



ANNUAL REPORT
AAPICO HITECH
PUBLIC COMPANY LIMITED

2017



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



Mr. Yeap Swee Chuan

President and CEO

AAPICO Hitech Public Company Limited

The year 2017 was a remarkable year for the AAPICO Group. Firstly, the Company had entered into a strategic partnership with Sakthi Automotive Group in order to grow our businesses together and also utilize both company's strength to achieve long-term sustainable growth. This step marked another milestone for AAPICO to become a leading automotive part supplier on a global scale. Secondly, the Group recorded strong earnings for the year 2017. The continuous improvement in production efficiency and cost reduction measures were the key drivers for the group's profitability improvement. These factors, together with the recovery of the domestic car industry and the additional interest income from the SGAH investment boosted the Company's net profit to Baht 1,158 million, as compared to Baht 543 million in 2016. This is a significant increase of 113 percent, year on year growth.

Overall, the year 2017 was a positive year for the key markets in which the Company was active in. The Thai automotive industry saw its total vehicle production increased, albeit slightly, by 2.3% to 1.988 million units. The growth was driven by a healthy increase in the domestic demand for vehicle sales, which grew by 13.4%, reversing the negative trend in 2016. This was more than offset the decrease in the vehicle export volume of 4.1%. In the Malaysian market, Honda maintained its lead in the non-national car segment by breaching the 100,000 mark for the first time ever, registering a sales volume of 109,511 units for the year 2017. This is an improvement of 19% from the previous year. The automotive market in China continued its position at being the largest automobile market in the world for the 9th consecutive year, with a total production and sales volume of 29 million units and 28.9 million units respectively. In addition the automotive market in China continued to lead the world in terms of production and sales of new energy vehicles, which are mainly pure electric vehicles or with plug in hybrid engines.

For the year 2018, the Thailand total automotive production is forecasted to breach 2 million units. With this, the domestic car sales will continue to be the engine for growth of the automotive industry. The outlook for the domestic market and local sentiment remains positive as the country's economy is expected to continue to recover. The Bank of Thailand

forecast the Thai economy to expand by about 3.9 percent in 2018. This upward revision is expected from the continued improvement in merchandise exports and tourism sectors, expansion of private consumption and investment, and the increased government's spending disbursement. On the downside, there are possibilities that the growth might be lower than projected due to uncertainties pertaining to US foreign trade policy, geopolitical risks, and risks of lower-than-expected domestic spending.

AAPICO Group's revenue for 2017 was at Baht 16.6 billion as compared to Baht 15.1 billion in 2016. This revenue increase was higher than the overall industry growth, and was driven by increased volume from our major manufacturing customers in Thailand and China, and the good car sales which is driven by increased demand in the local market. In addition, the revenue in 2017 included the interest income from the US dollar loan given to Sakthi Automotive Group amounting to Baht 191 million and the gain of Baht 160 million from sales of equity investments in the car navigation business in Singapore.

The Group's best performance business continued to be the frame production where the volume is huge. The Company also benefitted from increased customer's manufacturing volume as compared to last year. The forging and plastic businesses continued to improve and recorded some small profits. Generally, most companies reported improved performance as compared to last year, basically from the continuous efficiency improvement, strict cost control and cost reduction measures taken. This earning increase however was partly negated by lower sales from the tooling jigs and stamping dies business.

Our two Honda dealerships in Malaysia continued to report healthy performance and profit, with increased sales of 4,529 units from 3,774 units as compared to the previous year. This positive trend is also expected to continue in 2018.

Our China operations also reported improved results in 2017. The utilization of our 20,000 square meters factory in China have been around 30% for the production of forged and machining parts. The outlook for our China business remains positive and is poised to grow due to the country's enormous market size and the potential of further growth. With the continued support from the Chinese government to the automotive industry, this industry is expected to continue to be one of key drivers for the Chinese economy.

The Company's financial position remains solid. Although the recent acquisition have increased our debt to equity ratio to 0.69 times as of December 31, 2017, the company still have room to increase our gearing ratio with lower risks as and when there is a need for capital expansion or acquisitions, in the event of available good opportunities. We expect to maintain our strong financial position and will continue to closely monitor the sentiment of the global economy and also to keep our cost of funds at a reasonable low level.

With the notable performance in 2017, the Board of Directors proposed the total dividend payment of Baht 1.20 per share for the fiscal year 2017, subject to shareholders' approval in April 2018. With this, the total dividend yield is in the range of 4-5 percent.

The year 2017 has been an outstanding year for the AAPICO Group. We had very good co-operation and support from our partners, associates, customers, other stakeholders and, also, from 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 2018.



Mr. Yeap Swee Chuan
President and CEO
AAPICO Hitech Public Company Limited

Suspension

- Connecting Rod
- Shaft Balance



- Connecting Rod
- Shaft Balance

Transmission

- Input Shaft
- Companion Flange
- Gear, Clutch



Power Train

- Wheel Hub
- Knuckle



Brake

- Piston



Door Check Arm

Radiator Cover



Water Tank System



Cover Pass Air Bag



Protector



Quarter trim



Spoiler



Plastics Fuel Tank



Seat Component



Door trim



Body side Molding



Example of AAPICO Product in Pickup Truck

Engine

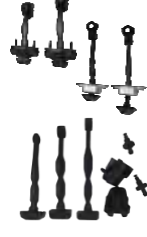
- Connecting Rod
- Shaft Balance

Crossmember

Suspension

- Connecting Rod
- Shaft Balance

Break Assembly Mounting#2



Door Check Arm



Water Tank System



Rear AXEL Housing



Plastics Fuel Tank



Chassis Frame Component



Door trim



Sill-Side Inner



Crossmember#2.5



Trim Pillar A,B,C

Prop Shaft

- Tube Shaft
- Yoke Weld
- Tube Yoke



Crossmember#3



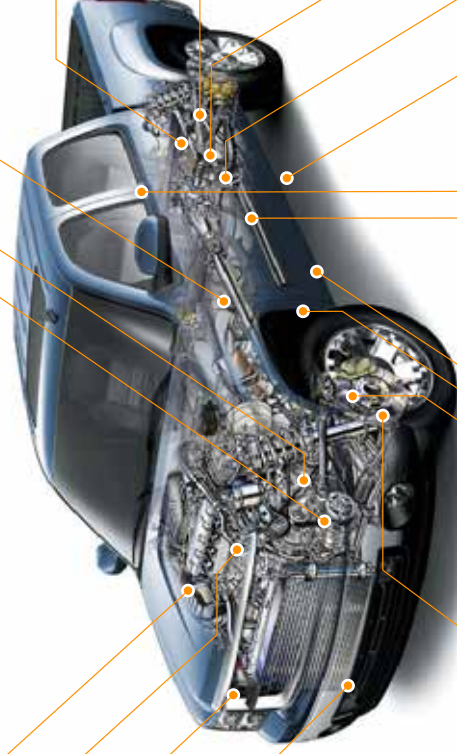
Power Train

- Wheel Hub
- CV Joint
- Link Center



Brake

- Piston





STAMPING DIES



ASSEMBLY JIGS



MAIN FRAMING JIG ASSY LINE



FTM JIG



CMM JIG



JIG STD ROOF

Example of AAPICO Product in Jigs and Dies



POWERMAP
takes you everywhere!

personal navigation device



GALACTIO

POWERMAP goes mobile

Smart Life, Smart Navigation



powered by
POWERMAP
DATA AND SOFTWARE



Car Navigation System

Thailand's 1st real 3D navigation software

track **SYNQ** PLUS

Enterprise - level Tracking Solution



Corporate Social Responsibilities

Environment

Employee

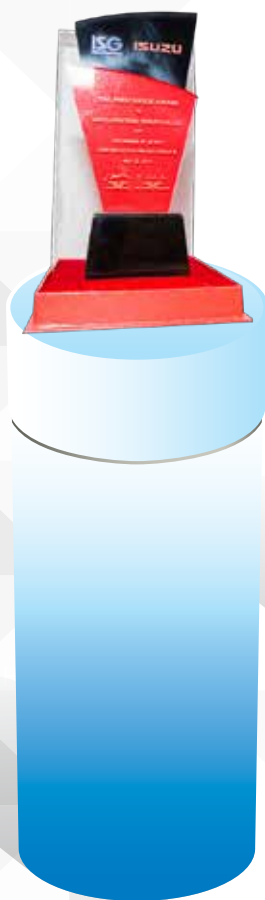


Corporate Social Responsibilities

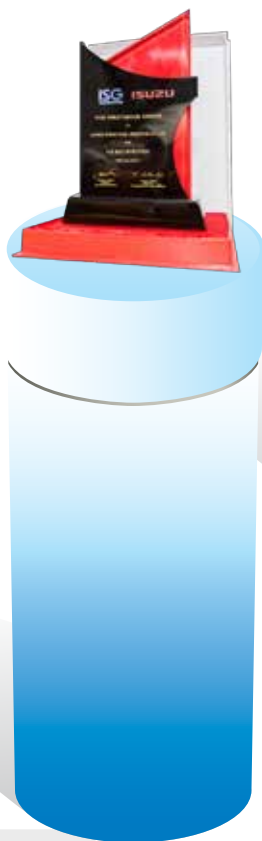
Social



Awards and Achievements in 2017



The Winner of 2016FY
Loss Reduction Project Group B
from Isuzu



The Best in Delivery Award
From Isuzu



2016 Supplier Quality
Excellence Award
from General Motors



2017 Best Support Award
from Ford

Awards and Achievements in 2017



Q Award Excellent Status Recognition
from Auto Alliances (AAT)



The Winner of 2017
TCC TPS Activity Award
from Toyota



Honda CEO - Elite Dealer 2017
Award
from Honda Malaysia



Honda CEO - TOP SALES 2017
Award
from Honda Malaysia



"Zero Accident Award - Bronze Level"
from Department of Labor Protection
and Welfare, Ministry of Labor



Green Industry
Certificate from Ministry
of Industry



The Amata Best
Waste Management Award 2017



Certificate from Department
of Health in recognition for Good
Canteen Food Sanitation
Standard of Health Department

LOCATION OF MAIN FACILITIES



Hitech Industrial Estate, Ayutthaya

Manufacture stamping parts, assembly jigs and stamping dies.

Amata City Industrial Estate, Chonburi

Manufacture chassis frame, forging and machining parts.



Bangplee Industrial Estate, Samutprakan

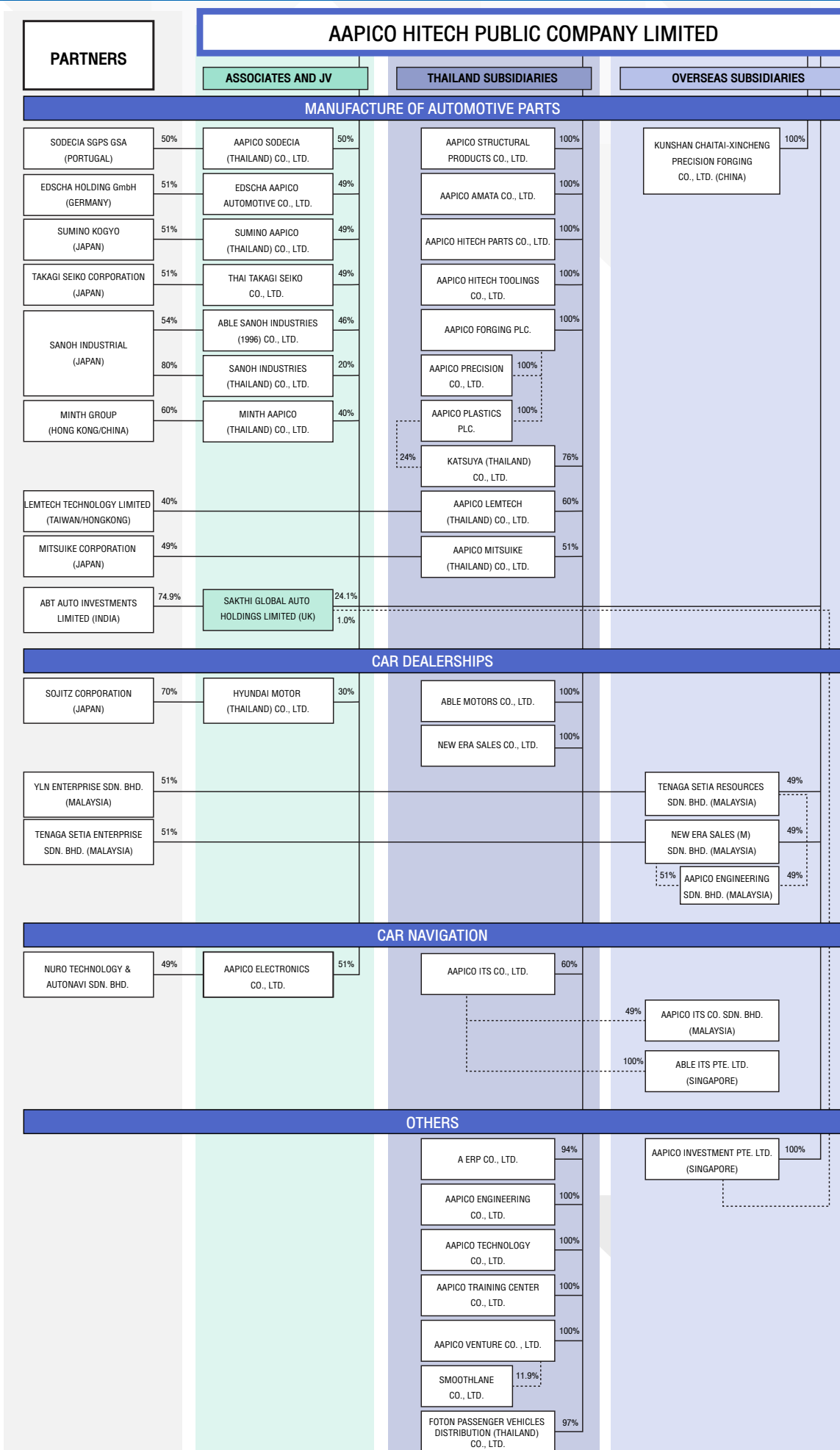
Manufacture plastic parts.

Amata City Industrial Estate, Rayong

Manufacture stamping parts and plastic fuel tank.



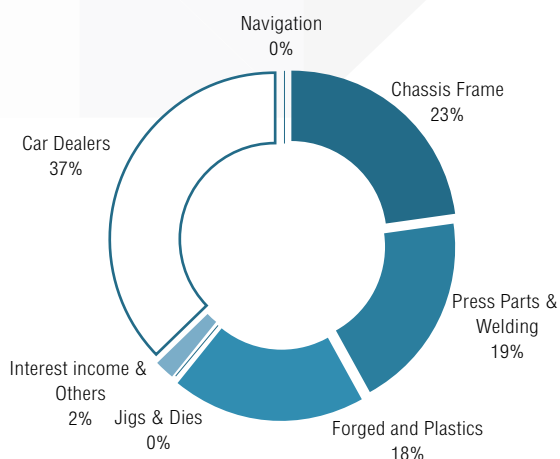
AAPICO HITECH COMPANY HOLDING STRUCTURE



Revenue Structure

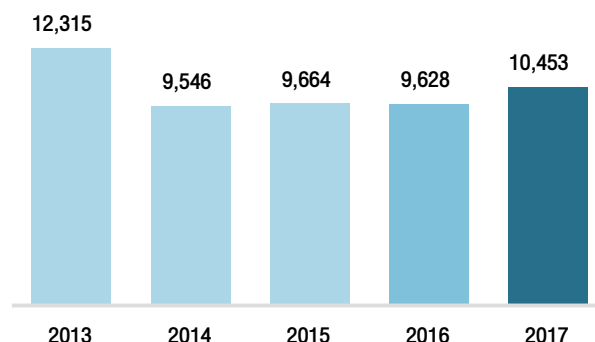
MANUFACTURE OF OEM PARTS, JIGS AND DIES

Design and manufacture of the automotive parts for leading car assemblers, including jigs and dies.



