



# ANNUAL REPORT



AAPICO HITECH PUBLIC COMPANY LIMITED



# 2016

AAPICO HITECH



# AAPICO's Vision



Our vision is to become a lean **green** happy and digital world-class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public.



## Happy Customers

- S : Safety
- Q : Quality
- C : Cost
- D : Delivery
- E : Engineering
- M : Management

## Happy Employees

- Teamwork
- Look at problems as opportunities
- Love Family, Company and Country
- Loyalty and Honesty
- Mutual Respect

## Happy Shareholders

- Profitability
- Reasonable Dividend

## Happy Public

- Corporate Social Responsibility

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## PRESIDENT'S MESSAGE

THE YEAR 2016 was a tragic year for Thailand with the passing of His Majesty the late King Bhumibol Adulyadej on October 13, 2016. The nation mourned in grief for their beloved king, who has been seen as the Father figure of the Nation, due to his dedication for the country and his great works that helped the people of Thailand to improve their quality of lives in sustainable ways. Together with all Thai people, we share our deep condolence to this great loss and will carry on his teachings in remembrance to our great King.

Last year continued to be another challenging year for AAPICO Group. The country was impacted by a long and severe drought, despite the recovery of private consumption and public spending. Tourism and the service sectors continue to be the key drivers for growth. The Company benefited from our strong customer portfolio and with its continuous cost reduction measures. These 2 factors has helped boost the Company's net profit to Baht 570 million as compared to Baht 338 million in 2015, which is a significant growth of 69 percent year on year.

The overview of domestic consumption was gloomy with Thailand's domestic vehicle sales dropping further to 768,788 units as compared to 799,632 units in 2015, a decline of 3.9 percent year on year. Export sales were also affected by weak economy in key importing countries. Export shipments in 2016 ended at 1.19 million units, a 1.4 percent reduction compared to the previous year. However, vehicle production grew slightly from 1.91 million units to 1.94 million units, an increase of 1.6 percent. Looking ahead, domestic sales is seen to be the key driver to deliver a forecasted growth of 2.9% to 2 million cars in 2017. The expiration of the five year lock up period for vehicle bought under the first car scheme and government stimulus packages is expected to be key engines for domestic growth in 2017.

The Bank of Thailand forecast the Thai economy to expand by about 3.2 percent in 2017, driven mainly by private consumption from improved farm income, public spending and continued fiscal stimulus, and exports of services. However, there may also be some increased downside risks and greater uncertainties from domestic and external

factors. As such, a stable environment with a working government would help balance the risks and stimulate growth for Thai economy in 2017.

AAPICO Group's revenue for 2016 was Baht 15.1 billion with a net profit of Baht 570 million. This revenue increase is lower than the overall industry growth as revenue increase was negated by lower steel prices and also from weaker Malaysian Ringgit, which has depreciated against Thai baht as compared to a year earlier.

The Group's best performer continued to be the frame production where the volume is huge. The Group was lucky that our main customer's volume increased or maintained at the same level as the previous year. Plastic and forging business continued to improve and almost break-even. Generally, most companies reported improved performance as compared to last year.

Despite the poor performance of the local Malaysian car market, the two Honda dealers in Malaysia continued to report healthy performance and profit, with increased sales from 3,739 units to 3,774 units as compared to the previous year. This positive trend is expected to continue in 2017.

On the other hand, our China operations, reported another loss in 2016. The 20,000 square meters factory in China continued to be not fully utilized as only 30 percent is used for production of forged and machining parts. However, the outlook for our China business remains positive and is poised to grow due to the country's enormous market size and potential of further growth. With the support from the Chinese government to the automotive industry, this will continue to be one of key drivers for the Chinese economy.

Our company debt level continue to reduce, with debt to equity ratio standing at 40 percent as of December 31, 2016. This reduced debt level will allow us to increase our gearing ratio with lower risks when there is a need for capital expansion or acquisitions if there are good opportunities. We expect to maintain our strong financial situation and will closely monitor the sentiment of global economy as uncertainties remain considerable, and hence the need for us to keep our cost of funds at a reasonable low level.

With the notable performance in 2016, the Board of Directors proposed the final dividend payment of Baht 0.66 per share, subject to shareholders' approval in April 2017. With this, the total dividend yield is in the range of 5 percent.

The year 2016 has been a year of challenges for Thailand and the AAPICO Group. We had very good co-operation and support from our partners, associates, customers, other stakeholders and, also, our Board of Directors and employees. I really appreciate all your kind support and would like to take this opportunity to express my sincere thanks and look forward to your continued support in 2017.

A handwritten signature in black ink, appearing to read 'Yeap Swee Chuan', with a stylized flourish at the end.

Mr. Yeap Swee Chuan  
President and CEO

AAPICO Hitech Public Company Limited



# Example of AAPICO Product in Pickup Truck

## Engine



- Connecting Rod
- Shaft Balance

Crossmember



Crossmember#4



## Power Train



- Wheel Hub
- CV Joint
- Link Center

## Brake



- Piston



Sill-Side Inner

## Suspension

- Connecting Rod
- Shaft Balance



Break Assembly Mounting#2



Water Tank System



Door Check Arm



Rear AXEL Housing



Plastics Fuel Tank



Chassis Frame Component



Door trim



Crossmember#2.5



Trim Pillar A,B,C

## Prop Shaft

- Tube Shaft
- Yoke Weld
- Tube Yoke



Crossmember#3

## Engine

- Connecting Rod
- Shaft Balance



## Transmission

- Input Shaft
- Companion Flange
- Gear, Clutch



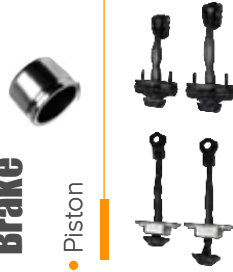
## Power Train

- Wheel Hub
- Knuckle



## Brake

- Piston



Door Check Arm

## Suspension

- Connecting Rod
- Shaft Balance



Radiator Cover



Water Tank System



Cover Pass Air Bag



Quarter trim



Spoiler



Plastics Fuel Tank



Seat Component

Body side Molding



Door trim







# STAMPING DIES



# ASSEMBLY JIGS



MAIN FRAMING JIG ASSY LINE



FTM JIG



CMM JIG



JIG STD ROOF





**POWERMAP**  
takes you everywhere

*personal navigation device*



**GALACTIO**

**POWERMAP** goes mobile

*Smart Life, Smart Navigation*



powered by  
**POWERMAP**  
takes you everywhere



**Car Navigation System**

*Thailand's 1st real 3D navigation software*

**trackSYNQ**  
PLUS

*Enterprise - level Tracking Solution*





# CORPORATE SOCIAL RESPONSIBILITY

AAPICO Hitech PLC engages in good governance and takes responsibility for society and all groups of its stakeholders. The Company focuses on sustainability. It encourages employees to be involved and help improving local community and contributes to society where appropriate. Its CSR activities are concentrated on customers, employees, society, environment and education.

## Activities with Customers and Suppliers



**Nissan - Aapico Mitsuike Friendship Golf**  
on Dec 10, 2016



Mr.Hanulico Arello, Mr.Nelson Sijoon, Mr.Viroj patcharawattanaikul, Mr.Masayuki Yabae, Mr.Seththa Pethiraj, Mr.Takashi Ishii, Mr.Satoru Mitoguchi, Mr.Takashi Nishimoto, Mr.Shigeru Kamekubi, Mr.Takuro Miyazaki, Mr.Yasuaki Adachi, Mr.Shun Okada

AAPICO Friendship Golf with AAT and Nissan



Company visit from TMAP-EM



Company visit from Nissan

Sport Day with Isuzu



TCC Rally with Toyota



Annual Supplier Meeting





## Activities with Employee and Society



Employee orientation trip at Kungnam Resort, Nakornnayok.



Leadership Training #3 at Peace Park, Nakornnayok.



Songkran Day.

### Supplier Visits



MOU signing with German-Thai Chamber of Commerce on German-Thai Dual Excellence Education Program (GTDEE).



AAPICO Scholarship, Calendar Project for Blind people, Health support to employee.

Leadership Training in collaboration with suppliers at Peace Park, Nakornnayok.







## AWARDS AND ACHIEVEMENTS IN 2016







# รางวัล องค์กรนวัตกรรม INNOVATIVE ORGANIZATION 2016

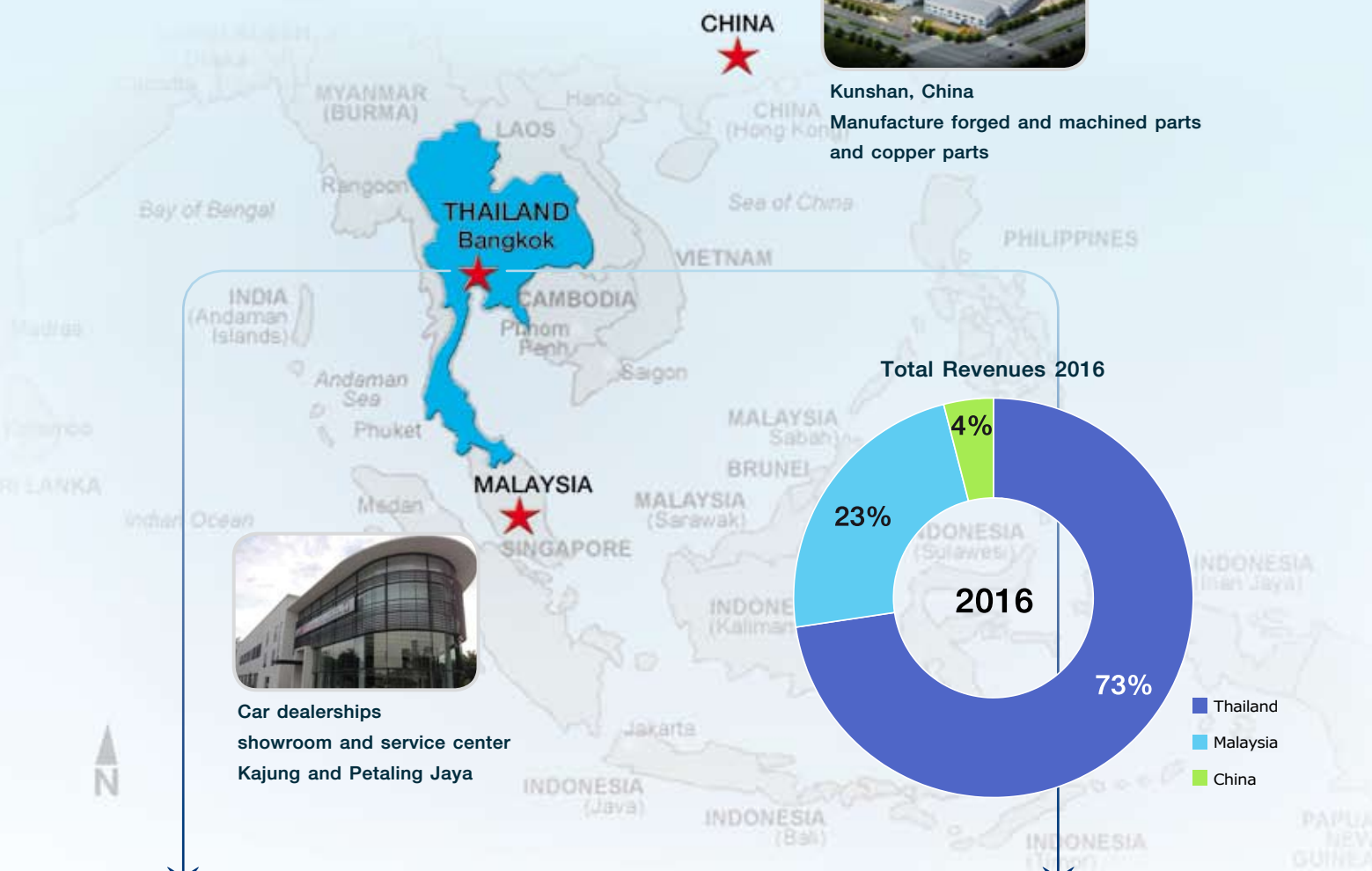
อาปีโก ไฮเทค จำกัด (มหาชน)



# LOCATION OF MAIN FACILITIES



**Kunshan, China**  
Manufacture forged and machined parts and copper parts



**Car dealerships**  
showroom and service center  
Kajung and Petaling Jaya



**Hitech Industrial Estate, Ayutthaya**  
Manufacture stamping parts, assembly jigs and stamping dies.



**Bangplee Industrial Estate, Samutprakan**  
Manufacture plastic parts.



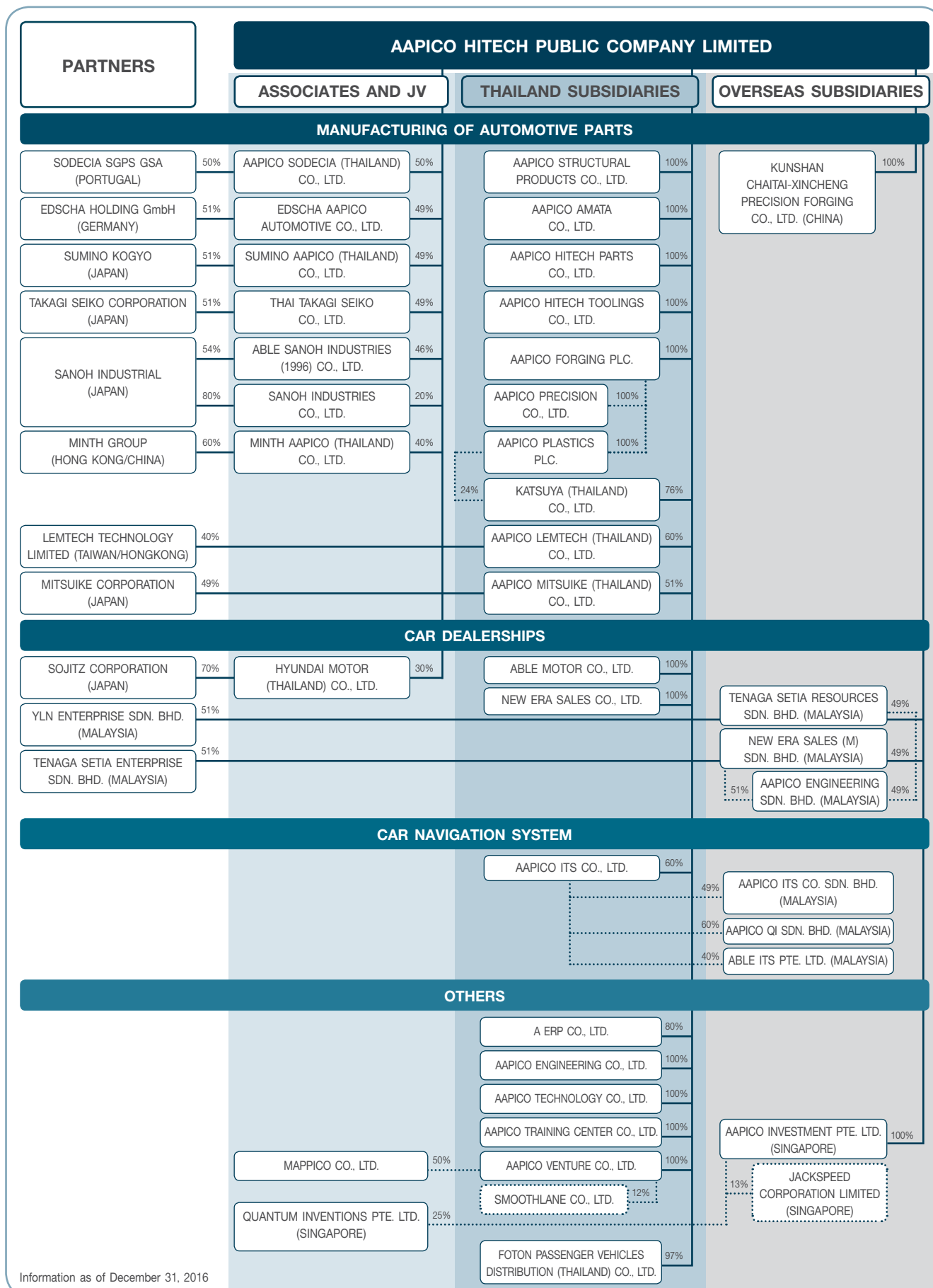
**Amata Nakorn Industrial Estate, Chonburi**  
Manufacture chassis frame, forging and machining parts.



**Amata City Industrial Estate, Rayong**  
Manufacture stamping parts and plastic fuel tank.



# COMPANY HOLDING STRUCTURE



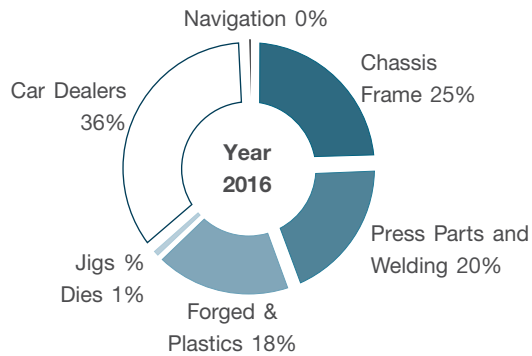
Information as of December 31, 2016



# REVENUE STRUCTURE

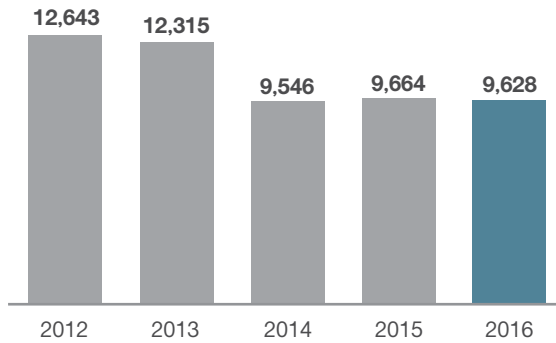
## MANUFACTURE OF OEM PARTS, JIGS AND DIES

Design and manufacture of the automotive parts for leading car assemblers, including jigs and dies, in Thailand and China



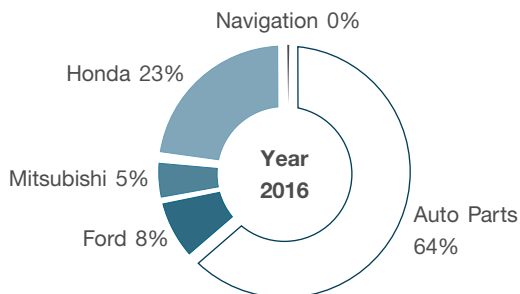
### Total Revenues 2012-2016

(Unit : Million Baht)



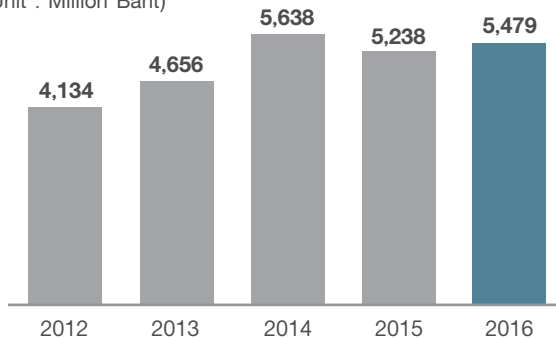
## CAR DEALERSHIPS

Sales of automobiles and after-sales service in Thailand and Malaysia.



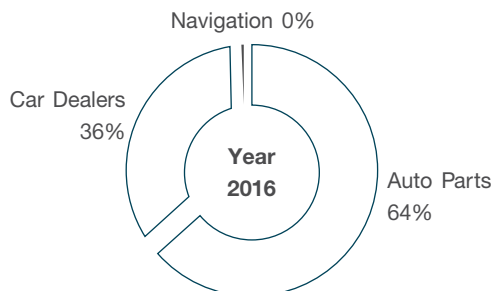
### Total Revenues 2012-2016

(Unit : Million Baht)



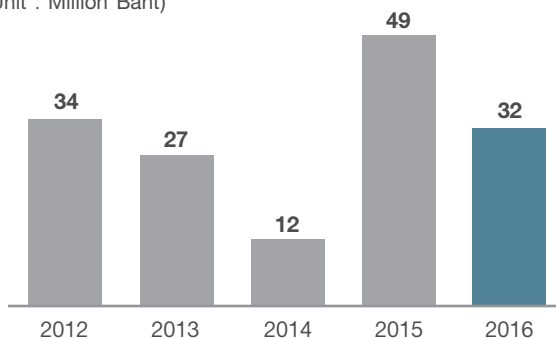
## CAR NAVIGATION AND TECHNOLOGY

Provide services and solutions for automotive car navigation system, logistic management, and smart city.



### Total Revenues 2012-2016

(Unit : Million Baht)

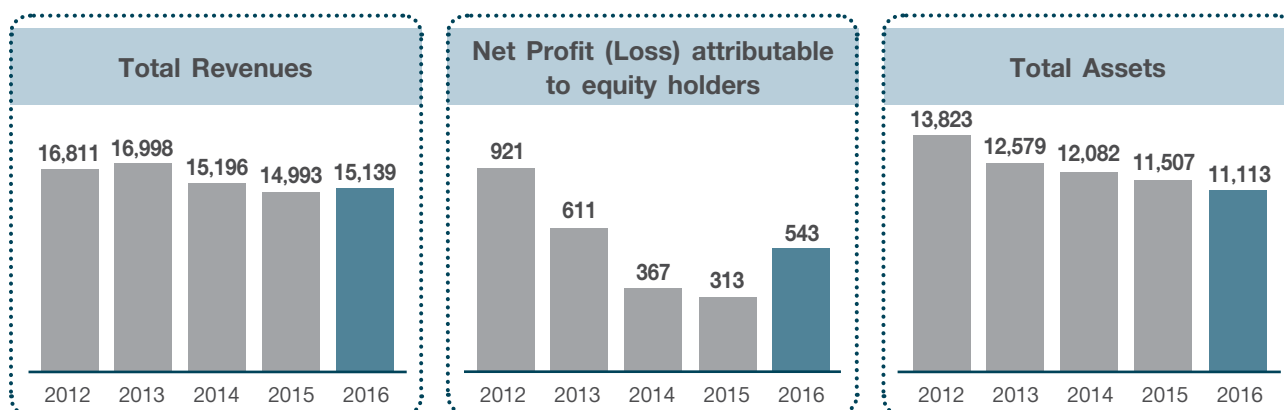




# FINANCIAL HIGHLIGHTS

	Consolidated Financial Statements				
	2012	2013	2014	2015	2016
<b>Balance Sheet (Million Baht)</b>					
Total Assets	13,823	12,579	12,082	11,507	11,113
Total Liabilities	8,853	7,109	6,401	5,524	4,877
Shareholder's Equity	4,970	5,470	5,681	5,983	6,236
<b>Profit and Loss Statements (Million Baht)</b>					
Total Revenues	16,811	16,998	15,196	14,993	15,139
Sales and Service Income	16,120	15,627	14,572	14,534	14,731
Gross Profit	1,062	1,075	608	714	875
EBITDA*	2,019	2,600	1,343	1,280	1,451
EBIT	1,255	981	618	535	728
Net Profit of the Company	927	634	386	338	570
Net Profit attributable to equity holders	921	611	367	313	543
Earning per share	3.29	2.05	1.14	0.97	1.70
<b>Financial Ratios</b>					
Current Ratio (times)	0.77	0.83	0.87	0.99	1.16
Gross Profit Margin (%)	6.6%	6.9%	4.2%	4.9%	5.9%
Net Profit Margin (%)	5.7%	3.9%	2.5%	2.2%	3.7%
Return on Total Assets (%)	7.3%	4.8%	3.1%	2.9%	5.0%
Return on Equity (%)	20.3%	12.1%	6.9%	5.8%	9.3%
Debt to Equity (times) **	1.07	0.85	0.67	0.55	0.40
Interest Coverage Ratio (times)	4.34	3.59	2.96	3.14	5.55
Debt Service Coverage Ratio (times)	1.02	1.47	0.98	1.17	1.98
Dividend Payout (% of Net Profit to equity holders)	27.4%	25.9%	26.4%	30.9%	38.9%***

Unit : Million Baht



\* Earnings before interest, tax, depreciation, amortization and goodwill impairment and includes share of profit (loss) from associate and joint venture.

\*\* Debt to Equity = (Bank overdrafts + Bank Loans + Debentures)/Total Equity.

\*\*\* Dividend for the second half of the year is pending for Shareholder's meeting approval.



# AAPICO GROUP BUSINESS

The main businesses of the Company and its affiliates can be categorized as follows:

Business Units			THAILAND		OVERSEAS
1	OEM Auto Parts Manufacturing	Brazed Steel Tubing	Sanoh Industries Co., Ltd.		
		Chassis Frame	AAPICO Amata Co., Ltd.		
		Forged and Machined Parts	AAPICO Structural Products Co., Ltd.		
			AAPICO Forging PLC.		Kunshan Chantai-Xincheng Precision Forging Co., Ltd.
			AAPICO Precision Co., Ltd.		
		Fuel Lines, Brake Lines, Engine Parts	Able Sanoh Industries (1996) Co., Ltd.		
		Metal Stamping and Welding Parts	AAPICO Amata Co., Ltd.		
			AAPICO Hitech PLC. (Ayutthaya & Rayong)		
			AAPICO Hitech Parts Co., Ltd.		
			AAPICO Mitsuike (Thailand) Co., Ltd.		
2	Design & Manufacture of Assembly Jigs	Welding and Assembly Body-in-White (BIW)	AAPICO Lemtech (Thailand) Co., Ltd.		
			Sumino AAPICO (Thailand) Co., Ltd.		
		Plastic Parts and Plastic Fuel Tank	AAPICO Sodecia (Thailand) Co., Ltd.		
			AAPICO Plastics PLC.		
			Thai Takagi Seiko Co., Ltd.		
		Roof Ditch Molding, Belt Line Molding, Door Sash	Katsuya (Thailand) Co., Ltd.		
			Minh AAPICO (Thailand) Co., Ltd.		
			AAPICO Hitech PLC.		
		Steel Fuel Tank System	Edscha AAPICO Automotive Co., Ltd.		
		Door check, Door Hinges, Parking Brake Lever	AAPICO Hitech Tooling Co., Ltd.		
3	Design & Manufacture of Stamping Dies		AAPICO Hitech Tooling Co., Ltd.		
4	Car Dealership	Mitsubishi Dealer	AAPICO Hitech Tooling Co., Ltd.		
		Ford Dealer	Able Motors Co., Ltd.		
		Honda Dealer	New Era Sales Co., Ltd.		
		Hyundai Distributor	Hyundai Motor (Thailand) Co., Ltd.		Tenaga Setia Resources Sdn. Bhd. New Era Sales (M) Sdn. Bhd.
5	Car Navigation and Technology		AAPICO ITS Co., Ltd.		AAPICO ITS Sdn. Bhd. AAPICO QI Sdn. Bhd. Quantum Inventions Pte. Ltd.
6	Others	Engineering Research & Development Investment Activities, Merger & Acquisition	AAPICO Engineering Co., Ltd.		AAPICO Investment Pte. Ltd.
			AAPICO Technology Co., Ltd.		AAPICO Engineering Sdn. Bhd.
			AAPICO Venture Co., Ltd.		Able ITS Pte. Ltd.
			Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.		
		Oracle System	A ERP Co., Ltd.		
		Training Activities	AAPICO Training Center Co., Ltd.		
		Software Research & Development	MAPPICO Co., Ltd.		
		Online Business	Smoothlane Co., Ltd.		Jackspeed Corporation Limited
		Manufacture of Accessories for Transportation			

# MAIN BUSINESS

## AAPICO HITECH PUBLIC COMPANY LIMITED [AH]



AAPICO Hitech PLC was established in 1996 and was listed on the Stock Exchange of Thailand in 2002. The Company's main businesses initially were to design, produce, and install car assembly jigs and stamping dies, and to manufacture OEM automotive parts, including floor parts, cross members, pillars, brackets, clips, and fuel tanks for leading automobile assemblers in Thailand. The Company has later progressed to produce plastic, forging, machining,

and chassis frame components to its manufacturing portfolio.

AAPICO Hitech is operated under the management of Mr. Yeap Swee Chuan, President and CEO and founder of AAPICO Group. Mr. Yeap Swee Chuan and family are the major shareholders holding 39.85% of total outstanding shares, followed by Sojitz Corporation holding 15.76% of total outstanding shares. The Company has two factories located at Hitech Industrial Estate in Ayutthaya province and Amata City Industrial Estate in Rayong province. Its main customers are Auto Alliance (Thailand) (Ford and Mazda), Toyota Motor Asia Pacific Engineering & Manufacturing, and Isuzu Motors.

The Company has investments in subsidiaries and associate companies operating in the automotive part business and has also invested in other business associated with the automotive industry including car dealerships and car navigation and transportation technology. As of today, the AAPICO Group is comprised, of 38 subsidiaries and associate companies and joint venture, of which 29 companies are operated in Thailand and 9 companies located overseas.



## OEM AUTOMOTIVE PARTS MANUFACTURING

### AAPICO AMATA COMPANY LIMITED [AA]

AAPICO Amata Company Limited's main products are chassis frame of D-Max pick-up truck model for Isuzu and complete axle housing for American Axle & Manufacturing. The Company is a wholly owned subsidiary of AAPICO Hitech PLC with a paid-up capital of Baht 800 million.

### AAPICO FORGING PUBLIC COMPANY LIMITED [AF]

AAPICO Forging PLC manufactures automotive forged parts, such as parts in transmission system, power train system, steering and suspension system, engine parts, wheel hubs, etc. The Company is a wholly owned subsidiary of AAPICO Hitech PLC with a paid-up capital of Baht 500 million. Its main customers are GKN Driveline (USA and Sweden), Auto Alliance (Thailand), Dana Spicer, and THK Rhythm.



#### **AAPICO HITECH PARTS COMPANY LIMITED [AHP]**

AAPICO Hitech Parts Company Limited manufactures pressed and stamped automotive parts, such as floor parts, brackets, etc. for OEM automakers. Its main customers include Nissan, Auto Alliance (Thailand), Isuzu and Toyota, etc. The Company is a wholly owned by AAPICO Hitech PLC with a paid-up capital of Baht 120 million.

#### **AAPICO LEMTECH (THAILAND) COMPANY LIMITED [AL]**

AAPICO Lemtech (Thailand) Company Limited is a joint venture between AAPICO Hitech PLC and Lemtech Technology Limited with equity participation of 60% and 40% respectively. Its main business is to manufacture high speed OEM automotive pressed parts and electronic parts. Major customers are Edscha AAPICO, Fujikura Electronics and LDC Precision.

#### **AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]**

AAPICO Mitsuike (Thailand) Company Limited is a joint venture between AAPICO Hitech PLC and Mitsuike Corporation of Japan with equity participation of 51% and 49% respectively. The Company was established to focus on engineering and marketing of pressed parts for sales to Nissan. The Company has paid-up capital of Baht 33 million.

#### **AAPICO PLASTICS PUBLIC COMPANY LIMITED [AP]**

AAPICO Plastics PLC produces plastic parts for automotive and electronic industry including plastic fuel tank. Its main customers are Auto Alliance (Thailand), Ford, Thai Yamaha Motor and Asian Honda Motor. The Company is a subsidiary of AAPICO Forging PLC, a wholly owned subsidiary of AAPICO Hitech PLC, with registered and paid-up capital of Baht 150 million. It has two factories, located at Bangpli Industrial Estate in Samutprakarn province and at Amata City Industrial Estate in Rayong province.

#### **AAPICO PRECISION COMPANY LIMITED [APC]**

AAPICO Precision Company Limited is a subsidiary of AAPICO Forging PLC. The Company was established in 2014 with a paid-up capital of Baht 150 million to focus on automotive machined parts. Its main customers are GKN Driveline (USA and Sweden), Dana Spicer, and American Axle & Manufacturing.



#### **AAPICO SODECIA (THAILAND) COMPANY LIMITED [ASD]**

AAPICO Sodecia (Thailand) Company Limited is a joint venture of 50% equity each between AAPICO Hitech PLC and Sodecia (Thailand) Company Limited, a wholly owned unit of Sodecia SGPS S.A. of Portugal. The Company's main businesses are to develop the business activities of chassis cradles for passenger cars, cross car beams and welded assemblies for Body in White (BIW). It was registered with a capital of Baht 120 million.

#### **AAPICO STRUCTURAL PRODUCTS COMPANY LIMITED [ASP]**

AAPICO Structural Products Company Limited manufactures chassis frame for both new and old model of Isuzu D-Max pick-up truck. The Company is a wholly owned subsidiary of AAPICO Hitech PLC with a paid-up capital of Baht 200 million.



#### **ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]**

Able Sanoh Industries (1996) Company Limited is the manufacturer of brake lines, fuel lines, and engine parts for automotive assemblers in Thailand. Its main customers are Toyota, Auto Alliance (Thailand), Honda, Mitsubishi and Nissan. Major shareholders are AAPICO Hitech PLC and Sanoh Industrial (Japan) with equity participation of 46% and 51% respectively.

#### **EDSCHA AAPICO AUTOMOTIVE COMPANY LIMITED [EA]**

Edscha AAPICO Automotive Company Limited is a joint venture between AAPICO Hitech PLC and Edscha Holding GmbH of Germany with equity participation of 49% and 51% respectively. It has a registered capital of Baht 52 million. The Company's main business is to manufacture, develop, assemble and sales of automotive parts of high quality door, hood, trunk lid and lift gate hinges and door checks (Hinge Systems) and parking brake levers and pedal boxes (Driver controls). Its main customers are Auto Alliance (Thailand), Isuzu, General Motors and Mitsubishi.

#### **KATSUYA (THAILAND) COMPANY LIMITED [KT]**

Katsuya (Thailand) Company Limited's main products are surface treatment-water printing for plastic products and fabric flocking for automotive interior panels. The Company has paid-up capital of Baht 28.5 million and is jointly owned by AAPICO Hitech PLC and AAPICO Plastics PLC, with shareholding of 76% and 24% respectively.

#### **KUNSHAN CHAITAI-XINCHENG PRECISION FORGING COMPANY LIMITED [KCX] - CHINA**

Kunshan Chaitai-Xincheng Precision Forging Company Limited is a wholly owned subsidiary of AAPICO Hitech PLC in China. Main business is manufacture automotive components such as engine connecting rods and copper parts such as electrical switch

contactors. Its main customers are leading automotive assemblers in China such as SAIC, SAIC-GM-Wuling Automobile, Chery, and Schneider Electric (China).



