year	Commencement Date	Expiry Date		2019	2018
11 Saraburi Branch (*Closed on Dec 2018)	1/11 Soi 13, Sut Ban That Road, Tambon Pak Phrieo, Amphoe Mueng Saraburi, Saraburi 18000 Lessor: Ms. Naree Srivichai	11 M	15/01/2018	11/12/2018*	-	-	252,631.56
12 Fashion Island Branch (*Closed on Dec 2018)	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 2 M	01/10/2015 01/10/2018	30/09/2018 10/12/2018*	91.65	-	952,371.81 225,824.47
13 Park Ventures Branch (*Closed on Nov 2018)	57 Park Ventures Ecoplex Building, Unit 1607A 16th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Lessor: Golden Ventures Leasehold Real Estate Investment Trust (GVREIT)	2Y 3M	01/06/2016 01/09/2018	31/08/2017 30/11/2018*	287.50	-	2,309,085.04 865,906.89
14 Nakhon Ratchasima Branch (*Closed on Dec 2018)	1195/5 Mittraprab - Nongkai Road, Tambon Naimuang, Amphoe Muang Nakhon Ratchasima, Nakhon Ratchasima 30000 Lessor: Mr. Surapong Kongmiya	1Y 9 M	01/03/2017	10/12/2018*	-	-	156,666.66

5. Legal Disputes

5.1 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 judgment, 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.

5.2 Cases against the Company

On 15 August 2017, the Company was sued as a co-defendant (second defendant) for offences relating to the voiding of a purchase and sales transaction, alleging that the agreement to purchase and sell shares between the plaintiff and the first defendant is void and holding that the Company is jointly liable for the return of funds to the plaintiff.

The Court of First Instance sentenced the plaintiff to win the case. Return the contract party to its original state and the second defendant jointly liable with the defendant 3, 4, 6 to pay with interest to the plaintiff totaling Baht 110.49 million.

The company appealed this decision to the Appeal Court. The Company is not involved and has no legal relationship with the plaintiff and even if the share transfer act is lost but did not make the stock trading act waste as a result, it is likely that the Court will decide to dismiss the parts of the case relating to the plaintiff. The case is currently under the consideration of the Court of Appeal Instance.

The management of the Company has investigated the facts and relevant documentation and believes that the agreement to purchase and sell the shares is not void and that the Company is not involved and has no legal relationship with the plaintiff and, as a result, it is likely that the Court will decide to dismiss the parts of the case relating to the Company.

6. General Information and Other Important Information

6.1 General Information

Name of Company	:	AEC Securities Public Company Limited
Nature of Business	:	Securities Business ■ Securities Brokerage - Internet Trading - AIPRO Trading System ■ Derivatives Brokerage ■ Securities Trading ■ Investment Banking ■ Underwriting ■ Lending and borrowing ■ Selling Agent ■ Wealth Management
Head Office Address	:	63 Athenee Tower, 17 th Fl. Unit No. 1701,1705-1707, 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 2019)
Paid-up Capital	:	THB 1,244,249,008 (As of 31 December 2019)
Number of Share	:	1,244,249,008 Shares
Par Value	:	1 Baht
Type of Share	:	Ordinary shares
External Auditors	:	Ms. Wannawat Hemachayart Certified Public Accountant Registration No.7049 and/or Mr. Sompop Pholprasarn Certified Public Accountant Registration No.6941 and/or Mazars Company Limited Empire Tower, Tower, 12 th Floor, South Sathorn Road, Bangkok 10120

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	:	Siam Premier International Law Office Limited The Offices at Central World, 26 th Floor, 999/9 Rama 1 Road, Pathumwan, Bangkok 10330 Kudan and Partners Limited 127 Gaysorn Towers, 23 rd Floor, Unit C,F Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Thammarat Law Company Limited 370/10 Supattra Building, 6 th Floor, Rama 9 Road, Bangkapi, Huaykwang, Bangkok 10320 APS Law Firm Company Limited 190/319 Moo.6, Phraek Sa, Muang, Samut Prakarn 10280 Yong Law Office 62/122, Ban Chang, Muang, Pathum Thani, 12000 Sivakorn Legal Counsellors Office Limited 7, Soi Ladprao 43 (Santikam 47),Ladprao Road, Samsennok,Huaykwang,Bangkok 10310
Investor Relations	:	The Office of Director and Company Secretary AEC Securities Public Company Limited 63 Athenee Tower, 17 th Floor, Unit No. 1701, 1705-1707, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : 0 2659 3317 Fax. : 0 2659 3388 E-mail: thaveedej.u@aece.com ; pranpriya.h@aece.com

6.2 Other Important Information

Events after 31 December 2019;

- On 6 January 2020, the Meeting of the Board of Directors No.1/2020, has resolved as following;
 - 1) Changing the position of Mr. Waiwit Udayachalerm has resigned from Chief Executive Officer but remain as Director (Authorized Director) and Executive Director.
 - 2) Appointment to Mr. Suntawatt Sinacharoen as Chief Executive Officer and Executive Director, effective from January 7, 2020 onwards.
- On 1 March 2020, Mr. Suntawatt Sinacharoen has resigned from Chief Executive Officer and Executive Director, effective from 29 February 2020 onwards.