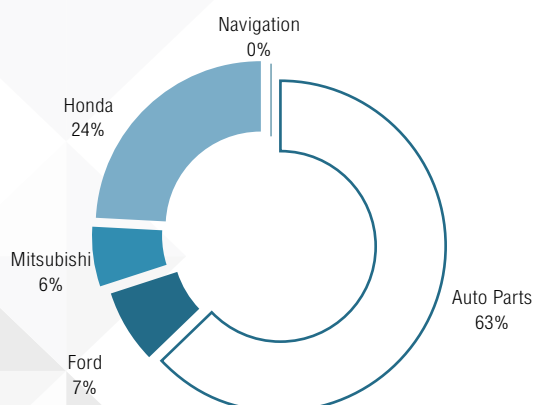
TOTAL REVENUE 2013 – 2017

(Unit : Million Baht)



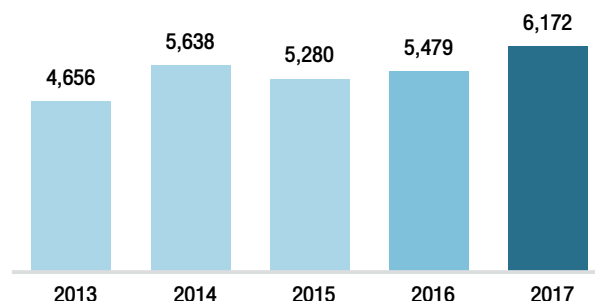
CAR DEALERSHIPS

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



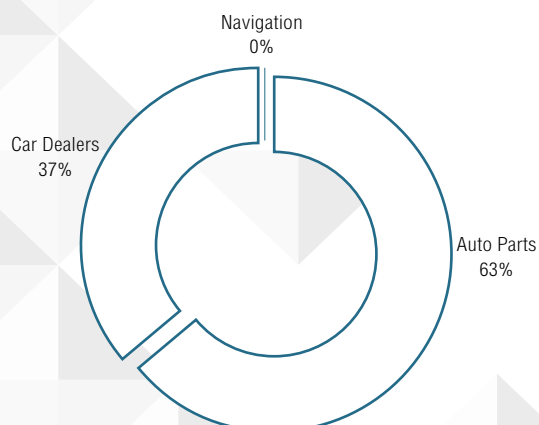
TOTAL REVENUE 2013 – 2017

(Unit : Million Baht)



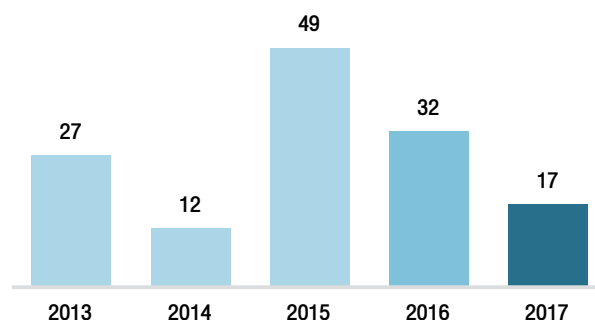
CAR NAVIGATION AND TECHNOLOGY

Provide services and solutions for automotive car navigation system, logistic management, and Smart City.



TOTAL REVENUE 2013 – 2017

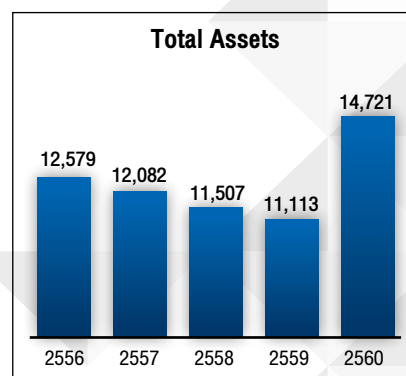
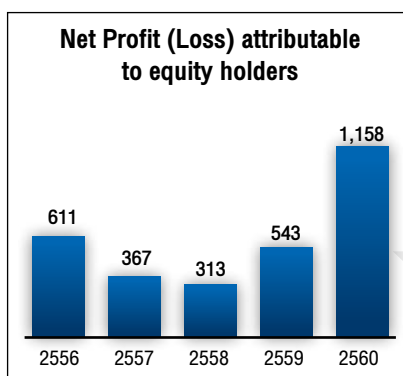
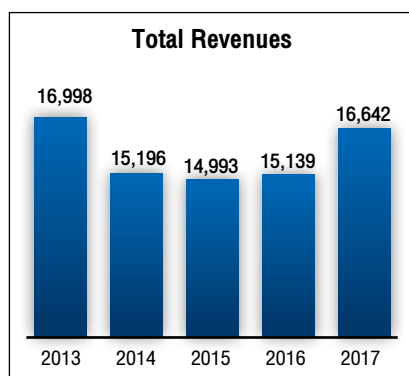
(Unit : Million Baht)



Financial Highlights

	Consolidated Financial Statements				
	2013	2014	2015	2016	2017
Balance Sheet (Million Baht)					
Total Assets	12,579	12,082	11,507	11,113	14,721
Total Liabilities	7,109	6,401	5,524	4,877	7,538
Shareholder's Equity	5,470	5,681	5,983	6,236	7,183
Profit and Loss Statements (Million Baht)					
Total Revenues	16,998	15,196	14,993	15,139	16,642
Sales and Service Income	15,627	14,572	14,534	14,731	15,776
Gross Profit (Loss)	1,075	608	714	875	998
EBITDA*	2,600	1,343	1,280	1,451	1,994
EBIT	981	618	535	728	1,362
Net Profit (Loss) of the Company	634	386	338	570	1,182
Net Profit (Loss) attributable to equity holders	611	367	313	543	1,158
Earning per share	2.05	1.14	0.97	1.70	3.66
Financial Ratios					
Current Ratio (times)	0.83	0.87	0.99	1.16	0.89
Gross Profit Margin (%)	6.9%	4.2%	4.9%	5.9%	6.3%
Net Profit Margin (%)	3.7%	2.5%	2.3%	3.8%	7.1%
Return on Total Assets (%)	4.8%	3.1%	2.9%	5.0%	9.1%
Return on Equity (%)	12.0%	6.8%	5.5%	9.2%	17.8%
Debt to Equity (times)	1.30	1.13	0.92	0.78	1.05
Interest Bearing Debt to Equity (times) **	0.85	0.67	0.55	0.40	0.69
Interest Coverage Ratio (times)	3.59	2.96	3.14	5.55	9.15
Debt Service Coverage Ratio (times)	1.47	0.98	1.17	1.98	1.12
Dividend Payout (% of Net Profit to equity holders)	25.9%	26.4%	30.9%	38.9%	32.8%***

Unit: Million Baht



* Earnings before interest, tax, depreciation, amortization and goodwill impairment and includes associate income (loss).

** Interest Bearing Debt to Equity = (Bank overdrafts + Bank Loans + Corporate Debentures)/Total Equity.

*** Dividend for the year 2017 is subjected for the 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	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 Chaitai-Xincheng Precision Forging Co., Ltd.
	Fuel Lines, Brake Lines, Engine Parts	AAPICO Precision Co., Ltd.	
		Able Sanoh Industries (1996) Co., Ltd.	
		AAPICO Amata Co., Ltd.	
		AAPICO Hitech PLC. (Ayutthaya & Rayong)	
	Metal Stamping and Welding Parts	AAPICO Hitech Parts Co., Ltd.	
		AAPICO Mitsuike (Thailand) Co., Ltd.	
		AAPICO Lemtech (Thailand) Co., Ltd.	
		Sumino AAPICO (Thailand) Co., Ltd.	
	Welding and Assembly Body-in-White (BIW)	AAPICO Sodacia (Thailand) Co., Ltd.	
		AAPICO Plastics PLC.	
	Plastic Parts and Plastic Fuel Tank	Thai Takagi Seiko Co., Ltd.	
		Katsuya (Thailand) Co., Ltd.	
	Roof Ditch Molding, Belt Line Molding, Door Sash	Minth AAPICO (Thailand) Co., Ltd.	
2	Design & Manufacture of Assembly Jigs	AAPICO Hitech Tooling Co., Ltd.	
	Design & Manufacture of Stamping Dies	AAPICO Hitech Tooling Co., Ltd.	
3		Able Motors Co., Ltd.	
	Mitsubishi Dealer	New Era Sales Co., Ltd.	
	Ford Dealer		Tenaga Setia Resources Sdn. Bhd.
	Honda Dealer		New Era Sales (M) Sdn. Bhd.
4		Hyundai Distributor	
	Car Navigation	AAPICO ITS Co., Ltd.	AAPICO ITS Sdn. Bhd.
	Automotive Electronics and Technology	AAPICO Electronics Co., Ltd.	
5		Engineering Research & Development	
	Investment Activities, Merger & Acquisition	AAPICO Engineering Co., Ltd.	AAPICO Investment Pte. Ltd.
		AAPICO Technology Co., Ltd.	AAPICO Engineering Sdn. Bhd.
6		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.	

Main Business

AAPICO HITECH PUBLIC COMPANY



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 parts, forging and machining parts, and chassis frame components to its manufacturing portfolio.

AAPICO Hitech PLC is operated under the management of Mr. Yeap Swee Chuan, President and CEO and founder of AAPICO Group. 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, Ford and Isuzu.

AAPICO Hitech PLC has investments in subsidiaries and associate companies operating in the automotive part business and has also invested in other businesses associated with the automotive industry including car dealerships and car navigation. As of today, the AAPICO Group is comprised of 36 subsidiaries and associate companies, of which 28 companies are operated in Thailand and 8 companies located overseas, and can be segmented as follows:



OEM AUTOMOTIVE PARTS MANUFACTURING

AAPICO AMATA COMPANY LIMITED [AA]

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

AAPICO LEMTECH (THAILAND) COMPANY LIMITED [AL]

AAPICO Lemtech is a joint venture between AAPICO Hitech PLC and Lemtech Technology Limited (Taiwan) 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 and Fujikura Electronics.

AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]

AAPICO Mitsuike is a joint venture between AAPICO Hitech PLC and Mitsuike Corporation from 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 produces plastic parts for automotive and electronic industry, including plastic fuel tank. Its main customers are Auto Alliance (Thailand), Ford, and Thai Yamaha Motor, etc. The Company is a subsidiary of AAPICO Forging 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 was established in 2014 to focus on automotive machined parts. The Company is a subsidiary of AAPICO Forging PLC with a paid-up capital of Baht 150 million. Its main customers are GKN Driveline (USA and Sweden), Auto Alliance (Thailand), Dana Spicer, American Axle & Manufacturing, and Ford.

AAPICO SODECIA (THAILAND) COMPANY LIMITED [ASD]

AAPICO Sodecia is a joint venture between AAPICO Hitech PLC and Sodecia (Thailand) Company Limited, a wholly owned unit of Sodecia SGPS S.A. from Portugal, with 50% equity each. 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 manufactures chassis frame components for both new and old model of D-Max pick-up truck to Isuzu. The Company is a wholly owned by AAPICO Hitech PLC and has a paid-up capital of Baht 200 million.

ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]

Able Sanoh Industries manufactures brake lines, fuel lines, and engine parts for automotive assemblers in Thailand. Its main customers are Toyota, Auto Alliance (Thailand), Honda, Mitsubishi and Nissan. The Company is a joint venture between AAPICO Hitech PLC and Sanoh Industrial (Japan) with equity participation of 46% and 51% respectively.

EDSCHA AAPICO AUTOMOTIVE COMPANY LIMITED [EA]

Edscha AAPICO is a joint venture between AAPICO Hitech PLC and Edscha Holding GmbH of Germany, with equity participation of 49% and 51% respectively. Its main business is to manufacture, develop, assemble, and sell 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, Mitsubishi Motors, and General Motors.

KATSUYA (THAILAND) COMPANY LIMITED [KT]

Katsuya'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 is a wholly owned subsidiary of AAPICO Hitech PLC in China. Its main business is to manufacture automotive components such as engine connecting rods and copper parts such as electrical switch contactors. Its main customers are Schneider Electric (China) and leading automotive assemblers in China such as Chery, Changan Ford Mazda Engine (CFME), and SAIC-GM-Wuling Automobile.



MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]

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

SAKTHI GLOBAL AUTO HOLDINGS LIMITED [SGAH] - UK

Sakthi Global Auto Holdings is an integrated casting and machining company that primarily produces a wide range of safety critical components including steering knuckles, brake discs, brake drums, and other machined components for global OEMs. The Company operates globally in USA, Europe, China and India. Its main customers include General Motors, Ford, Suzuki, Hyundai, etc. It represents a strategic partnership between AAPICO Hitech and Sakthi Group with equity participation of 25.1% and 74.9% respectively.

SANOH INDUSTRIES (THAILAND) COMPANY LIMITED [SI]

Sanoh 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.

SUMINO AAPICO (THAILAND) COMPANY LIMITED [SA]

Sumino AAPICO 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.

THAI TAKAGI SEIKO COMPANY LIMITED [TTSC]

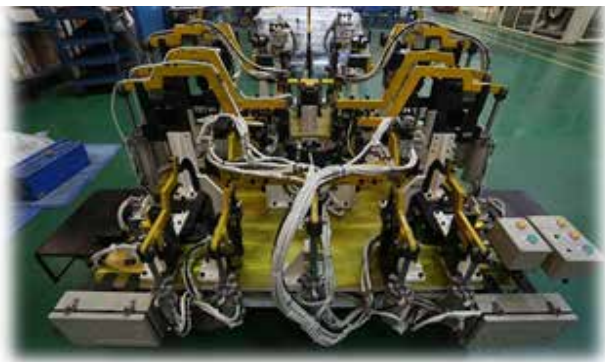
Thai Takagi Seiko's business is to produce plastic molding and plastic parts for customers in automotive industry, such as Asian Honda Motor, Honda Automobile (Thailand), Kawasaki Motors Enterprise, Suzuki Motor (Thailand),

etc. 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.

ASSEMBLY JIGS AND STAMPING DIES

AAPICO HITECH TOOLING COMPANY LIMITED [AHT]

AAPICO Hitech Tooling's business is the design, manufacture, and installation of car assembly jigs and stamping dies. Its products are used primarily to support the production of AAPICO Group and partly export to car automakers. Its main customers include Volvo Truck Sweden and 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. Its factory is located at Hitech Industrial Estate in Ayutthaya province.



CAR DEALERSHIPS

ABLE MOTORS COMPANY LIMITED [AM]

Able Motors is a car dealer providing 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 is a car dealer providing sales and after-sales services for Ford vehicles. The Company has two showrooms and service centers on Ramindra road, Bangkok and on Srinakarin Road 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) is a car dealer providing sales and after-sales services for Honda vehicles 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 is a car dealer providing sales and after-sales services for Honda vehicles 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.

HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]

Hyundai Motor (Thailand) is a sole distributor responsible for manufacturing, marketing, sales and after-sales service for both CKD and CBU model of Hyundai

vehicles 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 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. Its product line includes the award-winning POWERMAP on-board navigation software, the GALACTIO TH mobile navigation application (free download for Android and iOS users), and fleet management software for enterprise logistics. AAPICO ITS has investments in two subsidiary companies in Malaysia, AAPICO ITS Sdn. Bhd., and Singapore, Able ITS Pte. Ltd., to market its products and provide services to local customers.

AAPICO ELECTRONICS COMPANY LIMITED [AEC]

AAPICO Electronics was established in Thailand in 2017. The Company's main businesses are to deliver standard and customized solutions to its customers in the automotive electronics industry and the purveying of a range of innovative and high quality automotive electronic products under its own registered brand name called GoTrec. It is jointly owned by AAPICO Hitech PLC and its partners from Taiwan and Malaysia, with equity participation of 51%, 37%, and 12% respectively.

OTHER

A ERP COMPANY LIMITED [AERP]

A ERP 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'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 ENGINEERING SDN. BHD. [AEM] – MALAYSIA

AAPICO Engineering Malaysia 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.

AAPICO INVESTMENT PRIVATE LIMITED [AIPL] – SINGAPORE

AAPICO Investment 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 is a wholly owned subsidiary of AAPICO Hitech PLC. The Company is established for a purpose to organize and manage training activities for employees of AAPICO Group.