#### **MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]**

Minth AAPICO (Thailand) Company Limited's main businesses are to design, produce, and sell automotive components including door sash, trim parts, decorative parts and roof racks. It is a joint venture between AAPICO Hitech PLC and Minth Group (China), with equity participation of 40% and 60% respectively. The Company has paid-up capital of Baht 378.5 million. Its main customers are Isuzu, Nissan, General Motors and Ford (India and Thailand).

#### **SUMINO AAPICO (THAILAND) COMPANY LIMITED [SA]**

Sumino AAPICO (Thailand) Company Limited is a joint venture between AAPICO Hitech PLC and Sumino Kogyo of Japan, with equity participation of 49% and 51% respectively. The Company was established initially to support the business expansion in Thailand of its main customer, Mazda Motor Corporation. Its main products are precision press welding parts of medium and small articles of cars. It has registered capital of Baht 350 million and its factory is located at Amata Nakorn Industrial Estate in Chonburi province.



#### **SANOI INDUSTRIES (THAILAND) COMPANY LIMITED [SI]**

Sanoi Industries (Thailand) Company Limited produces Fulton brazed steel tubing for major OEM automakers both domestic customers and export to ASEAN countries. The Company has a paid-up capital of Baht 146.25 million and 20% of its shares are held by AAPICO Hitech PLC.

#### **THAI TAKAGI SEIKO COMPANY LIMITED [TTSC]**

Thai Takagi Seiko Company Limited's business is to produce plastic molding and plastic parts for customers in automotive industry, such as Thai Suzuki Motor, Suzuki Motor (Thailand), and Kawasaki Motors Enterprise

(Thailand). The Company is jointly owned by AAPICO Hitech PLC, Takagi Seiko Corporation and Sojitz Management (Thailand) Co., Ltd., with equity participation of 49%, 49% and 2% respectively.

#### **JACKSPEED CORPORATION LIMITED [JCL] - SINGAPORE**

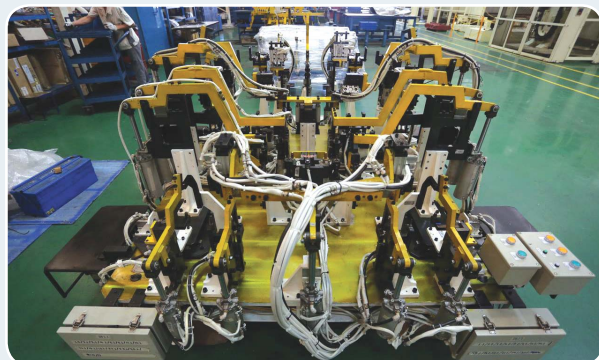
Jackspeed Corporation Limited is a company listed in the Stock Exchange of Singapore with paid-up capital of SGD 21.8 million. Its main business is to manufacture leather seats and accessories for the automotive industry. AAPICO Hitech PLC holds 13% equity participation.

### **ASSEMBLY JIGS AND STAMPING DIES**

#### **AAPICO HITECH TOOLING COMPANY LIMITED [AHT]**

AAPICO Hitech Tooling Company Limited's businesses are the design, manufacture, and installation of car assembly jigs and stamping dies. Its products are used to support the production of AAPICO Group and export to car automakers. Its customers include Volvo Truck Corporation Sweden, Volvo passenger cars in Malaysia, Renault Brazil, Auto Alliance (Thailand), Ford and Isuzu in Thailand. The Company is a wholly owned subsidiary of AAPICO Hitech PLC with a paid-

up capital of Baht 65 million. Its factory is located at the Hitech Industrial Estate in Ayutthaya province.



### **CAR DEALERSHIPS**

#### **ABLE MOTORS COMPANY LIMITED [AM]**

Able Motors Company Limited is a car dealer with sales and after-sales services for Mitsubishi vehicles. The Company has two showrooms and service centers located at Navanakorn in Pathumthani province and at Ladprao district in Bangkok. The Company is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 20 million.

#### **NEW ERA SALES COMPANY LIMITED [NESC]**

New Era Sales Company Limited is a car dealer with sales and after-sales services for Ford vehicles. The Company has two showrooms and service centers on Ramindra road, Bangkok and in Samutprakarn province. The Company is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 20 million.

#### **NEW ERA SALES (M) SDN. BHD. [NESM] - MALAYSIA**

New Era Sales (M) Sdn. Bhd. is a car dealer providing sales and after-sales services for Honda cars in Malaysia. Its showroom and service center is located in Kajang area. The Company has paid-up capital of RM 1.5 million and is owned by AAPICO Hitech PLC and Tenaga Setia Enterprise Sdn. Bhd., with equity participation of 49% and 51% respectively.

#### **TENAGA SETIA RESOURCES SDN. BHD. [TSR] - MALAYSIA**

Tenaga Setia Resources Sdn. Bhd. is a car dealer providing sales and after-sales services for Honda cars in Malaysia. Its showroom and service center is located in Petaling Jaya. The Company has paid-up capital of RM 6 million and is jointly owned by AAPICO Hitech PLC and YLN Enterprise Sdn. Bhd., with equity participation of 49% and 51% respectively.

#### **AAPICO ENGINEERING SDN. BHD. [AEM] - MALAYSIA**

AAPICO Engineering Sdn. Bhd. is set up for future business potential with a paid-up capital of RM 1 million. The Company is jointly owned by New Era Sales (M) Sdn. Bhd. and Tenaga Setia Resources Sdn. Bhd., with equity participation of 51% and 49% respectively. Currently, it rents a showroom to a Honda dealer in Malaysia.

#### **HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]**

Hyundai Motor (Thailand) Company Limited is a sole distributor responsible for manufacturing, marketing, sales and after-sales service for both CKD and CBU model of Hyundai cars in Thailand. The Company is jointly owned by AAPICO Hitech PLC and Sojitz Corporation, with equity participation of 30% and 70% respectively.

### **CAR NAVIGATION AND TECHNOLOGY**

#### **AAPICO ITS COMPANY LIMITED [AITS]**

AAPICO ITS Company Limited was established in 2004 with a registered capital of Baht 100 million to develop map of Thailand. Currently, the Company's business is in the areas of providing services and solutions for automotive navigation system, logistics management, and Smart City using its expertise in digital map, geographic information system (GIS), software development and big data analytics.

Today, its product line includes the award-winning POWERMAP on-board navigation software, GALACTIO TH mobile navigation application (free download for Android and iOS users), and fleet management software for enterprise logistics

#### **AAPICO QI SDN. BHD. [AQI] - MALAYSIA**

AAPICO QI Sdn. Bhd. was established in 2013 to consolidate the market of car navigation system under the brand POWERMAP and GALACTIO in Malaysia. POWERMAP as an OEM product, while GALACTIO as an aftermarket product installed in various hardware and marketed in most major automotive brands in Malaysia.

#### **QUANTUM INVENTIONS PRIVATE LIMITED [QI] - SINGAPORE**

Quantum Inventions Private Limited is in the business of providing mobility intelligence to consumers, corporations and governments, leveraging on the integrated suite of mobility applications, enterprise logistics and analytics platform. AAPICO Hitech PLC has 25% equity with its shareholding under the name of AAPICO Investment Pte. Ltd.



## OTHERS

### **A ERP COMPANY LIMITED [AERP]**

A ERP Company Limited is established to support the Oracle implementation for the AAPICO Group. The Company has a paid-up capital of Baht 1.25 million and is owned by AAPICO Hitech PLC at 88% equity.

### **AAPICO ENGINEERING COMPANY LIMITED [AE]**

AAPICO Engineering Company Limited's business is to focus on Computer Aided Engineering (CAE), programming, engineering consultancy, engineering design and engineering research & development. The Company is wholly owned by AAPICO Hitech PLC and has a paid-up capital of Baht 10 million.

### **AAPICO INVESTMENT PRIVATE LIMITED [AIPL] - SINGAPORE**

AAPICO Investment Private Limited is a wholly owned subsidiary of AAPICO Hitech PLC in Singapore, responsible for transactions related to business investments and merger and acquisition.

### **AAPICO TRAINING CENTER COMPANY LIMITED [ATC]**

AAPICO Training Center Company Limited was established in 2014 with a purpose to organize and manage training activities for employees of AAPICO Group. It is a wholly owned subsidiary of AAPICO Hitech PLC.

### **AAPICO VENTURE COMPANY LIMITED [AV]**

AAPICO Venture Company Limited is established with a registered capital of Baht 20 million to carry out transactions related to merger and acquisition and to support investments in other businesses, particularly in the area of start-up business such as on-line business and technology business.

### **MAPPICO COMPANY LIMITED [MAPPICO]**

Mappico Company Limited is established for the purpose of research and development of software and to provide technology consulting service and the analysis of large database for business development including the development of vehicle tracking system, navigation system, logistic service, and transportation management system. AAPICO Hitech PLC invested 50% equity under the holding of AAPICO Venture Company Limited.

### **SMOOTHLANE COMPANY LIMITED [SMOOTHLANE]**

Smoothlane Company Limited is the owner and developer of CarParagon website which provides online platform for car buyers in Thailand. AAPICO Hitech PLC has 11.9% equity participation under the holding of AAPICO Venture Company Limited.



# AAPICO MILESTONES

1985	Registered Able Autoparts Industries Company Limited and started as Ford assembler and distributor.
1997	Completed the first AAPICO factory at Hitech Industrial Estate, Ayutthaya, and established the first Joint Venture with Sanoh Japan named Able Sanoh Industries (1996) Co., Ltd.
2002	Listed on the Stock Exchange of Thailand.
2003	Purchased a company from Dana Corporation USA and renamed it AAPICO Amata Co., Ltd.
2004	Expanded to China by acquiring Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
2005	Established strategic partnership with Sojitz Corporation Japan.
2006	Established AAPICO Hitech Parts Company Limited, invested in AAPICOITS Co., Ltd., a car navigation company with 60% equity holding, and engaged a strategic joint venture with Mitsui Corporation Japan with 51% equity holding locating at Hitech Industrial Estate, Ayutthaya.
2007	Acquired KPN PLC and renamed it AAPICO Forging PLC and AAPICO Plastics PLC. Entered technical agreement with Edscha Germany for manufacture of door check, hinge, and parking brakes.
2008	Established a joint venture with Minth Corporation China.
2009	Established AAPICO Structural Products Co., Ltd. in Amata Nakorn Industrial Estate for chassis frames.
2010	Celebrated the 25 <sup>th</sup> Anniversary and commenced operations of AAPICO 2 <sup>nd</sup> factory in Rayong.
2011	Completed the construction of 3S showroom for Honda dealers in Petaling Jaya and Kajang, Malaysia.
2012	Started operations at the new 20,000 square meters factory in China.
2013	Established 4 joint venture companies with Lemtech Holding (Taiwan), Edscha Holding (Germany), Sumino Kogyo (Japan), and Sodecia SGPS (Portugal).
2014	Expanded into car navigation business via cooperation with Quantum Inventions (Singapore) and established AAPICO Training Center Co., Ltd. to manage overall trainings for organizations.
2015	Initiate the “TURBO” policy with target of doubled sales and 10% net profit margin.



## BUSINESS OPERATIONS

THE YEAR 2016 was the implementation of the “TURBO” policy. The Company has been committed to improve its operations, with a main focus on improving the efficiency of production processes, reducing production costs, and controlling operating expenses in all functions across the organization. It also alleviated financial costs and looked for generating returns from its investments. In June 2016, the Company issued corporate debentures with a principal amount of Baht 300 million at a fixed coupon rate to replace some of its bank loans. The Company had also announced the Share Repurchase Program for financial management purposes, where it had repurchased its own shares on the Stock Exchange of Thailand during March to September 2016 to increase returns on equity and earnings per share as a result of decreased numbers of outstanding shares.

The Company has put focus on expanding its technology business and has embraced digital technology to drive competitive advantage. During the year, the Company has established a wholly owned subsidiary under the name AAPICO Venture Company Limited to manage mergers and acquisitions and to support its investments in the start-up or fast growing businesses, such as on-line business, etc. It had invested in Mappico Company Limited, which is set up for the purpose of research and development of software and technology relating to navigation system, logistic service, and tracking device and analysis of movements of vehicles, and Smoothlane Company Limited, a developer of the CarParagon website, which provides on-line platform for car buyers in Thailand.

AAPICO businesses have mainly been associated with the automotive industry. The Thai automotive industry has been continuously developing for over 50 years with strong support from both the public and private sectors. Thailand is the largest automotive producer among Southeast Asian countries and is ASEAN’s automotive hub. It holds several advantages over its competitors, being located in the center of Southeast

Asia, having a large domestic market and having developed a strong supply chain, excellent infrastructure and strong government support. Even though the industry was affected by the economic slowdown in recent years, it is predicted to rebound and see the production to reach 3 million units in the years ahead.

Thailand is one of top global automobile manufacturers and a leading producer of automotive parts and components. It is also known for its highly efficient, skilled, and well-trained workforce. Thai-made automotive parts are internationally recognized for their high quality, the highest quality among ASEAN countries, second only to Japan. AAPICO Hitech PLC, as one of major Tier1 automotive suppliers in the country, has put great emphasis on continuous development where it continues to garner capabilities and technology across the world to improve its efficiency and enhancing existing technology, empowering its own potential to be recognized as a trusted brand in the global arena. The Company has been always looking for strong alliances. It has formed joint ventures with strong partners from Japan and Europe. The Company is poised to attain its dual goals of steady growth and seizing new opportunities in order to become a leading automotive parts manufacturer in Thailand and Southeast Asia.

AAPICO Hitech PLC has set a vision and a simple philosophy of being a lean, green, happy, and digital company. The Company has also set its goals by applying the SQCDM criteria.

- |             |   |
|-------------|---|
| Safety      | : Safety always come first                                |
| Quality     | : Quality built-in process and achieve 0 ppm              |
| Cost        | : Competitive pricing at reasonable low cost.             |
| Delivery    | : On-time and 100% delivery with Just-in-time philosophy. |
| Engineering | : Kaizen mind in engineering and production.              |
| Management  | : Competent, transparent, hands on and focus on digital   |

AAPICO Hitech and its subsidiaries is widely recognized for its excellent quality, efficient production processes, and continuous improvement. The Company has repeatedly received awards and certificates from its customers and partners in recognition for excellent quality and delivery and contribution to growth. These awards are testament to our success.

Major awards and achievements earned in 2016 include:

1. ISUZU Certificate of Achievement for Quality and Delivery given to AAPICO Structural Products Co., Ltd., AAPICO Precision Co., Ltd., and AAPICO Plastic PLC.
2. ISUZU Certificate of Co-operation for car sales promotion given to AAPICO Amata Co., Ltd.
3. GM ASEAN Supplier Quality Excellence Award given to AAPICO Hitech PLC.
4. Siam Calsonic 20<sup>th</sup> Anniversary Exclusive Thank You Award given to AAPICO Plastic PLC in recognition for the best supplier of Siam Calsonic for over 20 years.
5. TCC Certificate of Appreciation: the 2<sup>nd</sup> Runner Up of Advance Group of Toyota Co-operation Club given to AAPICO Hitech PLC for completing the challenge of TCC-TPS In-house Improvement Activity 2016.
6. Total Innovation Management Awards 2016 from National Innovation Agency (NIA) given to AAPICO Hitech PLC in recognition for being an innovative organization.
7. Honda CEO Award: Top 5 Sales given to Tenaga Setia Resources Sdn. Bhd.
8. Honda CEO Award: Elite Dealer given to Tenaga Setia Resources Sdn. Bhd. and New Era Sales (M) Sdn. Bhd. for their excellent performance in 2016.
9. Certificate of Cooperation for human resources development in Thailand Automotive Industry given to AAPICO Hitech PLC.
10. Zero Accident (Silver shield) given to AAPICO Plastic PLC (Bangpli branch) in recognition of no accident at work for 8 million working hours from 2013 to 2016.
11. Certificate of Zero Accident (Bronze level - 1<sup>st</sup> Year) given to AAPICO Plastic PLC (Rayong branch) in recognition of no accident at work for 1,011,865 hours from 2013-2016.

## FUTURE PROJECTS

The automotive industry in Thailand in 2017 is foreseen to continue to grow slightly with total vehicle production volume to reach 2.0 million units. With the carbon-dioxide-based excise tax structure going into its second year and the five-year holding period for a government tax-break scheme for first-car buyers to reach its end, it is expected that domestic demand will increase. Export shipments are expected to be flat in 2017.

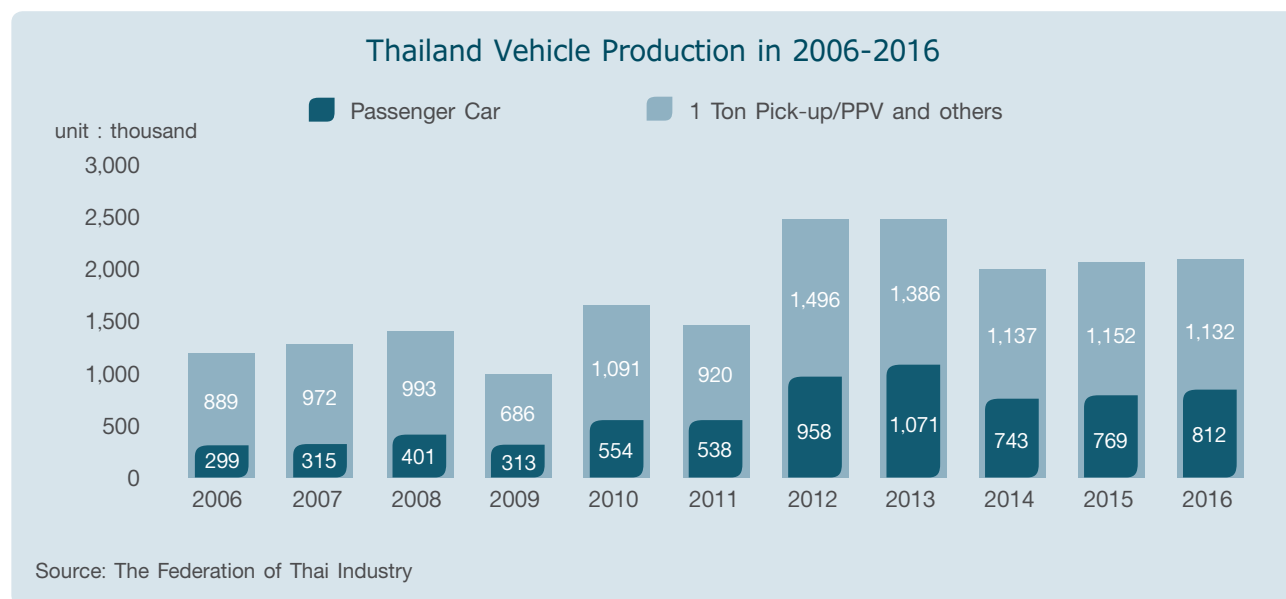
New models planned to be launched in 2017 will be with better engine performance, better fuel economy and better equipped technologies and gadgets. **Honda** is expected to be the first with the launch the new City, and has planned for production of the five-door hatchback version of Civic later during the year. **Nissan** is expected to introduce the new Nissan Note, which is made under the Eco-Car phase 2 program, allowing Nissan to enjoy low excise duty. It will also introduce a higher spec version of Nissan March with more advanced features. **Mazda** is planning to introduce a face-lifted Mazda3 with improved control systems and more safety features, while **Suzuki** is due to launch the all-new Swift at the end of this year. There will also be some introductions of plug-in hybrid vehicles to the Thai market from **Mercedes-Benz** and **BMW**.

AAPICO Hitech has been entrusted to supply automotive parts to leading automakers in Thailand. The Company's facilities are fully equipped and prepared to support volume increase with several on-going efficiency improvement projects. The Company will continue to manage its activities to monitor and control cost levels in correspondence with the demand fluctuation to assure the budgeted level of profitability for the Company.



# COMPETITION AND INDUSTRY TREND

The year 2016 continued to be a challenging year in all major markets AAPICO Hitech group is active in. They are namely, Thailand, Malaysia and China.



## THAILAND

The year 2016 has been a disappointing year for the automotive industry as both export and domestic markets continued to stay depressed. Total export shipments stood at 1.19 million, which is a 1.4% reduction from the previous year. One of the reasons was the gloomy market conditions in Middle East, which is a key importer of Thai made pickup trucks. The low oil price and uncertain political situation will likely continue to affect exports to these countries in 2017.

The Eco car segment presents a brighter outlook compared to pickups trucks in 2017, with new models in the pipeline and also with the start of the second phase production of eco car scheme. In addition, the passenger pickup vehicles (PPV) segment also promises to prop up export shipments volume. Other markets in Asia and Oceania should be able to sustain demand for Thai produced vehicles.

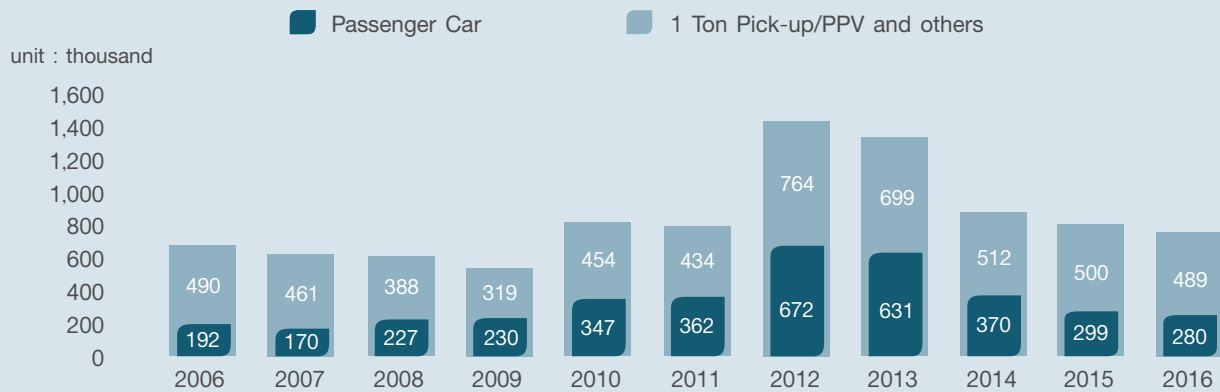
Overall, the total vehicle export for 2017 is forecasted to stay flat.

Domestic sales for 2016 was a decline of 3.9% from the previous year, with sales of 768,788 vehicles. The lingering effect of the first time car buyer scheme should see its end in 2017 when the five year lock up period for vehicles bought under the scheme will expire in September 2017. Estimates put prospective new car buyers from this group to be from 20,000 to as high as 100,000. Government stimulus packages targeting to spur domestic consumption should also help drive domestic car sales in 2017. Therefore, we expect 2017 domestic car sales to show the first increase in 4 years to reach 800,000 units.

Turning around the trend in 2016, domestic sales is seen to be the key driver in the coming year for the Thai automotive industry to deliver a forecasted growth of 2.9% to 2 million cars in 2017.



### Thailand Total Industry Volume in 2006-2016



Source: The Federation of Thai Industry

Most major car makers in Thailand are cautiously upbeat about the domestic market and will be launching numerous campaigns or facelift or new models to ride on the anticipated recovery of the market. Toyota will still clearly lead the pack with its combination of pickup trucks and passenger cars models to dominate the scene. As usual, Isuzu is strong on pickup truck.

In conclusion, consumers could be spoilt with choices in 2017, while the car makers fight for market share amid the still fragile economy. Lingering doubts about how the country will proceed politically this year will continue to cast a damper on the general mood of the economy while several major political development happening overseas are also demanding more observation and caution on how they would eventually affect Thailand and the region, and the markets that Thailand automotive industry are represented.

## MALAYSIA

After achieving an all-time high in Total Industrial Volume (TIV) in 2015, the Malaysian automotive market saw a contraction of 13%, from 666,677 units to 580,124 units. This is a reduction of 86,553 units marked the first time since 2009 that the TIV did not reach 600,000.

The general market sentiment in Malaysia has been negative throughout the year, caused by economic and political uncertainties. Crude oil prices while having risen from its lowest levels, are still a far cry from where they were 2 years ago. The Malaysian currency Ringgit has been testing levels not seen since the Asian financial crisis in 1997. A tightening by credit institutions due to the macro business environment also did not help.

For the first time since the introduction of Malaysia's own national car brands - Proton and Perodua, Honda, a non-national brand occupied the second place in terms of total number of cars sold, dislodging Proton from the position it has occupied for many years.

Perodua continued its domination of the Malaysian automotive market with a share of 35.7%, an increase of 3.7% despite a drop in unit sales of 3.9%. Nevertheless, it managed to maintained sales volume above the 200,000 mark at 207,110 units. Its new sedan model, the Bezza, contributed to the sales of Perodua, at the great expense of Proton as both marques compete for the same customers.

Proton lost both market share and sales in 2016, from 15.3% to 12.5% and from 102,174 units to 72,290 units respectively from the previous year. This was despite



the launch of 4 new models from the first Malaysian national car brand. Customers continued to shun the 32 year old company while it is negotiating with several potential foreign suitors to inject capital and expertise into the struggling car maker. A decision is expected to be announced by the second quarter of 2017 and the hope is that this significant move would be able to save and turn the company around.

Honda further consolidated its position as the number one non-national car brand and created a bigger gap with its closest non-national car brand rival Toyota. While in 2015, the difference in market share between the two brands was just 0.1%, it grew to 4.8% in 2016. This was mainly due the successful launch of the brand new Civic and aggressive marketing and promotion activities by Honda.

We expect 2017 to be another challenging year for the industry players, amid a continued subdued economic and political environment.

## CHINA

For 2016, the Chinese automotive market achieved double digit growth for the first time after 2 years of lackluster single digit growth, both in production and sales numbers. Production growth was 14.5% and sales growth was 13.7% year on year translating into 28.11 million and 28.02 million units respectively. This further cements the number one position of the Chinese automotive market globally, for the 8<sup>th</sup> consecutive year.

While the overall Chinese economy continued to slow down to a more normal rate of growth in the global context, preferential tax policies introduced by the central government have spurred growth for vehicles with engine displacement of 1.6 liters and less. While more major cities continue to restrict vehicle numbers

in view of environmental pollution and traffic congestion concerns, the increase in wealth in the second and third tier cities are allowing more people to afford the luxury of owning a car.

Shanghai Volkswagen remains the number one automotive group in China while Changan occupies the number one spot for Chinese local OEM. After years of intense competition among numerous local OEMs, there seems a gradual consolidation, resulting in the top five local OEM brands being Changan, Great Wall, Geely, Brilliance and Chery.

On the alternative energy front, China continues to lead the world for the second year in terms of number of electric vehicles sold with 507,000 units, and with over 100,000 public charging facilities for electric vehicles added in 2016, an increase of 10 times from the previous year. With its headline grabbing news regarding increasing smog in key major cities, more local governments and public are gradually seeing the benefits of electric vehicles. Coupled with policy to support including tax incentives and more charging facilities available, the growth of electric vehicles and other alternate energy vehicles should see strong sustained growth to power China to be one of the leading countries in this area.

Looking forward, the automotive industry will continue to be one of the key drivers for the Chinese economy. The central government is expected to favor tax incentives to see continued growth for the industry. Steady albeit slower overall economic growth will also encourage more households to acquire cars especially with the push to develop the central and western regions of the country more aggressively. Therefore, despite license plate and vehicle number restriction in major cities, it is forecasted that the Chinese automotive industry will still grow at 5% in 2017.

# RISK FACTORS

AAPICO Hitech PLC realized the importance of assessment of risk factors and risk management, and has assigned the Risk Management Committee to manage the risk management process at the corporate level. The Risk Management Committee has formulated the Company's risk management policy, which has been communicated and implemented within the organization, and also assessed the corporate's key risk factors annually. Together with the management, the Risk Management Committee has identified various internal and external factors that are affecting the Company's operations and analyzed each factor by considering the likelihood of occurrence and its impact to the financial performance and also defined the control measures to reduce the impact of these risks to an acceptable level.

For the year 2016, the Risk Management Committee has reviewed and assessed the Company's key risk factors which can be described as follows:

## STRATEGIC RISKS

### RISK OF POLITICAL INSTABILITY

The Company considered the risk of political instability as Thailand has experienced several political upheavals in the past. The political instability and changes of government has impact to the formulation of government policy, which affects the growth of domestic economy and the automotive industry.

For the year 2016, the Company assessed the risk of political instability at low level considering the public acceptance of the current military government. In addition, the political and social atmosphere have remained calm, and with the location of factories in the industrial estate which has a low risk to be affected by political events that usually take place in urban areas. However, the Company may be financially affected in terms of revenue and profit decline due to a weak economy as a result of political instability. The Company has managed this risk by looking for opportunities and investments overseas to diversify and reduce the impact on the Company's profitability.

### RISK FROM NATURAL DISASTER

Natural disasters severely impact the Company, both financially and operationally. The Company had been affected by two major natural disasters, namely the Tsunami in Japan and the Great Flood in Thailand, both led to serious disruption of the supply chain. The automobile production shrank substantially due to severe shortage of automotive parts. The Great Flood also caused damage to the Company's properties, machines, inventories and buildings. The Company recorded substantial losses due to revenue loss, impairment expenses, and additional expenses to protect its property and recovery of its operations after the flood.

Natural disaster is unpredictable and uncertain. Despite the severe impact, the Company considers the likelihood of the occurrence of another major natural disaster to be low. The Company has established protective and preventive measures to limit and reduce the impact on the Company's operations to an acceptable level and enable the Company to recover its operations back to normal business in the fastest possible manner. These measures include the preservation of the dyke surrounding the area of Hitech Industrial Estate, insurance coverage for all industrial risks for all major operations, and the maintenance of multiple facilities in several locations for possible relocation if one would be affected by natural disaster.

## BUSINESS RISKS

### RISK FROM THE SLOWDOWN OF THAILAND AUTOMOTIVE INDUSTRY

Thailand automotive industry has been impacted by several factors. After its peak during 2012-2013 driven by the pent-up demand caused by the Great Flood at the end of 2011 and the government's first car scheme which led to an unusual rise in demand, the Thai automotive market had tumbled badly with a significant drop in domestic sales. The Company has been impacted by reduction of orders and sluggish demand for car dealership business as a result of weak economy during that time. However, the Company has managed such impact by imposing strict cost control



measures and capital expenditures. The management had initiated a campaign to stimulate cost reduction actions and improve production efficiency across the group. All this have mitigated the financial impact and maintained the Company's profitability at an acceptable level.

The Company have assessed the chances that the industry will remain sluggish is be relatively low, considering that the five years holding period of cars purchased under the first-car scheme will end in 2017. In addition, the export market may benefit from the implementation of AEC and also the Government eco-car export plan. All these are expected to help create demand for automobile sales. The company's continuous improvement plan on cost management and reduction of expenses will also help to mitigate the financial impact on the Company's profitability.

#### **RISK OF HIGH CUSTOMER CONCENTRATION**

The Company is exposed to risk of high customer concentration as more than 50% of total revenue was contributed by three major customers, namely Isuzu, Auto Alliance (AAT) and Nissan. This implied that the Company's performance is closely linked with the operating performances and market positions of these 3 automakers, and losing orders from one of these large customers could significantly impact the Company's profit.

However, the Company has assessed that the chances of losing customer orders are somewhat low, as the Company has good relationships with customers and has maintained and achieved high standard of production quality, delivery, and competitive pricing according to the customers' requirements. The Company is confident that these customers will continue to see us as their preferred supplier for future orders.

#### **RISK FROM THE COMPETITION IN THE AUTOMOTIVE INDUSTRY**

The automotive industry is highly competitive as every parts suppliers strives to win orders from car automakers. There is always a possibility that the Company may not

be selected by car automakers to supply automotive parts for the next car model line. The curtailment of orders can have material impact to the Company's operations and financials. It will also hamper the credibility of the Company's operations, which may affect potential orders from other customers.

The Company assessed that the chances that it will not receive recurring orders are low, as car automakers normally give orders of the next model to current suppliers due to their expertise and track record for production of high quality products. The Company has long-standing relationships and good track records for its high operational standards with ISO/TS16949 and ISO9000 certifications. In addition, the company's commitment to maintaining a high standard for product quality, competitive pricing and punctual delivery have been well recognized by leading car automakers.

#### **OPERATIONAL RISKS**

##### **RISK FROM FLUCTUATION OF RAW MATERIAL PRICE**

The Company is exposed to the risk from fluctuation of steel prices, which can have a significant impact to the Company's profitability, as steel is the primary raw material for the automotive part business, accounting for approximately 75% of product cost. An increase of steel prices directly affect our costs of goods and hence lowering the profit of the Company.

The Company has managed this risk by adopting a centralized purchasing policy, where the Company agrees with customer to purchase steel from the approved suppliers at prices agreed upon by both parties. When the steel price moves, the part price will be adjusted accordingly. The price adjustment is reviewed every 6 months or depending on circumstances. The Company therefore passes on the risk to car automaker and reduces the impact on the Company's profitability.



## **RISK RELATED TO LABOR RELATIONS**

The Company and its subsidiaries employ a large number of employees in different positions. This can pose risk to the organization from various labor issues, such as request for wage increase, issues relating to compensation and benefit, issues with the Labor Union, and labor shortage, all of which have direct impact on the Company's operations. Labor issues may cause a delay in production, delivery and damage the Company's credibility and reputation among other competitors in the automotive part business.

The Company has carefully handled labor issues in order to manage the risk and impact to the Company's operations in appropriate manner. The Company has emphasized on communication and relations with the Labor Union, and regularly evaluated the appropriate employees' welfares and benefits as the key to reduce people conflicts and labor disputes in the organization. As regard to the issue of labor shortage, the Company has a policy to educate and train employees to improve knowledge and skills relating to their jobs. The Company has set up a training center to manage employees' training.

With the management's attention and good relationship with employees, the Company has encountered very few dispute cases to date. The likelihood of occurrence and its impact on the operations is relatively low. Relating to labor disputes in other organization in the automotive supply chain, the Company also anticipated the low likelihood of occurrence and the impact is expected to be temporary. In addition, the Company has planned for automated production process to reduce its labor dependence and improve efficiency and productivity in the long run.

## **RISK RELATED TO QUALITY ISSUE**

Quality is a very important factor for the automotive industry. Every part produced must achieve expected standards as any defects or errors can be a potential cause for accidents and the consequences will be very severe. The Company is at risk of losing its reputation

and may be sued by customers for damages arising from unsafe products.

Quality is one of the key indicator of the Company's operations and a key satisfaction factor of customers. The Company has put great emphasis on quality control and set a target for zero production of defective parts. The Company has been certified for the industry standard ISO/TS16949 and continuously improves product quality. It can be assured that the risk related to quality issue will be reduced continually. In addition, the Company has set up provision for warranty claim for defective parts according to the contract with customers and has purchased product liability insurance to mitigate financial impact of this risk.