AAPICO VENTURE COMPANY LIMITED [AV]

AAPICO Venture is a wholly owned subsidiary of AAPICO Hitech PLC. It was established with a registered capital of Baht 20 million to manage investment opportunities in the start-up businesses. Its equity investments include an

AAPICO Milestones

1985 Registered Able Autoparts Industries Co., Ltd. and started as Ford assembler and distributor.	1997 – Global Financial Crisis Completed the first AAPICO factory at Hitech Industrial Estate, Ayutthaya, and established the first JV with Sanoh (Japan) named Able Sanoh Industries (1996) Co., Ltd.	2002 Listed on the Stock Exchange of Thailand.
2003 Purchased a chassis frame company from Dana Corp. 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 Co., Ltd. Invested in AAPICO ITS Co., Ltd., a car navigation company with 60% equity holding. Invested in Jackspeed Corporation (Singapore). Established JV with Mitsuike Corporation (Japan)	2007 Acquired forging and plastic businesses from KPN PLC and renamed it AAPICO Forging PLC and AAPICO Plastics PLC. Signed technical agreement with Edscha (Germany) to produce door checks, hinge, and parking brakes.	2008 Established JV with Minth Corporation (China).
2009 Established AAPICO Structural Products Co., Ltd. to manufacture chassis frames.	2010 Celebrated AAPICO 25th Anniversary and commenced operations of AAPICO Hitech's 2nd factory in Rayong. Established JV with Takagi Seiko (Japan).	2011 – Great Flood Completed the 3S showroom for Honda dealers in Malaysia.
2012 – First Car Scheme Commenced operations at the new 20,000 square meters factory in China.	2013 – First car scheme Established 4 JVs with Lemtech Holding (Taiwan), Edscha Holding (Germany), Sumino Kogyo (Japan), and Sodecia SGPS (Portugal).	2014 Expanded car navigation business by acquiring 25% equity in Quantum Inventions (QI) (Singapore) and established AAPICO Training Center Co., Ltd.
2015 Initiated TURBO Policy with target to double revenue and increase net profit margin to 10% by 2020. Reorganized non-core business operations in Papago (Thailand), Katsuya, and A Maction. Be the first AUTO company to achieve TRIS rating and issue corporate debenture with BBB+ rating.	2016 Established AAPICO Venture Co., Ltd. to explore opportunities in the start-up businesses and invested in 11.9% holding of Smoothlane Co., Ltd. Announced the Stock Repurchase Program. Achieved a 4-star CG level.	2017 <ul style="list-style-type: none"> Acquired 25.1% of Sakthi Global Auto Holding Limited (SGAH) (UK) and form a strategic partnership with Sakthi Group to expand the automotive part business globally. Disposed 14.95% equity holding in Jackspeed Corp. and disposed the entire 25% equity holding in Quantum Inventions (QI) and 60% holding in AAPICO QI Sdn. Bhd. Sojitz signed MOU to transfer all of its shares to major shareholders. Announced the resale of Share Repurchase on SET.

Major Developments in 2017

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, and 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 always been looking for strong alliances. It has formed joint ventures with strong partners from Japan, India, Europe and China. The Company is poised to attain its dual goals of steady growth and seizing new opportunities in order to become the leading automotive parts manufacturer in Thailand and Southeast Asia.

AAPICO Hitech PLC has set a vision and simple philosophy of being a Lean – Green – Happy - Digital world-class corporation. In one of its core fundamental values of happy customer, employee, shareholder, and public, the Company has set its goals for customer satisfaction through the SQCDM criteria, which are:

- 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 with a focus on digital.

For the Year 2017

In line with its business strategy to be a leading global automotive parts manufacturer, the Company has invested in 25.1% share of Sakthi Global Auto Holdings Limited ("SGAH"). The investment amounted to USD 100 million, of which USD 50 million is invested in ordinary shares of SGAH and USD 50 million is in the form of synthetic convertible loan. Sakthi Automotive Group is the world leading supplier of chassis and powertrain critical safety components in iron and aluminum castings, with global manufacturing footprints in United States, China, Europe and India. Sakthi Automotive Group has the largest global market share combined for iron and aluminum steering knuckles, and is the Tier 1 supplier for all global OEMs. Its customers include General Motors, Ford Motors, Volkswagen, Suzuki, Hyundai, Toyota, and Nissan, etc. This strategic partnership is going to provide a global platform for AAPICO to develop their frame and forging business on a larger scale by utilizing Sakthi's facilities in North America, China, Europe and India, in addition to its current facilities in Thailand. With their long successful history of two large family run companies, this partnership will boost the confidence of global OEMs and will enjoy global design, and development capabilities with world-class quality products, and at more competitive manufacturing cost.

During the year, AAPICO Hitech has disposed some of its investments in non-core operations. In March 2017, the Company entered a sales agreement with an unrelated party to sell its 14.95% equity holding in Jackspeed Corporation Limited. In June 2017, the Company also disposed its 25% equity holding in Quantum Inventions Pte. Ltd. (QI) in Singapore to Continental Automotive Holding Netherlands BV. The Company had invested in QI since 2014. It had entered into this sales agreement as QI's founders and major shareholders were all in favor of disposing QI to Continental. As part of the deal, the Company also sold its 60% equity in AAPICO QI SDN. BHD., held under Aapico ITS Co., Ltd. to Continental.

The Company had announced the change in its shareholding structure. In June 2017, Sojitz Corporation had entered into a memorandum of understanding (“MOU”) to sell all of its shares in AAPICO Hitech PLC to the Company’s major shareholders. As a result of this MOU, Mr. Hideo Hatada and Mr. Yasuhiro Kawamura, the Company’s non-executive directors who are employees of Sojitz Corporation, had tendered their resignation as directors of the company with effective from June 2, 2017. It is to be noted that this change of shareholding structure and the directors’ resignation has no impact to the Company’s core businesses, its policy, or its management structure, and the value of share transfer does not reach trigger point for tender offer. In August 2017, the Board of Directors have resolved to approve the appointment of Mrs. Vachira Na Ranong and Mr. Kaikhushru (Kai) Taraporevala to be the directors of the Company replacing the resigned directors.

AAPICO Hitech has been entrusted to supply automotive parts to leading automakers in Thailand and overseas. The Company’s facilities are fully equipped and prepared to support volume increase with on-going efficiency improvement projects. The Company will continue to manage its activities and drive the implementation of TURBO projects, in order to monitor and control the costs of organization in correspondence with demand fluctuation and to assure the continual increase of its profitability toward the TURBO target.

AAPICO Hitech and its subsidiaries are widely recognized for its excellences in product quality, efficiency in its 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 a testament to our success.

Awards from customers in 2017:

1. Q-Award from Auto Alliances (Thailand) Co., Ltd., given to AAPICO Hitech PLC in recognition for excellent quality.
2. 2016 Supplier Excellence Quality Award from General Motors, given to AAPICO Hitech PLC.
3. 2017 Best Support Award from Ford Manufacturing Thailand, given to AAPICO Hitech PLC.
4. The Winner of 2017 TCC Competition from Toyota Co-operation Club, given to AAPICO Hitech PLC.
5. 2016FY Loss Reduction Project Champion from Isuzu Motors, given to AAPICO Structural Products Co., Ltd.
6. The Best in Delivery Award from Isuzu Motors, given to AAPICO Structural Products Co., Ltd.
7. Honda CEO – Elite Dealer Award from Honda Malaysia, given to New Era Sales (M) SDN. BHD.
8. Honda CEO – Top 7 Accessories Sales Award from Honda Malaysia, given to New Era Sales (M) SDN. BHD.
9. Honda CEO – Top 5 Sales Award from Honda Malaysia, given to Tenaga Setia Resources SDN. BHD.

Business Operations

AAPICO Hitech PLC and its subsidiaries and associates operate in the automotive industry. Its businesses can be segmented in the three main core pillars, which are the manufacture of OEM automotive parts including jigs and dies, car dealerships, and car navigation and technology.

Manufacture of OEM Automotive Parts

AAPICO Hitech is engaged in the manufacturing and distribution of automotive parts to automobile manufacturers and assemblers in Thailand and overseas. This business segment contributes the majority of its revenue, with the revenue contribution of 62% of total revenue in 2017. The Company produces a broad range of products that are diverse with different processes and technologies for vehicles, such as passenger cars, pick-ups, trucks, and in agriculture machinery industry. Its main products are the following:

Chassis Frame Component



The Company is the sole supplier of chassis frame component to Isuzu for its pick-up vehicles. It is one of AAPICO's major products with revenue contribution

of around 23% of the total revenue. The Company has a fully integrated manufacturing process, starting from die design and die development, die testing, and die manufacturing, until the complete assembly parts. From its rolls, the metal sheets are cut into smaller sizes and transferred to press machine for stamping and forming to component parts. Each small parts are welded on to the sub-assembly component. The Company supply chassis frame to Isuzu in component parts while Isuzu welds the full frame. Each full frame set comprises of around 50-60 component parts. The Company has a manufacturing capacity of around 400,000 frame set per year. The Company runs its production at full capacity with two work shifts of 10 hours each. It has

increased the capacity of its blanking line and press shop by outsourcing to companies within AAPICO Group, and also outsource some of its other parts manufacturing to third parties in order to meet the volume.

Pressed and Stamping Parts



The Company manufactures high quality body parts, such as floor parts, cross members, pillars, brackets, clips and others including sub-assemblies to OEM customers. These products are metal stamping parts which are produced into car parts with different shapes and sizes. Main customers for these products are Auto Alliances (AAT), Nissan, and Toyota.

Housing Axles Parts



The housing axles is one of the components of the rear axle assembly. The production process starts from the roll forming of the steel

sheet into sub-assembly parts. Each parts are welded into axle parts and delivered to its customer, American Axle & Manufacturing, to assemble the complete rear axle parts.

Door Check Link

The Company produces door check links under the agreement with Edscha, Germany. Door check's production use an advanced manufacturing technology which produces high quality and durability products which last throughout the lifetime of vehicles. Its main customers are Isuzu, GM, and Mitsubishi.

Forging and Machining Parts

The Company produces automotive forged parts, both hot forging and cold forging, and machined parts to automobile manufacturers in Thailand and overseas. Its products are parts in transmission system, power train system, steering and suspension system, engine parts, wheel hubs, etc. Its main customers are Auto Alliances (AAT), GKN Driveline, and Dana Spicer, etc. The manufacture of forged part is the metal-working process, where steel billets are heated with induction heater and compressed under extreme pressure to form the metal into different shapes. The forged parts are refined by machining process using the CNC machines for its precision before deliver to customers. Some products may go through the heat treatment to harden the steel or spray paint according to the customers' requirements.

In addition to Thailand, the Company also has forging and machining facilities in China. Its main products are connecting rods and copper forged parts such as electrical switch contactors, which are produced and supplied to local customers in China. Its main customers are Schneider Electrics, Chery, CFME, etc.



Plastic Parts and Plastic Fuel Tanks

The Company produces and supply various types of plastic parts for vehicles and electrical appliances, and also produces plastic fuel tank with the technical cooperation of Kautex Textron, Germany. Its main customers are Auto Alliances (AAT), Ford, Thai Yamaha Motor, and Asian Honda Motor, etc.

Market and Competition

The automotive part business has the business life cycle according to the cycle of car models or the length of vehicle usage, which ranges between 5 to 10 years. The selection of suppliers are considered based on the high standards of production and operation, and the company's performance on customers' criteria for product quality, cost, and delivery. Once agreed upon as the approved supplier, the Company has to maintain its quality and improve production efficiency. Continuous improvement, consistency and reliability of its production are key factors to guarantee the continuation of orders from the automobile manufacturers.

As a Tier-1 automotive part manufacturer, AAPICO Hitech has maintained its high standard of operations to be ready to support the volume expansion or new orders from customers. The Company has a strong sales and marketing team to support its services and maintain its long-term relationship with customers. The Company incorporates leading-edge manufacturing technology in its production facilities. The Company continually improve its cost of production throughout the life of the supply contract in order to offer competitive prices to its customers. As a result, the Company have been entrusted as their preferred supplier by leading automakers with repeatedly received orders for new parts and new models with increased value per car set. The Company only manufactures and supply its products to the original equipment manufacturer (OEM) and does not involve in the replacement equipment market. Its customers are leading automakers in Thailand and overseas. Its main competitors are mainly are in the stamping business, namely Thai Summit Group, Summit Group and CH Auto Parts Co., Ltd.

Design and Manufacture of Stamping Dies



AAPICO Hitech is a full service for die design, engineering, tool manufacturing company. The Company develop, design, and manufacture stamping dies for sheet metal forming applications. Majority of its stamping dies are made for use in in-house production facilities. The manufacture of stamping dies process starts with the design of the mold by die engineer, using the CAD computer program. The foam molding is created according to the design for casting the metal die, which is then passed to CNC Machining Center to machine and finish the stamping die for product testing. A team of engineers performs quality inspection and die testing before commencing production of parts. The Company has applied the Autoform process to simulate the formability of parts, and conduct feasibility study with customers during the design phase to ensure that product quality meets customers' requirements.

Market and Competition

The Company does not emphasize on sales and marketing of stamping dies to external customers as it is currently service in-house business of stamping parts within AAPICO Group.

Design, Manufacture, and Installation of Assembly Jigs



Assembly Jigs is an integral part of the production and assembly of automobiles. It is a tool used to grip the automotive parts to connect various parts together in order to assemble a vehicle. The manufacture of assembly jigs is "made to order" for specific model or line of production. A change of new model will create demand for new set of assembly jigs, from concept to commissioning, including design, simulation, welding, ergonomics and time studies, and eventually the manufacturing of the tooling. Prior to delivery, assembly trials and subsequent validation measurement are conducted at the try-out facility. Then, the Company provides support on-site at the assembly location, ensuring there will be no issues during launch. The installation and commissioning team has supported customer launches in South America, China, India, and Southeast Asia.

Market and Competition

AAPICO Hitech Tooling is the first Thai company that is able to provide customers with the "full turnkey body shop" solutions. The Company has established its positions as a niche for one of the best makers for low-volume, manually operated body assembly Jigs. As the market for low volume jigs in Thailand is small, the Company has plan to market its products overseas and invest in research and innovation to enhance its products and expand services to serve customers' requirements.

Car Dealerships

The Company operates car dealerships business in Thailand and Malaysia. Its showrooms and service centers are equipped with modern facilities and provide excellent sales and service support to customers. Its revenue contribution accounts for approximately 38% of total revenue in 2017. In Thailand, the Company operates 4 showrooms and service centers for Ford and Mitsubishi. The Ford showrooms and service centers are located at Ramindra road and Samutprakarn province, while Mitsubishi showrooms and

service centers are located at Ladprao and Navanakorn. In Malaysia, the Company operates 2 showrooms and service centers for Honda located in Kajang and Petaling Jaya.

Market and Competition

The Company considers excellent service and customer satisfaction as the key success factors for the car dealership business. The Company evaluates its performance from the survey of customers visiting its showrooms or using the car services at its service facilities, and benchmarks its performance with other dealers. The Company ensures sufficient trainings and appropriate incentives to its employees. All these measures are tools to improve its facilities and services to become the customers' preference in order to drive its revenue growth.

Car Navigation and Technology

The car navigation business constitute a small part of less than 1% of total revenue of the AAPICO Group. Its current business is to provide consultancy and development of vehicle navigation system, logistics management, and smart city management using its expertise in digital map, geographic information system, and big data analytics. Its main products are the award-winning POWERMAP on-board navigation software which have been selected as an in-car original equipment accessories.

Market and Competition

The car navigation and technology business operate in a niche market. Its product is strong in local content and specification that matches customers' requirements, such as homonyms search for searching with spelling variations, searching out of sequence, and suggested word completion, etc. The Company plans to develop software and the content of digital maps to provide better services to its customers, which varies from individuals, organizations, and government agencies. The Company has a team of engineers to develop system and software, and a survey

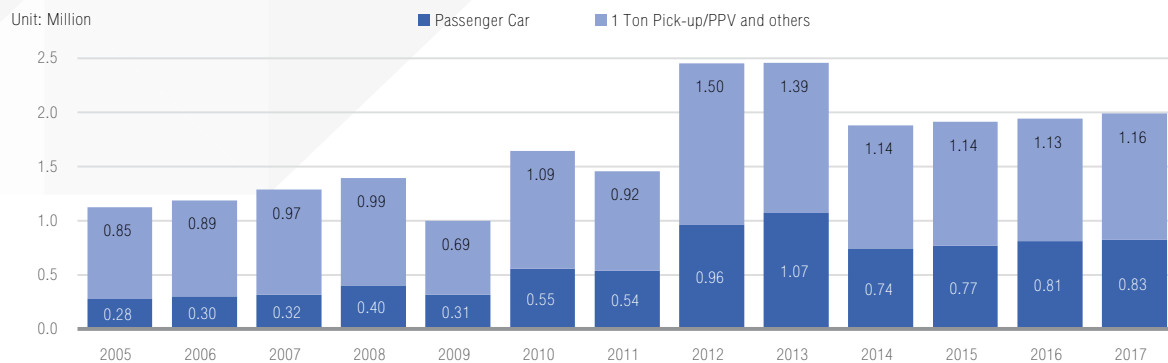
team to update the map data. The Company will continue to explore business opportunities and leverage its capabilities in the area of digital technology, connectivity and mobility services, and internet of things (IOT).

AAPICO businesses have always 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 with a developed strong supply chain, excellent infrastructure and with strong government support. The Thai automotive industry has aim to reach an annual vehicle production of 3 million units and is moving towards its target in the years ahead.

Competition and Industry Trend

The year 2017 was overall a positive year in terms of the key markets AAPICO Hitech is active in.

Thailand Vehicle Production in 2005-2017



Source : The Federation of Thai industries (FTI)

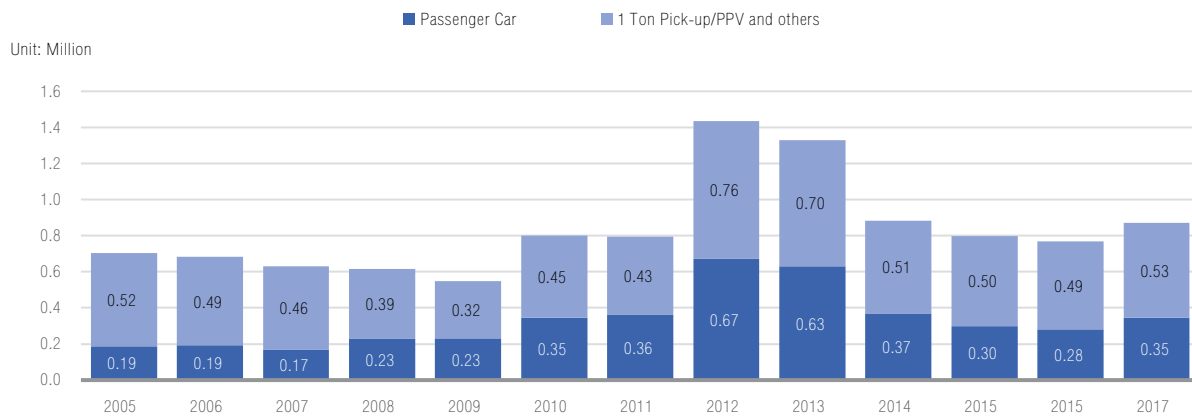
Thailand, where AAPICO Hitech is headquartered and where its major operations are located, saw its total automotive production increase, albeit slightly, by 2.28% to nearly 2 million units. And it is forecasted that in 2018, total production numbers will finally breach 2 million again after a 5 years lull. The last time total production numbers were over 2 million was in 2013 when the government's "First Car Campaign" helped to boost up car production to nearly 2.5 million units due to unseen before domestic demand spurred by the campaign. Subsequently, the numbers returned to more normal levels of the 1.9 million region and stayed there for the following 4 years until now.

Correspondingly, car sales in Thailand saw a healthy increase of 13.4%, reversing the negative trend set in 2016. This more than offset the decrease in exports of 4.1%. Nevertheless, car exports still dominates the car industry in Thailand with 54% of total sales being contributed by exports. As a production hub of especially major Japanese car makers, Thailand continues to produce and export world class automotive products to around the world. Domestically, a stable political situation and various government policies to lift the economy have seen GDP grow 3.9%, the highest since 2012. This is an increase from 3.3% in 2016. A less depressed and more positive investment and consumer outlook encouraged car sales to a three year high of 870,000 units. This is expected to grow further in 2018, with forecasts ranging from 900,000-920,000.

In 2018, exports are expected to remain tepid with total amount maintaining at 2017 levels. However, with a recovering world economy amid more encouraging indicators from major markets, an uptick may not be impossible unless there is an unexpected shock in the global economy. All the major players in the Thai automotive industry are nevertheless cautiously optimistic with the overall picture because of the growing domestic market. With a forecast of 900,000-920,000 unit sales, it will be significantly larger than before the "First Car Campaign" in 2012, marking a healthy home market in Thailand.

Malaysia's 2017 Total Industry Volume (TIV) was hardly changed from the previous year, marking a 0.6% decline. Total numbers were 576,635 compared to 580,124 in 2016. Perodua, the second national car brand continued its dominance of the domestic market by conquering the top place in the national ranking with a total sales number of 204,881, a slight drop of 1% from the previous year. Honda maintained its lead in the non-national car segment by breaching the 100,000 mark for the first time ever, registering a sales volume of 109,511, which translates into an improvement of 19% from the previous year. It continued to build its lead over its arch rival Toyota, which despite an increase of 9% from 2016, managed to reach only 69,501 units. The once dominant national car brand Proton, continued to lose market share, selling only 79,991 units of cars. That's 1.8% less than 2016. But hope is in

Thailand Total Industry Volume in 2005-2017



Source : The Federation of Thai industries (FTI)

the horizon for Proton, which finally saw itself finding a suitor with the sale of 49.9% to Geely from China, the same owner of Volvo cars Sweden. Geely came out as the winner after edging out French PSA for the bid to gain control of Proton. With its capacity of 1 million cars a year at its Tanjung Malim assembly plant, Proton can pin hope on the successful models from Geely China especially its SUV Boyue to revive its fortune and regain its dominance in the Malaysian car market. In fact, Geely plans to use Malaysia as its springboard to carve out a footprint in the attractive ASEAN market, which saw total new car sales of over 3 million units in 2017. The verdict will be out soon when Proton launches the rebadged Boyue in its home market later in 2018 first in CBU form then quickly followed by CKD in 2019. The Malaysian Motor Association forecasts a slight increase in TIV for 2018 at 600,000 units.

China continued to hold on to the crown of being the largest automobile market in the world for 2017 with total production number of 29 million and sales number of 28.9 million. Compared to 2016, both numbers increased 3.19% and 3.04% respectively. 2017 marked the 9th consecutive year whereby China ranked first globally in auto sales. While the rate of GDP growth continued to come down to more “normal” levels- 2017 saw a growth rate of 6.9% and 2018 is forecasted to register 6.5%, auto production and sales are predicted to continue growing at 3% in 2018. In the passenger segment, total production and sales were at

24.81 million and 24.72 million respectively, which is an increase of 1.6% and 1.4% respectively year on year. A clear market trend has emerged in that SUVs are becoming more popular with an increase of 13.3% year on year while all other types - sedan, MPV and Crossover decreased, ranging from 2.5% to 20%.

SAIC emerged as the top domestic automotive group with sales of 6.92 million vehicles, including the top selling car brand in China- Shanghai VW. The brand sold 2.05 million vehicles followed FAW VW, which sold 1.95 million cars. The second largest Chinese domestic group was DFAC, which sold 4.12 million vehicles. Its JV with Nissan, the Dong Feng Nissan was the 5th best-selling brand in China with sales of 1.26 million units.

China continued to lead the rest of the world in terms of production and sales of new energy vehicles. It produced 794,000 and 777,000 units respectively. These are increases of over 50% compared to the previous year. New energy vehicles are mainly pure electric vehicles and plug in hybrid vehicles. Public charging stations have increased to 210,000 in 2017. In 2018, total production and sales will easily surpass 1,000,000 respectively, further consolidating China’s position as the global leader in new energy vehicles.

Risk Factors

AAPICO Hitech has put the risk assessment and risk management process as one of its priorities in moving towards sustainability. The Risk Management Committee takes responsibilities in its annual agenda to review the risk management process of the organization and ensure the appropriateness of the Company's risk management policy. In the process, the committee considers and reviews various possibilities and changes in the business environment that risks can occur and define the control measures to reduce the likelihood and impact of these risks to an acceptable level. The Risk Management Committee has identified the key risks of the organization which are as follows:

Country Risks

Political risk

The Company considers the political instability as one of key risk factors for the Company, mainly due to its potential impact on the automotive industry. In the past, the instability of politics had led to political upheavals and street protest, causing the disruption to local economy. A change of government can also impact the formation and continuation of policy and investment, hence affecting the growth and direction of the automotive industry. Given the stability of the military government in the past year and the upcoming general election which has been announced to take place in 2018, the Company viewed that the risk of political instability may be unlikely. It is also unlikely that operations will be impacted by any unrest activities as our factories are located in industrial estates outside Bangkok. However, the Company may be financially affected from weak economy as a result of political instability.

Risk from natural disaster

The Company considers potential risk and the impact from natural disasters in Thailand and from overseas as severe. In the past, the Company had been affected by two major natural disasters, the Tsunami in Japan in March 2011 and the Great Flood in Thailand which occurred in October 2011,

which led to serious disruption of the automotive supply chain. As a result, the car production shrank due to severe shortage of automotive parts. The Great Flood in 2011 also caused damage to the Company's properties, machines, inventories, and buildings. The Company recorded substantial revenue loss, impairment expenses, and additional expenses to protect its property and the recovery of its operations after the flood. In 2017, the Company maintained the assessment of this risk to be at the same level as 2016. Despite the severe impact, the likelihood of occurrence of another major natural disaster is considered low. The Company also has taken protective and preventive measures to limit and reduce the impact, both operationally and financially. These measures include the preservation of the dyke surrounding the area of Hitech Industrial Estate, insurance coverage for all industrial risks, and the maintenance of multiple facilities in several locations for possible relocation if one of the locations be affected by natural disaster.

Business Risks

Risk related to the competition in the automotive industry

The competition in the automotive industry is relatively high at the change of new car models. Every part supplier strives to win more orders from car automakers as it ensure its revenue for the life cycle of the car model. It is possible that the Company may lose orders to other part suppliers. The Company has placed this risk at high importance due to its significant impact to the operations and reputation of the Company. Although the chance of losing recurring orders is unlikely, the Company has set measures to manage good relationships with customers and maintain high standards of operations, product quality, competitive cost, and punctual delivery, to ensure the continuation of orders for next model line. With a proven track of good records and awards received from customers, the Company is confident that customers will continue to entrust the Company as their preferred supplier.

Risk of high customer concentration

Due to a relatively limited number of major automakers in Thailand, the Company is inevitably exposed to customer concentration risk. The majority of its revenue was contributed by three major customers, namely Isuzu, Auto Alliance (AAT) and Nissan. This implies that the Company's performance is closely linked with the operating performance and market positions of these three automakers, and losing orders from one of these large customers could significantly impact the Company's profit. In 2017, the Company has assessed that this risk and impact was relatively low as its major customers have performed well in the past year. In addition, the chances of losing orders from these major customers are also low. Additionally, the Company has increased sales from other customers, namely GKN and American Axle (AAM). It has planned to continue increasing sales of all product ranges and expanding customer base in order to have a well balanced portfolio and reducing the risk from reliance on a few customers and to safeguard profitability in the long run.

Risk from the slow growth of Thailand automotive industry

In 2017, the Thailand automotive industry grew slightly compared to last year. Hence, the Company continues to face the risk from the slow growth of the automotive industry. The domestic market has tumbled significantly after the peak of car production driven by unusual demand in 2012-2013, which was followed by declines of volume from major export countries. The sluggish economy had impacted the revenue and profit of the Company and its subsidiaries, which operate in the automotive industry. According to the industry forecast for 2018, Thailand automotive industry is expected to grow by approximately 3-5% annually, driven by economic recovery and the release of the five-year holding period of the Government first car buyer's scheme. As such, the risk of revenue decline is mostly unlikely. Additionally, the Company has also established measures to reduce and control its costs level to mitigate the impact on its profitability as well as seeking opportunities to grow its customer base and expand to other markets.

Operation Risks

Risk from the fluctuation of raw material price

The Company is exposed to the risk from the fluctuation of steel prices for its automotive part business. The volatility of steel prices can have significant impact to the Company's profitability as steel is the primary material which accounts for approximately 75% of the product costs. The Company has taken risk measures to reduce this risk by adopting a centralized purchasing policy, where the Company agrees with the customer to purchase steel from the approved suppliers at the price agreed upon both parties. When steel price moves, the selling price will be adjusted according to the changes in steel price. The Company therefore passes on the risk to car automaker and reduces the impact on the Company's profitability to a low level.

Labor Risk

The Company may suffer from labor risk from the shortage of skilled labors and issues with the Labor Union, which can significantly impact the production and delivery to customers, hence damaging the Company's credibility and disrupting the supply chain of automotive production. The Company places employees as one of core fundamental value of the organization. The Company ensures the quality of life, remuneration and welfare, and human resource development for all its employees. The Company has carefully managed and handled issues with the Labor Union in an appropriate manner in order to reduce conflicts and disputes. With the management's attention and good relations with employees, the likelihood of labor dispute and impact to operations is relatively low. In addition, the Company has planned for automated production process to reduce its future labor dependence and improve efficiency and productivity in the long run.

Quality Risk

The Company emphasized on the high standard of production processes to deliver quality products to customers. The Company has been certified and operated in accordance with the quality management system (ISO/

TS16949). In addition, the Company has set a target to deliver zero defect parts to customers and has motivated and encouraged employees on quality awareness. As such, the company can assure that risk related to quality issue has been well managed and controlled. The Company has also set up provision for defective parts according to contract with customers and has provided product liability insurance to mitigate the impact of this risk.

Management Risks

Risk from reliance on a single top management executive

The Company anticipates that there may be a risk due to its reliance on a single top management executive and therefore has taken risk management measures in the management structure of the organization. The Company and each subsidiary are operated by professional managers, who are empowered with authority to manage the business and report to executives and the Board of Directors, whose roles are to provide guidance and support the business growth in line with the Company's strategy. This empowerment helps to reduce reliance on top management and enable business to run effectively and independently. In addition, the Company has set up the talent and succession planning for critical key positions and defined the training needs and development programs to prepare potential employees for their leadership and managerial roles to support the growth of the company.

Financial Risks

Risk from fluctuation of interest rate

The Company is exposed to risk from fluctuation of interest rate from its loan portion under floating interest rates. In 2017, the interest policy rate was maintained at 1.5%, hence the risk impact was kept at a low level. In view of economic recovery which may raise interest rates, the Company has a policy to balance fixed rate and floating rate borrowings to minimize the impact on its financial costs. This includes the issuance of debenture at fixed interest rate. The Company has also gradually decreased its floating rate borrowing to approximately 41% of its long-term loans in order to reduce this risk.

Risk from fluctuation of currency exchange

The Company is exposed to risk from fluctuation of foreign currency exchange for its export business that has its revenue in US Dollar. For the year 2017, the Company also had impact from the fluctuation of US Dollar from the loan given to Sakthi Global Auto Holdings Limited. For its normal business operation, due to its small contribution of less than 5% of total revenue, the risk is not significant despite the high volatility of currency movements in 2017. The Company also has a policy to match income and expense in the same currency to naturally hedge the foreign exchange rate risk. This policy is applied to all transactions including loan to related parties. Where the risk cannot be completely hedged, the Company considers using forward or option contract to mitigate the risk. The Company however does not have a policy to trade in derivative financial instruments for speculative purposes in any case.

Other Risks

Risk related to safety, environment, and community

The Company is aware of issues concerning safety, environment, and community and has established policies and procedures to ensure good management of employees' health and safety, and compliance to environmental laws and regulations. The Company has promoted safety awareness to all employees and initiated activities and campaigns related to health and safety throughout the organization. These activities include the Safety Week, the Completely Check Completely Find out (CCCF) activity to search and eliminate harmful activities, the 5S activity to create a safe, clean, and easy to detect environmental workplace, the white factory campaign for drug free workplace, the equipment maintenance schedule, the annual health check for all employees. The Company has initiated kaizen activities and projects to reduce waste and energy consumption. These projects includes the study of solar power usage and the use of LEDs in all factories to reduce the electricity consumption. The continual certification of ISO14001 and safety requirements is a proven record for its commitment and credibility on its safety and environment management.

Risk related to joint venture partners and investments in other countries

The strategic direction to become a global company may impose risks to the Company from business dealing with joint venture partners and investments in other countries. Conflicts with joint venture partners can affect the business operations, profitability, value of investments, and the Company's reputation with customers or business partners. Dealing business in other countries can expose risks to the Company from uncertainties and policies of the country that affects the operations and profitability. The Board of Directors has given criteria and guidelines to the management to prepare feasibility study for each project to ensure that the management carefully evaluate new investments. The agreement between partners must be clear and agreed upon with control of operations and roles and responsibilities of each party clearly defined in the JV Company. New investments that are significant in value or considered as an important part of the organization must be considered and approved by the Board of Directors. Subsequently, the management should engage in the performance review process to provide necessary support and ensure that operations are carried out smoothly and generate the appropriate returns to shareholders.

Risk related to credit default with banks

The Company uses the bank credit facilities as its main funding source. This result in the Company facing the risk that it may be on default term with the banks if it does not comply with covenants as stated in the loan agreements. In the event of a loan call back from one bank, may trigger the call back of loans from other banks and thus affect the Company's credibility and reputation. The Company closely monitors its performance and maintain close relationships with banks to avoid being in default. With revenue growth and continual increases of profitability, the Company's financial position and liquidity has been quite strong, hence the risk of credit default is very low. The Company also has implemented several measures for mitigation and preventive actions, and these include the diversification of funding through the issuance of corporate debentures and the review of loan agreement to ensure that terms and conditions are appropriate and achievable.

Risk related to corruption

The Company has been well aware of risk related to bribery and corruption arising from the lack of transparency, which can significantly and negatively impact the Company's operations and result in unnecessary costs of organization. The Company is committed to conducting business with integrity, honestly and fairness and has expressed its intention to fight against corruption. The Company has established the anti-corruption policy as a guideline for operational transactions across the organization, from sales, services, purchase, recruitment, donation, support services, and offer and acceptance of hospitality events, entertainments and gifts. The Company has reviewed its activities in compliance with working procedures and scheduled audit on an annual basis. The Company also encourages employees and third party stakeholders to report their suspicion of wrong doings or inappropriate actions directly to the Board of Directors.