## **MANAGEMENT RISKS**

### **RISK FROM RELIANCE ON A SINGLE TOP MANAGEMENT**

The Company viewed that it may be at risk of over reliance on the management of Mr. Yeap Swee Chuan, President/CEO and Founder of AAPICO Group. Mr. Yeap is a key person driving the growth of the business. His vision and strong leadership with passion and business integrity has been the embodiment of the Company for over 30 years. Mr. Yeap has built good relationships with partners and has gained confidence and trust from customers, which has positioned AAPICO as a preferred automotive part supplier in such an intense competitive business environment.

The Company has been aware of and has managed this risk by the restructuring of the organization, where Mr. Yeap has reduced his roles in the Company's operations and has been focusing on the vision and strategic direction of the Company. Head of subsidiary companies are empowered and assigned the responsibility and power to manage its business performance and report to the Board of Directors. The succession plan has been defined and reviewed internally. With all these measures, the Company anticipated that the impact will be quite low. The



likelihood of occurrence is also low as Mr. Yeap will continue his advisory role and continue to support the business growth both operationally and strategically.

## **FINANCIAL RISKS**

### **RISK FROM FLUCTUATION OF INTEREST RATE**

The Company is exposed to risk from interest rate fluctuation from its loans from financial institutions under floating interest rates. This affects the financial costs impacting the profitability and cash flows of the Company when interest rate changes. The Company has set risk management measures by adjusting the proportion of fixed rate borrowings to mitigate such impact. These measures include interest rate swap agreement with banks and the issuance of new loan agreements or corporate debentures with fixed interest rate.

As of 2016, the Company assessed that this risk has no significant impact to the Company's profitability due to the proportion of floating rate borrowing has been decreased to 47% of the outstanding loan balance.

### **RISK FROM FLUCTUATION OF CURRENCY EXCHANGE**

The Company is exposed to risk from fluctuation of foreign currency exchange from some parts of its business that has income and expenses in foreign currency. This affects the profitability of the Company from results of gain or loss from foreign currency exchange. The Company has a policy to naturally hedge the foreign exchange rate risk by matching income and payments in the same currency. The Company also considered using forward or option contract to mitigate such risk. The Company however does not have a policy to trade derivative financial instruments for speculative purposes in any cases.

The Company considered the impact of this risk to be insignificant as the portion of foreign currency transaction is relatively small, accounting for approximately 0.02% of total revenue, and majority of businesses are conducted in Thai baht. The foreign currency fluctuation may impact

financial reporting from translation of other currency to Thai baht for consolidated financial statements. However, it does not impact the earnings of the Company.

## **OTHER RISKS**

### **RISK RELATED TO SAFETY, ENVIRONMENT AND COMMUNITY**

The Company may encounter issues related to safety, environment, and community arising from production processes. If production processes are conducted without good management, the impact may result in accident or severe losses. Therefore, the Company has established policies and procedures concerning employee's health and safety and environmental management, and ensured the implementation in every part of the organization.

The Company has placed importance on the safety and well-being of employees and has arranged trainings and activities to create good understanding and awareness for their own safety. These activities include the Completely Check Completely Find out (CCCF) to eliminate risk and prevent accident, or the 5S activity to create a safe, clean, and easy to detect environment in the workplace, the safe driving campaign, the white factory campaign for drug free workplace, the equipment maintenance schedule, and the annual health check for employees. The Company ensures the compliance of relevant laws and quality and environmental standards. The continual certification on ISO/TS16949, ISO9000 and ISO14001 is a proven record for its commitment and credibility on quality and environmental management.

### **RISK RELATED TO JOINT VENTURE**

The Company has invested in a number of joint ventures and therefore is exposed to risk of problems caused by bad management of joint venture or conflicts between JV partners. This could affect the business profitability, value of its investment and the Company's reputation or relationship with customers or business partners. The Board of Directors has given a guideline to evaluate each investment to manage this

risk. These criteria include the consideration of JV partners, their vision and mission, the value of investment, and the operating plan of the JV Company. The Company would also agree and clarify on the operational control, management roles and responsibilities of each party in the JV Company. Additionally, the Company also regularly monitor the JV Company's performance and provide necessary support to help improve efficiency and generate a reasonable return to the Company.

### **RISK RELATED TO INVESTMENTS IN OTHER COUNTRIES**

According to the company's business strategy to become a leading automotive part manufacturer in Asia, the Company has been looking for good investment opportunities overseas. Other than Thailand, the Company has invested in China, Malaysia, and Singapore. Dealing with business in other countries exposed risks to the Company from uncertainties and changes in the country that the business operates, hence affecting the business operation and the Company's profitability. The Board of Directors have carefully considered new investments and require the management to conduct thorough feasibility studies covering all relevant aspects for every project proposal. This information is presented at the Board of Directors' meeting for approval, so that the Company can allocate its funding resources in the most effective and efficient manner and generate return back to its shareholders.

### **RISK RELATED TO CREDIT FACILITY WITH BANKS**

The Company has the risk from loan agreements with banks, which require the Company's performance to be in compliance with financial covenants. If the Company fails to comply with these conditions, it may result in the call back of bank loans and directly affect cash flows and investments of the Company. The breach of such terms and conditions with the bank also hampers the Company's reputation and may trigger the call for loans from other creditors.

The Company has plan to manage its funding portfolio for the risk management measure. The Company has diversified its source of funding by issuing corporate debentures in the capital market in 2015 and 2016. As of today, the proportion of corporate debentures to bank loan has increased to approximately 44:56, as compared to the ratio in 2015 at 39:61. The Company has maintained good relationships with banks although it has reduced its borrowing of bank loans. The Company has carefully reviewed new loan agreements and would agree upon the terms and conditions that the Company can accept and achieve throughout the tenor of the loan agreements. The Company closely monitors its performance and maintained close communication with banks to seek waiver from banks to avoid being in the situation of the call back of loans.

### **RISK RELATED TO CORRUPTION**

Corruption is an important issue that can have significant effect on the operations. It would incur unnecessary costs and reduce profit. The Company's reputation would be negatively impacted from lack of transparency in the organization. The Company is committed in conducting its businesses honestly and fairly, and has expressed its intention to join the CAC since 2013 onwards.

The Company does not have businesses with government agencies, and therefore has assessed that risk and impact related to corruption was low. In other cases, the Company may be at risk from its operational transactions, from sales, services, purchase, recruitment donation, support, as well as other hospitality events, entertainments, and gifts. To manage this risk, the Company has reviewed that its activities are in compliance with working procedures, which are clear, transparent, and auditable. The Company has set annual plan for internal auditor to perform audit and report to the Audit Committee on a quarterly basis. Furthermore, the Company has established the whistle blower policy to encourage employees or third party stakeholders to report wrongdoings or inappropriate actions which may lead to corruption.





# SHAREHOLDING STRUCTURE

As of December 31, 2016, AAPICO Hitech PLC has a registered and paid-up capital of Baht 322,583,844, all of which are ordinary shares at par value of Baht 1 each.

On February 26, 2016, the resolution of the Board of Directors' meeting had approved the Share Repurchase Program for financial management purpose. The Company would repurchase its shares on the Stock Exchange of Thailand from March 15, 2016 to September 14, 2016. At the end of the program, the Company had paid Baht 75,711,690 for repurchased shares of 6,007,700 shares, which is equivalent to 1.9% of total paid-up capital of the Company. On February 28, 2017, the Board of Directors had resolved to approve the resale of repurchased shares on the Stock Exchange of Thailand for a period of 2 years and 6 months, starting from March 15, 2017 to September 13, 2019.

In June 2016, the Company had issued corporate debenture and offered for sale via private placement to not more than 10 investors. The Debenture is unsubordinated and unsecured debenture named "The Debenture of AAPICO Hitech Public Company Limited No.1/2559 Due B.E. 2562" with the principal amount of Baht 300 million and a tenor of 2 years and 11 months. The Debentures have the par value of Baht 1,000 per unit.

As of today, the Company does not have any other securities with terms and conditions different from ordinary shares, such as preferred shares, etc., apart from the aforementioned. On August 2, 2013, the Company had registered the transfer of preferred shares to ordinary shares and no longer had preferred shares on its account.

## TOP 10 SHAREHOLDERS OF THE COMPANY

No.	Shareholders	Number of shares	Holding %
1	Mr. Yeap Swee Chuan	40,971,379	12.70
	Mrs. Teo Lee Ngo	31,811,346	9.86
	<b>Mr. Yeap Swee Chuan Group</b>	<b>72,782,725</b>	<b>22.56</b>
2	SAIT Company Limited	25,924,320	8.04
	Sojitz Automotive Investment Pte. Ltd.	24,907,680	7.72
	<b>Sojitz Corporation Group</b>	<b>50,832,000</b>	<b>15.76</b>
3	Ms. Yeap Xin Yi	30,114,640	9.34
4	Ms. Yeap Xin Rhu	25,646,760	7.95
5	Phatra Capital Public Company Limited	15,793,600	4.90
6	Thai NVDR Company Limited	14,359,271	4.45
7	Mr. Pichai Wijakkapan	12,227,340	3.79
8	Mr. Sompong Paoenchoke	6,819,040	2.11
9	AAPICO Hitech Public Company Limited	6,007,700	1.86
10	Mr. Kiattisak Trairungtassana	5,914,620	1.83
	Others	82,086,148	25.45
	<b>Sum Total</b>	<b>322,583,844</b>	<b>100.00</b>

**Source :** Thailand Depository (Thailand) Co., Ltd. (Information at the closing of share register book on March 16, 2017)

**Remark :** Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are considered acting in concert group according to the SEC definition.

The major shareholders with management control are Mr. Yeap Swee Chuan Group, of which Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are the Company's authorized directors.

The Company does not have any shareholder's agreement among major shareholders that has impact on the issue and offer of securities or the management of the Company's operations. Sojitz Corporation, the 2<sup>nd</sup> major shareholder, has placed two individuals as their representatives in the Board of Directors, both in the position of non-executive director.

## LIMITATION OF FOREIGN SHAREHOLDERS

The threshold limit of foreign holding is at 49% of total shares as required by law. At the closing of share register book on March 16, 2017, the foreign shareholding of the Company has reached its maximum limit at 49% of total registered and paid-up capital.

## DEBENTURES

The Company has two outstanding debentures which have been listed and being traded on the Thai Bond Market or "ThaiBMA", with details as follows:

### LIST OF OUTSTANDING DEBENTURES AS OF DECEMBER 31, 2016

Name of Debenture	The Debenture of AAPICO Hitech Public Company Limited No.1/2558 Due B.E.2561	The Debenture of AAPICO Hitech Public Company Limited No.1/2559 Due B.E.2562
Type of Debenture	Senior, unsecured, unsubordinated and specify debenture holders	Senior, unsecured, unsubordinated
Tenor	3 years	2 years 11 months 21 days
Issue Size	Baht 800,000,000	Baht 300,000,000
Issue Unit	800,000 Units	300,000 Units
Par Value	Baht 1,000	Baht 1,000
Issue Price	Baht 1,000	Baht 1,000
Issue Date	April 29, 2015	June 21, 2016
Maturity Date	April 29, 2018	June 11, 2019
Interest rate and Interest period	Fixed rate at 4.34%. Interest payment shall be made every 6 months on April 29 and October 29 of every year until the maturity date of debenture.	Fixed rate at 3.10%. Interest payment shall be made on March 21, June 21, September 21 and December 21 of every year until the maturity date of debenture, of which the last interest payment shall be made on that day.
Registrar	Bangkok Bank Public Company Limited	Kasikorn Bank Public Company Limited
Debentureholders' Representative	Bangkok Bank Public Company Limited	-
Outstanding Unit	800,000 Units (Information as of December 31, 2016)	300,000 Units (Information as of December 31, 2016)
Outstanding Value	Baht 800,000,000 (Information as of December 31, 2016)	Baht 300,000,000 (Information as of December 31, 2016)



Name of Debenture	The Debenture of AAPICO Hitech Public Company Limited No.1/2558 Due B.E.2561	The Debenture of AAPICO Hitech Public Company Limited No.1/2559 Due B.E.2562
Conditions for prepayment	Issuer has no right to redeem the debenture prior to maturity date, except in the case of bond repurchase as defined in the Terms and Conditions. Debentureholders also have no right to require the issuer to redeem the debenture prior to maturity date.	Issuer has no right to redeem the debenture prior to maturity date, except in the case of bond repurchase as defined in the Terms and Conditions. Debentureholders also have no right to require the issuer to redeem the debenture prior to maturity date.
Status of the Debenture	The debenture constitutes direct, general, unconditional and unsubordinated obligations of the Issuer which with at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.	The debenture constitutes direct, general, unconditional and unsubordinated obligations of the Issuer which with at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Credit Rating (TRIS Rating)	BBB+ / Stable	

## DIVIDEND POLICY

The Company has a policy to pay dividend at the rate of not less than 10% of net profit after taxes to its shareholders. However, the decision for dividend payment is subjected to future investment plans and other necessities as the Company deems appropriate. The Company must also have fully allocated its retained earnings up to 10% of registered capital for legal reserves in compliance with the Public Limited Company Act in relation to the dividend payment and thus no additional reserve is required.

The dividend payment must be approved by the shareholders' meeting except for the interim dividend payment, which can be approved by the Board of Directors, given that the Company has sufficient liquidity.

In the past 5 years, the Company has announced the payment of dividend to its shareholders, on average, at the rate ranging from 25% to 40% of the Company's net profit attributable to equity holders after taxes, as shown in the table below.



## HISTORY OF DIVIDEND PAYMENT IN THE PAST 5 YEARS

Unit: in Baht or in percentage	2012	2013	2014	2015	2016
Earnings per share (EPS)	4.05	1.89	1.14	0.97	1.70
Dividend per share (DPS)	0.938	0.49	0.30	0.30	0.66 <sup>1</sup>
Dividend Payout Ratio (%)	27.4%	25.9%	26.4%	30.9%	38.9%

Note : <sup>1</sup> Dividend in 2016 is pending for approval from the Annual General Meeting of Shareholders.

## DIVIDEND POLICY FOR SUBSIDIARY COMPANY

The Company has the dividend policy for subsidiary company under its management control that the payment of dividend is to be considered based on the performance, liquidity, and financial position of the Company, in consideration with future investment plan and other necessities of the business. The company

must also have fully allocated its retained earnings up to 10% of registered capital for legal reserves and thus no additional reserve is required, before considering the dividend payment to the Company and other shareholders. The Company has no policy that could contravene with good corporate governance in any way.



# BOARD OF DIRECTORS



**Mr. Yeap Swee Chuan** **Age 69 years**

President and Chief Executive Officer / Authorized Director

**Date of appointment:** 1 August 2002 AH Shareholding: 12.70%

**Education:** Bachelor Degree in Technology (Industrial Management),  
Massey University, New Zealand

**Training:** Director Certification Program (DCP103/2008), Thai Institute of Directors

**Work Experience in the past 5 years:**

2010 - Present	Director, Board of Trade
2010 - Present	Vice Chairman, Peace Network of Thailand
2005 - Present	Chairman, Malaysian Thai Chamber of Commerce
2000 - Present	Director, Audit Committee, Goodyear (Thailand) PLC
1996 - Present	President and CEO, AAPICO Hitech PLC

**Mrs. Teo Lee Ngo** **Age 67 years**

Executive Director / Authorized Director

**Date of appointment:** 1 August 2002 AH Shareholding: 9.86%

**Education:** Bachelor Degree in Commerce (Industrial and Business Management),  
Nanyang University, Singapore

**Work Experience in the past 5 years:**

1996 - Present	Executive Director, AAPICO Hitech PLC
1996 - Present	Director, Able Sanoh Industries (1996) Co., Ltd.





**Mr. Hideo Hatada** **Age 52 years**

Non-Executive Director / Member of Risk Management Committee

**Date of appointment:** 14 August 2013 AH Shareholding: -

**Education:** Bachelor of Electrical and Electronics Engineering,  
Faculty of Science and Technology, Sophia University, Japan

**Work Experience in the past 5 years:**

2016 - Present	General Manager, Automotive Dept. 3, Sojitz Corporation
2013 - Present	Director, AAPICO Hitech PLC
2013 - 2016	President, Autrans (Thailand) Company Limited
2012 - Present	Director, Sojitz Automotive Investment PTE LTD
2011 - 2013	Deputy General Manager, Automotive Dept.3, Sojitz Corporation
2009 - 2011	Manager, Automotive Dept.1, Sect.1, Sojitz Corporation

**Mr. Yasuhiro Kawamura** **Age 58 years**

Non-Executive Director / Member of Risk Management Committee

**Date of appointment:** 13 May 2016 AH Shareholding: -

**Education:** Bachelor of Social Sciences, Waseda University, Japan

**Work Experience in the past 5 years:**

2016 - Present	Director, AAPICO Hitech PLC
2016 - Present	President, Autrans (Thailand) Company Limited
2014 - 2016	President & CEO, Sojitz Automotive & Engineering Inc.
2012 - 2014	Senior Managing Director, Sojitz Automotive & Engineering Inc.
2006 - 2012	Managing Director, Sojitz India Private Limited



**Mr. Pipat R. Punya**
**Age 68 years**

Independent Director / Chairman of Audit Committee /  
Chairman of Nomination and Remuneration Committee

**Date of appointment:** 1 August 2002 AH Shareholding: -

**Education:** Bachelor of Laws, Thammasat University, Thailand  
Master Degree in Public and Private Management, NIDA, Thailand

**Training:** Director Accreditation Program (DAP11/2004), Thai Institute of Directors  
Role of Chairman (RCP35/2014), Thai Institute of Directors

**Work Experience in the past 5 years:**

2004 - Present Director, Villa Comforta Co., Ltd.  
1996 - Present Director, AAPICO Hitech PLC  
1988 - Present Director, Go Thailand Tour Co., Ltd.  
1983 - Present Partner and Managing Director, Nitipat Law Office Co., Ltd.


**Mr. Kenneth Ng**
**Age 48 years**

Independent Director / Member of Audit Committee /  
Member of Nomination and Remuneration Committee

**Date of appointment:** 1 December 2008 AH Shareholding: -

**Education:** Bachelor of Sciences (Honor), Biotechnology, Graduated uppersecond,  
King's College London University, United Kingdom  
Qualified Chartered Accountant (Institute of England & Wales)

**Training:** Director Certification Program (DCP189/2014), Thai Institute of Directors

**Work Experience in the past 5 years:**

2008 - Present Director, AAPICO Hitech PLC  
2005 - Present Director, KNKN Co., Ltd.  
2005 - Present Director, NT Asset (Thailand) Co., Ltd.

**Mr. Wichian Mektrakarn**
**Age 63 years**

Independent Director / Member of Audit Committee /  
Member of Nomination and Remuneration Committee

**Date of appointment:** 27 April 2015 AH Shareholding: -

**Education:** Bachelor of Science in Electrical Engineering (Honor),  
California State Polytechnic University, Pomona, USA

**Training:** Director Certification Program (DCP107/2008), Thai Institute of Directors  
Board that Make a Difference (BMD3/2016), Thai Institute of Directors

**Work Experience in the past 5 years:**

2015 - Present Director, AAPICO Hitech PLC  
2009 - 2014 Chief Executive Officer, Advanced Info Service PLC  
2006 - 2009 President, Advanced Info Service PLC


**Mr. John Parker**
**Age 70 years**

Independent Director / Chairman of Risk Management Committee

**Date of appointment:** 26 April 2011 AH Shareholding: -

**Education:** Bachelor of Engineer, Port Elizabeth College of Education,  
Cost and Management Accounting, University of South Africa

**Work Experience in the past 5 years:**

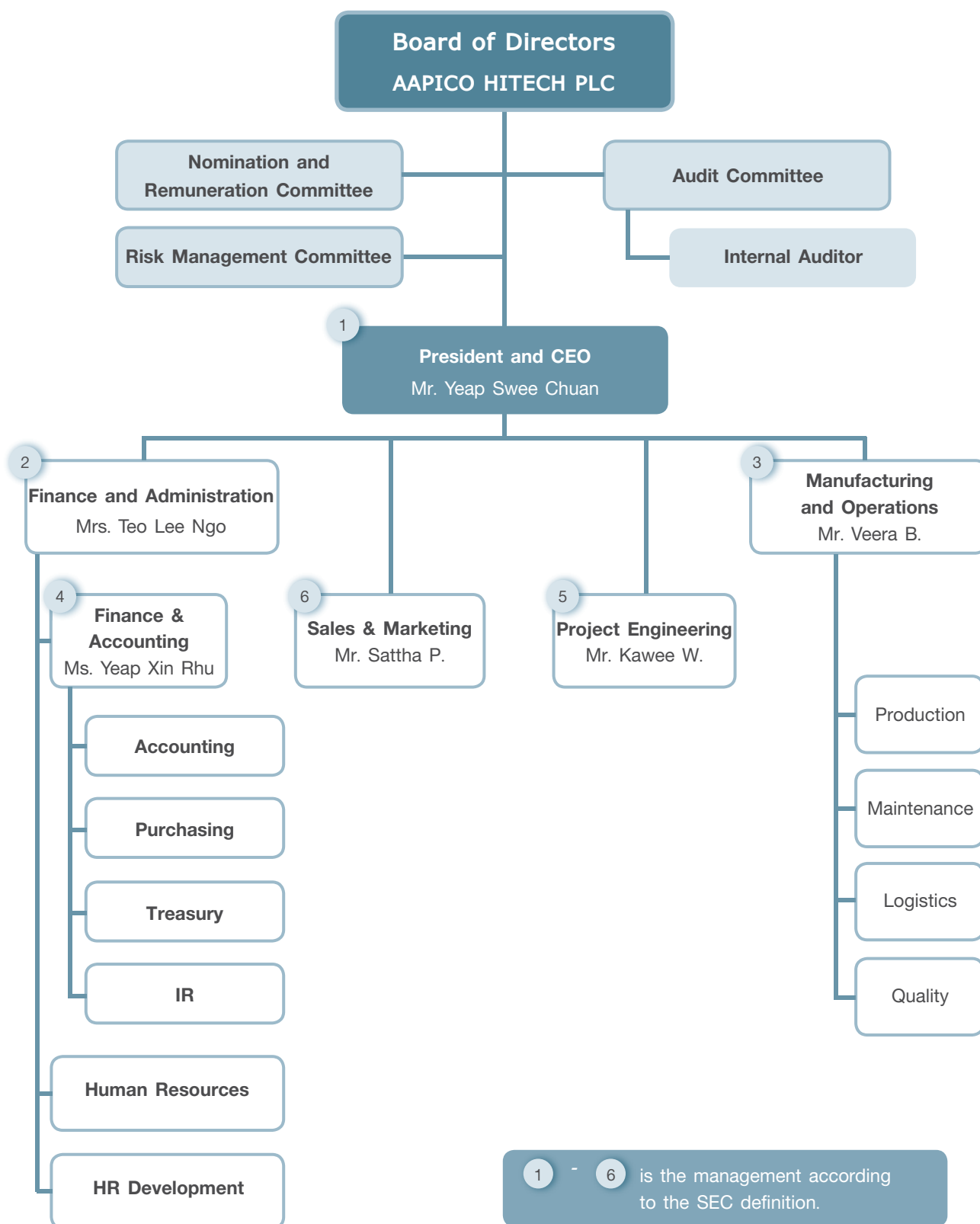
2014 - Present Director, Asian Advisory Board, Pinnacle Engines Inc.  
2011 - Present Director, AAPICO Hitech PLC  
2006 - 2010 Executive Vice President, Asia Pacific and Africa, Ford Motor Company



# ORGANIZATION AND MANAGEMENT

## THE ORGANIZATION STRUCTURE OF AAPICO HITECH PUBLIC COMPANY LIMITED

as of December 31, 2016





## BOARD OF DIRECTORS

The Board of Directors of AAPICO Hitech PLC is comprised of 8 qualified directors, who have knowledge and experience in the automotive industry or other

areas which are beneficial to the Company's operations. As of December 31, 2016, there were 8 directors, whose names are:

Name	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee
Mr. Yeap Swee Chuan <sup>1</sup>	Chairman & Executive Director			
Mrs. Teo Lee Ngo <sup>1</sup>	Executive Director			
Mr. Pipat R. Punya	Independent Director	Chairman	Chairman	
Mr. Kenneth Ng <sup>2</sup>	Independent Director	Member	Member	
Mr. Wichian Mektrakarn	Independent Director	Member	Member	
Mr. John Parker	Independent Director			Chairman
Mr. Hideo Hatada	Non-Executive Director			Member
Mr. Yasuhiro Kawamura <sup>3</sup>	Non-Executive Director			Member

Remark : <sup>1</sup> Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are authorized directors jointly signed together on behalf of the Company with the Company's seal affixed.

<sup>2</sup> Mr. Kenneth Ng is the member of Audit Committee with background in finance and/or accounting.

<sup>3</sup> Mr. Yasuhiro Kawamura was appointed as of May 13, 2016 replacing Mr. Mikiyama Takayama who resigned effective on the same date.

The Board of Directors is appointed and approved by the shareholders' meeting to have the power and duties to appoint the Company's management, senior executives and directors, and to monitor the Company's activities and performance. Roles and responsibilities between the Board of Directors and the executive management have been clearly defined and

are conformed to laws, regulations, code of conducts and business ethics.

The Company had organized 15 meetings for the Board of Directors and its committee, including the Annual General Meeting of Shareholders for the year 2016. An overview of meetings and directors' attendance are described below.

Name	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	Annual General Meeting
Mr. Yeap Swee Chuan	4/4	-	-	3/4	1/1
Mrs. Teo Lee Ngo	4/4	-	-	-	1/1
Mr. Pipat R. Punya	3/4	3/4	1/2	-	1/1
Mr. Kenneth Ng	4/4	4/4	2/2	-	1/1
Mr. Wichian Mektrakarn	4/4	4/4	2/2	-	1/1
Mr. John Parker	4/4	-	-	4/4	1/1
Mr. Hideo Hatada	2/4	-	-	2/4	1/1
Mr. Yasuhiro Kawamura <sup>1</sup>	3/3	-	-	3/3	-
Mr. Mikiyama Takayama <sup>1</sup>	0/1	-	-	0/1	0/1

Note : Directors absent from the meetings in 2016 were due to overseas trips.

Remark : <sup>1</sup> Mr. Yasuhiro Kawamura was appointed as of May 13, 2016 replacing Mr. Mikiyama Takayama who resigned effective on the same date.



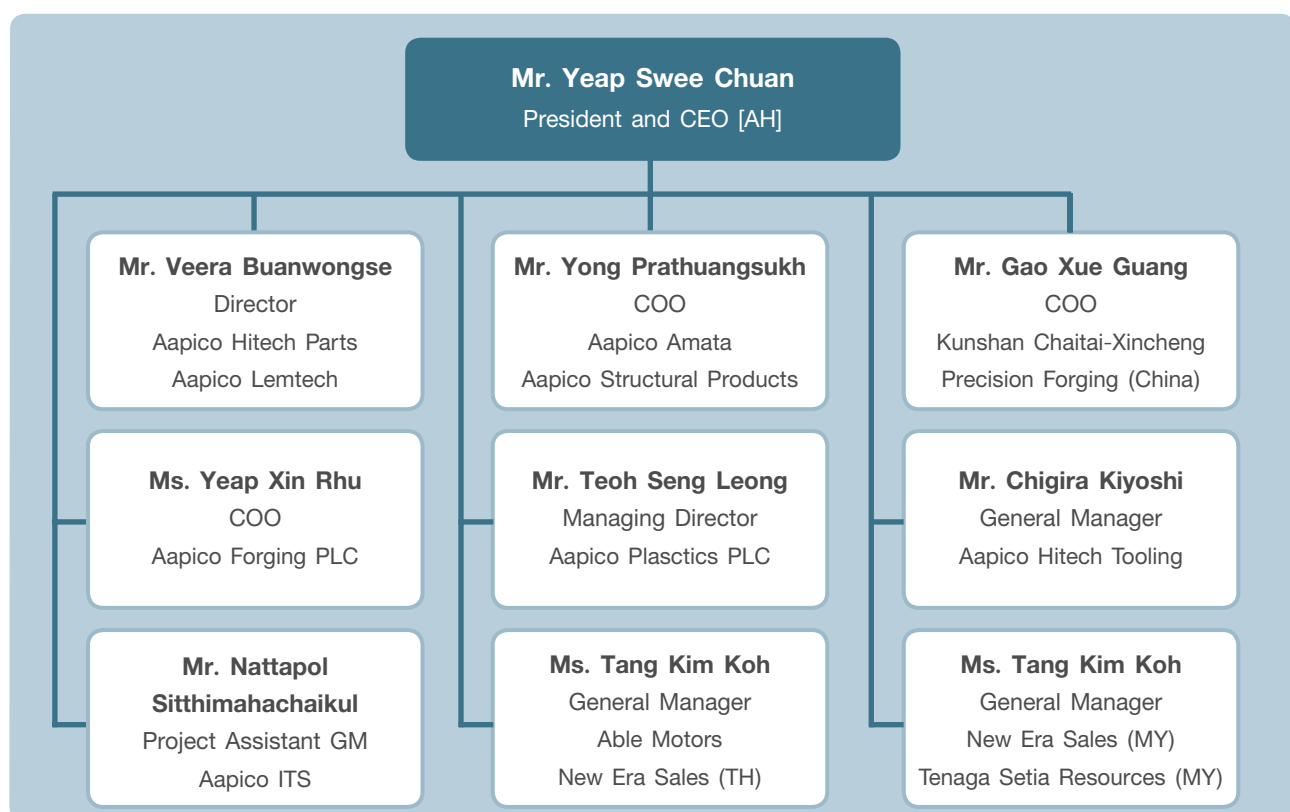
## TOP MANAGEMENT

The management of AAPICO Hitech PLC according to the definition of Security and Exchange Commission is listed in the following table.

Rank	Name	Position
1	Mr. Yeap Swee Chuan	President and CEO
2	Mrs. Teo Lee Ngo	Executive Director, Finance and Administration Department
3	Mr. Veera Buanwongse	Director, Manufacturing Department
4	Ms. Yeap Xin Rhu	Director, Finance & Accounting and Purchase Department
5	Mr. Kawee Wasarucharekul	General Manager, Project Engineering Department
6	Mr. Sattha Peth-in	Assistant General Manager, Sales and Marketing Department

## THE MANAGEMENT OF MAJOR SUBSIDIARY COMPANIES

The Company has assigned duties and responsibilities to the management of its subsidiary companies to be accountable for its own performance and report to the Board of Directors. The following diagram provides an overview of the head of major subsidiary companies.



## COMPANY SECRETARY

The Board of Directors has appointed Ms. Phanthip Sintawanarong as the Company Secretary, responsible for organizing the Board of Director and its committees' meeting and shareholders' meeting, as well

as preparing for notice and minute of meeting. The Company Secretary is also responsible for the filing of documents as stipulated by laws, the SET and the SEC.

## REMUNERATION

### THE BOARD OF DIRECTORS' REMUNERATION

The remuneration of the Board of Directors was proposed by the Nomination and Remuneration Committee, taking into account the scope of duties, responsibilities, and performance of directors with reference to the comparison of directors' remuneration of other listed companies engaged in the same industry having similar business size, performance and directors' accountability, and the report from the Thai Institute of Directors. Directors' remuneration shall be considered

and approved at the Annual General Meeting of Shareholders on annual basis.

The remuneration of directors for the year 2016 was comprised of annual remuneration, attendance fee, and incentive bonus (for independent directors) at the rate of 0.2% of net profit attributable to equity holders or at the amount not exceeding Baht 3 million. There were no other benefits provided to directors other than the aforementioned. Details of the annual remuneration and attendance fee is described in the following table.

Directors' Remuneration For the year 2016	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee
Annual Remuneration (person/year)				
• Chairman	275,000	50,000	-	-
• Member	275,000	25,000	-	-
Attendance Fee (per person/meeting)	15,000	10,000	7,500	7,500
Incentive Bonus* (for independent directors)	0.2% of net profit attributable to equity holders but not exceeding Baht 3 million			

Each director are remunerated according to their responsibilities and attendance to meetings. Additionally, independent directors are also entitled to receive incentive bonus which is paid based on percentage of net profit that the Company generated for equity holders. The directors' remuneration was paid only to independent directors, as the remunerations for executive directors were included as part of the management's compensation. Non-executive directors,

being representative of major shareholder, are not entitled for directors' remuneration.

For the year 2016, the Company paid the directors' remuneration in a total amount of Baht 2,688,684, including the incentive bonus in total of Baht 1,086,184, which was paid to independent directors as a group. The payment of directors' remuneration to each director is summarized in the table below.

Directors' Remuneration For the year 2016	Annual Remuneration	Attendance Fee				Incentive Bonus	Total (in baht)
		BOD	AC	NRC	RM		
Mr. Pipat R. Punya	325,000	45,000	30,000	7,500	-	271,546	679,046
Mr. Kenneth Ng	300,000	60,000	40,000	15,000	-	271,546	686,546
Mr. Wichian Mektrakarn	300,000	60,000	40,000	15,000	-	271,546	686,546
Mr. John Parker	275,000	60,000	-	-	30,000	271,546	636,546

Note : The annual remuneration, incentive bonus, and some attendance fee was paid to independent directors in the year 2017.



## EXECUTIVES' REMUNERATION

The remuneration for executives is in the form of salaries, bonuses, and provident fund. In 2016, there were 32 executives in the position of manager level and above, and total remuneration paid was at Baht 37.45 million.

## EMPLOYEES' REMUNERATION

The Company provides compensation and benefits to its employees in the form of salaries, wages, bonuses, contribution to social security and provident fund, as well as welfares and other benefits, which include post-employment and long-term employee benefits. The remuneration paid to employees in 2016 in the form of cash and cash equivalent was in a total amount of Baht 1,435 million, as compared to Baht 1,354 million in 2015.

## OTHER BENEFITS

### PROVIDENT FUND

The Company has jointly established provident fund with its employees, where the Company and employees who are member of the funds contribute to the funds on monthly basis at the rate of 3%-7% of wage or basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 was amounted to Baht 22 million (2015: Baht 22 million).

Executives' Remuneration	Year 2015 (million baht)	Year 2016 (million baht)
Salary	29.30	31.26
Bonus	4.75	4.94
Provident Fund	1.12	1.25
<b>Total Amount</b>	<b>35.17</b>	<b>37.45</b>
Number of Executives	23 people	32 people

## LONG-TERM EMPLOYEE BENEFITS

The Company also provides compensation and gratuity benefits to employees upon retirement. The payment is made in compliance with labor laws.

## EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

During 2013-2014, the Company had initiated the Employee Joint Investment Program (EJIP), where the Company and employee join on voluntarily basis to regularly invest in the Company's stock as an incentive scheme to motivate and create sense of ownership for employees. The program period was 2 years and had ended in September 2014.

## EMPLOYEES

As of December 31, 2016, AAPICO Hitech PLC and its major subsidiaries have in total 3,874 employees, which can be classified as follows:

Product / Business	Thailand		Malaysia		China		Total	
	2015	2016	2015	2016	2015	2016	2015	2016
Jigs and Dies	130	119					130	119
Automotive Parts	3,124	3,033			314	259	3,438	3,292
Car Dealerships	155	179	149	156			304	335
Others <sup>1</sup>	116	125	3	3			119	128
<b>Total</b>	<b>3,525</b>	<b>3,456</b>	<b>152</b>	<b>159</b>	<b>314</b>	<b>259</b>	<b>3,991</b>	<b>3,874</b>

Remark : <sup>1</sup> include employees in the car navigation and technology and shared resources for supporting departments.



## **HUMAN RESOURCES DEVELOPMENT**

The Company has put great emphasis on human resources development and considers its employees as one of key important factors that drive the sustainable growth of the Company. The Company therefore has established a wholly owned subsidiary to set up the Company's training center and manage trainings and development programs for employees of AAPICO Group in a systematic manner. The Company has targeted to develop the skills and abilities of employees at all levels to improve further the standard of quality and performance to the next level. The Company has encouraged employees to show their full potential and able to quickly adapt and respond to changes in technology and business needs and requirements of the industry in a reasonable time.

The Company has set up and arranged trainings and development programs for its employees, considering the standard operational procedures, the needs of each departments, and the basic skills of employees. It aims to educate employees to have knowledge and understanding of their work to be able to perform their duties safely and efficiently. Training courses are arranged according to objectives and goals and are reviewed every year, with details as follows:

### **EMPLOYEE ORIENTATION**

The employee orientation program is arranged for new employees to understand and become accustomed and conformed to the Company's policy. This course provides information of the Company and its businesses, including vision, policies, rules and regulations, code of conduct, and standard working procedures, and communicates details of welfares and benefits that the Company has available for its employees.

## **TECHNICAL AND PROFESSIONAL TRAININGS**

The Company provides professional trainings in the areas relating to work and operations to develop and improve technical skills of employees to be able to perform their work efficiently, achieve standard of quality, and under a safe environment. These technical skills training courses cover trainings related to the use of different types of machines, basic information relevant to work, working procedures and communication with customers, etc.

### **QUALITY, SAFETY, AND ENVIRONMENTAL TRAININGS**

The Company arranges training programs relating to quality management, safety, and environmental management within the organization to create awareness to employees for the standard of quality work, the efficient use of resources, and the safe workplace and working environment. These courses cover safety trainings, laws and regulations relating to safety and environmental management, the quality management system ISO/TS16949, etc.

### **SUPERVISING SKILL TRAININGS**

The Company provides training courses to increase knowledge and develop coaching skills for managers to support and prepare for leading roles in the management level.

### **SELF DEVELOPMENT TRAININGS**

The Company encourages employees to continuously develop and improve their knowledge and skills, especially language and the knowledge of information technology including ORACLE to enable employees to communicate and manage their work efficiently and effectively.



### **QUALITY OF LIFE TRAININGS**

The Company has been focusing on improving employees' quality of life along with the growth of the business, as it considers good quality of life as a foundation that will lead to good quality of work and hence the sustainable growth of the Company. The Company has set up these trainings with a qualified team of trainers and lecturers from Thailand Develop Club. The outline of the course encourages employees to understand the fundamental of life, refraining from vices, creating the bond of love and relationships within the family, develop self-discipline, teamwork and understanding root cause of problems and finding ways to resolve and improve their lives. This program attaches great importance to the development of self-discipline, teamwork and good leadership, and continuous encouragement at becoming a good person, which will lead a person to become a strong contributor to the organization and society.

### **MANAGEMENT SEMINARS**

The Company organizes management seminars every year, normally in the month of January and July, where managers, executives, and the Board of Directors join for updates on the Company's performance and strategic directions. The Company also invites notable speakers to share their knowledge and experience in the managerial and leadership role with the Board of Directors and the Company's management. In 2016, the Company arranged the management seminars on January 28, 2016 and July 28, 2016.

# CORPORATE GOVERNANCE

The Company places great importance in good corporate governance. Over the years, the Company has strived to continuously improve the governance standards in the organization to gain and maintain confidence and trust from shareholders in its operations. This is also seen as a foundation for growth and sustainable profitability.

The Company has been adhering to good corporate governance principles and has acted in compliance with the policy, of which actions in 2016 can be classified in the following sections.

## A. RIGHTS OF SHAREHOLDERS

The Company respects highly the rights of shareholders and refrains from any actions that limit shareholders to have access to company information. Shareholders have the right to freely buy, sell, and transfer shares, the right to receive adequate information in a timely manner and on regular basis, the right to participate in the shareholders' meeting and the right to vote for appointment of directors and auditor, the right to fix remuneration for directors and auditor, the right to receive dividend, and the right to approve amendments to the company's articles of association or memorandum of association, etc. The Company encourages shareholders to attend the shareholders' meeting and exercise their rights and involve in the matters affecting their benefits. The Company prohibits any actions that would limit or hinder the exercise of shareholders' rights.

The Company encourages and accommodates every shareholder, either individual or institutional, to attend shareholders' meeting. The venue selected for the meeting shall be in the city and easily accessible by public transport. Date and time shall be fixed with consideration of convenience to the shareholders.

The Annual General Meeting of shareholders for the year 2016 was held on Wednesday, April 27, 2016, at 14.30 Hrs., at the Lotus Ballroom, Movenpick Hotel Bangkok Sukhumvit at 47, Sukhumvit Soi 15, Sukhumvit

road, Klongtoey Nua, Watthana, Bangkok 10110. This hotel is accessible via public transportation, shuttle bus and cars, and has sufficient space to accommodate shareholders attending the meeting. Shareholders who are not able to attend shareholders' meeting can appoint independent director or individuals to be their proxy, using the proxy form B which was sent together with the notice of shareholders' meeting. Shareholders can specify their vote on each agenda in the proxy form or allow proxy to vote on their behalf. All types of proxy forms can also be downloaded from the Company's website.

**Before the meeting,** the Company ensured that notice of shareholders' meeting contained the correct and complete information, indicating time, date, venue, and agenda of the meeting. Each agenda was provided with facts, board opinion on the topic, and request approval from the meeting. Notice of the meeting included sufficient details, registration procedure, voting procedure, etc. The Company appointed Thailand Securities Depository as registrar to send the notice of the meeting to shareholders at least 7 days prior to the meeting date. The Company also published the same information on its website 30 days prior to the meeting date. Information was provided in both Thai and English language (for foreign shareholders) and was communicated via the SET portal.

For Annual General Meetings, the Company provides opportunity for shareholders to propose agendas or to nominate qualified candidates to be elected as the Company's directors. Information on criteria and procedures for director nomination and agenda is made available on the Company website. However, there were no proposal from shareholders in the past year's meeting.

**On the meeting day,** the Company used an online registration tool to facilitate the registration process. The Company followed the registration procedure and verified shareholders' documents as described in the notice of the meeting. The Company also provided stamp duty for proxy holder at their convenience.



Before the meeting was convened, the Company clearly advised the quorum, voting procedures and voting count method to the attendees prior to the discussion of the agenda items. Shareholders were still allowed to attend the meeting after it has been convened. However, their votes would only be counted as quorum as from time they attend the meeting and would be entitled only for pending agendas that have not yet been resolved. Directors are advised to join the shareholders' meeting. There were 7 out of 8 directors (87.5%) who attended the Annual General Meeting for the year 2016. The Chairman of the board and sub-committee were all present at the AGM. The external auditor also attended the meeting and witnessed the vote counting.

The Company proceeded with each agenda in the same sequence as specified in the notice of the meeting without modification. There were no discussion other than those already specified in the notice. Shareholders were encouraged to ask questions and express their opinions before casting the vote. For the appointment of director, the Company provided shareholders voting cards to vote for each director individually. Voting cards used at the meeting were kept for evidence and verification.

**After the meeting,** the Company published the resolution of the meeting for each agenda on the same day as the meeting via the SET portal. The Company prepared the minute of the meeting with details of discussion and information of directors and external auditors attending the meeting. The minute was submitted to SET within 14 days after the meeting day and was made available to the public on the Company's website.

## **B. EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company's policy is to treat each and every shareholder fairly and equally regardless of gender, age, race, nationality, religion, beliefs, political opinions or physical abilities. The shareholders' meeting is open for

every shareholder, whether the shareholder is an individual holding large or small number of shares or institutional investors. Shareholders can vote according to the number of shares they hold. One share equals to one vote. There are no shares with extra privileges over other shares. Minority shareholders receive equal rights as major shareholders to express their opinion, to propose agenda and to nominate the Company's directors. Shareholders can also request for a meeting or company visit. Additionally, the Company disclosed these information on the Company's website in both Thai and English for every shareholder to receive information equally.

The Company follows the regulations and requirements of SEC and SET regarding the dealings with related party. Transactions with related party shall be conducted fairly, at arms' length business, on normal business terms, or based upon agreements between the Company and related party. Directors are required to inform the board of any conflicts of interest if there is such case and shall abstain from voting.

### **THE USE OF INSIDER INFORMATION**

The Company is always aware on the possible abuse of inside information and has established a guideline to govern the use of insider information to prevent the dishonest dealing of inside information for personal benefits. The Company has identified a group of people who has access to financial results and other confidential information of the Company. This insider group consists of directors, executives, and employees whose roles are related to that particular issue. This insider group shall protect the confidentiality of information as the leakage of information may impact the share price and cause damage to the Company and shareholders.

The Company has established a guideline for directors and executives to report the changes of ownership of the Company's shares in compliance with good corporate governance principles.



The insider information policy can be summarized in key points as follow:

1. The use of insider information for personal or their related parties' gain is strictly prohibited.
2. Financial information, report, or information that may affect the business or stock price must be kept strictly confidential and must not be disclosed to any parties not involved in such transactions.
3. Directors and executives who have access to the Company's financials or information on important transactions shall refrain from trading the Company's securities for a period of 30 days prior to and within 24 hours after the announcement of the Company's results to the Stock Exchange of Thailand.
4. Directors and executives shall inform the company secretary of their trading of the Company's securities at least one day prior to the transaction date. The company secretary shall summarize and report these changes to the Board of Directors for acknowledgement at the next board meeting.
5. Directors and executives are responsible to report the changes of security holding under their names and their related persons to the office of the Securities and Exchange Commission in compliance with Section 59 of the Securities and Exchange Act B.E.2535, which can be summarized as follows:
  - 5.1. Acquisition of the Company's securities for the first time must be reported within 30 days after the closing date of the offering of securities to public or the date of appointment of director or executives (Form 59-1)
  - 5.2. Changes in securities holding resulting from disposition, transfer or being transferred for securities must be reported within 3 working days after transaction date (Form 59-2) except the case that such changes are resulted from the Employee Joint Investment Program (EJIP) or other program which received exemption from the Securities and Exchange Commission.

The Company has communicated this policy to its directors, executives, and employees of the Company and subsidiaries to act in compliance with this policy. This information is also included as part of employee orientation and is reviewed on an annual basis. Failure to comply with this policy is a violation of the Company's code of conducts. Any violation of this policy and the Company's code of conducts resulting in derogation or damage to the Company are subjected to penalty measures, i.e. warning, suspension without pay and termination, and possibly legal actions taken by coordinated and relevant regulatory authorities.

## C. ROLES OF STAKEHOLDERS

The Company recognizes the rights, different needs and interests of each stakeholder and therefore has carefully defined the policy to meet the needs of its stakeholders, either by law or by agreement with the Company. The Company's stakeholders can be classified into 8 groups as follow.

### SHAREHOLDERS

The Company has set the target for sustainable growth and generate appropriate returns to shareholders in the long run. The Board of Directors and executives have duties and responsibilities to supervise the business to operate effectively, efficiently and in a transparent and auditable manner. The Company shall operate in consideration of the best interests of shareholders and shall comply with good corporate governance principles. The Company arranges a company visit for shareholders on an annual basis. Shareholders can always contact the Investor Relations officer to enquire about the business and operations. The Company prepares financial information and disclosure that is accurate and complete, which reflects the true status of the financial position and operating performance of the Company. And this is done with public disclosure on a quarterly basis. The Company monitors access to internal information in a systematic manner to prevent



anyone from using internal information for personal gains and may cause damage to the Company and shareholders.

## **CUSTOMERS**

The Company focuses and emphasizes on excellent production and delivery of high quality products to customers in a timely manner and at a competitive price. It is committed to continuously develop and improve the quality of its products and services according to the SQCDM principles to meet or exceed customers' expectations. Being a responsible partner in the automotive parts industry, the Company ensures the continuation of production and on-time delivery to support the overall supply chain. The consistent recognition for the Company's quality management system, as well as awards and achievements from customers over the years can be a good confirmation of the Company's commitment to excellence.

The Company strictly keeps the confidentiality of information of each customer. It does not share any information that is confidential to its partners. The Company has a policy with regards to the use of intellectual property and copyrights and has operated in compliance with regulations or contractual requirements of the use of such material. The use of computer and information technology are to be conformed to the Computer Related Act and other local intellectual property and copyright laws.

## **PARTNERS AND JOINT VENTURES**

AAPICO Hitech upholds integrity and fairness in operating its business. The Company considers equality and honesty as virtues among its core values for long term business relationships. The Company treats its business partners and joint ventures with fairness and integrity, honors agreements between both parties, and

complies with business ethics, restrictions, applicable rules and relevant laws of the country they operate in. The Company carefully evaluates its business partners. To its best knowledge, the Company ensures that its partners are reputable and do not risk the Company being associated with corrupted activities

## **SUPPLIERS**

The Company selects suppliers in a fair and open manner. The Company has the policy that no parties will have the unfair advantage of a separate, prior, closed-door negotiation for a contract. Purchase of material and hire of service are always considered for its quality, price, service, and punctual delivery according to the agreements or product requirements, and shall never be influenced by the offer of gifts or favors of any kind from suppliers or business partners. Every employee must adhere to the Company's policy regarding the receipt of gifts and anti-corruption policy to avoid any incidents leading to corruption.

The Company performs yearly audit on all its OEM suppliers to ensure that its suppliers are committed to the same level of quality standard and conform to the standard of the Company's quality system, and that the products outsourced to suppliers meet the customers' requirements.

## **COMPETITORS**

The Company operates with openness, fairness, and integrity by adhering to honest and fair competition. It shall operate under no circumstances that may cause or be part of any violation of general or special competition regulations, such as illegal cooperation in pricing, illegal market sharing or any behavior that is in breach of relevant competition laws, intellectual and business laws and code of conducts, and shall not use dishonest methods to discredit any competitors.

## **CREDITORS**

The Company operates in compliance with terms and conditions agreed upon with creditors, being trade creditors, financial institutions, and debentureholders. The Company maintains sufficient communication and reports its financial positions as required by creditors. It notifies creditors in advance of any issues that may result in breach of financial covenants or agreements to ask for a waiver or to find a resolution together.

## **EMPLOYEES**

The Company places importance on employees' well-being and improvement of quality of their lives as happy employees is one of core values that drives the Company's success and sustainable growth. The Company oversees that compensation and benefits are provided to its employees based on their knowledge and capabilities, in accordance with laws and appropriate for standard cost of livings, in line with benefits provided in other companies in the same industry.

The Company encourages employees to develop and improve their knowledge and skills regularly and provides appropriate trainings to its employees. The Company also places great emphasis on employees' health and safety. It ensures a clean and proper workplace for employees' safety. It implements 5S principles throughout the organization and arranges regular safety trainings to reduce risks of accidents and to create awareness in order to maintain high standards of safety and discipline in the workplace.

The Company ensures that its employees are treated fairly and equally so that they are happy at work. The Company promotes mutual respect and openness in its corporate culture. The Company upholds human rights in all its activities and will not act in violation of human right laws or child labor protection regulations, both

local and international. The Company commits to maintaining the well-being of its employees and has been recognized for its effort and commitment in creating a sustainable workplace. Related activities are such as the participation in the Happy Workplace for sustainability and the White Factory award, etc.

## **COMMUNITY**

The Company has provided support and contributions to communities where it operates and has always put corporate social responsibility on its managements' agenda. Every year the Company gives contributions and donations to community projects and provides support to employees who have involved in improving the lives of people in the community.

The Company adheres and complies with social and environmental protection laws and related regulations as required by the Labor and Social Welfare Ministry, the Industrial Ministry, the Industrial Estate Authority of Thailand and other relevant agencies. It encourages its subsidiaries and associate companies to use resources efficiently and effectively for energy conservation and aims for environmental protection in every part of its operations. The Company has announced the "Green" vision as one of the key missions of the Company, whereby the Company encourages and continuously implements ideas which use minimum input of natural resources to achieve maximum output.

## **ANTI-CORRUPTION POLICY**

The Company commits to operate its business with honesty, integrity, and transparency. It aims to be a responsible partner and acts with integrity towards employees, customers, business partners, shareholders, and also the wider community. The Company firmly opposes to all forms of corruption. It supports and encourages employees at all levels to fight corruption with a conscious mind. The Company has established



the anti-corruption policy to be used as a tool to govern business decisions and apply to corporate actions and behavior of employees in conducting the Company's businesses.

The anti-corruption policy sets standard in the conduct and responsibilities for preventing fraud in the business. It provides a framework and guidance for employees in recognizing and dealing with bribery and corruption with prudence. The Company takes a zero tolerance approach towards bribery and corruption. It communicates and provides trainings to all employees especially those who operate in areas perceived at high risk. Additionally, it communicates the anti-corruption policy to suppliers, customers, contractors, agents, and its business partners.

The Company has declared its intention to fight against corruption and has joined the Thailand's Private Sector Collective Action Against Corruption (CAC) in 2014 and reaffirms its commitment to fight against corruption in all its business operations. The Company has continually streamlined its processes across organization to assure the certification from CAC.

#### **WHISTLE-BLOWER POLICY**

The Company encourages employees and individuals to make comments or raise concerns about any issues or suspicion of malpractices to the Company at any time for the Company to take immediate necessary actions to resolve such issues or prevent severe damages to its operations or reputation. Employees and the Company's stakeholders can file their complaints or concerns of misconducts or illegal acts directly to the executives or the Chairman of Audit Committee by sending electronic mail to AC@aapico.com. The Audit Committee, as assigned by the board, will review all comments, investigate the reported issues together with the management, and report to the Board of Directors at the quarterly board meeting.

The Company aims to encourage openness and will support anyone who raises genuine concerns in good faith. The Company commits to ensure that no one will suffer from any unfair treatment as a result of refusing to take part in bribery or corruption, or because of reporting their suspicion that an actual or potential bribery or other corruption offenses have taken place or may take place. It also has a policy to protect the confidentiality of whistleblowers.

#### **D. DISCLOSURE AND TRANSPARENCY**

The Company ensures that disclosures of the Company's information is clear, transparent, and reflects true status of the Company's performance, and that reports are provided in a timely manner for stakeholders to base their decisions on. The Company has a policy to disclose information in multiple channels to allow equal access of information to all stakeholders. The Company normally uses the SET portal and its website at [www.aapico.com](http://www.aapico.com) as the main communication channels. Information is provided in both Thai and English languages for foreign shareholders.

The Board of Directors certifies that the Company's financial statements were prepared fairly and accurately according to the general accepted accounting principle and has been audited by a certified external auditor, who were authorized and approved by the shareholders' meeting. Financial reports, being the quarterly financial statements, the annual statement (56-1), and annual report (56-2), are prepared in a complete and accurate manner and made available on-time as required by the SEC and SET. The report of changes in the holding of the Company's shares of directors and executives have been disclosed and reported to the SEC in a timely manner. The changes in the holding of the Company's securities by directors and executives in 2016 is summarized in the table below.



Name	Position	No. of shares at the book closing on March 23, 2016	Increases / (Decreases) during the year	No. of shares at the book closing on March 16, 2017
Mr. Yeap Swee Chuan	President and CEO	40,971,379	-	40,971,379
	Executive Director			
Mrs. Teo Lee Ngo	Executive Director	31,811,346	-	31,811,346
Mr. Pipat R. Punya	Independent Director	-	-	-
Mr. Kenneth Ng	Independent Director	-	-	-
Mr. Wichian Mektrakarn	Independent Director	-	-	-
Mr. John Parker	Independent Director	-	-	-
Mr. Hideo Hatada	Non-Executive Director	-	-	-
Mr. Yasuhiro Kawamura	Non-Executive Director	-	-	-
Mr. Veera Buanwongse	Director	-	-	-
Ms. Yeap Xin Rhu	Director	25,646,760	-	25,646,760
Mr. Kawee Wasaruchareekul	General Manager	18,729	-	18,729
Mr. Sattha Petch-in	Assistant General Manager	85	-	85

The Company sets the Investor Relations function to be a primary contact window for investors, shareholders, analysts, and the general public. It is responsible for the publication and disclosures of the Company's news and updates of corporate information in compliance with SET requirements. These are done in an appropriate and timely manner.

The Company arranges for executives to attend seminars, meetings, or events, both domestic and overseas, in order to increase accessibility and interaction with its stakeholders. The Company regularly attends events organized by SET, for example, the Opportunity Day which is organized on a quarterly basis, the Thai Corporate Day and Thailand Focus which are organized in the first quarter and the third quarter of every year respectively, as well as conferences and roadshows overseas, such as in Hong Kong, Singapore, and Malaysia. The Company also schedules meeting with analysts and factory visit for shareholders in its annual plan.

## E. RESPONSIBILITIES OF DIRECTORS

The Board of Directors has duties and responsibilities to advise executives and oversee the operations to ensure that the business is operated for the best

benefit of shareholders in the long-run. The Board of Directors is comprised of respected, knowledgeable and competent directors with skills and experience in areas that are beneficial to the Company.

## STRUCTURE OF THE BOARD OF DIRECTORS

The Company sets the size of its Board of Directors with a number that is appropriate to the size of its business. Each director holds qualifications as required by the Public Limited Company Act and does not in any way indicate a lack of fit to be entrusted with the administration of the company by law or the SEC requirements.

The Board of Directors is comprised of eight members, who are the Chairman and executive director, executive director, two non-executive directors (representative of major shareholders), and four independent directors (one of whom has been in the position for longer than nine years). The Company plans to restructure the board composition upon the retirement of directors in order to comply with good corporate governance practices.



### QUALIFICATION OF DIRECTORS

The Board of Directors has defined the qualification of the Company's directors as follows:

- 1) Possess qualification according to the rules and regulations by the Securities and Exchange Act, the Stock Exchange of Thailand, the Public Company Act B.E.2535 and have no prohibited characteristics or manners indicating a lack of trustworthiness to manage the Company from the view of shareholders by law or by the Company's Articles of Association.
- 2) Not disqualified under Section 68 of the Public Companies Act B.E. 2535.
- 3) Have knowledge, skills, and experience in the automotive industry and/or capable to perform directors' duties with diversified backgrounds which are beneficial to the Company's business.
- 4) Able to devote time especially for making key decisions and handle duties for the best interest of the Company and able to participate in all board meetings and shareholders' meetings.
- 5) Do not perform any actions in ways that affect the interest or benefit of the Company.
- 3) Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of the Company's executive or major shareholders.
- 4) Shall not be or have been an auditor of the Company, subsidiary, associate, major shareholders, unless the relationship has ceased not less than two years prior to the date of becoming an independent director.
- 5) Shall not be or have been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, subsidiary, associate, major shareholders, unless the relationship has ceased not less than two years prior to the date of becoming an independent director.
- 6) Shall neither have nor ever had a business relationship with the Company, subsidiary, associate, major shareholders, unless the relationship has ceased not less than two years prior to the date of becoming an independent director. The term "business relationship" refers to any normal business transactions in the amount more than Baht 20 million or more than 3% of net tangible assets after deducting the liabilities and equity of minority shareholders, whichever is lower.
- 7) Shall not be a director appointed as representative of the Company's directors or major shareholders.
- 8) Shall not operate or be part of a business that operates in the same industry or in direct competition with the Company's operations.
- 9) Shall be capable to perform duties, give opinions, and report results of work performance according to the duties entrusted by the Board independently from the control of management or major shareholders of the Company.

### QUALIFICATION OF INDEPENDENT DIRECTORS

Independent director is a director who does not have any related business or work that may affect his or her independent decision. The Board of Directors defines qualification of independent director in compliance with the minimum requirement of SEC and SET. The Company's independent director shall comply with, but not limited to, the following requirements:

- 1) Shall not hold shares exceeding one percent of total number of voting shares of the Company, subsidiary, associate, major shareholders, including shares held by related persons of such an independent director.
- 2) Shall not be or have been an executive director, employee, staff member, advisor who receives salary from the Company, subsidiary, associate, major shareholders, or juristic person with conflict of interest.

## **TERMS OF SERVICE FOR DIRECTORS**

### **YEARS OF SERVICE IN EACH ROTATION**

The Company's Articles of Association indicates the number of years served on the Board of Directors in accordance with the Public Limited Company Act, which specifies that one-third of total number of directors must retire from the office at the Annual General Meeting. If it is not possible to divide total number of directors evenly by three, the number closest to one-third is applied. In choosing directors to retire, the directors who have served the longest years are the most eligible to retire. Nevertheless, the retiring directors are eligible for re-election.

Apart from the aforementioned retirement by rotation, directors may be removed from the office by the following reasons.

- Death.
- Resignation (with effect from the date the Company receives the resignation letter).
- Being disqualified or being under any of the prohibition under the Public Company Act and laws governing securities and stock exchange.
- Removal by resolution of a shareholders' meeting.
- Removal by a court order.

### **NUMBER OF CONSECUTIVE TERMS OF SERVICE**

The Company's directors have been approved by shareholders' meeting and are highly qualified individuals with knowledge and expertise beneficial to the Company's business. These directors are also respected for their morality and ethics, as well as consistent good performance of duties. If shareholders continue to trust directors and re-appoint them to the Board, the Company shall respect the right of shareholders. Therefore, the Company does not clearly specified number of consecutive term of service for directors. The Company however commits to good corporate governance practices and encourage terms of service of directors for not more than nine consecutive years.

## **LIMITS ON POSITIONS HELD BY DIRECTORS IN THE LISTED COMPANIES**

The Board of Directors sets a policy to limit the number of position held in the board of listed companies other than the Company's own subsidiaries to not more than five companies. Directors shall not sit in the board of the Company that operates in the same industry or is in direct competition with the Company's operations. The holding of positions as directors in other companies shall also be reported to the Board of Directors for acknowledgement.

### **COMPANY SECRETARY**

The Board of Directors defines duties and responsibilities of the company secretary as to organize meetings for the board and its committees, shareholders' meetings, as well as to coordinate activities and trainings for directors. The Company secretary is responsible for preparing notices of meeting, minutes of meeting, annual reports, as well as filing of documents as required by laws and relevant regulations by the SEC and SET. The Board of Directors has determined the qualification of the company secretary to have but not limited to knowledge in law and/or finance and accounting.

## **ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

Roles and responsibilities of the Board of Directors are clearly separated from the Company's management to ensure that business is conducted in a lawful and ethical manner and operations are run efficiently and effectively. The Board of Directors' roles and responsibilities include but not limited to the following:

- 1) Considers, advise, and approves key business matters such as the Company's vision and mission, business strategy, financial targets, business risks, annual operation plan, and budget, as well as to monitor and to ensure that the management operates in an effective and efficient manner.



- 2) Considers and reviews the Company's corporate governance policy and monitors the compliance to the policy at least once a year.
- 3) Provides the Company's code of conduct in writing for directors, executives and employees. Ensure they are aware of the Company's ethical standards and that they act in compliance with the code of conducts.
- 4) Defines guidelines for related transactions with conflict of interests for the benefit of the Company and shareholders, where persons with vested interest cannot participate in the voting or decision-making process of that issue. Ensures that the Company complies with the regulations and that disclosure of transactions with conflict of interests are correct and complete.
- 5) Ensures that an internal control system is in place and in effect, financial reporting and operations are in compliance with rules and regulations, and assigns a responsible person or unit to independently audit and report on the Company's internal control system to the Board of Directors at least once a year.
- 6) Establishes a risk management policy for the organization and assigns the management to manage the Company's risks and to look for business opportunities that may arise from these risks and report to the Board of Directors on a regular basis.
- 7) Provides adequate communication channels for shareholders and ensure that disclosure of information is correct, concise, transparent and reliable.
- 8) Understands the roles and responsibilities of the Board of Directors and the Company's nature of business and always expresses opinion independently.
- 9) Performs duties with honesty and care, taking into account the best interest of the Company and fair treatment of shareholders.
- 10) Oversees and monitors business operations by requiring financial reports that are accurate and

complete and devotes sufficient time and effort to the Company.

#### **BOARD OF DIRECTORS' MEETING**

The Company schedules the annual plan of general board meetings and informs directors in advance. The general board meetings are scheduled 4 times a year to consider and approve financial statements on a quarterly basis. In addition to general meetings, the Company arranges management review meetings and seminars on a semi-annual basis. Directors are invited to attend the meetings to approve the Company's business plan and to review the performance of its subsidiaries. The Company encourages director's attendance to be at least 75% of total Number of Board meetings held in each year. In 2016, six directors have attended every meeting and one director's attendance was 75% of total meetings. The main reason was unavoidable overseas obligations.

For each board meeting, directors are free to propose relevant agendas to the Chairman to consider and conclude in the notice of meeting and inform to directors. The Company sends notice of meeting together with detailed information to directors at least 7 days prior to the meeting date. At the start of meeting, the Chairman counts number of attending directors to form a quorum as specified in the Articles of Association to convene the meeting and considers each agenda in sequence as stated in notice of meeting. The Chairman allocates sufficient time to discuss each agenda carefully and thoroughly. Sufficient information is provided during the meeting for decision making. Directors are encouraged and able to express their opinions freely and openly before casting their votes. Each director has one vote. At least two-third of total number of directors shall be present for voting of each agenda. Director with vested interest in a particular agenda shall be excused or shall abstain from voting for that agenda.



## PERFORMANCE EVALUATION

The Board of Directors conducts self-assessment of its own performance on an annual basis, using the same criteria as specified by SET. The board performance is assessed on 6 areas, which are:

1. Structure and characteristics of the Board
2. Roles and responsibilities of the Board
3. Board meetings
4. The Board's performance of duties
5. Relationship with management
6. Self-development of directors and executives

Directors conduct three sets of assessment for individual performance, performance as a whole, and performance of committee. All eight directors completed this self-assessment questionnaires. The assessment results for the year 2016 has improved year on year in all areas with an average score of 85%, compared to 82% in 2015. The area with the highest score was relationship with management, while the lowest score was roles and responsibilities of the board. The assessment results of committees also improved year on year. The average score of the Audit Committee improved to 84% (2015: 81%), Nomination and Remuneration Committee score was 83% (2015: 78%) and Risk Management Committee score improved to 83% (2015: 75%). The assessment results of individual performance on average improved to 85% compared to 83% in 2015. In addition, the Company has arranged for a self-assessment of CEO and the result was excellent at an average score of 85%.

## REMUNERATION FOR DIRECTORS AND EXECUTIVES

The Board of Directors approved remuneration of the Board of Directors and its committees according to the principles and policies set by the Nomination and Remuneration Committee within the framework and limits as approved by shareholders' meeting. Directors' remuneration is considered based mainly on the scope of duties and responsibilities, directors' performance, the comparison with other listed companies engaged in the same business regarding the performance, business size, directors' accountability, and with reference to

directors' remuneration report conducted in collaboration with SET. The directors' remuneration is proposed to the Board of Directors for approval before passing for approval at the Annual General Meeting of Shareholders.

The Board of Directors assigns responsibility to the CEO to approve executives' remuneration, which is considered based on their duties and responsibilities, individual performance, and the performance of business under their supervision.

## TRAINING AND DEVELOPMENT

The Company supports and encourages directors to continuously develop and enhance their skills and knowledge in relation to their duties and responsibilities. Directors are provided with useful information which is relevant to the Company's business as well as details of duties and responsibilities of the Board of Directors and sub-committees. The Company Secretary is responsible for sending information about trainings and seminars held by SET, SEC, or other events relevant to the Company's business to directors.

The Company encourages directors to attend trainings organized by the Thai Institute of Directors based on recommendations by the SEC as it provides basic information for directors to understand their roles and responsibilities, corporate governance, applicable laws, financial reports, risk, strategy, and effectiveness of the board. The Company's directors have passed these fundamental courses, namely;

1. Mr. Yeap Swee Chuan attended Director Certification Program (DCP108/2008).
2. Mr. Pipat R. Punya attended Director Accreditation Program (DAP11/2004) and Role of Chairman Program (RCP35/2014).
3. Mr. Kenneth Ng attended Director Certification Program (DCP189/2014).
4. Mr. Wichian Mektrakarn attended Director Certification Program (DCP107/2008) and Board that Makes a Difference (BMD3/2016).



The Company also planned for non-Thai directors to attend training in 2016. However, due to timing and limited availability of English courses, there were no trainings for non-Thai directors in the past year. Only one director, Mr. Wichian Mektrakarn, has attended the Board that Makes a Difference training course in 2016.

Other than IOD trainings, directors and executives also have attended seminars and conferences organized by various authorities. These events are for example the SET CEO club which is a forum for CEOs of listed companies to meet and exchange their knowledge and experience, Nikkei Asia 300 Global Business Forum, McKinsey Innovative Forum, and seminars arranged by SEC, SET, or other organization. In addition, executives also attended seminars organized by customers such as the 2016 Ford Asia Top Supplier Meeting, Nissan Annual Supplier Meeting, etc.

#### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

The Board of Directors is responsible to oversee and govern the Company to operate in compliance with laws, objectives, Articles of Association and resolution of shareholders' meeting, and acts in accordance with criteria and regulations of the SET and SEC with honesty and care for the best interests of the Company and shareholders.

In line with good governance principles, the Board of Directors shall have the authority and responsibility to approve the following matters.

1. The quarterly business performance and financial statements of the Company in comparison to the forecast and budget and the consideration of future trends of the year.
2. Related party transactions among the Company, subsidiaries, associates, and related companies or individuals so that they do not violate the regulations of the SET and SEC.
3. Any transactions that would materially affect the Company's capital structure, financial position, business operation, strategy, and reputation.