Risks related to disruptive trends in the automotive industry

The Company has identified disruptive trends that may affect the automotive sector. These trends present the future change of technology which are triggered by the rise of digitization and changes in consumer preference. They are namely, electric vehicles, mobility and connectivity services, and towards a later stage, autonomous vehicle. The Company has assessed that these disruptive trends may not impact demands for the Company's products and services in the short-term. The demand for automotive parts used in electric cars and the traditional fuel engine cars will be the same for the Company's automotive products, which are mainly body stamping and frame components, and wheel hubs. The development of electric vehicles for the pickup and light commercial vehicles sector, where AAPICO current businesses are dominant, is still in early stage of development, in which the implementation will take a longer time. In the meantime, the Company also realizes the risk to its competitiveness in the long-term and has set up a research and development team to study the impact of these future developments, in order to support the business growth in line with the core pillars of AAPICO businesses as an automotive parts supplier, in car dealerships, and in the internet-of-things (IOT) and connectivity segments.

Shareholding Structure

AAPICO Hitech PLC has a registered and paid-up capital of Baht 322,583,844 as of December 31, 2017, all of which are ordinary shares at par value of Baht 1 each.

In 2016, the Company had repurchased 6,007,700 of its shares under the share repurchase program, equivalent to 1.9% of paid-up capital. In February 2017, the Board of Directors had resolved to approve the resale of the repurchased shares on the Stock Exchange of Thailand from March 15, 2017 to September 13, 2019. As of December 31, 2017, the Company has yet to sell any of the treasury shares under the program.

The Company does not issue other types of shares, except from ordinary shares.

The List of Top 10 Shareholders of the Company

(Information as per the record date as of March 14, 2018)

No .	Shareholders	Number of shares	% of Total shares
1	Mr. Yeap Swee Chuan	44,122,773	13.68%
	Mrs. Teo Lee Ngo	31,811,346	9.86%
	Mr. Yeap Swee Chuan Group	75,934,119	23.54%
2	Thai NVDR Company Limited ¹	48,810,897	15.13%
3	Ms. Yeap Xin Yi	45,055,469	13.97%
4	Ms. Yeap Xin Rhu	25,646,760	7.95%
5	Phatra Capital Public Company Limited	15,793,600	4.90%
6	Mr. Pichai Wijakkapan	11,486,300	3.56%
7	Mr. Kiattisak Trairungtassana	6,097,620	1.89%
8	AAPICO Hitech Public Company Limited	6,007,700	1.86%
9	CG LTF Fund	5,420,600	1.68%
10	Mr. Sompong Paoernchoke	4,397,440	1.36%
	Others	77,933,339	24.16%
	Sum Total	322,583,844	100.00%

Source : Thailand Securities Depository Company Limited as of March 14, 2018

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

The Major Shareholders under NVDR as of March 14, 2018 were :

No .	Shareholders	Number of shares	% of Total shares
1	The Hong Kong and Shanghai Banking Corporation Limited	16,965,949	5.26%
2	Ms. Yeap Xin Yi	12,445,571	3.86%
3	BNY Mellon Nominees Limited	2,853,236	0.80%
4	Morgan Stanley & Co. International PLC	2,299,300	0.71%
5	State Street Bank and Trust Company	1,753,000	0.54%
6	HSBC (Singapore) Nominees PTE LTD	1,750,300	0.54%

The major shareholder whose movement as a marked influence on the Company's policy and operations is Mr. Yeap Swee Chuan Group, of which Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are the Company's authorized directors.

In June 2017, the Company had been notified that the Sojitz Corporation Group has entered into a Memorandum of Understanding (MOU) to sell its shares in the Company to Ms. Xin Rhu Yeap and Ms. Xin Yi Yeap. As a result of this MOU, Sojitz has tendered the resignation of its two representatives in the Board of Directors.

The Company does not have any shareholders' agreement among major shareholders, which might affect its management or the issuance and offering of securities.

Limitation of Foreign Shareholders

The Company has reached the threshold limit of foreign holding at 49% of total shares as required by law. As at March 14, 2018, the Company declared that 48.88% of total registered and paid-up capital is under the foreign shareholding.

DEBENTURES

AAPICO Hitech PLC had issued three series of corporate debentures, all of which have been listed and being traded on the Thai Bond Market (ThaiBMA), which as follows:

No.	Name of Debenture	Maturity Date	Issue Size (Million Baht)	Coupon Rate (%)	Credit Rating
1	AH Debenture No.1/2558 Due B.E.2561 (AH184A)	April 29, 2018	800	4.34%	BBB+
2	AH Debenture No.1/2559 Due B.E.2562 (AH196A)	June 11, 2019	300	3.10%	n/a
3	AH Debenture No.1/2560 Due B.E.2563 (AH200A)	October 6, 2020	300	3.09%	n/a
	Total		1,400		

During the year, the Company issued corporate debenture named "The Debentures of AAPICO Hitech Public Company Limited No.1/2560 Due B.E.2563" and offered via private placement to not more than 10 investors with details below:

The Debenture of AAPICO Hitech Public Company Limited No.1/2560 Due B.E.2563	
Type of Debenture	Senior, unsecured, unsubordinated, no debentureholders' representative
Tenor	2 years 11 months 18 days
Issue Size	Baht 300,000,000 (300,000 units at par value of Baht 1,000)
Issue Date	October 18, 2017
Maturity Date	October 6, 2020
Interest rate and Interest period	Fixed rate at 3.09%. Interest payment shall be made on April 6 and October 6 of every year until the maturity date of debenture, of which the first payment shall be made on April 6, 2018 and the last interest payment shall be made on October 6, 2020.
Registrar	Bangkok Bank Public Company Limited

DIVIDEND POLICY

The Company has a policy to pay dividend to shareholders at the rate of not less than 10% of net profit after taxes. 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.

For the dividend policy of subsidiary companies which are controlled by the Company, the payment of dividend is to be considered based on their operating results, capital structure, liquidity, and financial position in consideration with future investment plan and other necessities of their business, given that the company have fully allocated its retained earnings up to 10% of registered capital for legal reserve. The Company has no policy of transferring the interests and not to contravene with good corporate governance in any way.

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.

For the year 2017, the Board of Directors has resolved to propose the ordinary general meeting of shareholders on April 23, 2018 to approve the annual dividend payout at the rate of Baht 1.20 per share, representing the dividend payout ratio of 32.8% of the consolidated net profit attributable to equity of Baht 1,158 million for the year 2017.

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.

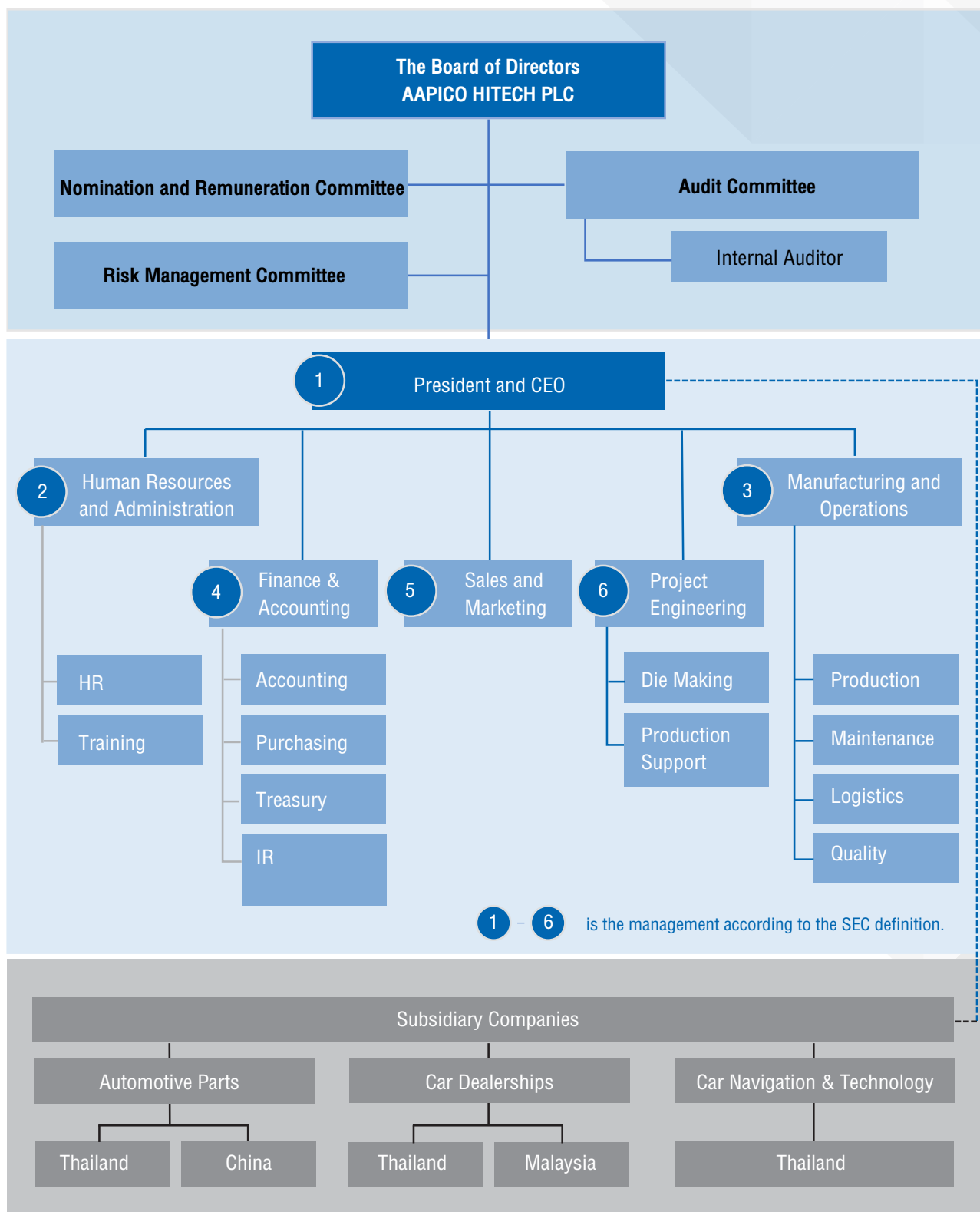
Details of Dividend Payment in the past 5 years

Unit: in Baht or in percentage	2013	2014	2015	2016	2017
Earnings per share (EPS)	1.89	1.14	0.97	1.70	3.66
Dividend per share (DPS)	0.49	0.30	0.30	0.66	1.20 ¹
Dividend Payout Ratio (%)	25.9%	26.4%	30.9%	38.9%	32.8%

Note: ¹ Dividend in 2017 is pending for approval from the Annual General Meeting of Shareholders.

Organization and Management

Organization Structure



BOARD OF DIRECTORS

The Composition of the Board of Directors

The Board of Directors plays an important role in overseeing and monitoring the performance and ensuring sustainable growth of the Company. The Board of Directors comprises of 8 members, who are knowledgeable and competent persons with skills and experiences in the areas that are beneficial to the Company.

As of December 31, 2017, there are two executive directors and six independent directors. The executive directors are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, who are also authorized to sign jointly on behalf of the Company, with the Company's seal affixed.

The six independent directors, constituting more than half of the Board of Directors, all meet the list of qualification requirements as independent directors as stipulated by the Securities and Exchange Commission.

The Board of Directors and the Sub-committees as at December 31, 2017

Name of Directors	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee
1 Mr. Yeap Swee Chuan	Chairman and Executive Director			
2 Mrs. Teo Lee Ngo	Executive Director			
3 Mr. Pipat R. Punya	Independent Director	Chairman	Chairman	
4 Mr. Kenneth Ng	Independent Director	Member	Member	
5 Mr. Wichian Mektrakarn	Independent Director	Member	Member	
6 Mr. John Parker	Independent Director			Chairman
7 Mrs. Vachira Na Ranong ¹	Independent Director			Member
8 Mr. Kaikhushru (Kai) Taraporevala ¹	Independent Director	Member		

Note: ¹ Mrs. Vachira Na Ranong and Mr. Kaikhushru (Kai) Taraporevala have been appointed as of August 14, 2017, replacing Mr. Hideo Hatada and Mr. Yasuhiro Kawamura who resigned effective on the same date.

The Board of Directors' Meetings

It is the duty of each member of the Board of Directors to consistently attend the Board's meetings. The Board of Directors holds at least six meetings per year, four quarterly board meetings and two performance review meetings. These scheduled meetings are arranged in advance and submitted to the directors at the beginning of the year so all directors can arrange their schedule for the meetings. Occasionally, special meetings may be held to consider urgent matters. All directors are encouraged to attend the ordinary shareholders' meeting which is organized in April of each year.

In 2017, the Board of Directors held six meetings, four scheduled meetings and two special meetings, with 93% of the Board of Directors attending. All the directors attended the Annual General Meeting of shareholders held in April 2017. Directors absent from the meeting were due to important business reasons.

In addition to regular board meetings, directors were also kept informed of the operating results of the Company and its subsidiaries from the performance review seminars which are organized on half-yearly basis. In 2017, the annual review meeting was held on February 11, 2017 and the mid-year review meeting was held on July 22, 2017.

The Attendance of Directors for the year 2017

Name	Board of Directors Total = 6	Audit Committee Total = 4	Nomination & Remuneration Committee Total = 2	Risk Management Committee Total = 1	Annual General Meeting Total = 1
Mr. Yeap Swee Chuan	6/6	-	-	1/1	1/1
Mrs. Teo Lee Ngo	6/6	-	-	-	1/1
Mr. Pipat R. Punya	5/6	3/4	2/2	-	1/1
Mr. Kenneth Ng	6/6	4/4	2/2	-	1/1
Mr. Wichian Mektrakarn	4/6	4/4	2/2	-	1/1
Mr. John Parker	6/6	-	-	1/1	1/1
Mr. Hideo Hatada ¹	3/4	-	-	1/1	1/1
Mr. Yasuhiro Kawamura ¹	4/4	-	-	1/1	1/1
Mrs. Vachira Na Ranong ¹	2/2	-	-	-	-
Mr. Kaikhushru (Kai) Taraporevala ¹	2/2	1/1	-	-	-

Note: ¹ Mrs. Vachira Na Ranong and Mr. Kaikhushru (Kai) Taraporevala have been appointed as of August 14, 2017, replacing Mr. Hideo Hatada and Mr. Yasuhiro Kawamura who resigned effective on the same date.

TOP EXECUTIVES

The Management of AAPICO Hitech PLC

AAPICO's top executives are empowered with the authority to operate business under the policy, strategies, and goals agreed with the Board of Directors. Their duties encompass controlling and keeping expenses and capital expenditures within the limits approved in the annual operating plan, managing human resources in line with the policy, resolving problems or conflicts that affect the Company, and maintaining effective communication with related parties to ensure that operations are carried out smoothly and efficiently.

Top Executives of AAPICO Hitech PLC according to the SEC definition

Name of Executives	Position and Functions
1 Mr. Yeap Swee Chuan	President and CEO
2 Mrs. Teo Lee Ngo	Executive Director , Human Resources and Administration
3 Mr. Veera Buanwongse	Director , Manufacturing and Operations
4 Ms. Yeap Xin Rhu	Director , Finance & Accounting and Purchasing
5 Mr. Sattha Peth-in	Assistant General Manager , Sales and Marketing
6 Mr. Kawee Wasaruchareekul	General Manager , Project Engineering

The Management of major subsidiaries

For subsidiaries that the Company exercises its control, the Company has assigned duties and responsibilities to the head of each company to be accountable for its own performance and report to the Board of Directors. The management of subsidiaries shall ensure that they apply the same policy and regulations as the Company and operate in compliance with good corporate governance principles.