4. Payment of interim dividends.
5. Employment of the President and senior executives.
6. Determination and change of the approval authority of the Company.
7. Acquisitions and disposals of business and assets including investment in joint venture that have value of transaction which requires the board's approval according to SET announcement. These transactions shall not violate any rules of the SET relating to the acquisition and disposal of assets and connected transactions.
8. Contracts that are not related to an ordinary course of business or contracts that are significant in value and material to the Company's business.
9. The change of policy and operations that have material impact on accounting, risk management, and internal audit.
10. The appointment and determination of authority of the sub-committees.
11. The proposal, appointment, and termination of the Company's directors and secretary.
12. Any other actions in accordance with laws, objectives, Articles of Association, and resolutions of shareholders' meetings.

The Board of Directors may authorize directors or sub-committee to perform any acts on their behalf, except the following subjects, which can be done only upon the approval from shareholders' meeting.

1. Subject which the law requires of the approval from shareholders' meeting.
2. Transactions which directors have interests therein and that the law or regulations of the SET requires resolution of shareholders' meeting. Director who has vested interest in the issues or have conflict of interest with the Company or affiliated company shall be excused from voting.

The following cases must be approved by the Board of Directors and the shareholders' meeting with a vote of

not less than 3/4 of total votes of the shareholders attending who are entitled to vote:

1. Any sale or transfer of the entire or significant part of the Company's business.
2. Any purchase or taking over of other firms by the Company.
3. Any making, amendment or termination of contracts with respect to the granting of a lease of the whole or significant part of the business of the Company, the assignment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.
4. The amendment to the Memorandum of Association and Article of Association.
5. The increase and decrease of capital, the issuance of debentures, the amalgamation or dissolution of the Company.

#### COMMITTEES

The Board of Directors has delegated some of its duties and responsibilities to its committees to assist the Board in reviewing and providing their independent opinions on particular matters. These committees are the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee.

#### AUDIT COMMITTEE

The Audit Committee comprises of 3 independent directors, as follows:

- |    |                        |          |
|----|------------------------|----------|
| 1. | Mr. Pipat R. Punya     | Chairman |
| 2. | Mr. Kenneth Ng         | Member   |
| 3. | Mr. Wichian Mektrakarn | Member   |

Where Mr. Kenneth Ng, with his background and experience in finance and accounting, has ample knowledge to review the reliability of the financial statements. The Audit Committee held 4 meetings in 2016 to perform its duties and responsibilities as assigned by the Board of Directors.

#### POWER AND DUTIES OF AUDIT COMMITTEE

1. Reviews the Company's financial statements every quarter and on an annual basis to ensure that its financial position is true, correct, and in accordance with general accepted accounting standards and relevant laws.
2. Reviews and ensures the effectiveness of the internal control system and internal audit, so that operations have been carried out in compliance with rules, policies, and relevant guidelines. Evaluate the independence of the internal auditor by reviewing its performance and report including reporting structure, and approve the appointment, transfer, and termination of the internal auditor.
3. Reviews performance of the external auditor. Considers, proposes, and appoints external auditor by considering their independence and set audit fee to propose to Board of Directors. Arranges meeting with the external auditor without management presence at least once a year.
4. Reviews and supports compliance with the Securities and Exchange Act and SET regulations, as well as relevant laws and regulations concerning the business of the Company.
5. Establishes corporate governance policy in accordance with the good governance principles of SET and reviews the policy at least once a year.
6. Reviews disclosure of information, particularly related transactions or transactions that may have conflict of interest, to be transparent, correct, and complete and in accordance with relevant SET regulations.
7. Reviews complaints and concerns from stakeholders and reports to the Board of Directors.
8. Reports the Audit Committee's performance to the Board of Directors every quarter. Prepares report of Audit Committee and disclose in Annual Report.
9. Considers and reviews duties and responsibilities and evaluate performance of Audit Committee on an annual basis.



10. Performs any other matters as assigned by the Board of Directors.

#### **NOMINATION AND REMUNERATION COMMITTEE**

Nomination and Remuneration Committee comprises of three independent directors, who are the same as the Audit Committee. Scope of duties and responsibilities delegated by the Board of Directors are as follows.

#### **POWER AND DUTIES OF NOMINATION AND REMUNERATION COMMITTEE**

1. Considers criteria and procedures for the nomination of qualified directors according to the Company's requirements and in consideration to the Company's strategy.
2. Consider criteria, type of remunerations, and other benefits provided to the Board of Directors and its committees, and proposes for approval to the Board of Directors and shareholders' meeting respectively.
3. Selects and nominates qualified individuals and proposes to the Board of Directors to be appointed as the Company's directors and top executives.
4. Review proportion and size of Board of Directors and experience of individual directors whether suitable for the Company's business and that adjustments are appropriate in response to the changing environment.
5. Establishes guidelines for evaluating performance of directors and adjustment of directors' remuneration, taking into account the duties, responsibilities, and risks involved.
6. Considers succession plan for CEO and executives in key management positions and reviews the list of qualified candidates.
7. Performs any other matters as assigned by the Board of Directors.

#### **RISK MANAGEMENT COMMITTEE**

Risk Management Committee comprises of three directors, of which the Chairman is an independent director and two non-executive directors, as follows:

- |    |                       |          |
|----|-----------------------|----------|
| 1. | Mr. John Parker       | Chairman |
| 2. | Mr. Hideo Hatada      | Member   |
| 3. | Mr. Yasuhiro Kawamura | Member   |

Risk Management Committee organized 4 meetings in 2016 and reported its performance to the Audit Committee and the Board of Directors respectively.

#### **POWER AND DUTIES OF RISK MANAGEMENT COMMITTEE**

1. Establishes the Company's risk management policy and determines risk appetite. Gives advice on the risk management plan for the organization and ensures that control measures are adequate and appropriate.
2. Considers and recommends the Board of Directors regarding the management, strategy, direction and resources used in risk management process, as well as risk tolerance level for approval.
3. Conducts risk assessment and review corporate risks at least once a year and follows up on risk management plan.
4. Reviews and recommends the Board of Directors on overall risk management and standard practices in order to improve risk management processes of the organization.

#### **NOMINATION OF DIRECTORS AND EXECUTIVES**

##### **APPOINTMENT OF DIRECTORS**

The Company's Articles of Association stipulates that the Board of Directors shall comprise of at least five directors and not less than half of whom shall have residence in Thailand. Nomination and Remuneration Committee is responsible for selecting qualified



candidates to be appointed as the Company's directors, taking into account their knowledge, education, expertise, ethics, integrity, and availability to perform directors' duties. The Company provides opportunity for shareholders to nominate qualified candidates to the Board of Directors and shareholders' meeting for approval.

Nomination of directors shall be in an equal number as retiring directors or resigned directors. The appointment of the Company's directors must receive more than half of votes of shareholders who attend the meeting in person or by proxy in accordance with the following rules and procedures:

1. Each shareholder shall have voting right equal to one share per one vote.
2. Each shareholder may exercise all the votes he/she has under 1) to elect one or several persons as director or directors but cannot split share voting.
3. The candidates shall be ranked in descending order from the highest to the lowest number of votes received and shall be appointed in that order until all the director positions are filled. Where there is an equal number of votes casted for candidates causing the number of directors to exceed the allowed number, the Chairman of the meeting shall have a deciding vote.

In case a director leaves his/her position for reasons other than retirement by rotation, the Board of Directors may appoint qualified individuals to replace the resigned director at the next Board of Directors' meeting, given that remaining term of service must be longer than 2 months. The appointment of replacing directors must receive more than 3/4 of votes of remaining directors, and replacing directors are eligible to stay in the board right up to the remaining term of service of resigned directors.

## **APPOINTMENT OF EXECUTIVES**

The appointment of executive is considered by executive directors and the Company's management, who takes lead in nominating and selecting qualified candidates with knowledge, skills, and experience that are suitable and beneficial to the Company's operations, and have good understanding of the nature and business cycle of the industry to be able to drive business growth and achieve the Company's objective.

## **THE GOVERNANCE OF SUBSIDIARIES AND ASSOCIATES**

The Company controls and manages operations of its subsidiaries and associate companies by appointing qualified representatives in the management team. Number of representatives can be varied according to shareholding or agreement among shareholders.

The Company's management is responsible to carry out operations according to plan and drive business growth in terms of revenue, control costs, reduce expenses, and monitor capital investments in line with business plan. Their responsibilities also cover human resource management, resolving problems or conflicts affecting the organization, and maintain effective communication throughout the organization. In case of significant issues requiring board resolution, approval from the Board of Directors is required before taking any actions.

For subsidiaries that the Company exercises its control, the scope of management's duties and responsibilities is defined according to SEC notification. The management of subsidiaries shall ensure that it provides guideline regarding related transactions, acquisition and disposal of assets, loan borrowing, financial transactions, approval of credit facilities from financial institutions, guarantee, or any related transactions, so that these transactions are handled in a complete and appropriate



manner. Subsidiaries shall apply the same regulations as the Company regarding disclosure of information, filing of documents, and booking of accounting records, and shall prepare its financial statements to the Company in a timely manner for consolidation purposes.

The Company and its subsidiaries act in compliance with good corporate governance principles of listed companies and guidelines of SET, such as the attendance of directors in the Board of Directors' meeting and its committee's meeting. More information is provided in the organization and management section.

#### **AUDITORS AND AUDITORS' REMUNERATION**

The Board of Directors, with approval of shareholders' meeting, appointed EY Office Limited as its external auditor to audit the Company's financial statements for fiscal year 2016 ended as of December 31, 2016. The remuneration of auditor can be described in details as follows:

#### **AUDIT FEE**

The Company and subsidiaries paid audit fee to EY Office Limited in the year 2016 at an amount of Baht 8,640,000, of which Baht 1,800,000 is audit fee for the Company.

However, not all subsidiaries of the Company are using the auditing service from EY Office Limited as some of its businesses are not complicated and the contribution to the group is not significant. In such cases, the Company decided to use local audit firms where costs are more appropriate.

#### **NON-AUDIT FEE**

In addition to audit fee, the Company and some of its subsidiaries have engaged non-audit services from EY Office Limited for compliance audit related to the conditions stipulated in the investment promotion certificate (BOI audit). Total payment for BOI audit service in 2016 was a total of Baht 500,000, of which the BOI audit fee for the Company amounted to Baht 100,000.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors emphasizes on the effective and adequate internal control and risk management in compliance with good corporate governance principle, and thereby assign the Risk Management Committee to consider and assess the adequacy of the Company's internal control system. The Company employs independent internal auditors to manage, plan, audit, and review internal control systems of its operations and work processes in key risk areas according to the annual audit plan. Internal auditor discusses their findings and recommendations with management and reports to the Audit Committee on a quarterly basis.

The Audit Committee considers the reports from the internal auditors, which summarize the compliance of key activities according to established control and relevant laws and regulations and the follow up of corrective actions. The Audit Committee reviews and concludes that the Company's internal control system is sufficient and adequate, as follows:

## 1. CONTROL ENVIRONMENT

The Board of Directors and the Company's management set policies according to good corporate governance principles to provide guidelines for effective, ethical, and transparent working processes. The Company clearly communicates to employees the Company's policies and business ethics at employee orientation. Employees shall comply with rules and regulations. Any offense or violation of any regulations will be penalized according to the severity of such actions.

The Company sets up its organization structure in a way that allows the Board of Directors to independently supervise management performance for the best benefit of shareholders. The segregation of duties and responsibilities among the Board of Directors, the sub-committees, the management, and employees are clearly defined. Working procedures are reviewed by

external auditor to ensure the effectiveness of its operations.

The Company believes in good internal control system, which includes control of operations, skills and discipline of employees. Its manufacturing processes have been accredited with quality management system standard (ISO/TS16949) and environment management standard (ISO14001). The Company establishes a subsidiary to provide and manage training activities for employees' continuous development. The Company also ensures that incentives are appropriate and given according to agreed performance target.

## 2. RISK ASSESSMENT

The Board of Directors assigns the Risk Management Committee to assess risk factors that may affect the Company's performance and evaluate opportunities of that risk and impact on operations and financials from that risk. The assessment can be considered based on past events and their impacts in order to put in place appropriate risk management measures to reduce the impact to an acceptable level.

The Risk Management Committee requires at least an annual review of risk factors, both internal and external. The committee also reviews the adequacy of risk management policy and other relevant policies to ensure effective internal control of the Company.

## 3. CONTROL ACTIVITIES

The Company has set work instructions and procedures of each function in accordance with the ISO/TS16949 quality management standard to be used as a guideline for employees to perform their work correctly and effectively with proper control in each process to prevent errors and unintentional wrong-doings. The Company formulates work instructions for all key functions, which are production, sales and



marketing, purchasing, accounting, and human resources. Appropriate controls are embedded in the procedure to prevent misconduct or corruption issues. The Company assigns internal compliance unit to monitor its operations to ensure that employees operate according to work instructions and comply with relevant regulations. In addition, it hires independent external auditor to perform annual audit plan and report to the Audit Committee on quarterly basis.

The Company defines scope of duties, responsibilities, and approval authority of executives in each level. Duties and responsibilities of staffs, employees, supervisors, managers, and executives are clearly defined. Access to database and operating system is systematically organized and monitored on regular basis, particularly those responsible for authorization, record transaction, and custody of assets.

The Company has strict control over the use of assets. Transactions that may lead to a conflict of interest are carefully considered and approved at arm's length basis based on normal business practices. Major contracts and agreements with the Company including those involving major shareholders, executives, and related parties must be duly considered and approved with consideration of independent directors who have no vested interest in the matter. Investments and joint ventures' performance are monitored and reported to the Company on a regular basis.

#### **4. INFORMATION AND COMMUNICATION**

The Company organizes systematic communication within the organization and uses information technology to enhance effective communication with employees. Employees receive news and information via internal department meetings, the Company's bulletin board, intranet, and email. The Board of Directors receives

notices of meeting and related documents via email at least 7 days prior to the meeting day so that directors have sufficient time to study the agenda before the board meeting. After the meeting, the company secretary prepares minute of meeting and discloses important resolutions to the public according to the disclosure requirements of SET.

The Company discloses information to public and its stakeholders via various channels, being the Company's website at [www.aapico.com](http://www.aapico.com), SET portal and SET Opportunity Day on a quarterly basis. The Company emphasizes the role of Investor Relations as a primary contact for inquiries and information distribution, and welcomes company visit and meeting requests from shareholders, investors, and analysts.

The Company provides a communication channel for complaints or reports of suspicion of wrongdoings which may lead to corruptions, misconducts, or violation of laws that affect the Company's operations. Employees or any third party can raise their genuine concerns and report to the Audit Committee directly via email at [AC@aapico.com](mailto:AC@aapico.com). The Company is fully committed to fight corruption and commits for the protection of any whistleblower that no one would suffer from detrimental treatments as a result of reporting their suspicion of wrongdoings.

#### **5. MONITORING ACTIVITIES**

The Company monitors performance of its operations and subsidiaries on a regular basis. Each operating unit is scheduled to report its operating performance to the Company's management on a monthly basis. At least twice a year, the Board of Directors joins the management to review each company's performance to supervise and monitor the management's performance.



Regarding the assessment of internal control system, the Audit Committee sets up annual audit plan in key departments, which are production, purchasing, sales and marketing, and human resources. Internal auditor performs audits whether operations are in compliance with work instructions and report their findings and follow up of corrective actions to Audit Committee during quarterly board meetings. For issues requiring immediate attention, internal auditors quickly reverts their concerns and questions to the management to discuss and resolve issues.

The Company is continually certified with ISO/TS16949 and ISO14001 which guarantees for its commitment to attain quality and environmental standard. Internally, the Company assigns its compliance unit to evaluate and follow up the compliance to policies, regulations, and work instructions. It also employs external certified agents (e.g. TUV) to audit and certify that the Company is operating in accordance with the standards. In addition, the Company also passes the customer audit that its operations are carried out according to agreed procedures and that no changes are made in the process without prior notification.



## RELATED TRANSACTIONS

The Company had business transactions with related parties, who are mainly subsidiary and associate companies, joint venture, and directors of the AAPICO Group. These related transactions arose in the ordinary

course of business and were concluded on the commercial terms and bases agreed upon between the Company and related parties, which can be described as follows.

Type of Transactions	Description
Sales and Purchases of goods and services	Sales of automobile parts and stamping dies among the Company, subsidiary and associate companies.
Sales and Purchases of machinery and equipment	Sales and transfers of machines and equipment among the Company and subsidiary companies.
Rental income	Rental charge for the use of premises among the Company, subsidiary and associate companies.
Management Fee	Shared management costs among the Company, subsidiary and associate companies.
Interest income	Interest charge for the loans to and from subsidiary companies for the purpose of providing working capital and cash flow support.
Dividend income	Dividend received from its subsidiary or associate companies.

The significant transactions with related parties in the year 2016 can be summarized in the table below:

(Unit : Million Baht)

Transfer Pricing Policy		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Transactions with subsidiaries</b>					
<i>(eliminated from the consolidated financial statements)</i>					
Sales of goods and services	Close to selling price to third party	-	-	171	197
Sales of machinery and equipment	Cost plus 5% margin	-	-	3	1
Interest income	0.01%-5.10% p.a.	-	-	116	139
Dividend income	As declared	-	-	208	258
Rental income	Close to rental rates for other building in vicinity	-	-	3	4
Management fee income	Approximate cost	-	-	62	65
Other income	Approximate cost	-	-	11	10
Purchases of goods and services	Cost plus margin at the rate between 1%-25%	-	-	286	329
Purchases of machinery and equipment	Close to selling price to third party	-	-	13	13
Interest expense	0.5%-5.10% p.a.	-	-	8	9
Other expense	Approximate cost	-	-	16	15
<b>Transactions with associate and joint venture</b>					
Sales of goods and services	Cost to selling price to third party	210	209	1	1
Dividend income	As declared	-	-	96	136
Rental income	Close to rental rates for other building in vicinity	16	7	-	-
Management fee income	Approximate cost	5	4	5	4
Other income	Approximate cost	8	14	7	7
Purchases of goods and services	Cost plus margin at the rate between 1%-3% and 30%-70%	269	261	180	167
Other expenses	Approximate cost	-	11	-	8

As at December 31, 2016 and 2015, the balances of accounts between the Company and those related parties are summarized as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Trade and other receivables</u></b>				
Subsidiaries	-	-	419,808	345,141
Associates	41,485	60,103	3,513	9,754
Joint venture	13	696	-	32
Related companies (common shareholders/director)	750	2,846	-	339
<b>Total</b>	<b>42,248</b>	<b>63,645</b>	<b>423,321</b>	<b>355,266</b>
<b><u>Trade and other payables</u></b>				
Subsidiaries	-	-	38,170	41,201
Associates	43,361	55,001	26,105	27,733
<b>Total</b>	<b>43,361</b>	<b>55,001</b>	<b>64,275</b>	<b>68,934</b>

## LOANS TO AND LOANS FROM RELATED PARTIES

The Company has a policy of centralized financial management in order to effectively control and manage the Company's cost of capital, and hence maximizing returns for the benefits of the Company and its shareholders. Under this policy, financial transactions and funding for investments and working capitals are managed centrally by corporate office. The financial services and credit facilities are made by the Company and the Company then lends out to subsidiary companies.

As at December 31, 2016 and 2015, the balance of loans between the Company and those related parties are summarized below:

(Unit : Thousand Baht)

	Related by	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b><u>Short term loans to:</u></b>					
New Era Sales Co., Ltd.	Subsidiary	-	-	12,000	12,000
Able Motors Co., Ltd.	Subsidiary	-	-	36,000	18,000
Katsuya (Thailand) Co., Ltd.	Subsidiary	-	-	600	600
Aapico Hitech Parts Co., Ltd.	Subsidiary	-	-	36,000	60,000
Aapico Hitech Tooling Co., Ltd.	Subsidiary	-	-	6,000	36,000
Aapico Forging PLC	Subsidiary	-	-	288,000	288,000
Aapico Amata Co., Ltd.	Subsidiary	-	-	-	18,000
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Subsidiary	-	-	-	71,847
<b>Total</b>		<b>-</b>	<b>-</b>	<b>378,600</b>	<b>504,447</b>



(Unit : Thousand Baht)

	Related by	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Long term loans to:</b>					
New Era Sales Co., Ltd.	Subsidiary	-	-	257,000	250,000
Able Motors Co., Ltd.	Subsidiary	-	-	57,000	87,000
Katsuya (Thailand) Co., Ltd.	Subsidiary	-	-	2,800	3,200
Aapico Hitech Parts Co., Ltd.	Subsidiary	-	-	61,815	215,000
Aapico Hitech Tooling Co., Ltd.	Subsidiary	-	-	15,461	38,700
Aapico Forging PLC	Subsidiary	-	-	1,643,470	1,921,100
Aapico Amata Co., Ltd.	Subsidiary	-	-	-	42,970
Aapico Investment Pte. Ltd.	Subsidiary	-	-	83,800	86,267
<b>Total</b>		-	-	<b>2,121,346</b>	<b>2,644,237</b>
<b>Short term loans from:</b>					
Aapico Engineering Co., Ltd.	Subsidiary			9,800	9,200
Aapico Structural Products Co., Ltd.	Subsidiary			401,770	252,300
Aapico Amata Co., Ltd.	Subsidiary			9,570	-
Dee Mak SDN. BHD.	Common director	4,794	1,686	-	-
Directors of the Group		-	12,932	-	-
<b>Total</b>		<b>4,794</b>	<b>14,618</b>	<b>421,140</b>	<b>261,500</b>

## NECESSITY AND JUSTIFICATION FOR RELATED TRANSACTIONS

The Audit Committee considered the Company's related transactions in 2016 and found that these transactions be reasonable, and transactions that the Company invested had a good tendency, would be profitable to the Company as a whole, and were conducted fairly and at the arm's length basis.

## POLICIES OR TRENDS RELATING TO FUTURE RELATED TRANSACTIONS

The Company tends to continue these related transactions incurred for the ordinary course of business and in line with the centralized financial management policy. These transactions include but not limited to sales and purchases of goods and services, loans to and from related parties and interest payment, rental of premises, management services and dividend income. Transfer pricing policy applied for related transactions shall be concluded on commercial terms, which are comparable to market price or at arm's length basis, and bases agreed upon between the Company and related parties.

The Audit Committee, assigned by the Board of Directors, ensures that the Company will conduct related transactions with transparency and in compliance to the Company's good governance, and strictly following applicable rules and regulations by the Stock Exchange of Thailand and the Securities and Exchange Commission. These related transactions shall be prepared in accordance with the generally accepted accounting principles.

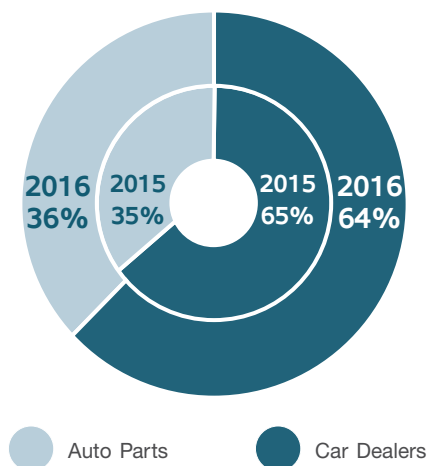
In the case that related transactions may involve with potential conflict of interests, the Audit Committee shall consider and provide its opinion on the necessity and justification of such transactions. In the situation where the Audit Committee does not possess sufficient knowledge or expertise on the subjects, the Audit Committee may seek advice from experts or assign an independent party to express opinion on that transaction to support their decision.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF BUSINESS IN 2016

AAPICO Hitech Public Company Limited is principally engaged in the manufacture of OEM automotive parts, namely pressed parts, forged and machined parts, and plastic parts, as well as the design and manufacture of car assembly jigs and stamping dies for leading car assemblers in Thailand and overseas. The Company also operates car dealerships and sales of car navigation system and transportation management services under the brand “POWERMAP” and “GALACTIO”. The Company’s factories and facilities are located in three countries, namely Thailand, Malaysia, and China.

**Total Revenues**



The AAPICO Group’s revenues are contributed mainly by the automotive parts business and car dealership business. The revenue contribution from car navigation and technology business was still nominal and hence was reported as part of the automotive parts business.

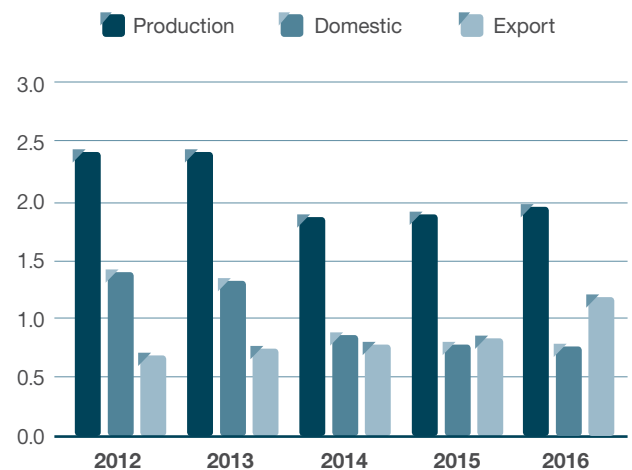
In 2016, the revenue composition of automotive parts business to car dealership business was at the ratio of 64:36 as compared to the ratio of 65:35 in 2015.

## THAILAND AUTOMOTIVE INDUSTRY

Thailand’s automotive industry has been growing at a slow pace, reporting year-on-year growth of 1.6%. Total vehicle production volume in 2016 was at 1,944,417 as compared to 1,913,002 units in 2015. A slight contraction of 1-ton pickup trucks’ production was offset by increased production of passenger cars. Thailand’s automotive production has increasingly relied on export, accounting for 60% of total vehicle production in 2016.

### Overview of Thailand Automotive Industry

(unit : million)



Source: FTI

Vehicle sales in the local market dropped to 768,788 units in 2016, a 3.9% decline year on year, due to lingering effects from the first car scheme, high household debt, stricter loan approval, depressed agricultural prices and severe drought. Some demands were also brought forward to 2015, prior to the enforcement of new excise tax scheme which took effect on January 1, 2016.

Total export shipments were 1,188,515 units, which is a 1.4% reduction from the previous year. The main reason was the gloomy market conditions in key importing countries namely the Middle East, Africa, Central America and South America.





## PROFIT AND LOSS ANALYSIS

AAPICO Hitech PLC reported total revenue of Baht 15.1 billion and net profit attributable to equity holders of Baht 543 million in 2016, as compared to Baht 15.0 billion and Baht 313 million respectively in 2015. Despite a nominal increase in revenue, the performance improved significantly, attributed to improved efficiency, positive impact from continuous cost reduction measures and lower financial costs, as well as increased share of profit from associate and joint venture companies.

### REVENUES

Unit : Million Baht	2015	2016	Change	%
Sales and service income	14,534	14,731	197	1.4%
Other income	459	408	(51)	-11.1%
<b>Total Revenues</b>	<b>14,933</b>	<b>15,139</b>	<b>146</b>	<b>1.0%</b>

Total revenue for the year 2016 grew nominally by 1.0% year on year, as increase of sales volume was negated by steel price decrease and partially by a negative impact from a weaker Malaysian Ringgit against Thai Baht as compared to a year earlier.

Unit : Million Baht	2015	2016	Change	%
Thailand	10,559	10,771	212	2.0%
Malaysia	3,393	3,478	85	2.5%
China	582	482	(100)	-17.2%
<b>Sales and service income</b>	<b>14,534</b>	<b>14,731</b>	<b>197</b>	<b>1.4%</b>

Sales and service income grew year on year by 1.4%. Thailand sales benefited from a strong customer portfolio, where our major customers saw an increase in demand, as well as increase in car sales. Sales in Malaysia has continued its growth momentum, reporting a 2.5% increase compared to the previous year, albeit a negative impact of Malaysian Ringgit's depreciation against Thai Baht. Units sold increased

from 3,739 units in 2015 to 3,774 units in 2016 despite poor performance of local market. Offsetting these increases, China sales declined by 17.2% year on year, due to the slowdown of economy and the delay of some projects toward the end of year.

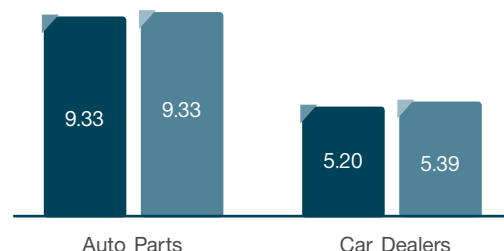
### SALES AND SERVICE INCOME BY BUSINESS

Sales in the automotive parts business was relatively stable compared to 2015, as the volume increase in the OEM segment in Thailand was offset by lower sales in China. Sales increases were seen in forged and plastic business, as well as sales for tooling and die projects. This growth was partially offset by the decrease in selling prices of frame components and pressed parts due to steel price decrease.

#### Sales and Service Income

(unit : in million baht)

■ 2015 ■ 2016



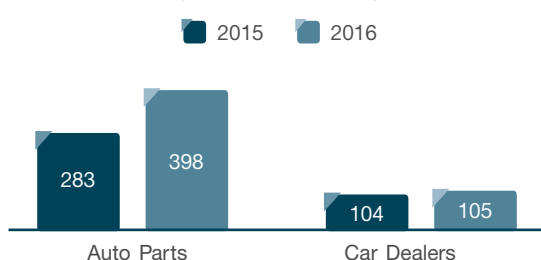
Sales in the car dealership business reported a year on year growth of 3.5%, driven by healthy performance in Malaysia despite a negative impact of Malaysian Ringgit which has depreciated against Thai Baht by 3.5%. Discounting currency effects, sales grew by approximately 6% year on year. Local car sales in Thailand also show an increase compared to the previous year, as there were increased demands for certain models of the brand that we sell.

## GROSS PROFIT

Unit : Million Baht	2015	2016	Change	%
Sales and service income	14,534	14,731	197	1.4%
Cost of sales & service	13,820	13,856	36	0.3%
<b>Gross Profit</b>	<b>714</b>	<b>875</b>	<b>161</b>	<b>22.5%</b>
Gross Profit Margin	4.9%	5.9%	1.0%	

## Earnings before interest and tax

(unit : in million baht)



Gross profit improved by 22.5% year on year, driven by higher sales. The efficiency improvement and on-going cost reduction measures helped reduce the cost level of the organization, hence improving gross profit margin from 4.9% of sales in 2015 to 5.9% of sales in 2016.

The improvement of the gross profit margin of the automotive parts business were mainly driven by the margin improvement of forged and machined parts in Thailand and plastic parts. Frame components and pressed parts also showed improved margins even as sales were impacted by steel price decreases, thanks to strict control of spending and on-going cost reduction measures. These margin improvements were partly offset by losses from China's operation as a result of lower sales and lower margin from the jig and die business due to higher project costs.

The car dealership business showed a margin decline year on year, as the margin was pressured by overall gloomy market conditions in both Thailand and Malaysia.

## SELLING AND ADMINISTRATIVE EXPENSE

Unit : Million Baht	2015	2016	Change	%
Selling expenses	238	264	26	10.9%
Administrative expenses	548	516	(32)	-5.8%
<b>Selling &amp; Admin expenses</b>	<b>786</b>	<b>780</b>	<b>(6)</b>	<b>-0.8%</b>

Selling expenses increased year on year, driven by higher car sales. This was offset by reduction of administrative expenses, thanks to implementation of cost discipline and on-going reduction policy across organization. Expenses in 2015 also included a Baht 22 million exchange rate loss related to derivative agreements.

## EARNINGS

The Company reported earnings from its operations before deduction of interest and tax expenses (EBIT) of Baht 503 million in 2016, a 30% increase compared to last year, which is entirely attributed to improved performance in the automotive parts business. The best performance was still from the frame components business where the volume is huge, followed by press parts business. The biggest improvement was seen in the forged and machined part business, which has turned around from a loss to profit in 2016. The profit in plastic parts business also increased. These increases however was offset by losses in the jig and die business and the forged parts business in China.

Unit : Million Baht	2015	2016	Change	%
EBIT	387	503	116	30.0 %
Depreciation and Amortization	745	723	(22)	-3.0%
<b>EBITDA</b>	<b>1,132</b>	<b>1,226</b>	<b>94</b>	<b>8.3%</b>
EBITDA Margin (%)	7.6%	8.1%	0.5%	

After adjusting for the reduced depreciation and amortization expenses, the EBITDA increase by 8.3% to Baht 1,226 million. In terms of margin %, the EBITDA margin improved to 8.1% of sales, as compared to 7.6% in 2015.



## SHARE OF PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATE AND JOINT VENTURE COMPANIES

Unit : Million Baht	2015	2016	Change	%
Able Sanoh Industries	74	111	37	50.0%
Hyundai Motor	89	98	9	10.1%
Sumino Aapico	(13)	(2)	11	-84.6%
Thai Takagi Seiko	(20)	(9)	11	-55.0%
Other companies	18	27	9	50.0%
<b>Profit (Loss)</b>	<b>148</b>	<b>225</b>	<b>77</b>	<b>52.0%</b>

The Company recorded a year on year increase in profit from our share of investments in associate and joint venture companies. For the year 2016, the profit was Baht 225 million. Compared to 2015 performance, most companies reported healthy performance and had improved year on year profit, led by Able Sanoh Industries where its profit grew by 50%. Thai Takagi Seiko, Sumino Aapico (Thailand) and Minth Aapico (Thailand) were the only three entities which reported losses in 2016.

## FINANCE COST AND INCOME TAX EXPENSE

Unit : Million Baht	2015	2016	Change	%
Interest expenses	170	131	(39)	-22.9%
Income tax expenses	27	27	-	0.0%
<b>Finance cost and Tax</b>	<b>197</b>	<b>158</b>	<b>(39)</b>	<b>-19.8%</b>

The Company's financial costs was further reduced to Baht 131 million, compared to Baht 170 million in 2015. This was due to the reduction of interest bearing debt level as well as lower interest rate on new funds, both from banks and from the issuance of debentures.

Income tax expenses, largely related to Malaysian car dealerships operations, remained approximately the same amount as last year.

## NET PROFIT

Unit : Million Baht	2015	2016	Change	%
Net profit (loss)	338	570	232	68.6%
Non-controlling interests	25	27	2	8.0%
Net profit attributable to equity holders	313	543	230	73.5%
Earnings per share	0.97	1.70	0.73	75.0%

Net profit of the Company increased year on year by 68.6% to Baht 570 million, driven by the efficiency improvements and on-going cost reduction measures in most automotive parts business, as well as decreased financial costs and increased share of profit from investments in associate companies.

Taking out the profit portion of non-controlling interest, net profit attributable to equity holders in 2016 was Baht 543 million or 3.6% of revenue, as compared to Baht 313 million or 2.1% of revenue in 2015. Earnings per share in 2016 was at Baht 1.70 per share, a 75% increase compared to Baht 0.97 per share in 2015.

## FINANCIAL POSITION ANALYSIS

As of December 31, 2016, the Company has total assets of Baht 11,113 million, total liabilities of Baht 4,877 million and shareholders' equity of Baht 6,236 million.

## ASSETS

Unit : Million Baht	2015	2016	Change	%
Trade and other receivables	1,912	1,880	(32)	-1.7%
Inventories	1,109	1,045	(64)	-5.8%
Investments in others	1,445	1,645	200	13.8%
Property, Plant, Equipment	5,847	5,298	(549)	-9.4%
Goodwill	235	235	-	0.0%
Other assets	959	1,010	51	5.3%
<b>Total Assets</b>	<b>11,507</b>	<b>11,113</b>	<b>(394)</b>	<b>-3.4%</b>

Total assets decreased by Baht 394 million, mainly related to the decrease in value of fixed assets through depreciation. This was partly offset by increase of investment value in associate and JV companies, driven by their healthy performance.

## LIABILITIES

Unit : Million Baht	2015	2016	Change	%
Trade and other payable	1,978	2,063	85	4.3%
Short-term borrowings	670	331	(339)	-50.6%
Long-term bank loans	1,828	1,096	(732)	-40.0%
Debentures	798	1,098	300	37.7%
Other liabilities	250	289	39	95.6%
<b>Total Liabilities</b>	<b>5,524</b>	<b>4,877</b>	<b>(647)</b>	<b>-11.7%</b>

Total liabilities decreased by Baht 647 million, driven by decrease of loan level. The Company has continuously reduced its debt level as a measure to reduce financing costs. In replacement of bank loan, the Company issued a 3 year debenture with principal value of Baht 300 million in June 2016, following the Company's finance strategy to diversify its source of funds. This debenture will be due in full amount in 2019.

## SHAREHOLDERS' EQUITY

Total shareholders' equity increased by Baht 253 million, from Baht 5,983 million in 2015 to Baht 6,236 million in 2016, driven by good performance in the past year. The profit was partly offset by the dividend payment of Baht 169 million, the repurchased shares of Baht 76 million, and loss on exchange rate differences on translation of financial statements in foreign currency.

## KEY FINANCIAL PERFORMANCE

Driven by a track record of good profits, the Company's profitability indicators have improved. Return on assets (ROA) has increased to 5.0% and return on equity (ROE) has improved to 9.3% in 2016.

PROFITABILITY RATIO	2015	2016
Return on assets (%)	2.9%	5.0%
Return on equity (%)	5.8%	9.3%

The Company continued to monitor and control of accounts receivable, inventories and accounts payable in order to improve its liquidity. The average collection period and inventory holding period have improved year on year. This offset the deterioration of average payable days. Hence, cash conversion cycle remained stable at 22 days.

LIQUIDITY RATIO	2015	2016
Accounts receivable days	47.4	46.4
Inventory days	30.2	28.0
Accounts payable days	56.0	52.5
<b>Cash conversion cycle (days)</b>	<b>21.6</b>	<b>21.9</b>

The interest-bearing debt to equity ratio has continuously decreased to 0.40 times as of end of 2016, achieving the Company's target of long-term funding structure at 0.5 times. The current ratio has also improved to above 1.0 times, indicating that the Company's liquid fund was sufficient to match current obligations.

LEVERAGE RATIO	2015	2016
Debt to Equity Ratio (times)	0.55	0.40
Current Ratio (times)	0.99	1.16
Interest coverage ratio (ICR)	3.14	5.55
Debt service coverage ratio (DSCR)	1.17	1.98

The Company's ability to service its debt obligation also improved, driven by good performance and healthy profit, together with lower debt level. Interest expense also decreased as the reduction of bank debts from regular loan repayment schedule which has been replaced by the issuance of debenture at a lower borrowing rate.

The debt service coverage (DSCR) ratio in 2016 was well above the bank's requirement and did not breach the financial covenant of loan agreement, which requires the Company to maintain the DSCR ratio at above 1.2 times.



## CASH FLOW ANALYSIS

The balance of cash and cash equivalent as end of 2016 decreased by Baht 66 million to Baht 272 million.

Unit : Million Baht	2015	2016	Change	%
Cash from operations	927	1,214	287	31.0%
Cash from investing	(144)	(102)	42	-29.2%
Cash from financing	(745)	(1,143)	(398)	53.4%
Translation differences	(13)	(35)	(22)	-169%
Net cash increase	25	(66)	(91)	-364%
Cash balance	338	272	(66)	-19.5%

Cash flow from operations increased year on year, driven by increased earnings and improved working capital management. The Company also reported lower capital expenditures. These cash increases were used to repay bank loans, repurchase stock, and increase dividend payment to shareholders.

## MAJOR FACTORS AND INFLUENCES POTENTIALLY AFFECTING FUTURE OPERATIONS OR FINANCIAL POSITION

The Company's performance is greatly dependent to the development of the automotive industry and economy in the country that we operate, namely Thailand, Malaysia, and China. The vehicle production volume is an important driver for the manufacture of automotive parts business in Thailand and China, where the Company's revenue tends to move in the same trend as the industry's performance. Whilst for the car dealership business, market sentiment and economy in local markets are key factors behind consumer consumption.

Looking ahead to year 2017, Thailand's total vehicle production volume is forecasted to reach 2 million units with the export to domestic sales ratio to be maintained at 60:40. With the turnaround trend in 2016, domestic sales is seen to be the key driver to deliver a forecasted growth of 2.9% year on year. The expiration of the five year lock up period for vehicle bought under the first car scheme and the government stimulus

packages will be key engines driving for domestic growth to reach 800,000 units in 2017. Export volume is expected to stay flat at around 1.2 million units in 2017. The gloomy market condition in key trading countries and uncertainties in global markets will likely continue to affect export shipments in 2017.

The year 2017 is to be a challenging year for the Malaysian automotive market. Sales are expected to be flat compared to the previous year. The slowdown of economy and Malaysian Ringgit depreciation may continue to hamper consumer sentiment and business confidence.

The Chinese automotive market is huge and considered one of the key drivers for the Chinese economy. The Chinese government is expected to favor tax incentives to see continued growth in the industry. Albeit the steady but slower overall economic growth, the Chinese market is expected to grow around 5% in 2017.

In view of the volatility and increased uncertainties in the economy globally, the Company will continue its close monitoring of the development of the automotive industry in key major markets. In preparation of the challenges ahead, the Company has kicked off the "TURBO" campaign, targeting to double revenue and improve net profit margin of the Group in 5 years. Each entity has been focusing on controlling cost activities and cost reduction measures, as well as improving efficiency and efficient use of resources across the organization. At the same time, the Group is exploring new opportunities and new markets to grow. The Group has seen good progress from this campaign and has realized some benefits in its healthy financial performance in the past year. The Company is gearing towards sustainable growth with emphasis on quality, cost, delivery, management, and engineering innovation to meet customers' high standard requirements and continuous improvement across the organization.



# REPORT OF AUDIT COMMITTEE

The Audit Committee of Aapico Hitech Public Company Limited is comprised of 3 qualified independent directors according to the definition and requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. Mr. Pipat R. Punya acts as the Chairman of the committee with Mr. Kenneth Ng and Mr. Wichian Mektrakarn as the member of the committee.

The Board of Directors has delegated its responsibilities to the Audit Committee to carry out its duties, which include reviewing the financial statements and disclosure of notes to financial statements, good corporate governance practices, assessment of internal control and internal audit, compliance to laws and related regulations, and assessment and management of risks, and proposing the appointment of external auditor. In the year 2016, the Audit Committee held 4 meetings to perform its duties and responsibilities and expressed their opinion, which can be summarized as follows.

**The review of quarterly and annual financial statements** with the management in the material matters to consider financial reports, disclosure of notes to financial statements, the accounting policy and significant provisions, and compliance with financial reporting standards and regulatory requirements. The Audit Committee held a meeting with external auditor in absence of the management to discuss the auditors' independence and their comments, as well as the auditor's report and concerned issues of the audit and review of financial statements. After the review, the Audit Committee considered that the financial statements in the year 2016 were prepared in accordance with the Thai Financial Reporting Standards (TFRS) and contained sufficient disclosure in the notes to financial statements, and thereby approved the financial statements which external auditor reviewed and audited without reservation.

**The review of the effectiveness and adequacy of internal control system and internal audit** to consider and approve the annual audit plan. The Audit Committee conducted quarterly meetings with internal auditor and management to review and assess internal control system and performance of each department. The Audit Committee considered the report from internal auditor to ensure the appropriate and sufficient adequate internal control system. Upon reviewing, the Audit Committee has concluded that the Company's internal control system is at a good level without significant deficiencies. The report from internal auditor reflected that the compliance of policies and procedures was at a good level. The Audit Committee also provided their opinion to improve internal control process and enhance greater efficiency of the Company's operations

**The review of risk management** was delegated to the Risk Management Committee to assess the Company's risk factors and evaluate risk management measures to reduce impact to an acceptable level and report to the Audit Committee on quarterly basis. The Audit Committee identified that the Company has arranged the annual review of risk factors with consideration of the business nature and changes of business environment locally and globally and has appropriate and adequate risk management measures where impact is mitigated within acceptable level.



**The appointment of external auditor** is based on knowledge, experience, ability, adequacy of resources, as well as level of independence and quality of their services. The remuneration of auditor is considered on the scope of duties and responsibilities. Based on the satisfactory results and their widely recognized audit standard and experience, the Audit Committee recommended the reappointment of EY Office Limited as the Company's external auditor for the year 2017 for another term to propose to the Board of Directors for consideration and concurrence for submission to the Annual General Meeting of shareholders for approval.

**The review of the compliance with relevant laws and regulations** presented that the Company's operations and reporting are in compliance with the SEC and SET requirements and regulations relating to the Company's business. The Company has conducted its business according to good governance practices, business ethics, the anti-corruption policy and other policies according to the guidance of the Board of Directors. There were no reporting of any misconducts in the year 2016.

**The review of related transactions and transactions of potential conflict of interest** presented that these transactions arose in the ordinary course of business for the benefit of the Company and were reasonable, transparent, and has been properly disclosed in compliance with regulatory requirements and good corporate governance principles.

The Audit Committee has performed its duties prudently and independently and issued its opinion for the benefit of the Company without any restriction in obtaining information, resources, and with cooperation from management. The Audit Committee has assessed its performance of duties and responsibilities in the past year was effective, efficient, and achieve the objectives assigned by the Board of Directors.

On behalf of Audit Committee  
Mr. Pipat R. Punya  
Chairman of Audit Committee

# REPORT OF NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of Aapico Hitech Public Company Limited comprises of 3 qualified independent directors who also sit in the Audit Committee. . Mr. Pipat R. Punya acts as the Chairman of the committee with Mr. Kenneth Ng and Mr. Wichian Mektrakarn as the member of the committee.

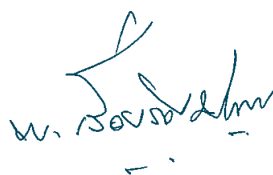
The Board of Directors assigns the Nomination and Remuneration Committee to consider and approve the policy, criteria, and procedure to nominate the Company's directors and consider the remuneration of the Board of Directors and its committees. The committee ensures to carry out their duties in line with the Company's strategy and operational guidelines. For this, the committee has organized 2 meetings in the year 2016.

For nomination of directors, the Nomination and Remuneration Committee considers qualifications of candidates to ensure that they are qualified by not having characteristics that are prohibiting them from holding a directorship and their background, knowledge, experience are benefiting to the Company. The committee shall ensure that structure and composition of the board is suitable to the business with appropriate size, proportion, diversity, and other elements. In 2016, the committee proposed to appoint Mr. Yasuhiro Kawamura in the position of non-executive director and member of risk management committee replacing Mr. Mikiyama Takayama who resigned from his position. This was approved by the Board of Directors' meeting no.84/2016 on May 13, 2016.

The Nomination and Remuneration Committee is responsible to set remunerations of the Board of Directors and sub-committees. It carefully considers duties and accountabilities and performance of directors, in comparison with directors' remuneration of other listed companies having similar business size, performance, and directors' accountability and the report from the Thai Institute of Directors. For the year 2016, the committee proposed to maintain the rate of annual remuneration and attendance fee for the Board of Directors and sub-committees, and include incentive bonus payable to independent directors at the rate as per net profit attributable to equity holders. This proposal was approved by the Annual General Meeting of shareholders for the year 2016.

The Nomination and Remuneration Committee has performed its duties prudently for the benefit of the Company. The committee is assured that its performance in the past year was effective, efficient, and achieve the objectives assigned by the Board of Directors. The committee also has disclosed the remunerations and benefits of directors of the Company in the Annual Report and Form 56-1 for transparency purpose.

On behalf of the committee



Mr. Pipat R. Punya

Chairman of Nomination and Remuneration Committee



# REPORT OF RISK MANAGEMENT COMMITTEE

The Risk Management Committee of Aapico Hitech Public Company Limited comprises of 3 directors and independent director. Mr. John Parker is the chairman of the committee and members are Mr. Hideo Hatada and Mr. Yasuhiro Kawamura, both are non-executive directors.

The Risk Management Committee is assigned by the Board of Directors to oversee and manage risk management process of the Company. In the year 2016, the committee held 4 meetings in total to perform its duties set out by the board and report to the Audit Committee and the Board of Directors respectively.

The Risk Management Committee sets out the risk policies and determines the general principles for managing and monitoring risk. The risk policies are reviewed on annual basis. The committee identifies key risk elements of organization. It analyses and monitors the Company's risk profiles according to changing environment and ensures that appropriate measures have been put in place to prevent or mitigate risk impact to acceptable level. These corporate risks are disclosed in the risk factor section in annual report.

Review of key material risk elements in the year 2016 assures that the Company's risks are managed and impact of these risks can be protected or reduced to acceptable level, allowing operations to return to normal condition in the shortest time possible. The committee also evaluates risk related to corruption and ensures that operations are in good control and that employees comply with policies and procedures, especially those involving gifts and favors.

The Risk Management Committee has performed its duties cautiously and prudently for the benefit of the Company. The committee is assured that its performance in the past year was effective, efficient, and achieve the objectives assigned by the Board of Directors.

On behalf of the committee

Mr. John Parker

Chairman of Risk Management Committee

# COMPANY CONTACT INFORMATION

Country	Company	Address	Contact
<b>MANUFACTURE OF OEM AUTOMOTIVE PARTS</b>			
<b>Thailand</b>	AAPICO Hitech Public Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881 www.aapico.com
	[2 <sup>nd</sup> Factory]	7/289 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 650 888 Fax: +66 (0) 38 036 228
	[Office Branch]	Room 2812, 28 <sup>th</sup> Floor, the Offices at Central World, 999/9 Rama 1 Road Pathumwan Bangkok 10330	Tel: +66 (0) 2613 1504 Fax: +66 (0) 2613 1508
	AAPICO Amata Company Limited	700/483 Moo 2 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel: +66 (0) 38 712 200 Fax: +66 (0) 38 717 187
	AAPICO Forging Public Company Limited	700/20 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 213 355 Fax: +66 (0) 38 213 360
	AAPICO Hitech Parts Company Limited	99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO Plastic Public Company Limited	358-358/1 Moo 17 Bangpli Industrial Estate Taparak Road Tambol/Ampur Bangsaothong Samutprakarn Province 10540	Tel: +66 (0) 2315 3456 Fax: +66 (0) 2315 3334
	[2 <sup>nd</sup> Factory]	7/288 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 650 888 Fax: +66 (0) 38 650 804
	AAPICO Precision Company Limited	700/16 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 213 355 Fax: +66 (0) 38 213 360
	AAPICO Structural Products Company Limited	700/16 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 712 200 Fax: +66 (0) 38 717 187
	AAPICO Lemtech (Thailand) Company Limited	161 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 741 808 Fax: +66 (0) 35 719 383
	AAPICO Mitsuike (Thailand) Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	Able Sanoh Industries (1996) Company Limited	98 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881





Country	Company	Address	Contact
Thailand	Edscha AAPICO Automotive Company Limited	99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	Sumino AAPICO (Thailand) Company Limited	700/706 Moo 3 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel: +66 (0) 38 447 628 Fax: +66 (0) 38 447 632
	Thai Takagi Seiko Company Limited	358-358/1 Moo 17 Bangpli Industrial Estate Soi 7/1 Taparak Road Tambol/Ampur Bangsaothong Samutprakarn Province 10540	Tel: +66 (0) 2705 8800 Fax: +66 (0) 2705 8808
	Minth AAPICO (Thailand) Company Limited	7/290 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 650 865 Fax: +66 (0) 38 036 864
	Sanoh Industries (Thailand) Company Limited	7/209 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 956 250 Fax: +66 (0) 38 956 252
China	Kunshan Chaitai-Xincheng Precision Forging Company Limited	Economic and Technological Development Zone 405 Yunque Road Kunshan City Jiangsu Province 215331 China	Tel: +86 (512) 5767 1757 Fax: +86 (512) 5767 0964
<b>DESIGN AND MANUFACTURE OF ASSEMBLY JIG AND DIE</b>			
Thailand	AAPICO Hitech Tooling Company Limited	99/1 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
<b>CAR DEALERSHIPS</b>			
Thailand	Able Motors Company Limited	14/9 Moo 14 Phaholyothin Road Tambol Klong Nueng Ampur Klong Luang Pathumthani Province 12120	Tel: +66 (0) 2908 6001-7 Fax: +66 (0) 2908 6009
	[Office Branch]	2418-2420 Ladpraw Road Kweang Wangthonglang Khet Wanthonlang Bangkok	
	New Era Sales Company Limited [Office Branch]	97 Ramindra Road Kweang Ramindra Khet Kannayao Bangkok 10230 89/89 Moo 5 Srinakarin Road Tambol Bangmuang Ampur Bangsaothong Samutprakarn Province 10270	Tel: +66 (0) 2519 5800-4 Fax: +66 (0) 2946 5107
Malaysia	New Era Sales (M) SDN. BHD.	Lot 39821 Jalan Semenyih 43000 Kajang, Selangor	Tel: +60 (3) 8737 0402 Fax: +60 (3) 8737 7406
	Tenaga Setia Resources SDN. BHD.	Lot 56, No. 10 Jalan 51/127 Seksyen 51 46050 Petaling Jaya, Selangor	Tel: +60 (3) 7784 8411 Fax: +60 (3) 7784 7411
Thailand	Hyundai Motor (Thailand) Company Limited	92 Vipavadi Rangsit Road Kweang Talad Bangkokhen Khet Laksi Bangkok 10210	Tel: +66 (0) 2790 1888 Fax: +66 (0) 2790 1877 www.hyundai-motor.co.th

Country	Company	Address	Contact
<b>CAR NAVIGATION AND TECHNOLOGY</b>			
<b>Thailand</b>	AAPICO ITS Company Limited	141 Thailand Science Park, Phaholyothin Road, Tambol Khlong Nueng, Ampur Khlong Luang, Pathumthani Province 12120	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO ITS Co. SDN. BHD.	Lot 56, No. 10 Jalan 51/127 Seksyen 51 46050 Petaling Jaya, Selangor	Tel: +60 (3) 7785 5158 Fax: +60 (3) 7781 6158
<b>Malaysia</b>	AAPICO QI SDN. BHD.	38-1, Jalan Mega Mendung , Off Jalan Klang Lama, 58200 Kuala Lumpur	
	AAPICO QI SDN. BHD.	38-1, Jalan Mega Mendung , Off Jalan Klang Lama, 58200 Kuala Lumpur	
<b>Singapore</b>	Able ITS PTE. LTD.	745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455	Tel: +65 (-) 6836 1919
	Quantum Inventions PTE. LTD.	Block 71 Ayer Rajah Crescent #03-23/24 Singapore 139951	
<b>OTHERS</b>			
<b>Thailand</b>	AAPICO Engineer Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	A ERP Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO Technology Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO Training Center Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO Venture Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bangpain Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
<b>Malaysia</b>	AAPICO Engineering SDN. BHD.	Lot 56, No. 10 Jalan 51/127 Seksyen 51 46050 Petaling Jaya, Selangor	Tel: +60 (3) 7784 8411 Fax: +60 (3) 7784 7411
<b>Singapore</b>	AAPICO Investment Private Limited	745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455	Tel: +65 (-) 6836 1919
	Jackspeed Corporation Limited	221 Henderson Road #06-15 Singapore 159557	Tel: +65 (-) 6273 0386 Fax: +65 (-) 6273 0396



## REFERENCE

REFERENCE	COMPANY ADDRESS	CONTACT
SECURITY DEPOSIT REGISTRAR	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED	Tel: +66 (0) 2009 0900
	THE STOCK EXCHANGE OF THAILAND	+66 (0) 2009 9999
	93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Thailand	Fax: +66 (0) 2009 9991
DEBENTURE REPRESENTATIVE	BANGKOK BANK PUBLIC COMPANY LIMITED	Tel: +66 (0) 2626 3568
	333 Silom Road, Bangrak, Bangkok 10500	Fax: +66 (0) 2626 4545-6
REGISTRAR OF DEBENTURE	BANGKOK BANK PUBLIC COMPANY LIMITED	Tel: +66 (0) 2626 3568
	333 Silom Road, Bangrak, Bangkok 10500	Fax: +66 (0) 2626 4545-6
	KASIKORN BANK PUBLIC COMPANY LIMITED	Tel: +66 (0) 2222 0000
	1 Soi Rat Burana 27/1 Rat Burana Road Rat Burana Bangkok 10140	Fax: +66 (0) 2470 1144
AUDITOR	EY OFFICE LIMITED	Tel: +66 (0) 2264 0777
	Lake Rajada Office Complex, Floor 33,	+66 (0) 2264 9090
	193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110	Fax: +66 (0) 2264 0789

### COMPANY CREDIT RATING (BBB+ / STABLE)

For the year 2016, TRIS Rating affirms the company rating and the senior unsecured debenture rating of AAPICO Hitech PLC at “BBB+”. The rating reflects the Company’s strong business profile as a Tier-1 automotive parts manufacturer in Thailand, strong relationships with major automakers, improved capital structure, high barriers to entry, and the strong fundamentals of the automotive industry in Thailand. These strength are partially weighted down by the relatively thin profit margin of its stamped products and car dealership segments, high

customer concentration due to the character of industry which has small number of major automakers in Thailand, and cyclical nature of the automotive industry.

TRIS Rating has maintained the rating outlook at “Stable”, which reflects its expectation that the Company will maintain its strong market position in its core lines of business and will maintain its financial profile at an acceptable level.

# INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of AAPICO Hitech Public Company Limited

## Opinion

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

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

## Basis for Opinion

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



## Key Audit Matters

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

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

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

### *Revenue recognition*

The Group is principally engaged in the manufacture and distribution of automobile parts, molds, dies and jigs, sales of automobiles, and the provision of automobile repair services. The Group's revenue was mainly derived from sales of automobile parts, which were significant in terms of volume and value, accounting for approximately 62 percent of total revenues. As this revenue had a direct impact on the Group's operating performance, I focused on the recognition of revenue from sales of automotive parts, especially the timing of such recognition.

I have assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. In addition, on a sampling basis, I examined supporting documents for sales transactions occurring during the year and near the end of the accounting period, reviewed credit notes that the Company issued after the period-end and performed analytical procedures on revenue from sales accounts.

### *Allowance for diminution in inventory value*

The basis for determining allowance for diminution in inventory value, as disclosed in Note 10 to financial statements, is an area of estimates based on the management's experiences, especially with respect to determination of allowance for obsolete or slow-moving inventory, which requires analysis of the product life cycle, the competitive environment and the economic and industry situation. There is thus a risk with respect to the amount of the allowance for diminution in value of inventories.



I assessed the methods and assumptions applied by the management in determining such allowance by gaining an understanding of the basis applied in determining the allowance, and reviewing the consistency of the application of that basis and the rational for the specific recognition. I also performed an analytical review of the inventory holding period and inventory movements to identify groups of inventory with indications of slow movement, performed analytical review to compare the net realisable value occurring after the end of the reporting period with the costs of inventories.

*Impairment of plant and equipment in consolidated financial statements and impairment of investment in subsidiary and allowance for doubtful accounts for loans to and accrued interest income from subsidiary in the separate financial statements*

As disclosed in Note 12 to financial statements, a subsidiary has a capital deficit which the Group's management is implementing financial and operational measures to improve the subsidiary's future performance and this subsidiary's operating results have begun to show improvement in the current year. This subsidiary had plant and equipment used in its operations with a net book value of Baht 879 million as at the end of 2016, which was included in the property, plant and equipment account in the Group's consolidated financial statements. In addition, as of 31 December 2016, the Company's separate financial statements included net investment in this subsidiary of Baht 542 million and loans provided to the subsidiary which, including accrued interest income, amounted to Baht 2,271 million. I have paid particular attention to the determination of impairment loss on plant and equipment of the subsidiary in the consolidated financial statements, impairment of investment in subsidiary and the allowance for doubtful accounts with respect to loans to and accrued interest income from subsidiary in the separate financial statements, since these accounts required the exercise of significant management judgement with respect to projections of the future operating performance of the subsidiary, and the determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss and the allowance for doubtful accounts.

I assessed the management's identification of cash-generating units. I also gained an understanding of and assessed the cash flow projections of the subsidiary, based on the understanding I gained of the process by which management arrived at the figures, comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections, comparison of the long-term growth rate with economic and industry forecasts and assessment of the discount rate based on comparison of the average cost of capital and other data with those used by comparable organisations in the same industry.



## **Other Information**

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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



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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Watoo Kayankannavee.

Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 28 February 2017

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	271,643,252	338,199,112	48,775,151	28,077,551
Current investments	7	207,599,597	38,120,290	161,423,777	-
Trade and other receivables	8, 9	1,880,812,695	1,911,728,055	616,790,082	597,749,049
Short-term loans to related parties	8	-	-	378,600,000	504,446,600
Inventories	10	1,044,852,241	1,109,460,510	93,534,953	142,896,851
Other current assets		273,496,427	286,333,615	45,691,582	27,215,071
<b>Total current assets</b>		<b>3,678,404,212</b>	<b>3,683,841,582</b>	<b>1,344,815,545</b>	<b>1,300,385,122</b>
<b>Non-current assets</b>					
Long-term loans to related parties	8	-	-	2,121,346,214	2,644,236,618
Investments in associates	11	1,471,083,384	1,293,139,361	553,417,000	498,537,000
Investments in subsidiaries	12	-	-	2,726,127,250	2,706,857,550
Investments in joint ventures	13	74,264,198	74,829,112	82,500,000	82,500,000
Other long-term investments	14	99,781,403	76,604,286	-	-
Property, plant and equipment	15	5,298,282,797	5,846,694,706	1,144,423,987	1,252,445,603
Leasehold right	16	134,396,165	147,987,077	-	-
Deposit for purchase of assets - unrelated parties		9,710,565	20,407,492	-	-
Goodwill	17	234,530,505	234,530,505	-	-
Other intangible assets	18	80,861,341	89,714,910	13,538,100	15,134,240
Deferred tax assets	19	13,726,283	11,850,603	5,974,727	5,912,594
Other non-current assets		18,293,122	27,470,586	2,612,522	2,872,326
<b>Total non-current assets</b>		<b>7,434,929,763</b>	<b>7,823,228,638</b>	<b>6,649,939,800</b>	<b>7,208,495,931</b>
<b>Total assets</b>		<b>11,113,333,975</b>	<b>11,507,070,220</b>	<b>7,994,755,345</b>	<b>8,508,881,053</b>

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



## STATEMENT OF FINANCIAL POSITION (Continued)

**As at 31 December 2016**

**AAPICO Hitech Public Company Limited and its Subsidiaries**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	20	326,203,232	655,481,982	-	371,426,289
Trade and other payables	8, 21	2,063,092,137	1,977,559,487	450,631,488	471,681,299
Current portion of long-term loans	22	603,325,400	922,801,789	582,400,000	871,200,000
Current portion of liabilities under finance lease agreements	24	5,771,340	4,170,323	1,182,548	204,120
Short-term loans from related parties	8	4,793,760	14,618,384	421,139,769	261,500,000
Provisions for product warranty	26	22,462,949	12,241,579	-	-
Other current liabilities		140,457,346	125,545,599	23,927,212	15,779,722
<b>Total current liabilities</b>		<b>3,166,106,164</b>	<b>3,712,419,143</b>	<b>1,479,281,017</b>	<b>1,991,791,430</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	22	493,096,573	905,230,555	386,400,000	800,400,000
Debentures	23	1,098,748,620	798,444,460	1,098,748,620	798,444,460
Liabilities under finance lease agreements					
- net of current portion	24	11,026,991	7,249,503	2,633,176	-
Provision for long-term employee benefits	25	103,901,288	96,347,165	16,053,413	14,771,792
Other non-current liabilities		4,323,795	4,534,794	-	-
<b>Total non-current liabilities</b>		<b>1,711,097,267</b>	<b>1,811,806,477</b>	<b>1,503,835,209</b>	<b>1,613,616,252</b>
<b>Total liabilities</b>		<b>4,877,203,431</b>	<b>5,524,225,620</b>	<b>2,983,116,226</b>	<b>3,605,407,682</b>

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

# STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered					
322,649,160 ordinary shares of Baht 1 each		322,649,160	322,649,160	322,649,160	322,649,160
Issued and fully paid up					
322,583,844 ordinary shares of Baht 1 each		322,583,844	322,583,844	322,583,844	322,583,844
Premium on ordinary shares		2,164,354,332	2,164,354,332	2,164,354,332	2,164,354,332
Treasury shares	27	(75,711,690)	-	(75,711,690)	-
Retained earnings					
Appropriated					
Statutory reserve - the Company	29	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		153,093,631	153,093,631		-
Treasury shares reserve	27	75,711,690	-	75,711,690	-
Unappropriated		3,403,401,254	3,105,757,722	2,465,159,943	2,356,994,195
Other components of shareholders' equity		(57,009,484)	(3,834,360)	-	-
Equity attributable to owners of the Company		6,045,964,577	5,801,496,169	5,011,639,119	4,903,473,371
Non-controlling interests of the subsidiaries		190,165,967	181,348,431	-	-
<b>Total shareholders' equity</b>		<b>6,236,130,544</b>	<b>5,982,844,600</b>	<b>5,011,639,119</b>	<b>4,903,473,371</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,113,333,975</b>	<b>11,507,070,220</b>	<b>7,994,755,345</b>	<b>8,508,881,053</b>

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



# INCOME STATEMENT

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Revenues</b>					
Sales and service income		14,730,928,548	14,534,477,992	2,046,077,191	2,129,267,801
Dividend income	11, 12	-	-	304,179,787	394,002,985
Other income		408,001,119	459,233,637	266,515,999	306,186,434
<b>Total revenues</b>		<b>15,138,929,667</b>	<b>14,993,711,629</b>	<b>2,616,772,977</b>	<b>2,829,457,220</b>
<b>Expenses</b>					
Cost of sales and services		13,855,910,352	13,820,232,491	1,993,682,843	2,111,478,606
Selling expenses		263,938,431	238,544,825	40,593,062	37,076,344
Administrative expenses		516,025,051	547,574,528	113,502,619	104,589,748
Loss on impairment of investment in subsidiary		-	-	-	2,270,000
<b>Total expenses</b>		<b>14,635,873,834</b>	<b>14,606,351,844</b>	<b>2,147,778,524</b>	<b>2,255,414,698</b>
<b>Profit before share of profit (loss) from investments in associates and joint ventures, finance cost and income tax</b>					
		503,055,833	387,359,785	468,994,453	574,042,522
Share of profit from investments in associates	11	225,295,481	151,239,464	-	-
Share of loss from investments in joint ventures	13	(764,913)	(3,423,430)	-	-
<b>Profit before finance cost and income tax</b>		<b>727,586,401</b>	<b>535,175,819</b>	<b>468,994,453</b>	<b>574,042,522</b>
Finance cost		(131,077,645)	(170,190,003)	(115,683,755)	(150,013,647)
<b>Profit before income tax</b>		<b>596,508,756</b>	<b>364,985,816</b>	<b>353,310,698</b>	<b>424,028,875</b>
Income tax benefits (expense)	19	(26,980,349)	(26,681,872)	62,133	177,484
<b>Profit for the year</b>		<b>569,528,407</b>	<b>338,303,944</b>	<b>353,372,831</b>	<b>424,206,359</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		543,091,590	313,071,371	353,372,831	424,206,359
Non-controlling interests of the subsidiaries		26,436,817	25,232,573		
		<b>569,528,407</b>	<b>338,303,944</b>		
<b>Basic earnings per share</b>					
	32				
Profit attributable to equity holders of the Company		1.70	0.97	1.11	1.32

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

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit for the year</b>	<b>569,528,407</b>	<b>338,303,944</b>	<b>353,372,831</b>	<b>424,206,359</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(87,449,297)	14,246,257	-	-
Gain on change in value of available-for-sale investments	16,654,892	27,553,048	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(70,794,405)	41,799,305	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss) - net of income tax	(240,975)	(7,294,333)	-	5,359,611
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(240,975)	(7,294,333)	-	5,359,611
<b>Other comprehensive income for the year</b>	<b>(71,035,380)</b>	<b>34,504,972</b>	<b>-</b>	<b>5,359,611</b>
<b>Total comprehensive income for the year</b>	<b>498,493,027</b>	<b>372,808,916</b>	<b>353,372,831</b>	<b>429,565,970</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	489,675,491	359,112,313	353,372,831	429,565,970
Non-controlling interests of the subsidiaries	8,817,536	13,696,603	-	-
	<b>498,493,027</b>	<b>372,808,916</b>		