Executives of Major Subsidiaries

Name of Executives	Position	Company
Manufacturing of Automotive Parts		
Mr. Veera Buanwongse	Plant Director	<ul style="list-style-type: none"> ● AAPICO Hitech Parts Company Limited ● AAPICO Lemtech Company Limited
Mr. Yong Prathuangasukh	Chief Operating Officer (COO)	<ul style="list-style-type: none"> ● AAPICO Amata Company Limited ● AAPICO Structural Products Company Limited
Ms. Yeap Xin Rhu	Chief Operating Officer (COO)	<ul style="list-style-type: none"> ● AAPICO Forging Public Company Limited ● AAPICO Precision Company Limited
Mr. Gao Xue Guang	Chief Operating Officer (COO)	<ul style="list-style-type: none"> ● Kunshan Chaitai-Xincheng Precision Forging Company Limited (China)
Mr. Sakurai Atsushi	Plant Director	<ul style="list-style-type: none"> ● AAPICO Plastics Public Company Limited
Mr. Kiyoshi Chigira	General Manager	<ul style="list-style-type: none"> ● AAPICO Hitech Tooling Company Limited
Car Dealerships		
Ms. Tang Kim Koh	General Manager	<ul style="list-style-type: none"> ● Able Motors Company Limited ● New Era Sales Company Limited ● New Era Sales (M) Sdn. Bhd. (Malaysia) ● Tenaga Setia Resources Sdn. Bhd. (Malaysia)
Car Navigation and Technology		
Mr. Nattapol Sitthimahachakul	Assistant General Manager	<ul style="list-style-type: none"> ● AAPICO ITS Company Limited

The Company Secretary

The Board of Directors appointed Ms. Phanthip Praditsuktavorn as the company secretary and assistant secretary to the Board of Directors and is responsible for organizing the meetings of the Board, committees, and shareholders. The company secretary is also in charge of preparing for notice and minute of meetings, the annual report, as well as filing documents as stipulated by laws, the SET and the SEC.

REMUNERATION

The Board of Directors' Remuneration

AAPICO Hitech sets appropriate remuneration for directors at rates comparable to other listed companies engaged in the same industry, having similar business size, performance, and directors' accountability. The remuneration of the Board of Directors was considered by the Nomination and Remuneration Committee, taking into account the scope of duties and responsibilities and directors' performance, before being proposed for approval in the Shareholders' Meeting.

The Annual General Meeting of Shareholders for the year 2017 on April 20, 2017 had passed a resolution concerning the remuneration and incentives of the Board of Directors and committees. Independent directors are entitled to receive annual remuneration and attendance fee according to their duties and responsibilities and attendance to meetings. Total annual remuneration for the year 2017 should not exceed Baht 1,750,000. Incentive bonus was set at the rate of 0.2% of net profit attributable to equity holders but not exceeding Baht 3 million, to be distributed equally among independent directors. Executive directors are not entitled to receive remuneration for directorship as their remunerations are included as part of the management's compensation.

The Structure of Directors' Remuneration for the year 2017

Directors' Remuneration Structure	Position	Annual Remuneration ¹ (Baht)	Attendance Fee (Baht)	Incentive Bonus ^{1 2}
Board of Directors	Chairman	-	-	-
	Executive Director	-	-	-
	Independent Director	275,000	15,000	0.2% of net profit ² but not exceeding Baht 3 million
Audit Committee	Chairman	50,000	10,000	
	Member	25,000	10,000	
Nomination & Remuneration Committee	Chairman	-	7,500	
	Member	-	7,500	
Risk Management Committee	Chairman	-	7,500	
	Member	-	7,500	

Note: ¹ Annual Remuneration and Incentive Bonus for the year 2017 will be paid in the following year.

² Incentive Bonus is calculated based on net profit attributable to equity holder.

Remuneration for the Board of Directors and committees for the year 2017

Directors' Remuneration (in Baht)	Annual Remuneration	Attendance Fee	Incentive Bonus	Total (Baht)
Independent Director				
Mr. Pipat R. Punya	325,000	120,000	475,715	920,715
Mr. Kenneth Ng	300,000	145,000	475,715	920,715
Mr. Wichian Mektrakarn	300,000	115,000	475,715	890,715
Mr. John Parker	275,000	97,500	475,715	848,215
Mrs. Vachira Na Ranong	104,726 ¹	30,000	206,183 ²	340,909
Mr. Kaikhushru (Kai) Taraporevala	114,247 ¹	40,000	206,183 ²	360,430
Total	1,418,973	547,500	2,315,226	4,281,699

Note: ¹ Annual remuneration for directors appointed during the year 2017 was calculated on a pro rata basis according to their service.

² Incentive bonus for the year 2017 was distributed among independent director based on pro rata basis according to their services.

Other than the monetary remuneration, the Company does not grant other special privileges to the directors.

Executives' Remuneration

The monetary remuneration of executives is in the form of salaries, bonuses, and provident fund. In 2017, total remuneration for 33 executives in the position of manager level and above amounted to Baht 41.95 million.

Remuneration	Year 2016		Year 2017	
Salary	Baht	31.26 million	Baht	35.87 million
Bonus	Baht	4.94 million	Baht	4.93 million
Provident Fund	Baht	1.25 million	Baht	1.15 million
Total	Baht	37.45 million	Baht	41.95 million
Number of executives	32 people		33 people	

Employees' Remuneration

The Company provides remuneration to its employees in the form of salaries, wages, bonuses, contribution to social security and provident fund. Other benefits include post-employment compensation and gratuity benefits to its employees upon retirement in compliance with labor laws, and long-term employee retirement benefit plan. In 2017, total salaries, wages, and other benefits for employees amounted to Baht 1,338 million, as compared to Baht 1,435 million in 2016.

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. Employees will be compensated upon termination in accordance with the fund rules. In 2017, total contributions made to the provident fund amounted to Baht 27 million, as compared to Baht 22 million in 2016.

Employee Joint Investment Program (EJIP)

The Company had initiated the Employee Joint Investment Program (EJIP) in 2013, 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 completed in September 2014.

EMPLOYEES

Number of employees of the AAPICO Group including controlled subsidiaries as of December 2017 and 2016 are as follows:

Country	Thailand		Malaysia		China		Total	
	2016	2017	2016	2017	2016	2017	2016	2017
Product/Business								
Jigs and Dies	119	130	-	-	-	-	119	130
Automotive Parts	3,033	3,001	-	-	259	272	3,292	3,273
Car Dealerships	179	191	156	182	-	-	335	373
Car Navigation and Others ¹	125	142	3	-	-	-	128	142
Total Employees	3,456	3,464	159	182	259	272	3,874	3,918

Note: ¹ Other businesses include employees in support departments i.e. purchasing, finance and accounting, sales and marketing, etc.

HUMAN RESOURCES DEVELOPMENT

AAPICO Hitech PLC attaches great emphasis on its employees, considering them as one of key fundamental factors that drive the business's sustainable growth. The Company has streamlined the human resources management to align with employee development. It has set up AAPICO Training Center to manage trainings and development programs for employees of AAPICO Group.

The Company has targeted to develop skills and abilities of employees at all levels to improve further the standard of quality and performance to the next level. Employees are encouraged to show their full potential and shall be able to quickly adapt and respond to changes in technology, business needs, and requirements of the industry. The Company has defined learnings and development programs to improve and enhance employees' capabilities to serve the business needs and to perform their duties safely and efficiently.

Training courses are arranged according to business objectives and goals. Training schedule are reviewed on yearly basis and communicated to all employees. In addition to regular in-house trainings, the Company also permits employees to attend external courses that are relevant to their functions. The Company classified training courses in different types and levels, with details as follows:

Technical Training

The Company provides technical trainings in areas relating to each functions and operations. These technical trainings aim to educate employees to have sufficient knowledge and skills to perform their work safely and efficiently according to the working procedure and achieving quality standard. The Company provides more than 140 technical training courses available for employees of all levels, covering the areas of production, marketing, purchasing, human resources, IT, finance and accounting, etc. Examples of these courses in 2017 were Mag Welding, stamp duty, etc.

Management Training

Management trainings are provided to employees in all functions and departments with the aim to increase knowledge and develop supervising and coaching skills for managers and supervisors. There were about 20 management training courses available for employees. Examples of these courses in 2017 were supervisory skill development, strong team building, role and skill of leader for automotive industry.

Quality System, Safety and Environment Training

The Company arranges training programs relating to quality management, safety standard, and environmental management to create awareness to employees to operate the standard of quality work, the safe workplace and working environment, and the efficient use of resources. These courses cover safety trainings, laws and regulations relating to safety and environmental management, the quality management system i.e. ISO/TS16949, ISO14001, etc.

Language Training

The Company provides language trainings to develop and improve basic skills of its employees and enhance communications within organization. The language training courses are designed to meet different needs and skills of employees in different levels.

Computer and Information Technology (IT) Training

The Company encourages employees to develop and improve their knowledge and skills in the use of computer and information technology to communicate and manage their work efficiently and effectively. These courses include basic training on Microsoft Office (i.e. Word, Excel, PowerPoint, etc.), Oracle system training, etc.

Quality of Life Training

The quality of life training is one of essential part of human resources development. The Company has been focusing on improving employees' quality of life along with the growth of business, as it considers that good quality of life is a foundation that will lead to good quality of work and hence sustainable growth of the company. The Company has set up a team of qualified trainers and lecturers from Thailand Develop Club to define and facilitate these training courses. The course outline encourages employees to understand the fundamental of life, refraining from vices, creating the bond of love and relationships within the family, 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. These courses are open to employees at all levels. Examples of these courses are Quality of Life Training for leaders (ผู้นำในการพัฒนา), etc

Employee Orientation

Employee orientation is a mandatory program for all new employees. It is an introduction course for new employees to become accustomed and conformed to the Company's policies and regulations and understand the culture of organization. The course provides information of the Company and its businesses, including vision, policies, rules and regulations, code of conducts, and standard working procedures, and communicates details of welfares and benefits that the Company has available for its employees.

Management Seminar

The Company organizes management seminars twice a year, normally in the month of January and July of every year. It is an event where the Board of Directors and executives of major subsidiaries join together for networking and sharing the updates of the businesses and strategic directions of the AAPICO Group. The Company also invites notable speakers to share their knowledge and experience in their managerial and leadership role. In 2017, the Company arranged the management seminars on February 8, 2017 and July 20, 2017.

Board of Directors



Mr. Yeap Swee Chuan

President and Chief Executive Officer
Executive Director
Authorized Director
Age 70 years
Date of Appointment: 1 August 2002
AH Shareholding: 13.68%

Education

- Bachelor Degree in Technology (Industrial Management), Massey University, New Zealand

Training

- Director Certification Program (DCP103/2008), Thai IOD
- Capital Market Academy Leadership Program (CMA8)

Work Experience

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 and Audit Committee Goodyear (Thailand) PLC*
1996-Present *President and CEO AAPICO Hitech PLC*



Mrs. Teo Lee Ngo

Executive Director
Authorized Director
Age 68 years
Date of Appointment: 1 August 2002
AH Shareholding: 9.86%

Education

- Bachelor of Commerce (Industrial and Business Management), Nanyang University, Singapore

Training

-None-

Work Experience

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



Mr. Pipat R. Punya

Independent Director
Chairman of Audit Committee
Chairman of Nomination and Remuneration Committee
Age 69 years
Date of Appointment: 1 August 2002
AH Shareholding: None

Education

- Bachelor of Laws, Thammasat University, Thailand
- Master Degree in Public and Private Management, NIDA, Thailand

Training

- Director Accreditation Program (DAP11/2004), Thai IOD
- Role of Chairman Program (RCP35/2014), Thai IOD

Work Experience

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

Independent Director
Member of Audit Committee
Member of Nomination and Remuneration Committee
Age 49 years
Date of Appointment: 1 December 2008
AH Shareholding: None

Education

- Bachelor of Science (Honor), Biotechnology, Graduated Uppersecond, King's College London University, UK
- Qualified Chartered Accountant (Institute of English & Wales)

Training

- Director Certification Program (DCP189/2014), Thai IOD

Work Experience

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



Mr. Wichian Mektrakarn

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

Age 64 years

Date of Appointment: 27 April 2015

AH Shareholding: None

Education

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

Training

- Director Certification Program (DCP107/2008), Thai IOD
- Board that Make a Difference (BMD3/2016), Thai IOD
- Role of Chairman Program (RCP 40/2017), Thai IOD

Work Experience

- 2016-Present Chairman of the Board of Directors *CS LoxInfo PLC*
2016-Present Authorized Director, Member of Executive and Strategy Committee,
Member of Nomination and Remuneration Committee *Pruksa Holding PLC*
Director *AAPICO Hitech PLC*
2015-Present Chief Executive Officer *Advanced Info Service PLC*
2009-2014 President *Advanced Info Service PLC*
2006-2009



Mr. Kai Taraporevala

Independent Director
Member of Audit Committee

Age 53 years

Date of Appointment: 14 August 2017

AH Shareholding: None

Education

- Master of Science (Physics), Indian Institute of Technology, New Delhi, India
- Master of Science (Materials Science), University of Dundee, Scotland, UK
- MBA, INSEAD, Fontainebleau, France

Training

- Listed Company Director Program, Singapore Institute of Directors (SID)
- Master Class for Directors, Institute of Directors (IOD) India

Work Experience

- 2015-Present Managing Director *Tethys Ventures (Singapore) Pte. Ltd.*
2014-2015 President, Investment Banking and Securities *Tata Capital Limited*
Managing Director *Tata Securities Limited*
2011-2014 Managing Director *Tethys Ventures (Singapore) Pte. Ltd.*
1997-2011 Managing Director *India Advisory Partners Pvt. Ltd.*



Mr. John Parker

Independent Director
Chairman of Risk Management Committee

Age 71 years

Date of Appointment: 26 April 2011

AH Shareholding: None

Education

- Bachelor of Engineer, Port Elizabeth College of Education
- Cost Management Accounting, University of South Africa

Training

-None-

Work Experience

- 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*



Ms. Vachira Na Ranong

Independent Director
Member of Risk Management Committee

Age 63 years

Date of Appointment: 14 August 2017

AH Shareholding: None

Education

- Bachelor Degree in Finance and Banking, Chulalongkorn University
- Master Degree in Finance and Business Administration, Marshall University, USA

Training

- Director Accreditation Program (DAP61/2007), Thai IOD
- Role of Compensation Committee (RCC2/2007), Thai IOD
- Director Certification Program (DCP124/2009), Thai IOD
- Capital Market Academy Leadership Program (CMA8)

Work Experience

- 2016-Present Independent Director, Audit Committee *S11 Group PCL.*
2012-Present President and Director *Thai Investors Association*
2004-2010 Deputy Secretary General, Corporate Administration Group,
Government Pension Fund

Corporate Governance

Corporate Governance Policy

AAPICO Hitech PLC conducts business with responsibility, integrity, transparency, and fairness. AAPICO's business principles are defined by its ethical framework and continuously improved in view of changes in social and economic circumstances.

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. The Company adheres to good corporate governance principles and acts in compliance with the corporate governance policy described in 5 areas as follows.

1. The Right of Shareholders

AAPICO Hitech highly respect the rights of shareholders and refrains from any actions that limit shareholders to have access to the company information. Shareholders have the right to freely trade or transfer their shares, the right to receive adequate information in a timely manner, the right to receive dividend, the right to propose in advance the meeting agenda, the right to nominate a person to be a director, the right to attend shareholders' meeting, the right to express opinion independently, and the right to make decisions on important affairs of the Company e.g. the appointment of directors and auditor, fixing of audit fee, approval of significant transactions influencing the Company's direction, and amendment of the Company's Articles of Association or Memorandum of Association, etc.

AAPICO Hitech encourages shareholders, being institutional or individual investors, to attend shareholders' meeting and involve in the matters affecting their benefits. The Company has made efforts to encourage and facilitate shareholders to exercise their rights and prohibits any actions that would limit or hinder the exercise of shareholders' rights.

The Company selects the venue of shareholder's meeting in the areas that can be easily accessible by public transport and fixes date and time with consideration of convenience

to shareholders. The Company held the Annual General Meeting of Shareholders for the year 2017 at Arnoma Grand Bangkok Hotel on Thursday, April 20, 2017 at 14:30 Hrs. The hotel is located on Rajdamri Road with access to public transport (e.g. bus, boat, etc.) and within the close reach of skytrain stations. The size of meeting room is sufficient to accommodate the number of shareholders.

Before the meeting, the Company provides essential, clear, and up-to-date information for shareholders on AAPICO's website and arranges notification via the SET Portal. 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 item was provided with facts, together with the opinion of the Board of Directors, and request approval. A notice of the meeting and attachments concerning the registration, documents and evidences required prior to attending the meeting, voting procedure, proxy procedure and proxy forms are made available in Thai and English and published on AAPICO's website 30 days prior to the meeting date. Such documents are submitted to shareholders at least 7 days prior to the Meeting, allowing them to have adequate time to study information before attending the Meeting.

For shareholders unable to attend a meeting, the Company provides an opportunity for them to appoint a representative, e.g. an independent director or any other person, to act as proxy using the Proxy Form B attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development, the Ministry of Commerce, allow shareholders to exercise their voting rights as they wish.

The Company also arranged other proxy forms including those required for institutional or foreign investors who authorize custodians in Thailand to be downloaded from AAPICO's website.