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



# CASH FLOWS STATEMENT

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before tax	596,508,756	364,985,816	353,310,698	424,028,875
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	722,972,909	745,185,510	138,380,943	144,160,704
Loss (gain) on disposal/write-off of plant and equipment	(2,063,076)	8,838,328	551,637	10,355,569
Share of profit from investments in associates and joint ventures	(224,530,568)	(147,816,034)	-	-
Loss on impairment of investment in subsidiary	-	-	-	2,270,000
Loss on dissolution of subsidiary	-	-	4,936	-
Loss on impairment of assets (reversal)	32,319,744	(8,361,297)	18,000,000	(8,746,343)
Loss from disposal and write-off of assets	6,319,766	3,470,844	-	-
Reduction of inventory cost to net realisable value	36,424,124	11,977,115	8,632,011	4,222,860
Dividend income from subsidiaries and associates	-	-	(304,179,787)	(394,002,985)
Reversal of allowance for doubtful accounts	(512,004)	(8,095,651)	(1,250,000)	(5,024,517)
Provision for long-term employee benefits	13,143,841	9,637,946	2,513,549	2,008,332
Interest expenses	130,948,423	168,232,983	115,394,181	148,117,094
Profit from operating activities before changes in				
operating assets and liabilities	1,311,531,915	1,148,055,560	331,358,168	327,389,589
Operating assets (increase) decrease				
Current investments	(169,479,307)	(22,830,710)	(161,423,777)	5,983
Trade and other receivables	33,332,916	2,249,936	(19,563,066)	(95,871,563)
Inventories	(54,447,159)	72,296,507	30,650,887	68,015,345
Other current assets	18,157,626	110,697,556	(12,185,059)	80,608,778
Other non-current assets	9,177,463	(4,335,562)	259,804	(445,796)
Operating liabilities increase (decrease)				
Trade and other payables	87,020,308	(303,791,808)	(21,217,103)	(125,683,848)
Other current liabilities	23,905,770	(32,389,143)	8,147,490	10,165,496
Other non-current liabilities	(210,999)	2,882,294	-	-
Cash flows from operating activities	1,258,988,533	972,834,630	156,027,344	264,183,984
Cash paid for long-term employee benefits	(5,589,718)	(5,337,080)	(1,231,928)	(236,612)
Cash paid for income tax	(39,268,885)	(40,636,829)	(6,291,452)	(8,273,559)
<b>Net cash flows from operating activities</b>	<b>1,214,129,930</b>	<b>926,860,721</b>	<b>148,503,964</b>	<b>255,673,813</b>

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



# CASH FLOWS STATEMENT (Continued)

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Decrease (increase) in loans to related parties	-	667,082	648,737,004	(70,813,362)
Acquisition of investments in subsidiary, associates and joint venture	(54,880,000)	(22,500,000)	(74,879,700)	(22,500,001)
Acquisition of other investments	(11,375,000)	-	-	-
Cash received from dissolution of subsidiary	-	-	725,064	-
Dividend received from subsidiaries and associates	97,481,639	134,231,160	305,951,821	392,230,951
Proceeds from sales of equipment and intangible assets	34,025,911	17,342,131	3,105,000	1,927,377
Acquisitions of plant, equipment, leasehold right and intangible assets	(166,830,003)	(273,281,803)	(36,888,696)	(47,350,405)
<b>Net cash flows from (used in) investing activities</b>	<b>(101,577,453)</b>	<b>(143,541,430)</b>	<b>846,750,493</b>	<b>253,494,560</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from banks	(329,278,750)	(81,256,001)	(371,426,289)	80,115,812
Increase (decrease) in loans from related parties	(9,064,218)	(607,925)	159,639,769	34,300,000
Repayment of long-term loans	(1,057,680,805)	(1,469,423,034)	(1,002,800,000)	(1,418,077,700)
Increase in long-term loans	333,331,850	250,812,505	300,000,000	216,000,000
Repayment of liabilities under finance lease agreements	(4,256,700)	(7,966,369)	(409,673)	(1,296,252)
Net cash received from debentures	299,550,000	798,000,000	299,550,000	798,000,000
Dividend paid	(169,495,393)	(64,515,689)	(169,495,393)	(64,515,689)
Interest expenses	(130,235,091)	(163,104,296)	(113,903,581)	(142,083,147)
Acquisition of non-controlling interests of the subsidiaries	-	(6,839,700)	-	-
Cash paid for treasury shares	(75,711,690)	-	(75,711,690)	-
<b>Net cash flow used in financing activities</b>	<b>(1,142,840,797)</b>	<b>(744,900,509)</b>	<b>(974,556,857)</b>	<b>(497,556,976)</b>
Decrease in exchange differences on translation				
of financial statements in foreign currency	-36,267,540	-13,875,189	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(66,555,860)</b>	<b>24,543,593</b>	<b>20,697,600</b>	<b>11,611,397</b>
Cash and cash equivalents at beginning of year	338,199,112	313,655,519	28,077,551	16,466,154
<b>Cash and cash equivalents at end of year</b>	<b>271,643,252</b>	<b>338,199,112</b>	<b>48,775,151</b>	<b>28,077,551</b>

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



# CASH FLOWS STATEMENT (Continued)

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Supplemental cash flows information: -</b>				
Non-cash items consist of				
Increase (decrease) in accounts payable - purchases and construction of assets	(2,004,205)	(34,738,162)	(868,000)	676,000
Purchases of equipments under finance lease agreements	9,635,206	7,588,642	4,021,277	-
Increase (decrease) in deposit for purchase of assets	(10,696,927)	3,124,222	-	-
Decrease in assets due to debt forgiveness	-	6,770,273	-	6,770,273
Transfer interest expense to work under construction	357,376	490,656	298,852	285,800
Decrease in deficit on changes in value of available-for-sale investments	16,654,892	27,553,048	-	-
Transfer equipment from inventory, intangible assets and other assets	84,718,176	15,939,968	10,079,000	-
Share subscription payable	200,000	-	-	122,500
Increase (decrease) in dividend receivables	1,905,552	5,726,742	(1,772,034)	1,772,034

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

# STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital	Premium on ordinary shares	Treasury shares	Retained earnings		Total shareholders' equity	
				Appropriated	Treasury shares reserve		
<b>Balance as at 1 January 2015</b>	322,583,844	2,164,354,332	-	59,541,000	-	1,991,943,914	4,538,423,090
Profit for the year	-	-	-	-	-	424,206,359	424,206,359
Other comprehensive income for the year	-	-	-	-	-	5,359,611	5,359,611
Total comprehensive income for the year	-	-	-	-	-	429,565,970	429,565,970
Dividend paid (Note 28)	-	-	-	-	-	(64,515,689)	(64,515,689)
<b>Balance as at 31 December 2015</b>	322,583,844	2,164,354,332	-	59,541,000	-	2,356,994,195	4,903,473,371
<b>Balance as at 1 January 2016</b>	322,583,844	2,164,354,332	-	59,541,000	-	2,356,994,195	4,903,473,371
Profit for the year	-	-	-	-	-	353,372,831	353,372,831
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	353,372,831	353,372,831
Treasury shares (Note 27)	-	-	(75,711,690)	-	-	-	(75,711,690)
Treasury shares reserve (Note 27)	-	-	-	-	75,711,690	(75,711,690)	-
Dividend paid (Note 28)	-	-	-	-	-	(169,495,393)	(169,495,393)
<b>Balance as at 31 December 2016</b>	322,583,844	2,164,354,332	(75,711,690)	59,541,000	75,711,690	2,465,159,943	5,011,639,119

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



# STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

(Unit: Baht)

Consolidated financial statements											
	Equity attributable to owners of the Company										
	Retained earnings							Other components of equity - other comprehensive income			
	Appropriated			Treasury		financial statements in foreign currency	Surplus (deficit) on changes in value of available-for- sale investments	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
	Issued and paid-up share capital	Premium on ordinary shares	Treasury shares	Statutory reserve							
				The Company	Subsidiaries						
Balance as at 1 January 2015											
Profit for the year	322,583,844	2,164,354,332	-	59,541,000	153,093,631	-	2,871,533,125	66,138,771	(123,308,406)	5,513,936,297	5,681,391,073
	-	-	-	-	-	-	313,071,371	-	-	313,071,371	338,303,944
Other comprehensive income for the year	-	-	-	-	-	-	(7,294,333)	25,782,227	27,553,048	46,040,942	34,504,972
Total comprehensive income for the year	-	-	-	-	-	-	305,777,038	25,782,227	27,553,048	53,335,275	372,808,916
Dividend paid (Note 28)	-	-	-	-	-	-	(64,515,689)	-	-	(64,515,689)	(64,515,689)
Acquisition of non-controlling interest of the subsidiaries	-	-	-	-	-	-	(7,036,752)	-	-	(7,036,752)	(6,839,700)
Balance as at 31 December 2015	322,583,844	2,164,354,332	-	59,541,000	153,093,631	-	3,105,757,722	91,920,998	(95,755,358)	5,801,496,169	5,982,844,600
Balance as at 1 January 2016	322,583,844	2,164,354,332	-	59,541,000	153,093,631	-	3,105,757,722	91,920,998	(95,755,358)	5,801,496,169	5,982,844,600
Profit for the year	-	-	-	-	-	-	543,091,590	-	-	543,091,590	569,528,407
Other comprehensive income for the year	-	-	-	-	-	-	(240,975)	(69,830,016)	16,654,892	(53,416,099)	(71,035,380)
Total comprehensive income for the year	-	-	-	-	-	-	542,850,615	(69,830,016)	16,654,892	489,675,491	498,493,027
Treasury shares (Note 27)	-	-	(75,711,690)	-	-	-	-	-	-	(75,711,690)	(75,711,690)
Treasury shares reserve (Note 27)	-	-	-	-	-	-	75,711,690	-	-	-	-
Dividend paid (Note 28)	-	-	-	-	-	-	(169,495,393)	-	-	(169,495,393)	(169,495,393)
Balance as at 31 December 2016	322,583,844	2,164,354,332	(75,711,690)	59,541,000	153,093,631	75,711,690	3,403,401,254	22,090,982	(79,100,466)	6,045,964,577	6,236,130,544

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year 31 December 2016

AAPICO Hitech Public Company Limited and its Subsidiaries

## 1. General information

AAPICO Hitech Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of automobile parts, dies and jigs. The registered office of the Company is at 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Ampur Bang Pa-in, Ayutthaya.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and the following subsidiaries (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			(%)	(%)
<u>Held by the Company</u>				
AAPICO Amata Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Engineering Co., Ltd.	Research and development in field of automobile engineering	Thailand	100	100
New Era Sales Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 (%)	2015 (%)
AAPICO ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100
AAPICO Forging Plc.	Manufacture of autoparts	Thailand	100	100
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51
AAPICO Structural Products Co., Ltd.	Manufacture of autoparts	Thailand	100	100
A Maction Co., Ltd.	Development of software	Thailand	-	100
New Era Sales (M) SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
AAPICO Technology Co., Ltd.	Not yet operation	Thailand	100	100
AERP Co., Ltd.	IT consulting and advisory	Thailand	88	88
Katsuya (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	76	76
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Import and exports of vehicles and parts	Thailand	97	97
AAPICO Lemtech (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	60	60
AAPICO Training Center Co., Ltd.	Provide training services	Thailand	100	100
AAPICO Venture Co., Ltd.	Venture capital	Thailand	100	-
<u>Held by subsidiaries</u>				
Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.)	Investment in other companies	Singapore	60	60
Katsuya (Thailand) Co., Ltd. (24 percent held by AAPICO Plastics Public Co., Ltd.)	Manufacture of autoparts	Thailand	24	24
AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Plc.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Engineering SDN. BHD. (49 percent held by Tenaga Setia Resources SDN. BHD. and 51 percent held by New Era Sales (M) SDN. BHD.)	Investment in other companies	Malaysia	49	49
AAPICO ITS Co. SDN. BHD. (49 percent held by AAPICO ITS Co., Ltd.)	Manufacture software of car navigation systems and distribution its derivatives	Malaysia	29	29
AAPICO QI SDN. BHD. (60 percent held by AAPICO ITS Co., Ltd. and 40 percent held by Quantum Inventions Pte. Ltd.)	Manufacture software of car navigation systems and distribution its derivatives	Malaysia	46	46
AAPICO Precision Co., Ltd. (100 percent held by AAPICO Forging Plc.)	Manufacture of autoparts	Thailand	100	100

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.



- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
  - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

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

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

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



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

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

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

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

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

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are valued after deducting discounts and allowance.

### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Inventories**

Finished goods and work in process are valued at the lower of average cost and net realisable value, and includes all production costs and attributable factory overheads.

Merchandise inventories are valued at lower of cost (specific basis for automobiles and the first-in, first-out method for others) and net realisable value.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Some subsidiaries record merchandise inventories-others using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to the consolidated financial statements.

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.



- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

#### **4.6 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment (except for some of factory equipment, on a production method and diminishing method) are calculated by reference to their costs on the straight-line basis over the following estimated useful lives: -

Buildings and building improvements	5 - 35 years
Apartment	20 years
Machinery and factory equipment	3 - 20 years
Motor vehicles and office equipment	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land, building under construction, machinery and factory equipment under production and installation.

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

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.8 Intangible assets and amortisation

The intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

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

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

	<u>Useful lives</u>
Computer software	5-10 years
Cost of product development	On number of product sold

#### 4.9 Goodwill

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

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

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



#### **4.10 Related party transactions**

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

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

#### **4.11 Long-term leases**

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

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.12 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.



#### **4.13 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.



The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.15 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

###### ***Defined contribution plans***

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

###### ***Defined benefit plans and other long-term employee benefits***

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan. In addition, some companies provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefits plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit and loss.

#### **4.16 Treasury shares**

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

#### **4.17 Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

#### **4.18 Provisions**

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

#### **4.19 Fair value measurement**

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

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

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

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

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

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



### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over Tenaga Setia Resources SDN. BHD., New Era Sales (M) SDN. BHD., AAPICO Engineering SDN. BHD., AAPICO ITS Co., SDN. BHD., and AAPICO QI SDN. BHD., even though the Company holds shares and voting rights that is less than half of shares and voting rights. This is because the Company has the ability to direct the significant activities. As a result, those companies are deemed to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Leases**

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

### **Reduce inventory cost to net realisable value**

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from slow-moving and obsolete stock based upon aging profile of inventories and the prevailing economic condition.

### **Allowance for doubtful accounts for receivables and loans**

In determining an allowance for doubtful accounts for receivables and loans, the management needs to exercise judgement and make estimates based upon consideration of, among other things, ability to make debt repayment, past collection history, the aging profile of outstanding debts and the prevailing economic conditions.

### **Impairment of assets**

The Group performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use (calculated from the estimated future discounted cash flows) is less than the carrying amount.

The preparation of the estimated future discounted cash flows requires the management to make forecasts of future revenues and expenses, and appropriate discount rates and other assumptions.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flow.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

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

### **Litigation**

The subsidiary has contingent liabilities as a result of litigation. The subsidiary's management has used judgement to assess of the results of the litigation and records this provision in the financial statements.



## 6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	1,818	2,507	48	43
Bank deposits	269,825	335,692	48,727	28,035
Total	271,643	338,199	48,775	28,078

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 0.88 percent per annum (2015: between 0.05 and 2.00 percent per annum).

## 7. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Held for trade investments</b>				
Unit trusts - fixed income fund, fair value	202,463	38,120	161,424	-
<b>Held to maturity investments</b>				
12-month fixed deposit	5,136	-	-	-
Total current investments	207,599	38,120	161,424	-



## 8. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial		Separate financial		Transfer Pricing Policy
	statements		statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	171	197	Close to selling price to third party
Sales of machinery and equipment	-	-	3	1	Cost plus margin of 5%
Interest income	-	-	116	139	0.01% - 5.10% p.a.
Dividend income	-	-	208	258	As declared
Rental income	-	-	3	4	Close to rental rates for other building in the vicinity
Management fee income	-	-	62	65	Approximate cost
Other income	-	-	11	10	Approximate cost
Purchases of goods and services	-	-	286	329	Cost plus margin, averaging around 1% - 25%
Purchases of machinery and equipment	-	-	13	13	Close to selling price to third party
Interest expense	-	-	8	9	0.5% - 5.1% p.a.
Other expense	-	-	16	15	Approximate cost
<u>Transactions with associates and joint venture</u>					
Sales of goods and services	210	209	1	1	Close to selling price to third party
Dividend income	-	-	96	136	As declared
Rental income	16	7	-	-	Close to rental rates for other building in the vicinity
Management fee income	5	4	5	4	Approximate cost
Other income	8	14	7	7	Approximate cost
Purchases of goods and services	269	261	180	167	Cost plus margin, averaging around 1% - 3% and 30%, 70%
Other expenses	-	11	-	8	Approximate cost



As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	419,808	345,141
Associates	41,485	60,103	3,513	9,754
Joint venture	13	696	-	32
Related companies (common shareholders/director)	750	2,846	-	339
	<u>42,248</u>	<u>63,645</u>	<u>423,321</u>	<u>355,266</u>
<b><u>Trade and other payables - related parties (Note 21)</u></b>				
Subsidiaries	-	-	38,170	41,201
Associates	43,361	55,001	26,105	27,733
	<u>43,361</u>	<u>55,001</u>	<u>64,275</u>	<u>68,934</u>

#### Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows.

(Unit: Thousand Baht)

		Consolidated financial statements			
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Unrealised gain on exchange
Related by					Balance as at 31 December 2016
<b><u>Short-term loans from</u></b>					
Dee Mak SDN. BHD.	Common director	1,686	3,412	(216)	(88)
Directors of the Group		12,932	-	(12,260)	(672)
Total		<u>14,618</u>	<u>3,412</u>	<u>(12,476)</u>	<u>(760)</u>

Short-term loans from directors carry interest at 5 percent per annum and due at call.

(Unit: Thousand Baht)

		Separate financial statements				
Related by		Balance as at	Increase during	Decrease during	Unrealised	Balance as at
		31 December				31 December
		2015	the year	the year	gain (loss) on	2016
					exchange	
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	23,000	(23,000)	-	12,000
Able Motors Company Limited	Subsidiary	18,000	45,000	(27,000)	-	36,000
Katsuya (Thailand) Company Limited	Subsidiary	600	-	-	-	600
AAPICO Hitech Parts Company Limited	Subsidiary	60,000	60,000	(84,000)	-	36,000
AAPICO Hitech Tooling Company Limited	Subsidiary	36,000	-	(30,000)	-	6,000
AAPICO Forging Public Company Limited	Subsidiary	288,000	1,428,012	(1,428,012)	-	288,000
AAPICO Amata Company Limited	Subsidiary	18,000	-	(18,000)	-	-
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	71,847	-	(71,847)	-	-
Total		504,447	1,556,012	(1,681,859)	-	378,600
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	250,000	16,000	(9,000)	-	257,000
Able Motors Company Limited	Subsidiary	87,000	68,000	(98,000)	-	57,000
AAPICO Forging Public Company Limited	Subsidiary	1,921,100	-	(277,630)	-	1,643,470
AAPICO Hitech Parts Company Limited	Subsidiary	215,000	532,021	(685,206)	-	61,815
AAPICO Hitech Tooling Company Limited	Subsidiary	38,700	91,548	(114,787)	-	15,461
Katsuya (Thailand) Company Limited	Subsidiary	3,200	-	(400)	-	2,800
AAPICO Investment Pte. Ltd.	Subsidiary	86,267	-	-	(2,467)	83,800
AAPICO Amata Company Limited	Subsidiary	42,970	217,716	(260,686)	-	-
Total		2,644,237	925,285	(1,445,709)	(2,467)	2,121,346
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	600	-	-	9,800
AAPICO Structural Products Company Limited	Subsidiary	252,300	3,148,581	(2,999,111)	-	401,770
AAPICO Amata Company Limited	Subsidiary	-	9,570	-	-	9,570
Total		261,500	3,158,751	(2,999,111)	-	421,140

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	29,694	30,571	29,694	30,571
Post-employment benefits	170	173	170	173
Total	29,864	30,744	29,864	30,744



## Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.5.

### 9. Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	35,892	42,757	28,963	30,281
Total trade receivables - related parties	35,892	42,757	28,963	30,281
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	1,780,541	1,785,210	191,737	241,292
Past due 3 - 12 months	690	2,166	12	558
Past due more than 12 months	3,329	5,881	199	-
Total	1,784,560	1,793,257	191,948	241,850
Less: Allowance for doubtful accounts	(3,044)	(5,487)	(14)	(14)
Total trade receivables - unrelated parties, net	1,781,516	1,787,770	191,934	241,836
Total trade receivables - net	1,817,408	1,830,527	220,897	272,117
<u>Other receivables - net</u>				
Advances - related parties	5,193	7,982	3,513	11,391
Interest receivable - related parties	-	-	379,968	306,670
Advances	18,607	13,338	-	-
Dividend receivable - related parties	-	5,727	-	1,772
Accrued income	23,406	32,647	-	-
Others - related parties	1,163	7,179	10,877	5,152
Others - unrelated parties	15,036	14,328	1,535	647
Total other receivables - net	63,405	81,201	395,893	325,632
Total trade and other receivables - net	1,880,813	1,911,728	616,790	597,749

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	521,798	457,789	(14,125)	(12,457)	507,673	445,332
Raw materials, spare parts and supplies	416,292	414,452	(57,343)	(29,612)	358,949	384,840
Work in process	190,195	282,129	(19,141)	(12,116)	171,054	270,013
Goods in transit	7,176	9,276	-	-	7,176	9,276
Total	<u>1,135,461</u>	<u>1,163,646</u>	<u>(90,609)</u>	<u>(54,185)</u>	<u>1,044,852</u>	<u>1,109,461</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	51,375	79,503	(2,093)	(3,688)	49,282	75,815
Raw materials, spare parts and supplies	51,824	61,339	(10,547)	(4,670)	41,277	56,669
Work in process	7,712	10,799	(4,736)	(386)	2,976	10,413
Total	<u>110,911</u>	<u>151,641</u>	<u>(17,376)</u>	<u>(8,744)</u>	<u>93,535</u>	<u>142,897</u>

During the year 2016, the Group reduced cost of inventories by Baht 36 million (2015: Baht 12 million), to reflect the net realisable value (The Company only: Baht 9 million (2015: Baht 4 million)). This was included in cost of sales.

As at 31 December 2016, certain subsidiaries have pledged finished goods of approximately Baht 158 million (2015: Baht 64 million) to secure loans from banks.



## 11. Investments in associates

### 11.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016 (%)	2015 (%)	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	508,899	412,247
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	78,073	64,953
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	135,406	138,684
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	31,486	40,655
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of vehicles and parts	Thailand	30	30	120,000	120,000	474,828	451,600
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	25,480	19,600	44,534	35,269
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	147,000	98,000	115,546	68,481
Quantum Inventions Pte. Ltd. (25 percent held by AAPICO Investment Pte. Ltd.)	Manufacture of car navigation systems	Singapore	25	25	76,085	76,085	82,311	81,250
Total					629,502	574,622	1,471,083	1,293,139

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2016 (%)	2015 (%)	2016	2015	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	-	-	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	-	-	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400	-	-	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	49,587	49,587	-	-	49,587	49,587
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Edscha AAPICO Automotive Company Limited	49	49	25,480	19,600	-	-	25,480	19,600
Sumino AAPICO (Thailand) Company Limited	49	49	147,000	98,000	-	-	147,000	98,000
Total			553,417	498,537	-	-	553,417	498,537

On 13 May 2016, a meeting of the Company's Board of Directors passed a resolution to purchase the additional shares of the following associates:

- Edscha AAPICO Automotive Company Limited of Baht 5.9 million, and maintain its current percentage of holding. The Company made full payment for the shares in May 2016.



- Sumino AAPICO (Thailand) Company Limited of Baht 73.5 million, and maintain its current percentage of holding. Initially 67% of the total increase in capital was called up and the Company made payment of Baht 49 million in May 2016.

During the year, Quantum Inventions Pte. Ltd. (an associate held by the Company's subsidiary) established PT. Quantum Inventions Indonesia with a registered capital of USD 0.6 million. The associate held a 80% interest of this company.

## 11.2 Share of comprehensive income and dividend income

During the years, the Group has recognised its share of comprehensive income from investments in associate companies in the consolidated financial statements and the Company has recognised dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements						Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend income during the year		Dividend income during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	110,828	73,795	-	-	14,176	1,772	14,176	1,772
Sanoh Industries (Thailand) Company Limited	13,120	11,194	-	-	-	7,038	-	7,038
MINTH AAPICO (Thailand) Company Limited	(3,037)	(10,165)	(241)	-	-	15,871	-	15,871
Thai Takagi Seiko Company Limited	(9,169)	(19,586)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	98,228	89,255	-	-	75,000	99,600	75,000	99,600
Edscha AAPICO Automotive Company Limited	9,918	12,368	-	-	6,533	11,722	6,533	11,722
Sumino AAPICO (Thailand) Company Limited	(1,935)	(13,231)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	7,342	7,610	(2,492)	2,064	3,789	3,954	-	-
<b>Total</b>	<b>225,295</b>	<b>151,240</b>	<b>(2,733)</b>	<b>2,064</b>	<b>99,498</b>	<b>139,957</b>	<b>95,709</b>	<b>136,003</b>



### 11.3 Summarised financial information about material associates

Summarised information about financial position as at 31 December 2016 and 2015.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2016	2015	2016	2015
Current assets	993	908	1,637	2,039
Non-current assets	672	756	312	306
Current liabilities	(531)	(737)	(524)	(993)
Non-current liabilities	(18)	(24)	(6)	(9)
Net assets	1,116	903	1,419	1,343
Shareholding percentage (%)	45.6	45.6	30	30
Share of net asset	509	412	426	403
Goodwill	-	-	49	49
Carrying amounts of associates based on equity method	509	412	475	452

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2016	2015	2016	2015
Revenue	2,873	2,068	5,768	6,155
Profit	243	162	325	297
Other comprehensive income	-	-	-	-
Total comprehensive income	243	162	325	297

## 12. Investments in subsidiaries

### 12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding		Cost		(Unit: Thousand Baht)	
			percentage				Dividend received during	
					the year			
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	-	-
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-	-
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393	6,353	-
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 8.1 million	100	100	277,426	277,426	-	-
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175	-	-
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000	-	-
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000	-	-
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950	-	-
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208	-	-
AAPICO Forging Plc.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907	-	-
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 200 million	100	100	200,000	200,000	200,000	258,000
A Maction Co., Ltd.	-	Baht 10 million	-	100	-	8,100	-	-
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263	2,118	-
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	100	100	250	250	-	-
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100	-	-
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675	-	-
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250	-	-
AAPICO Lemtech (Thailand) Co., Ltd.	Baht 40 million	Baht 40 million	60	60	24,000	24,000	-	-
AAPICO Training Center Co., Ltd.	Baht 3 million	Baht 3 million	100	100	3,000	3,000	-	-
AAPICO Venture Co., Ltd.	Baht 20 million	-	100	-	20,000	-	-	-
Total					4,062,735	4,050,835	208,471	258,000
Less: Allowance for impairment					(1,336,608)	(1,343,977)		
Net					2,726,127	2,706,858		

The above net investment in subsidiaries includes investment in a subsidiary which has a capital deficit. The Group's management is implementing financial and operational measures to improve the subsidiary's future performance and this subsidiary's operating results have begun to show improvement in the current year.

A Maction Company Limited registered the completion of its liquidation with the Ministry of Commerce on 11 March 2016. The Company received the return of capital in May 2016.

On 23 August 2016, the Company established AAPICO Venture Company Limited in Thailand, with a registered capital of Baht 20 million. The Company held a 100% interest.



During the current year, AAPICO Venture Company Limited invested in the ordinary shares of Smoothlane Company Limited and Mappico Company Limited, which are the newly companies registered and incorporated in Thailand with a registered capital of Baht 7 million and Baht 0.4 million, respectively. The subsidiary held 12% and 50% interest, respectively.

## 12.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interest during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
Tenaga Setia Resources SDN. BHD.	51	51	105	96	22	18	7	-
AAPICO ITS Co., Ltd.	40	40	21	24	(4)	5	-	-
New Era Sales (M) SDN. BHD.	51	51	45	38	12	10	2	-
AAPICO Lemtech (Thailand) Co., Ltd.	40	40	15	18	(3)	(3)	-	-

## 12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position as at 31 December 2016 and 2015.

(Unit: Million Baht)

Company's name	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	274	182	52	59	118	51	2	2
AAPICO ITS Co., Ltd.	45	54	20	25	13	18	3	2
New Era Sales (M) SDN. BHD.	166	127	168	189	103	98	139	142
AAPICO Lemtech (Thailand) Co., Ltd.	26	24	41	31	28	10	-	-

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

Company's name	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	2,160	2,096	42	36	(11)	(24)	31	12
AAPICO ITS Co., Ltd.	32	52	(9)	13	-	-	(9)	13
New Era Sales (M) SDN. BHD.	1,370	1,359	24	19	(5)	(8)	19	11
AAPICO Lemtech (Thailand) Co., Ltd.	82	82	(7)	(8)	-	-	(7)	(8)

## Summarised information about cash flow for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

Company's name	Cash flow from operating activities		Cash flow from investing activities		Cash flow from financing activities		Net increase (decrease) in cash and cash equivalents	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	(53)	74	(2)	(1)	31	(38)	(24)	35
AAPICO ITS Co., Ltd.	1	(23)	(1)	(7)	-	(8)	-	(38)
New Era Sales (M) SDN. BHD.	(4)	(23)	3	(2)	(9)	(13)	(10)	(38)
AAPICO Lemtech (Thailand) Co., Ltd.	2	10	(15)	(11)	9	-	(4)	(1)

### 13. Investments in joint ventures

#### 13.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which is jointly controlled by the Group and other company. Detail of these investments is as follow:

(Unit: Thousand Baht)

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016 (%)	2015 (%)	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	82,500	82,500	74,068	74,829
Mappico Company Limited (50 percent held by AAPICO Venture Co., Ltd.)	Technology services	Thailand	50	-	200	-	196	-
Total					82,700	82,500	74,264	74,829

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2016 (%)	2015 (%)	2016	2015
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500



### 13.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investments in joint ventures in the consolidated financial statements and the Company recognised dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss from investment in joint venture during the year		Share of other comprehensive income from investment in joint venture during the year		Dividend received during the year	
	2016	2015	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	761	3,423	-	-	-	-
Mappico Company Limited (50 percent held by AAPICO Venture Co., Ltd.)	4	-	-	-	-	-
Total	765	3,423	-	-	-	-

### 13.3 Summarised financial information about material joint ventures

Summarised information about financial position as at 31 December 2016 and 2105 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2016	2015
Cash and cash equivalent	25	29
Current asset	1	2
Non-current asset	122	122
Current liabilities	-	(3)
Net assets	148	150
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	74	75



Summarised information about comprehensive income for the years ended 31 December 2016 and 2015 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2016	2015
Revenue	-	-
Loss	2	7
Other comprehensive income	-	-
Total comprehensive income	(2)	(7)

#### 14. Other long-term investments

(Unit: Thousand Baht)

Consolidated  
financial statements

	2016	2015
<b>Available-for-sale securities</b>		
Marketable equity securities	160,666	160,666
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(72,260)	(84,062)
	<u>88,406</u>	<u>76,604</u>
<b>Other investments</b>		
Equity securities	11,375	-
Total	<u>99,781</u>	<u>76,604</u>



## 15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>								
1 January 2015	748,895	40,719	2,414,143	14,210	8,987,926	318,647	369,393	12,893,933
Acquisitions	-	-	14,045	-	49,163	30,458	173,360	267,026
Disposals/write-off	-	-	(6,933)	-	(143,408)	(49,186)	(498)	(200,025)
Transfer in (out)	-	-	8,327	-	390,403	12,714	(395,504)	15,940
Capitalised interest	-	-	-	-	-	-	490	490
Translation adjustment	-	-	(458)	-	19,037	(1,985)	5,326	21,920
31 December 2015	748,895	40,719	2,429,124	14,210	9,303,121	310,648	152,567	12,999,284
Acquisitions	-	-	9,063	-	27,446	40,265	90,454	167,228
Disposals/write-off	-	-	(6,855)	-	(31,454)	(39,824)	(13,208)	(91,341)
Transfer in (out)	-	-	2,945	-	182,705	5,550	(106,483)	84,717
Capitalised interest	-	-	-	-	-	-	357	357
Translation adjustment	-	-	(30,899)	-	(35,872)	(4,007)	(3,730)	(74,508)
31 December 2016	748,895	40,719	2,403,378	14,210	9,445,946	312,632	119,957	13,085,737

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Accumulated depreciation</b>								
1 January 2015	-	23,491	850,878	685	5,540,586	123,606	-	6,539,246
Depreciation for the year	-	2,036	123,686	865	549,760	32,321	-	708,668
Depreciation on disposals/write-off	-	-	(15)	-	(103,182)	(27,344)	-	(130,541)
Translation adjustment	-	-	(1,626)	-	10,205	(1,155)	-	7,424
31 December 2015	-	25,527	972,923	1,550	5,997,369	127,428	-	7,124,797
Depreciation for the year	-	2,036	119,003	712	535,252	31,832	-	688,835
Depreciation on disposals/write-off	-	-	(2,053)	-	(28,645)	(28,680)	-	(59,378)
Translation adjustment	-	-	(6,575)	-	(17,415)	(2,922)	-	(26,912)
31 December 2016	-	27,563	1,083,298	2,262	6,486,561	127,658	-	7,727,342
<b>Allowance for impairment loss</b>								
1 January 2015	-	-	-	-	36,153	-	-	36,153
Decrease during the year	-	-	-	-	(8,361)	-	-	(8,361)
31 December 2015	-	-	-	-	27,792	-	-	27,792
Increase during the year	-	-	-	-	32,320	-	-	32,320
31 December 2016	-	-	-	-	60,112	-	-	60,112
<b>Net book value</b>								
31 December 2015	748,895	15,192	1,456,201	12,660	3,277,960	183,220	152,567	5,846,695
31 December 2016	748,895	13,156	1,320,080	11,948	2,899,273	184,974	119,957	5,298,283
<b>Depreciation for the years</b>								
2015 (Baht 673 million included in manufacturing cost, and the balance in administrative expenses)								708,668
2016 (Baht 645 million included in manufacturing cost, and the balance in administrative expenses)								688,835



(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>							
1 January 2015	163,406	562,522	14,210	1,283,186	62,873	15,932	2,102,129
Acquisitions	-	-	-	8,510	393	32,723	41,626
Disposals/write-off	-	(6,770)	-	(41,865)	(4,345)	-	(52,980)
Transfer in (out)	-	5,209	-	27,174	9,830	(42,213)	-
Capitalised interest	-	-	-	-	-	286	286
31 December 2015	163,406	560,961	14,210	1,277,005	68,751	6,728	2,091,061
Acquisitions	-	-	-	-	2,499	32,667	35,166
Disposals/write-off	-	(2,684)	-	(4,583)	(12,362)	-	(19,629)
Transfer from inventories	-	-	-	10,079	-	-	10,079
Transfer in (out)	-	340	-	27,764	-	(28,104)	-
Capitalised interest	-	-	-	-	-	299	299
31 December 2016	163,406	558,617	14,210	1,310,265	58,888	11,590	2,116,976
<b>Accumulated depreciation</b>							
1 January 2015	-	211,249	685	453,318	50,699	-	715,951
Depreciation for the year	-	31,273	865	98,359	7,245	-	137,742
Depreciation on disposals/ write-off	-	-	-	(30,315)	(3,612)	-	(33,927)
31 December 2015	-	242,522	1,550	521,362	54,332	-	819,766
Depreciation for the year	-	29,730	712	95,880	5,587	-	131,909
Depreciation on disposals/write-off	-	(1,760)	-	(1,853)	(12,359)	-	(15,972)
31 December 2016	-	270,492	2,262	615,389	47,560	-	935,703

(Unit: Thousand Baht)

Separate financial statements		Building under construction, machinery and factory equipment under production/ installation					Total
		Land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	
<b>Allowance for impairment loss</b>							
1 January 2015		-	-	-	27,595	-	27,595
Decrease during the year		-	-	-	(8,746)	-	(8,746)
31 December 2015		-	-	-	18,849	-	18,849
Increase during the year		-	-	-	18,000	-	18,000
31 December 2016		-	-	-	36,849	-	36,849
<b>Net book value</b>							
31 December 2015		163,406	318,439	12,660	736,794	14,419	1,252,446
31 December 2016		163,406	288,125	11,948	658,027	11,328	1,144,424
<b>Depreciation for the years</b>							
2015 (Baht 130 million included in manufacturing cost, and the balance in administrative expenses)							137,742
2016 (Baht 125 million included in manufacturing cost, and the balance in administrative expenses)							131,909



Borrowing costs totaling approximately Baht 0.4 million and Baht 0.5 million were capitalised as cost of machinery under installation during the years ended 31 December 2016 and 2015, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.0% - 5.2% for 2016 and 4.4% - 5.2% for 2015.