The Company provides opportunity for shareholders to submit questions related to items on the agenda or other information prior to the Meeting. Shareholders can also

submit their proposals for director nomination and meeting agenda to the Board of Directors, approximately 1-3 months prior to the meeting. However, there were no proposal from shareholders to be considered for the 2017 AGM.

On the meeting date, the Company used an online tool for registration. The Company's staffs were available to facilitate registration and verify shareholders' documents as described in the notice of the meeting to ensure smooth and efficient process. In addition, the Company provided the affixing of stamp duty on proxy forms at the registration counter.

Prior to the Meeting, the Company explained to the Meeting the procedures of voting, counting of votes, and announcing of voting results. The Company provided voting cards for each agenda item. In casting the votes, shareholders or proxies who disapprove or abstain for such agenda item to mark the voting cards with his/her signature affixed and raise their hands to notify the Company's staffs to collect their cards. Shareholders voted to approve also signed the voting cards to be collected when the meeting adjourned. For shareholders who authorized their proxies to the Company's Independent Directors, the Company has included their votes of approval, disapproval, or abstention for each agenda item accordingly to their requisition. The results of the votes were announced after the completion of the vote counting of each agenda item. For some agenda item, the counting of votes may take longer. In such cases, the Chairman may proceed to the next agenda item to avoid disrupting the Meeting and informed the results as soon as the voting counting has finished.

Shareholders arriving after the commencement of the meeting were allowed to vote on the agenda item considered, provided that the resolution has yet to be concluded. They constituted part of the quorum, started from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders for each agenda item may vary.

The Board of Directors are advised to join the shareholders' meeting. For the 2017 AGM, all members of the Board of Directors, including the Chairman of committees, and the Chief Financial Officer attended the shareholders' meeting. Representatives from the auditor were also present throughout the meeting with the volunteer from Thai Investors Association as the observer to witness the vote counting.

The agenda for the 2017 AGM was proceeded in the same sequence as appeared in the notice of the meeting without any changes in order or consider any agenda other than those specified in the notice of the meeting. Shareholders were allowed to freely express their opinions, give suggestions, and raise questions throughout the meeting. The Chairman also welcomed additional comments and inquiries of their interest before declaring the Meeting adjourned.

After the meeting, the Company disclosed the voting results and the resolution for each agenda item at the 2017 AGM to the public on the same day via the SET Portal. The Company prepared the minutes of shareholders' meeting with details of information of directors and external auditor attending the meeting, key discussions, questions, clarifications, and shareholders' comments. The Minute of the 2017 Annual General Meeting was prepared and submitted to the Stock Exchange of Thailand within 14 days from the date of the meeting and was made available to the public on the Company's website.

2. Equitable Treatment of Shareholders

The Company is aware of the need to protect the interests of every shareholder, whether major or minor, individual or institutional, or Thai or foreign investors. 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. Shareholders have equal right for voting. One share equal to one vote. No shares have extra privileges over other shares, and the number of votes is counted according to number of shares they hold.

Minor shareholders receive equal rights as major shareholders to express their opinion, propose agenda item, or to nominate the Company's directors. The Company has prescribed and published the criteria and procedures for the proposal of AGM agenda and the nomination of directors in advance on the Company's website and the SET Portal. For the 2018 Annual General Meeting of Shareholders, the Company allowed shareholders to submit their proposal from October 20, 2017 to December 31, 2017. However, after such period has ended, there were no proposal from shareholders to be considered and included in the shareholders' meeting.

The Company provided disclosures of the Company's information in Thai and English and made available on the AAPICO's website, the SET and other relevant channels for shareholders to receive information equally.

The Use of Internal Information

AAPICO Hitech is aware of the possible abuse of internal information and has a policy to protect the confidentiality of financial results and business information that has not been disclosed to the public and information that could have impact on the Company's share prices. Directors, executives, and related employees must keep internal information strictly confidential and must not disclose to any party not involved in the transactions.

The Company prohibits the use of internal information for personal benefit. The Company has established a guideline governing the use of internal information for concerned persons, namely the Board of Directors, top executives, employees responsible for related functions, as well as their spouses and children who are minors, which can be summarized as follows:

- Directors, executives, and related employees who have access to financial results and confidential business information that could impact the Company's share price are prohibited from trading the Company's shares for a period of 30 days prior to the release of the financial statements or public disclosure of such information and for 24 hours after the release (Blackout Period).

- Directors and top executives as defined by SEC are required to report their securities holding in the Company under their names and their related persons for the first time to the SEC within 30 days after the date on which they are appointed (Form 59-1).

They are also required to report any changes in securities holding resulting as a result of sale, purchase, transfer, or acceptance of transfer of securities within 3 working days after the 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 SEC.

The Board of Directors shall monitor to ensure compliance to these measures. Directors and top executives shall report any changes in their holding of the Company's shares to the Board of Directors. The number of shares held by the directors and top executive at the beginning and at the end of year as well as those traded during the year are also disclosed in the Annual Report.

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.

Managing the Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of the Board of Directors, executives, and related employees in a prudent, fair, and transparent manner. Hence, it has established guidelines regarding the conflicts of interests as follows:

- Following the regulations and requirements of the SEC and SET, transactions with related parties shall be conducted fairly, at arms' length business, on normal business terms, or based upon agreements between the Company and related party that will benefit the Company as a group.

- The Company discloses its shareholder structure in subsidiaries, associates, joint ventures and other companies as well as authorized directors to ensure that the Company has a clear and transparent structure. There is no cross-holding among major shareholders.
- Directors, top executives and their related persons are required to report their interests to the management of the Company or a subsidiary when they are appointed and at every year-end.
- At the Board of Directors' meeting, any directors or executives who have vested interests in the agenda must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of the shareholders.
- In case of connected transactions which require the shareholders' approval, shareholders with vested interest must abstain from voting on such agenda item.

3. Roles of Stakeholders

AAPICO Hitech adheres to ethical business conduct and carries its businesses to jointly create values with all stakeholders for mutual and sustainable benefits. 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. The Company has classified its stakeholders into 8 groups which are as follows:

1) Shareholders

AAPICO Hitech realizes the needs of shareholders, who are the business owners, and has set the target to conduct its businesses for sustainable growth, generate appropriate returns and create long-term values for shareholders. The Board of Directors, executives, and employees perform their duties to carrying out business effectively and efficiently, in a transparent and auditable manner, and in line with the principle of good corporate governance.

The Company respects the rights of shareholders and ensure the equitable treatment of all shareholders, including fundamental rights as stipulated by laws and the Articles of Association of the Company. The rights of shareholders

are disclosed in Section 1 'The Rights of Shareholders' and Section 2 'The Equitable Treatment of Shareholders'.

The Company arranges activities for shareholders to meet the executives and visit the Company's main facilities located in the industrial estate in Ayutthaya and Chonburi province. Shareholders can sign up at the shareholders' meeting or call or send email to register their names for this activity. The Company gives equal rights to all shareholders and selects the candidates subject to the seat availability on first come first serve basis. The selected candidates are announced on the Company's website and informed by phone to confirm their participation.



Shareholders' visit at the factory of AAPICO Structural Products Co., Ltd. In Chonburi province on May 25, 2017

The Company ensures that shareholders are well informed of the release of financial statements and public disclosures and that the information represents the true and accurate status of the Company. The access to internal information are controlled and regularly monitored to prevent the misconduct which may impact shareholders. In any cases, shareholders can always contact the Investors Relations for issues or inquiries related to the Company and business information.

2) Customers

AAPICO Hitech focuses and emphasizes on excellent process and delivery of high quality products to its customers in a timely manner and at competitive prices. Being a responsible supplier, the Company ensures the continuity of its production and punctual delivery of its products to support the supply chain of automotive industry. The Company is committed to continuously develop and improve the quality of its products and services to meet or exceed customers' expectation according to the SQCDM principles. The consistent recognition for its quality management system, as well as awards and achievements from customers over the years are good confirmation of our commitment to excellence.

The Company attaches significance of its relationships with its customers. The Company works closely with its customers to serve their needs and requirements and has maintained its proven records of good quality, cost, and delivery as a top tier 1 automotive supplier in Thailand.

The Company has a policy to keep information of each customer strictly confidential. Employees in related functions are aware not to share any business information with its partners or other parties. The Company follows instructions and complies with guidelines and policies of its customers for good management of corporate governance practices.

AAPICO Hitech gives importance to innovation. It does not violate any regulations or contractual rights regarding the use of intellectual property and copyrights. The use of information technology conformed to the computer related act and other local intellectual property and copyright laws.

3) Suppliers

AAPICO Hitech adheres to a fair and transparent business framework with its suppliers. The regulations regarding the procurement and operations are clearly established. The Company selects its suppliers in a fair and open manner. No parties have unfair advantage of a separate, prior, closed-door negotiation for a contract. Purchase of material and hire of service are considered for its quality, price, service,

and punctual delivery according to the agreement and product requirements.

The procurement officers shall refrain from demanding and accepting and shall not be influenced by the offer of gifts, favors, or benefits of any kind from suppliers. The Company shall support environmentally friendly procurement and shall avoid purchasing products from suppliers that violate human rights or intellectual property law, as well as dealing business with suppliers that carry out illegal acts. Employees must adhere to the Company's policy regarding the receipt of gifts and anti-corruption policy to avoid any incidents leading to corruption.

Suppliers shall operate in compliance with good corporate governance. The Company has arranged a range of activities for good relationships with suppliers and to help develop the capabilities and enhance skills and knowledge of its OEM suppliers to improve efficiency in their work. The Company performs annual audit on all its OEM suppliers to ensure that its suppliers are committed to the same level of the quality standard and conform to the Company's quality system, and that the products outsourced to suppliers meet the customers' requirements.

4) Joint Venture Partners

AAPICO Hitech upholds integrity and fairness in operating its business. The Company treats its joint venture partners equally and fairly, respects and honors the agreements between both parties, and complies with business ethics, restrictions, and applicable regulations and laws of the country they operate. The Company collaborates with its partners to promote, support, and strengthen the operation of joint ventures, encourage exchange of opinions and suggestions, determine an appropriate and transparent allocation of interest, formulate business plan, and monitor and drive the operation to achieve the shared goals.

The Company considers integrity and honesty as virtues among its core values for long-term business relationships. The Company carefully evaluates and selects its joint venture partners. To its best knowledge, the Company ensures that

its partners are competent and reputable and do not risk the Company being associated with corrupted activities.

5) Creditors

AAPICO Hitech takes into account equality and honesty in carrying out its business and is committed to conducting business in a way that creates confidence for its creditors. The Company operates in compliance with the terms and conditions agreed upon with creditors, being trade creditors, financial institutions, and debenture holders. The Company maintains sufficient communication and reports its financial positions as required by creditors.

In the event that one of the terms is not fulfilled or there arises any issues that may cause a breach of covenants or a default, the Company must notify the creditors without concealing the facts and to ask for a waiver or to jointly find solutions to resolve such matters. The Company strives to manage and maintain sustainable relations and mutual trust with its creditors.

6) Employees

AAPICO Hitech places importance of its 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.

Remunerations

The Company establishes remuneration policies that offer appropriate compensation and benefits to employees and are competitive with other companies in the same industry. The Company oversees that compensation and benefits that are provided to its employees are based on their knowledge and capabilities, in accordance with laws, and appropriate with the standard cost of living.

Employees are entitled to a fair and equitable compensation based on their performance as well as each position's requirements and responsibilities. The Company determines employees' compensation in alignment with its performance and economic circumstances, i.e. consumer price inflation, minimum wages requirement, etc.

The Company provides appropriate benefits to employees, which are regularly reviewed in alignment with the changing economic and social circumstances. The benefits include work-related benefits such as allowances, travel expenses, accommodation, uniform, transportation, medical benefits and annual check-up, sports and New Year activities, and employee assistance benefits such as loans, etc. The Company also establishes the provident fund for employees who are members to deposit monthly contribution to the fund at the rate of 3-7% of their basic salaries, and the Company matches monthly contribution at the same rate.

Knowledge and Developments

The Company encourages the continuous development of employees' skills and knowledge to meet the changing business environment. The Company has streamlined its development program under the management of AAPICO Training Center. Training courses are formulated to develop skills and knowledge of employees in all levels to match the requirements of each job or the organization. Employees can freely choose training courses that serve their development needs. Additionally, specific programs are cultivated for specific needs of employees who have advanced to their next level of responsibility and leadership.

Health and Safety

The Company places great emphasis on employees' health and safety as its top priority. It has established practices to promote a clean and proper workplace to ensure employees' safety. The Company 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.

Labor and Human Rights

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 locally and internationally.

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.

7) Competitors

AAPICO Hitech operates with openness and integrity by adhering to honest and fair competition. The Company is committed to carrying its business operations in compliance with the law and relevant regulations and with concern for trade ethics and transparency. The Company shall operate under no circumstances that may cause or be part of any violation of general or special competition regulations. It refuses to gain unfair advantage over its competitors through unlawful, unethical, inappropriate activities, such as illegal cooperation in pricing and illegal market sharing, or engage in any action that violates the relevant competition laws, competitors' intellectual property rights, or destroy competitors' reputations with untruth statements. In addition, the Company supports and promotes free trade, avoiding any acts that monopolize the market or limit fair competition.

8) Community

AAPICO Hitech carries out its businesses with concern for social responsibility and communities around its facilities. The Company has always put corporate social responsibility on its management agenda. The Company has supported activities and contributed to many community projects, as well as encouraging and supporting employees to be involved in improving the lives of people in the community. The Company adheres and complies with social and environmental protection laws and related regulations in compliance with requirements of the Labor and Social Welfare Ministry, the Industrial Ministry, the Industrial Estate Authority of Thailand and other relevant agencies. The Company has a policy for all companies of AAPICO Group to manage and use its resources in the most efficient ways and aims for environmental protection in every part of its operations. With its "Green" vision, the Company promote awareness for energy conservation and continuously implements the concept of using minimum input of natural resources to achieve maximum output.

Additional information on the Company's corporate social responsibility activities can be found in the Sustainability Report.

Anti-Corruption Policy

AAPICO Hitech conducts its business with honesty, integrity, and transparency towards its stakeholders. The Company firmly opposes to all forms of corruption and take a zero tolerance approach toward bribery and corruption. The Company supports and encourages employees at all levels to fight corruption with a conscious mind. It has established a policy to govern business decisions and corporate actions and behavior of employees in conducting the business.

The anti-corruption policy sets standard in the conduct and responsibilities for preventing fraud. The Company clearly communicates and trains its employees in related functions especially those who operate in areas perceived at high risk, in recognizing and dealing with bribery and corruption with prudence. The Company ensures that the business and its partners, i.e. suppliers, contractors, agents, act in compliance with relevant laws and regulations, and refuse to engage in an act that involve an inappropriate or unlawful deed.

Contacts for Stakeholders

The Company provides channels for employees and external stakeholders to contact, give their comments, suggestions, file complaints, or report violations.

Whistle Blower Policy

The Company encourages employees and stakeholders to give comments, 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 stakeholders can file report to designated channels or send email directly to AC@aapico.com if the case might be related to executives. The Audit Committee assigned by the Board of Directors receives complaints, verify the validity, and conduct preliminary investigation together with the management. The cases of rights violation, corruption, non-compliance with laws and ethical practices are reported to the Board of Directors.

The Company encourages the openness and will support anyone who raises genuine concerns in good faith. The Company has put in place the informant protection measures and does not require to reveal the name of the informant or the information source. 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.

4. Disclosure and Transparency

AAPICO Hitech has defined and administered measures concerning disclosures to investors and stakeholders. The disclosure of information, both financial and non-financial, shall be complete, sufficient, transparent, reliable and up-to-date, which reflect true status of the Company. The information is distributed equally and timely.

The Company has defined parties entitled to handle the disclosure of information to public and also established guidelines for the disclosure of various type of information, and designated a period before public disclosure. The Company follows the law, the rules and regulations, the

obligations as required by the SEC, the SEC, and other relevant government bodies.

The Company ensures that the financial results which are disclosed, have been reviewed, audited by external auditor and certified by the Audit Committee and the Board of Directors prior to the public release. The quarterly and annual financial statements and Annual Reports (Form 56-1 and Form 56-2) were prepared fairly and accurately according to the general accepted accounting principles in a complete and accurate manner and was made available in the public domain as required.

The Company also compiles and submits the reports related to directors and executives as required by law. The Company has a policy for directors and executives to report their interests relating to the management of the Company or subsidiaries and reports the changes in the holding of the Company's shares under own name or their spouse or minors to the SEC in a timely manner as required. Information of directors, their duties and responsibilities, their attendance to meeting, trainings, and directors' remunerations are disclosed in the public domain and on the AAPICO website.