As at 31 December 2016, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 18 million (2015: Baht 17 million).

As at 31 December 2016, certain building, machinery and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 3,974 million (2015: Baht 3,394 million) (Separate financial statements: Baht 218 million, 2015: Baht 176 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 December 2016 of Baht 80 million (2015: Baht 93 million) as collateral for credit facilities granted by banks.

#### 16. Leasehold right

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Cost	171,065	180,752
Accumulated amortisation	(36,669)	(32,765)
Net book value	134,396	147,987



A reconciliation of the net book value of land leasehold right for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Net book value at beginning of year	147,987	161,214
Amortisation	(5,512)	(5,617)
Translation adjustment	(8,079)	(7,610)
Net book value at end of year	134,396	147,987

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2016 of Baht 77 million (2015: Baht 84 million) as collateral for credit facilities granted by banks.

## 17. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	229,368	229,368
AAPICO Forging Public Company Limited	1,152,332	1,152,332
Other companies	5,162	5,162
Total	1,386,862	1,386,862
Less: Allowance for impairment	(1,152,332)	(1,152,332)
Net	234,530	234,530

For the purposes of impairment testing of goodwill from the acquisition of subsidiaries, the Company determines the recoverable amount of assets from the value in use of assets by access the future cash flow projection based on the finance and operation plan which approved by the management and had the significant assumptions relating to the growth of revenue and discount rate.



## 18. Other intangible assets

The net book value of other intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
<b>Cost:</b>			
1 January 2015	141,072	108,398	249,470
Addition during the year	10,875	11,004	21,879
Transfer in	190	-	190
Write-off during the year	(81)	(23,348)	(23,429)
Translation adjustment	53	(27)	26
31 December 2015	152,109	96,027	248,136
Addition during the year	4,126	13,804	17,930
Transfer in	2,087	-	2,087
Write-off during the year	(8,014)	-	(8,014)
Translation adjustment	(412)	(12)	(424)
31 December 2016	149,896	109,819	259,715
<b>Accumulated amortisation:</b>			
1 January 2015	97,187	44,086	141,273
Amortisation	14,544	16,356	30,900
Write-off during the year	-	(13,634)	(13,634)
Translation adjustment	(106)	(12)	(118)
31 December 2015	111,625	46,796	158,421
Amortisation	14,310	14,316	28,626
Write-off during the year	(8,014)	-	(8,014)
Translation adjustment	(171)	(8)	(179)
31 December 2016	117,750	61,104	178,854
<b>Net book value:</b>			
31 December 2015	40,484	49,231	89,715
31 December 2016	32,146	48,715	80,861

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
<b>Cost:</b>	
1 January 2015	68,654
Addition during the year	6,400
31 December 2015	75,054
Addition during the year	4,876
Write-off during the year	(7,472)
31 December 2016	72,458
<b>Accumulated amortisation:</b>	
1 January 2015	53,502
Amortisation	6,418
31 December 2015	59,920
Amortisation	6,472
Write-off during the year	(7,472)
31 December 2016	58,920
<b>Net book value:</b>	
31 December 2015	15,134
31 December 2016	13,538

## 19. Income tax

Income tax for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	28,855	26,791	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,875)	(109)	(62)	(177)
<b>Income tax expenses (benefits) reported in the statements of income</b>	<b>26,980</b>	<b>26,682</b>	<b>(62)</b>	<b>(177)</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on actuarial gain	-	1,004	-	1,340
	-	1,004	-	1,340

The reconciliation between accounting profit and income tax expense is shown below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	596,509	364,986	353,311	424,029
Applicable tax rate in Thailand	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	119,302	72,997	70,662	84,806
Deferred tax assets which were not recognised during the year				
- Tax losses	22,726	25,606	5,178	1,775
- Share of profit from investments in associates and joint ventures	(44,906)	(29,563)	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(8,680)	(2,278)	-	-
Effects of:				
Promotional privileges (Note 31)	(80,695)	(69,520)	(21,163)	(12,386)
Income not subject to tax	-	-	(60,836)	(78,800)
Non-deductible expenses and eliminations	13,851	24,083	6,097	4,428
Effects of difference tax rates in Malaysia	3,687	3,839	-	-
Effects of difference tax rates in the People's Republic of China	1,695	1,518	-	-
Total	(61,462)	(40,080)	(75,902)	(86,758)
Income tax expenses (benefits) reported in the statements of income	26,980	26,682	(62)	(177)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	15	15	-	-
Allowance for diminution in value of inventories	3,422	2,575	565	793
Accumulated depreciation - plant and equipment	1,147	719	-	-
Allowance for asset impairment	2,701	2,683	2,617	2,617
Provision for long-term employee benefits	5,133	4,967	2,929	2,954
Unused tax losses	1,343	1,299	-	-
Others	496	471	2	-
<b>Total</b>	<b>14,257</b>	<b>12,729</b>	<b>6,113</b>	<b>6,364</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - equipment	391	426	-	-
Others	140	452	138	452
<b>Total</b>	<b>531</b>	<b>878</b>	<b>138</b>	<b>452</b>
<b>Net</b>	<b>13,726</b>	<b>11,851</b>	<b>5,975</b>	<b>5,912</b>

A reconciliation of deferred tax assets is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
As at 1 January	11,851	12,746	5,912	7,075
Deferred tax income recognised in profit or loss	1,875	109	63	177
Deferred tax expense recognised in other comprehensive income	-	(1,004)	-	(1,340)
<b>As at 31 December</b>	<b>13,726</b>	<b>11,851</b>	<b>5,975</b>	<b>5,912</b>

As at 31 December 2016 the Group has unused tax losses totaling Baht 877 million (2015: Baht 820 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses of the Company will expire by 2021.

Most of unused tax losses of the subsidiaries will expire by 2021.



## 20. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2016	2015	2016	2015	2016	2015
Promissory notes	4.50	2.00 - 4.00	9,500	70,996	-	-
Short-term loan from banks	4.55 - 7.15	1.80 - 6.85	316,703	584,486	-	371,426
Total			326,203	655,482	-	371,426

The Company's short-term loans from banks are clean loans. Certain subsidiaries's bank overdrafts facilities and short-term loans from bank are secured by the pledge of inventories, a letter of guarantee, a letter of credit, and guarantees provided by the Company, with a negative pledge of assets by the Group.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	2016	2015	2016	2015
Trade payables – related parties	34,685	40,508	34,772	39,877
Trade payables – unrelated parties	1,716,916	1,647,364	316,341	332,108
Advance received – related parties	-	1,372	394	97
Advance received – unrelated parties	100	8,203	-	-
Share subscription payable – related party	200	-	19,450	19,700
Accrued interest expenses – related parties	-	-	1,237	578
Accrued interest expenses – unrelated parties	6,661	6,344	6,660	6,284
Payables for purchase of machineries – related parties	-	-	-	230
Payables for purchase of machineries – unrelated parties	12,621	14,625	-	638
Accrued expenses – related parties	8,476	13,121	8,422	8,422
Accrued expenses – unrelated parties	114,253	96,420	40,307	36,775
Others	169,180	149,602	23,048	26,972
Total trade and other payables	2,063,092	1,977,559	450,631	471,681



## 22. Long-term loans

(Unit: Thousand Baht)						
Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
1	Interest rates based on the interest rates announced by bank in Malaysia - 1.5 to - 1.9	Repayable in 180 monthly installments, with the first of these due in March 2008	101,140	101,426	-	-
2	Interest rates based on PBOC rate (Interest rates based on the People's Republic of China)	Repayable in quarterly installments within 3 years	26,482	27,807	-	-
3	4.3 for 2012 and 4.75 for the remaining period	Repayable in monthly installments within 5 years	-	27,200	-	-
4	MLR-2	Repayable in 36 monthly installments, with the first of these due in January 2014	-	244,000	-	244,000
5	MLR-2	Repayable in 36 monthly installments, with the first of these due in October 2014	206,000	470,000	206,000	470,000
6	4.5	Repayable in quarterly installments within 3 years, with the first of these due in June 2015	184,400	307,600	184,400	307,600
7	MLR-2.25	Repayable in quarterly installments within 3 years, with the first of these due in September 2014	50,000	250,000	50,000	250,000
8	MLR-2.375 on the Baht 200 million for the first year and MLR-2.25 for the remaining period	Repayable in quarterly installments within 4 years, with the first of these due in March 2016	260,000	400,000	260,000	400,000
9	4.3	Repayable in quarterly installments within 5 years, with the first of these due in October 2016	268,400	-	268,400	-
Total			1,096,422	1,828,033	968,800	1,671,600
Less: Current portion			(603,325)	(922,802)	(582,400)	(871,200)
Long-term loans – net of current portion			493,097	905,231	386,400	800,400

The Company's long-term loans are clean loans with a negative pledge of assets belonging to the Company and its subsidiaries. Certain subsidiaries' long-term loans are secured by the pledge of leasehold land, buildings, machinery and factory equipment and guarantees provided by the Company or subsidiaries, with a negative pledge of assets by the Group.

The loan agreements contain covenants relating to various matters specified in the agreements, including restrictions on providing loans other than loans to intercompany and covenants relating to the shareholding of the major shareholders, and the maintenance of certain financial ratios.

As at 31 December 2016, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 26 million (2015: None).



## 23. Debentures

The Company issued the unsecured, senior, name-registered debentures and offered them to institutional and large investors by private placement as detailed below.

(Unit: Thousand Baht)

Long-term debentures				Consolidated/Separate financial statements	
Debentures	Interest rate	Term	Due date	2016	2015
Debentures No. 1/2015	4.34% p.a.	3 years	29 April 2018	800,000	800,000
Debentures No. 1/2016	3.10% p.a.	3 years	11 June 2019	300,000	-
Total debentures, at face value				1,100,000	800,000
Less: Deferred debenture issuing costs				(1,251)	(1,556)
Debentures - net				1,098,749	798,444

The debentures contain terms of issue relating to the transfer or disposal of assets that need to be used in or maintained for the operation of the business, negative pledges of assets and the maintenance of a certain financial ratio at the end of each quarter.

## 24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	18,102	12,322	4,122	206
Less: Deferred interest expenses	(1,304)	(902)	(306)	(2)
Total	16,798	11,420	3,816	204
Less: Portion due within one year	(5,771)	(4,170)	(1,183)	(204)
Liabilities under finance lease agreements-net of current portion	11,027	7,250	2,633	-

The Group has entered into the finance lease agreements with leasing companies for rental of machinery and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years and are non-cancellable.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

As at 31 December 2016						
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	6,386	11,716	18,102	1,341	2,781	4,122
Deferred interest expenses	(615)	(689)	(1,304)	(158)	(148)	(306)
Present value of future minimum lease payments	<u>5,771</u>	<u>11,027</u>	<u>16,798</u>	<u>1,183</u>	<u>2,633</u>	<u>3,816</u>

(Unit: Thousand Baht)

As at 31 December 2015						
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	4,668	7,654	12,322	206	-	206
Deferred interest expenses	(498)	(404)	(902)	(2)	-	(2)
Present value of future minimum lease payments	<u>4,170</u>	<u>7,250</u>	<u>11,420</u>	<u>204</u>	<u>-</u>	<u>204</u>



## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Group and long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total
<b>Balance as at 1 January 2015</b>	84,384	1,491	85,875
Included in profit or loss:			
Current service cost	6,719	176	6,895
Interest cost	2,205	59	2,264
Actuarial losses arising from:			
Demographic assumptions changes	-	138	138
Financial assumptions changes	-	129	129
Experience adjustments	-	212	212
Total	-	479	479
Included in other comprehensive income:			
Actuarial (gains) losses arising from:			
Demographic assumptions changes	5,550	-	5,550
Financial assumptions changes	10,430	-	10,430
Experience adjustments	(9,809)	-	(9,809)
Total	6,171	-	6,171
Benefit paid during the year	(5,337)	-	(5,337)
<b>Balance as at 31 December 2015</b>	94,142	2,205	96,347
Included in profit or loss:			
Current service cost	10,008	221	10,229
Interest cost	2,852	63	2,915
Benefit paid during the year	(5,508)	(82)	(5,590)
<b>Balance as at 31 December 2016</b>	101,494	2,407	103,901

(Unit: Thousand Baht)

Separate financial  
statements

Provision for employee  
retirement benefits

**Balance as at 1 January 2015**

19,700

Included in profit or loss:

Current service cost 1,564

Interest cost 444

Included in other comprehensive income:

Actuarial (gains) losses arising from:

Demographic assumptions changes 1,117

Financial assumptions changes 1,691

Experience adjustments (9,508)

Total (6,700)

Benefit paid during the year (236)

**Balance as at 31 December 2015**

14,772

Included in profit or loss:

Current service cost 2,063

Interest cost 450

Benefit paid during the year (1,232)

**Balance as at 31 December 2016**

16,053

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost of sales	10,062	7,294	1,731	1,377
Selling and administrative expenses	3,082	2,344	782	631
<b>Total expense recognised in profit or loss</b>	<b>13,144</b>	<b>9,638</b>	<b>2,513</b>	<b>2,008</b>

The Group expects to pay Baht 7.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.5 million) (2015: Baht 5.1 million, Separate financial statements: Baht 1.2 million).



As at 31 December 2016 and 2015, the weighted average duration of the liabilities for long-term employee benefit is 17 years.

Significant actuarial assumptions are summarised below:

	Consolidated financial statements /Separate financial statements	
	2016	2015
	(% per annum)	(% per annum)
Discount rate	3.1	3.1
Future salary increase rate (depending on age)	4.0 - 6.0	4.0 - 6.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(10,548)	12,430	(1,731)	2,039
Salary increase rate	11,784	(10,213)	1,855	1,610

(Unit: Thousand Baht)

	As at 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(9,493)	11,195	(1,590)	1,873
Salary increase rate	10,700	(9,285)	1,704	(1,479)

## 26. Provisions for product warranty

(Unit: Thousand Baht)

	Consolidated financial statements
1 January 2015	6,304
Increase during the year	10,911
Utilised	(4,170)
Reversal of provisions	(803)
31 December 2015	12,242
Increase during the year	14,145
Utilised	(814)
Reversal of provisions	(3,110)
31 December 2016	22,463

The subsidiary recognised a provision for expected warranty claims on products sold, based on past experience of the level of repairs and returns.

## 27. Treasury shares

On 26 February 2016, the Company's Board of Directors' meeting passed a resolution to approve the share repurchase program for financial management purpose for the amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased is not exceeding 14.5 million shares, with par value of Baht 1 per share, equivalent to 4.5% of paid-up capital of the Company. The Company will repurchase its ordinary shares through the Stock Exchange of Thailand as from 15 March 2016 to 14 September 2016 and plans to resell these shares through the Stock Exchange of Thailand. The Company's Board of Directors shall determine the resale period within 6 months but not later than 3 years after the completion date of the share repurchase program. Treasury shares cannot be counted in determining a quorum and they have no voting or dividend rights.

As of the end of the repurchase period, the Company had repurchased 6,007,700 of its shares under the share repurchase program, equivalent to 1.9% of its paid-up capital, at a total cost of Baht 76 million. At the same time, an equivalent amount was appropriated from retained earnings to treasury share reserve.

## 28. Dividends

On 27 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.20 per share, or a total of approximately Baht 64 million. The payment was made in May 2016.





On 11 August 2016, the Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.33 per share from the earnings of the first half of 2016, or a total of approximately Baht 105 million. The payment was made in September 2016.

On 27 April 2015, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.10 per share, or a total of approximately Baht 32 million. The payment was made in May 2015.

On 14 August 2015, the Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.10 per share from the earnings of the first half of 2015, or a total of approximately Baht 32 million. The payment was made in September 2015.

## 29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 30. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	1,435,133	1,353,947	276,298	272,978
Depreciation	688,835	708,668	131,909	137,742
Loss on impairment of assets	32,320	-	18,000	-
Loss on impairment of investment	-	-	-	2,270
Amortisation expenses	34,138	36,517	6,472	6,418
Rental expenses from operating lease agreements	77,343	75,012	9,178	6,389
Raw materials and consumables used	6,355,686	6,239,710	836,235	939,719
Changes in finished goods and work in process	27,925	78,649	31,215	69,785

## 31. Promotional privileges

The Company has received promotional privilege from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate No. 2175(2)/2551 issued on 15 December 2008. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operation commenced generating revenues (19 May 2011).

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	914,821	1,113,645	2,028,466	803,037	1,314,920	2,117,957
Export	143	17,468	17,611	385	10,926	11,311
Total	914,964	1,131,113	2,046,077	803,422	1,325,846	2,129,268

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). As at 31 December 2016, important tax privileges granted to the companies are summarised below.

	Exemption from corporate income tax for 3 years commencing from	Exemption from corporate income tax for 7 years commencing from	Exemption from corporate income tax for 8 years commencing from
<b>AAPICO Hitech Parts Company Limited</b>			
Manufacture of metal and electronic parts	-	-	18 December 2012
<b>AAPICO Hitech Tooling Company Limited</b>			
Manufacture of die and grapple parts	-	-	8 January 2013
<b>AAPICO ITS Company Limited</b>			
Software operation	-	-	14 August 2010
<b>AAPICO Precision Company Limited</b>			
Manufacture of autoparts	-	-	Not yet utilised
<b>AAPICO Plastics Public Company Limited</b>			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	-	-	10 June 2009
<b>AAPICO Structural Products Company Limited</b>			
Manufacture of autoparts	-	3 January 2012	-
Manufacture of autoparts	-	Not yet utilized	-
<b>AAPICO Amata Company Limited</b>			
Manufacture of metal parts	-	21 December 2010	-
Manufacture of metal parts	-	Not yet utilized	-
<b>AAPICO Lemtech (Thailand) Company Limited</b>			
Manufacture of metal parts	-	12 February 2014	-



## 32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issue during the year, net of treasury shares held by the Company as follows:

	(Unit: Thousand Baht/Thousand Shares)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit attributable to shareholders of the Company	543,092	313,071	353,373	424,206
Number of ordinary shares as at 1 January	322,584	322,584	322,584	322,584
Effect of treasury shares	(2,883)	-	(2,883)	-
Weighted average number of ordinary shares	319,701	322,584	319,701	322,584
<b>Earnings per share (Baht)</b>	<b>1.70</b>	<b>0.97</b>	<b>1.11</b>	<b>1.32</b>

## 33. Provident fund

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees who are member of the funds and the Group contribute to the funds monthly at rates of 3%-7% of wage or basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 22 million (2015: Baht 22 million) were recognised as expenses.

## 34. Commitment and contingent liabilities

### 34.1 Capital commitments

As at 31 December 2016, the Group had capital commitments of approximately Baht 3.5 million and RMB 2.5 million, totalling Baht 16 million (2015: Baht 5.4 million and RMB 1.5 million, totalling Baht 14 million), relating to the purchase of land, the construction of factory buildings, and acquisition of machinery from the unrelated parties.

### 34.2 Uncalled portion of long-term investments

As at 31 December 2016, the Group had outstanding commitment of Baht 89 million, Baht 25 million and Baht 68 million in respect of uncalled portion of investments in subsidiaries, an associate and a joint venture, respectively (2015: the Group had outstanding commitment of Baht 89 million and Baht 68 million in respect of uncalled portion of investments in subsidiaries and a joint venture, respectively).

### 34.3 Operating leases and service commitments

The Group has entered into several lease agreements in respect of the lease of land, building, office building space, motor vehicle and equipment and service agreements. The terms of the agreements are generally between 1 and 10 years.

The Group had future minimum lease and service payments required under these non-cancellable operating leases and service agreement were as follows.

Payable	(Unit: Million Baht)	
	As at 31 December	
	2016	2015
In up to 1 year	59	67
In over 1 and up to 5 years	73	74
In over 5 years	43	26

### 34.4 Long-term service commitments

Two subsidiaries have entered into technical assistance agreements with a Japanese company and a German company, under which they have to pay fees at rates stipulated in the agreements, on sales of certain products. The first agreement is for one year and automatically renews annually for a further period of one year, while the other agreement is effective until 2017. Another subsidiary has entered into memorandums with two Japanese companies, under which the subsidiary has to pay fees at certain rates on sales of particular products. These agreements are effective for as long as the products are sold.

The fees for the year ended 31 December 2016 amounting to approximately Baht 22 million (2015: Baht 25 million) were recognised as expenses.



### 34.5 Guarantee

- a) As at 31 December 2016, the Company had guaranteed bank credit facilities of its foreign subsidiary company amounting to RMB 18 million (2015: RMB 10 million) and its local associated company amounting to Baht 100 million (2015: Baht 100 million).
- b) As at 31 December 2016, two foreign subsidiaries has provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 13 million and RM 8 million, respectively (2015: RM 12 million and RM 9 million, respectively).
- c) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 54 million and RM 0.2 million (2015: Baht 65 million and RM 0.2 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 24 million (2015: Baht 35 million) to guarantee contractual performance, and Baht 30 million and RM 0.2 million (2015: Baht 30 million and RM 0.2 million) to guarantee electricity use, among others.
- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limit of Baht 200 million. As at 31 December 2016 and 2015, the Company and its subsidiary had no guarantee liabilities under these agreements.

### 34.6 Contingent liabilities

A subsidiary in China calculate social welfare payments for employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precincts in which they are located. However, according to central government regulations on this issue, the subsidiary should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiary could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiary's management has assessed, as at 31 December 2016, would not exceed RMB 3.6 million (2015: would not exceed RMB 2.3 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precincts, and the likelihood of such assessment is remote.

### **35. Litigation**

In late 2011 a subsidiary company in which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million under civil litigation for copyright infringement related to map data. In 2012, this subsidiary was sued for the same infringement under criminal litigation. In January 2013, the Central Intellectual Property and International Trade Court (“IP&IT Court”) ordered the dismissal of the criminal case. However, the plaintiff has appealed to the Supreme Court. In October 2014, the Supreme Court rendered a judgement in favor of the subsidiary. Therefore, the criminal case was finalised. In the civil case, the IP&IT Court rendered a judgement in favor of the plaintiff and the subsidiary was ordered to pay compensation of approximately Baht 1 million plus interest at a rate of 7.5 percent per annum from the date the lawsuit was filed until the payment is made. This subsidiary’s management has assessed the circumstances and believes that it will incur losses not exceeding the amount of the award ordered by the IP&IT Court. The subsidiary has therefore recorded provision for compensation claim of approximately Baht 1 million in the 2014 financial statements. Subsequently, in May 2015, the subsidiary appealed this judgement of IP&IT Court to the Supreme Court. As of this report date, the case is currently being considered by the Supreme Court.

### **36. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and have two reported segments: (1) the manufacture of automobiles assembly tools and parts and (2) sales of automobiles and the provision of automobiles repair service.

No operating segments have been aggregated to from the above reportable operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



The following tables present revenues and profit information regarding the Group's operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

	For the year ended 31 December 2016					
	Sales of automobiles	Manufacture of and the automobiles provision of assembly tools and parts segment	and the repair service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenues from external customers	9,345	5,386		14,731	-	14,731
Inter-segment revenue	1,262	22		1,284	(1,284)	-
Other incomes	563	94		657	(249)	408
Depreciation and amortisation	699	35		734	(11)	723
Interest in the profit of associates and joint ventures accounted for by the equity method	225	-		225	-	225
Finance cost	223	33		256	(125)	131
Income tax expenses	2	25		27	-	27
<b>Segment profit</b>	<b>774</b>	<b>47</b>		<b>821</b>	<b>(251)</b>	<b>570</b>

(Unit: Million Baht)

	For the year ended 31 December 2015					
	Sales of automobiles	Manufacture of and the automobiles provision of assembly tools and parts segment	and the automobiles repair service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenues from external customers	9,332	5,202		14,534	-	14,534
Inter-segment revenue	1,331	22		1,353	(1,353)	-
Other incomes	664	77		741	(282)	459
Depreciation and amortisation	717	35		752	(7)	745
Interest in the profit of associates and joint ventures accounted for by the equity method	148	-		148	-	148
Finance cost	285	33		318	(148)	170
Income tax expenses	5	22		27	-	27
<b>Segment profit</b>	<b>419</b>	<b>48</b>		<b>467</b>	<b>(129)</b>	<b>338</b>



## Geographic information

Revenue from external customers is based on country of domicile.

(Unit: Million Baht)

	For the years ended 31 December	
	2016	2015
<b>Revenue from external customers</b>		
Thailand	10,771	10,559
The People's Republic of China	482	582
Malaysia	3,478	3,393
<b>Total</b>	<b>14,731</b>	<b>14,534</b>

(Unit: Million Baht)

	As at 31 December	
	2016	2015
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	6,501	6,796
The People's Republic of China	601	691
Malaysia	219	247
<b>Total</b>	<b>7,321</b>	<b>7,734</b>

## Major customers

For the year 2016, the Group had revenue from 2 major customers in amount of Baht 3,753 million and Baht 1,646 million (2015: Baht 4,134 million and Baht 1,415 million derived from 2 major customers), arising from sales by the manufacture of automobiles assembly tools and parts segment.

## 37. Fair value hierarchy

The Group had the assets that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Level 1		Level 2		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Assets measured at fair value</b>						
Held for trade investments						
Debt instruments	-	-	202,463	38,120	202,463	38,120
Available for sale investments						
Equity instruments	88,406	76,604	-	-	88,406	76,604



(Unit: Thousand Baht)

	Separate financial statements					
	Level 1		Level 2		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Assets measured at fair value</b>						
Held for trade investments						
Debt instruments	-	-	161,424	-	161,424	-

The fair value of investments in debt instruments - unit trust is determined by using the net asset value as published by asset management companies.

The fair value of investments in marketable equity securities is based on the latest bid price of the last working day of the year.

During the current year, there were no transfers within the fair value hierarchy.

## 38. Financial instruments

### 38.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, investments, trade and other payables, overdrafts, short-term and long-term loans, liabilities under finance lease agreements, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risks primarily with respect to trade and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, certain subsidiaries are exposed to concentrations of credit risk with respect to trade receivable because they have only main customer.

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, bank overdrafts, liabilities under finance lease agreements, debentures, and interest-carrying loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities of the Group classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalent	-	-	85	186	271	Refer to Note 6
Current investments	5	-	-	202	207	0.9
Trade and other receivables	-	-	-	1,881	1,881	-
Other long-term investments	-	-	-	100	100	-
	5	-	85	2,369	2,459	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	326	-	-	-	326	Refer to Note 20
Trade and other payables	-	-	-	2,063	2,063	-
Short-term loans from related parties	5	-	-	-	5	5.0
Liabilities under finance lease agreements	6	11	-	-	17	1.9 - 7.1
Long-term loans	186	266	644	-	1,096	Refer to Note 22
Debentures	-	1,099	-	-	1,099	Refer to Note 23
	523	1,376	644	2,063	4,606	

(Unit: Million Baht)

As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalent	5	-	140	193	338	Refer to Note 6
Current investments	-	-	-	38	38	-
Trade and other receivables	-	-	-	1,912	1,912	-
Other long-term investments	-	-	-	77	77	-
	5	-	140	2,220	2,365	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	655	-	-	-	655	Refer to Note 20
Trade and other payables	-	-	-	1,978	1,978	-
Short-term loans from related parties	15	-	-	-	15	5.0
Liabilities under finance lease agreements	4	7	-	-	11	2.0 - 7.8
Long-term loans	150	184	1,494	-	1,828	Refer to Note 22
Debentures	-	798	-	-	798	Refer to Note 23
	824	989	1,494	1,978	5,285	



## Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchase/sales of goods and purchases of machinery transactions that are denominated in foreign currencies. The Group uses derivative instruments, as and when it considers appropriate, to manage such risks.

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.9	35.08 - 35.87	January - September 2017

As at 31 December 2015			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.9	33.25 - 34.20	April - July 2016

In addition, the Group is exposed to foreign exchange risk on its investments in overseas subsidiaries. These investments are currently not hedge by derivative financial investment.

### 38.2 Fair values of financial instruments

The majorities of the Group's financial instruments are short-term in nature and loans and debentures carrying interest at rates close to the market interest rates, their fair values is not expected to be materially different from the amounts presented in the statements of financial position.

## 39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.8:1 (2015: 0.9:1) and the Company's was 0.6:1 (2015: 0.7:1).

#### **40. Events after the reporting period**

On 28 February 2017, a meeting of the Company's Board of Directors passed resolutions to propose to the 2017 Annual General Meeting of shareholders as the following.

- a) The payment of a dividend of Baht 0.33 per share, totaling Baht 104.5 million from the operating results of second half of year 2016.
- b) Stipulation of the resale period for the treasury shares, whereby the shares are to be resold over a period of 2.5 years, from 15 March 2017 until 13 September 2019.

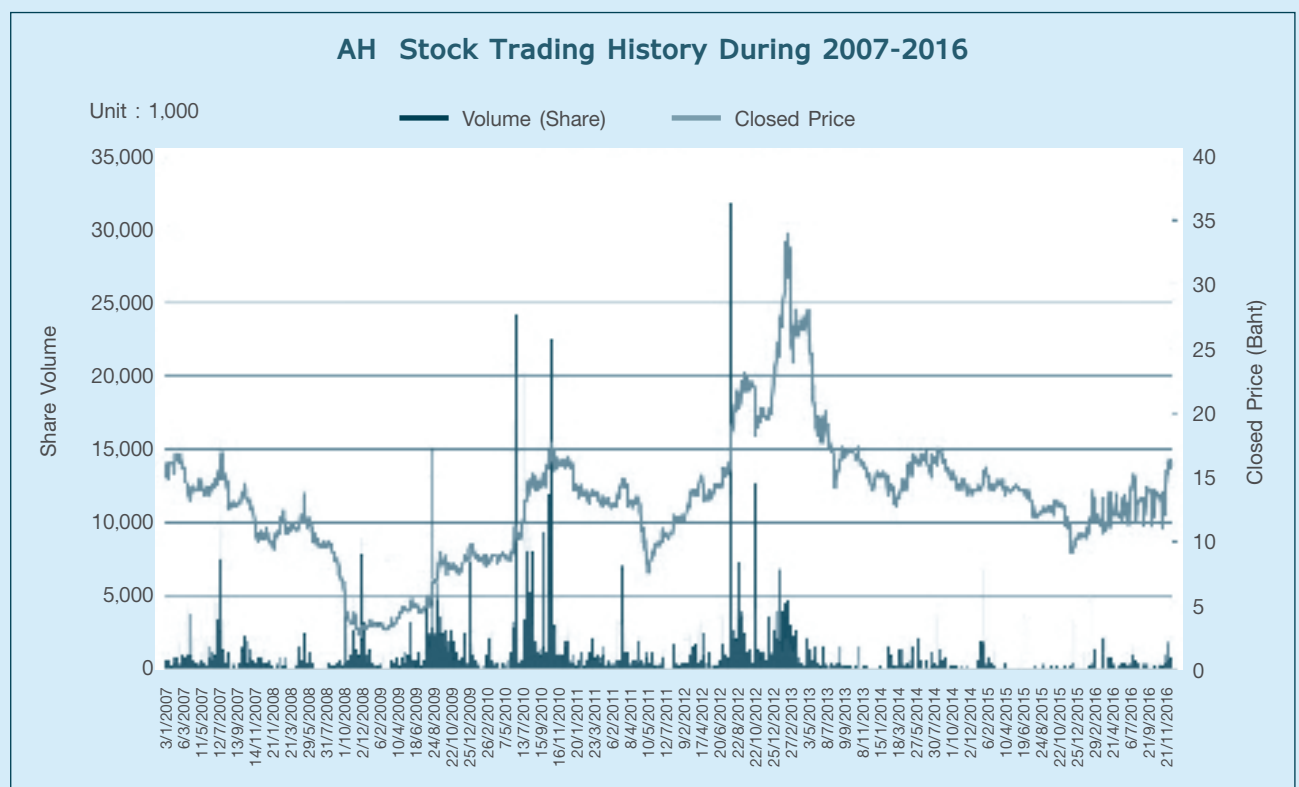
#### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.

# CORPORATE INFORMATION

Information as at December 31, 2016

<b>Abbreviation</b>	AH		
<b>Registration Number</b>	0107545000179		
<b>Type of Business</b>	Design, produce, and install assembly jigs and stamping dies, and produce OEM automotive parts, which include floor parts, brackets, cross members, pillars, clips, chassis frames, forged and machine parts including steering and suspension system, and fuel tank to leading automobile assemblers in Thailand, as well as car dealerships and car navigation and technology businesses.		
<b>Website</b>	www.aapico.com		
<b>Established</b>	1996		
<b>First Day of Trading in SET</b>	17 October 2002		
<b>Address</b>	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Amphur Bang Pa-in Ayutthaya Province 13160		
<b>Registered Capital</b>	Baht 322,649,160	Consist of Ordinary	322,649,160 shares*
<b>Paid-Up Capital</b>	Baht 322,583,844	Consist of Ordinary	322,583,844 shares*
*Par Value at 1 baht per share			
<b>Accounting Cycle</b>	1 January- 31 December		
<b>Major Shareholders</b>	Major shareholders are Mr. Yeap Swee Chuan and family with shareholding of 39.85% and Sojitz Corporation with shareholding of 15.76% of the total outstanding shares. Remaining shares are held by institutional and individual investors.		





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