The Changes in the holding of the Company's securities by directors and executives in 2017

Name	Position	Number of shares		
		At the book closing on March 16, 2017	Increases (Decreases) in 2017	At the book closing on March 14, 2018
1 Mr. Yeap Swee Chuan	President and CEO	40,971,379	3,151,394	44,122,773
2 Mrs. Teo Lee Ngo	Executive Director	31,811,346	-	31,811,346
3 Mr. Pipat R. Punya	Independent Director	-	-	-
4 Mr. Kenneth Ng	Independent Director	-	-	-
5 Mr. Wichian Mektrakarn	Independent Director	-	-	-
6 Mr. John Parker	Independent Director	-	-	-
7 Mrs. Vachira Na Ranong	Independent Director	-	-	-
8 Mr. Kaikhushru (Kai) Taraporevala	Independent Director	-	-	-
9 Mr. Veera Buanwongse	Director	-	-	-
10 Ms. Yeap Xin Rhu	Director	25,646,760	-	25,646,760
11 Mr. Kawee Wasaruchareekul	General Manager	18,729	(18,729)	-
12 Mr. Satttha Petch-in	Asst. Gen. Manager	85	-	85

Information on the operations and investment structure of subsidiaries, associates, joint ventures, and other companies are disclosed in the Annual Report and on the AAPICO website. The Company ensures to keep shareholders, investors, stakeholders, and the public well-informed accurately and sufficiently of significant investment projects and developments in the Company's operations as required by the SET through the SET portal.

The Company discloses information in multiple channels in Thai and English for equal access of information. In addition to the public news release via the SET Portal and the AAPICO website, other communication channels include:

- The Opportunity Day conference on a quarterly basis to announce operating results,
- Activities to meet local and international investors and other stakeholders, e.g. broker conference, roadshow,
- Company visit, factory tour for shareholders, investors, and analysts on annual basis and upon request,
- Forums or speaking opportunities to share knowledge,
- Email communication, intranet, internal bulletin board, and activities for communications with employees,
- The Company's website at www.aapico.com and email address at aapicohitech@aapico.com.

The Investor Relations (IR) Department is assigned to take responsibility for communications with shareholders, retail and institutional investors, analysts, the SEC, the SET and other relevant authorities. The IR department is responsible for disclosures of the Company's news and updated corporate information to the public in compliance with the SET regulations, and arranges activities with investors and stakeholders. The IR department also arranges executives' schedule to attend seminars, meetings, and conference events both domestic and overseas to increase accessibility and interaction with stakeholders. Activities in 2017 include:

- The Opportunity Day at SET after the public release of quarterly and annual financial statements,
- Domestic and overseas roadshows and conferences for the President and CEO or Finance Director to meet with institutional investors. A total 5 events were held,

namely the SET Thai Corporate Day, the SET Thailand Focus, Phatra's Day with our Executive Management, Thai Corporate Day in Malaysia, and Thai SMIDs Corporate Access in Singapore,

- The Annual Analysts' meeting which was held in May,
- The Annual Factory visit for shareholders and site visits in the AAPICO's operations for an overview of the products and production process,
- Company visits, including one-on-one meetings and conference calls to allow investors to inquire about the business and operations, or clarifications of financials.

5. Responsibilities of Directors

The Board of Directors plays an important role in overseeing and advising the business to ensure that the operation is run for the best benefit of shareholders in the long run. The Board of Directors comprises of respected, knowledgeable, and competent persons with skills and experience in areas that are relevant and beneficial to the Company.

Structure of the Board of Directors

The Company sets the size of its Board of Directors to be appropriate to the size of its business. The Board of Directors comprises of eight members, of which two are female members. The Board of Directors comprises of two executive directors including the Chairman of the Board and six independent directors. The Company provides its directors' composition to have skills and prior experience in different areas of the Company's business. The Company ensures that the number of independent directors constitute more than half of the total number of directors. Each director holds the qualification as required by law and does not in any way indicate a lack of fit to be entrusted with the administration of the Company.

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 background 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.

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 the 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.
- 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.

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 Board of 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. The Company respects the right of shareholders for their decisions to re-appointing directors to the Board. Therefore, the Company does not indicate the number of consecutive term of service for directors. The Company however commits to good corporate governance practices and encourages terms of service of directors in line with the SET guideline for not more than nine consecutive years.

Limits on Directors' Positions 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 assigns duties and responsibilities of the company secretary to organize meetings for the board, committees, shareholders, and to coordinate activities and trainings for directors. The company secretary is responsible for preparing notice of meeting, minute of meeting, annual

report, as well as filing of documents as required by law and relevant regulations by 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

The Board of Directors has roles and responsibilities 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) Consider, advise, and approve key business matters e.g. 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) Consider and review the Company's corporate governance policy and monitors the compliance to the policy at least once a year.
- 3) Provide 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) Define 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. Ensure that the Company complies with the regulations and that disclosure of transactions with conflict of interests are correct and complete.
- 5) Ensure that an internal control system is in place and in effect, financial reporting and operations are in compliance with rules and regulations, and assign a 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) Establish the risk management policy for the organization

and assign a team 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) Provide adequate communication channels for shareholders and ensure that disclosure of information is correct, concise, transparent and reliable.
- 8) Understand the roles and responsibilities of the Board of Directors and the Company's nature of business and always expresses opinion independently.
- 9) Perform duties with honesty and care, taking into account the best interest of the Company and fair treatment of shareholders.
- 10) Oversee and monitor 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 plans the schedule of board meetings for the year in advance. The Board of Directors schedule to meet at least six times per year, four of which are general meetings to consider and approve financial statements and two performance review meetings to review the business operations and business plans. In case there are matters requiring the board approval, special meetings may be arranged on ad hoc basis. Directors are kept informed of the meeting schedule for their availability.

Directors are encouraged to attend the board meetings, the performance review meetings, as well as shareholders' meeting. The attendance of directors for meetings in 2017 is disclosed in the Management section in the Annual Report.

Directors are encouraged to propose relevant agenda to the Chairman to consider and conclude in the notice of meeting. The Company sends the notice of meeting and supporting documents or information to directors at least seven days prior to the meeting day. At the meeting, the Chairman counts the number of attending directors to form a quorum as specified in the Articles of Association to convene the meeting. The Chairman considers the meeting's agenda in order as stated in the notice of meeting.

The Chairman allocates sufficient time to discuss each agenda carefully and thoroughly. Directors are encouraged to give comments and express their opinion freely and openly before casting their votes. Each director has one vote. The meeting requires at least two-third of total number of directors present for voting of each agenda. Director who has vested interest in a particular agenda is excused or shall abstained from voting for that agenda.

Performance Evaluation

The Board of Directors conducts self-assessment of its own performance on an annual basis. The Company applies the same assessment criteria in compliance with the guideline of SET. The Board of Directors is assessed in 6 areas, which are as follows: 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, and 6) Self-development of directors.

The assessment has three sets to evaluate the performance of director as a collective body and as an individual, and the assessment of the committees. For the year 2017, all directors have completed the assessment questionnaires except two newly appointed independent directors who are excluded from the assessment. The assessment results for 2017 have improved to very good level.

The self-assessment of directors' performance for the year 2017 were conducted with full participation of directors. The assessment results of the Board of Directors as a collective body improved from 85% in 2016 to 88%. Every categories showed improvements. The self-assessment as an individual improved from an average of 85% in 2016 to 90% for 2017. The assessment of committees' performance has improved from an average of 82% in 2016 to 87% for 2017, and the assessment of CEO performance and the score has improved from 85% in 2016 to 88% for 2017.

The Board of Directors also reviewed comments from directors to improve its effectiveness. In 2017, the Company has taken action to improve the composition of the board for various skills and experience and increase the number of female members to the Board of Directors.

Remuneration for Directors and Executives

The Board of Directors approved the remuneration of the Board of Directors and its committees according to the principles and policies set by the Nomination and Remuneration Committee which is 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 which was prepared in collaboration with the Stock Exchange of Thailand. 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 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 are relevant to the Company's business as well as details of duties and responsibilities of the Board of Directors and committees. The Company Secretary sends information about trainings, conference, and seminars that are relevant to the Company's business or directors' duties and responsibilities to directors.

The Company supports directors to attend basic trainings for directors as required by the SEC. Such training provides an overview for directors to understand their roles and responsibilities, the corporate governance concept, applicable laws, financial reporting, risk management, strategy and effectiveness of the board. The Company's

directors who have passed these fundamental courses organized by Thai Institute of Director (IOD) and other similar courses are as follows:

- Mr. Yeap Swee Chuan attended Director Certification Program (DCP108/2008).
- Mr. Pipat R. Punya attended Director Accreditation Program (DAP11/2004) and Role of Chairman Program (RCP35/2014).
- Mr. Kenneth Ng attended Director Certification Program (DCP189/2014).
- Mr. Wichian Mektrakarn attended Director Certification Program (DCP107/2008) and Board that Makes a Difference (BMD3/2016) and Role of Chairman Program (RCP40/2017)
- Mrs. Vachira Na Ranong attended Director Accreditation Program (DAP61/2007) and Role of Compensation Committee (RCC2/2007) and Director Certification Program (DCP124/2009)
- Mr. Kaikhushru (Kai) Taraporevala attended Listed Company Director Program from Singapore Institute of Directors, and Master Class for Directors, Institute of Directors (IOD) India.

Other than the IOD trainings, directors and executives have attended seminars and conferences throughout the year. In addition, executives also attended seminars organized by customers such as Ford Asia Top Supplier Meeting, Nissan Annual Supplier Meeting, etc.

Power 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, the 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 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:

Committees

Audit Committee

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

- | | |
|--------------------------------|--------|
| 2. Mr. Kenneth Ng | Member |
| 3. Mr. Wichian Mektrakarn | Member |
| 4. Mr. Kaikhushru Taraporevala | Member |

In 2017, the Board of Directors appointed Mr. Kaikhushru (Kai) Taraporevala to be a member of Audit Committee. With their extensive knowledge, background, and experience in finance and accounting, Mr. Kaikhushru Taraporevala and Mr. Kenneth Ng are qualified for reviewing the reliability of financial statements.

Power and Duties of Audit Committee

- 1) Review 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) Review and ensure the appropriateness and effectiveness of internal control system and internal audit, so that the 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) Review the performance of the external auditor. Consider, propose, and appoint external auditor by considering their independence and set audit fee to propose to Board of Directors. Arrange meetings with the external auditor without management presence at least once a year.
- 4) Review and support compliance with the Securities and Exchange Act and the SET regulations, as well as relevant laws and regulations concerning the business of the Company.
- 5) Establish and review the corporate governance policy in compliance with the good governance principles of SET at least once a year.
- 6) Review disclosure of information, particularly related transaction or transactions that may have conflict of interest, to be transparent, correct, and complete and in accordance with relevant SET regulations.
- 7) Review complaints and concerns from stakeholders and report to the Board of Directors.
- 8) Report the Audit Committee's performance to the Board of Directors every quarter. Prepare the report of Audit Committee and disclosure in the Annual Report.
- 9) Consider and review duties and responsibilities, and evaluate performance of the Audit Committee on an annual basis.
- 10) Perform any other matters as assigned by the Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 members as follows:

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

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 propose 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

The Risk Management Committee comprises of 2 members as follows:

- | | |
|--------------------------|----------|
| 1. Mr. John Parker | Chairman |
| 2. Ms. Vachira Na Ranong | Member |

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 the risk management plan.
4. Reviews and recommends to 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. The 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 persons to the Board of Directors and shareholders' meeting.

The nomination of directors shall replace the retiring directors on rotation at the end of their terms, or whatever the case may be. The appointment of directors must

receive more than half of votes of shareholders attending the meeting in person and by proxy in accordance with the following rules and procedures which are as follows:

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 a) 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 persons 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 the resigned directors.

Appointment of Executives

The appointment of executive is considered by executive directors and the Company's management. The Company's executives are professional who perform their duties independently from the major shareholders and other shareholders. Top executives are appointed based on their knowledge, skills, and experience suitable and beneficial to the Company's operations. Their good understanding of business and cycle of automotive industry are key factors to driving business growth and achieve the Company's target.

The Governance of Subsidiaries and Associates

AAPICO Hitech has put in place effective and efficient corporate governance, risk management, and internal controls that conform to the international standards and regulations of the respective authorities. The Company's

subsidiaries and associates are align with the same principles. The Company has established mechanism and process to overseeing and monitoring the management and operations of the subsidiaries and associates. To that effect, the Board of Directors has empowered the President/CEO to perform such duties as selecting representatives to be executives of that entities and reporting to the Board. The number of representatives in each entity is determined by the percentage holding of the Company in that entity.

The management of the Company is responsible to carry out operations to achieve target and drive business growth, control costs, reduce expenses, and monitor capital investments in line with business plan. Their responsibilities cover the human resource management, resolve problems or conflicts affecting the organization, and maintain effective communication throughout the organization. Significant issues requiring the board resolution are proposed to the Board for approval before taking any action.

The Company has a process and mechanism to oversee the operations and management of subsidiaries and associates. The head of each business unit shall report on the operating results of subsidiaries and associates to the management at the corporate review meeting on monthly basis, and present their budget and the progress of their operating plan to the Board of Directors at the performance review meeting on semiannual basis.

The scope of duties and responsibilities of the management of subsidiaries shall be in compliance with the Company's policies. The management of subsidiaries shall ensure that it provides guidelines and procedures in compliance with rules and procedures of the SET regulations regarding connected transactions between subsidiaries and related parties, acquisition and disposal of assets, financial transaction and approval of credit facilities from financial institutions, guarantee, or any related transactions, so that these transactions are handled in an appropriate and complete manner. Subsidiaries shall apply the same regulations as the Company regarding the disclosure of information, filing of documents, the accounting records, and shall prepare its financial statements to the Company for consolidation on timely manner.

For the effective and efficient management of subsidiaries and associates, the Company has the agreement on mutual understanding concerning issues such as the scope of authority, the separation of duty in management, fair distribution of profit for all concerned parties. The Company has simple philosophy in dealing with business partners and respect their rights with all due fairness and cooperates fully with its partners to ensure successful operations of the joint ventures.

The Company and its subsidiaries and associates act in compliance with good corporate governance principles of listed companies and the guideline of SET regulations, 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 2017 ended as of December 31, 2017. 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 2017 at an amount of Baht 9,000,000, of which Baht 2,000,000 is audit fee for the Company including the review of annual report.

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 2017 was a total of Baht 650,000, of which the BOI audit fee for the Company amounted to Baht 130,000.

Internal Control

The Board of Directors emphasizes on adequate and effective internal control framework and risk management and thereby has assigned the Audit Committee to consider and assess the adequacy of the Company's internal control activity through the performance reports of internal auditor. In 2017, the independent internal auditor had planned audit schedule for key activities at the beginning of the year and reported their findings and recommendations to the management and the Audit Committee at the quarterly meetings respectively.

In essence, the Company operated within the framework of good corporate governance principles. The Company has carried out business activities according to the policy and procedures and acted in compliance with relevant laws and regulations. As for the reported weaknesses, the Company has implemented corrective actions to improve control in those areas. The Audit Committee had reviewed the reports from the internal auditors and concluded their findings to the Board of Directors. Their findings can be summarized in five components which are as follows;

1. Control Environment

The Company operates in compliance with good corporate governance principles. It has set policies and guidelines as a framework in conducting business with transparency and integrity. Executives are role model to employees. Every employee shall perform their duties ethically, honesty, and with due care in accordance with the Company's code of conduct, the corporate governance policy, the anti-corruption policy, etc. The Company has incorporated these policies as part of employee orientation and working procedures. Employees shall comply with the rules and regulations. Any suspicion or wrongdoings are investigated and escalated to top management. Offenses or violations are penalized according to the severity of the actions.

The Company has an independent board structure. The Company's Board of Directors comprises of highly respectable and independent professionals and experts. The Board of Directors' duties and responsibilities are

clearly defined and are separated from the management's responsibilities. In its capacity, the Board of Directors sets the policy and ensure that management operate in compliance with the laws, the Company's objectives, the Articles of Associations, and resolutions of shareholders' meetings, etc.

The Company has defined its organization structure to enabling and empowering the management of the Company and subsidiaries to operate their businesses in line with the Company's strategy and report their performance to the top executives and the Board of Directors. The Company has clear separation of powers, checks and balances, and job assignment.

The Board of Directors has emphasized on human resource management and developed knowledge and capabilities necessary for its employees. The Company has set up an organization unit to provide training and development needed for employees in each position. It has plan to strengthen its human resource development to continuously improve and enhance employees' capabilities to the next level. The Company has guidelines and processes to assess employee's performance. Employees are evaluated individually on their behavior and agreed key performance indicators. The Company ensures that appropriate incentive and promotions are rewarded fairly and equally according to their achievements.

2. Risk Assessment

The Company has established risk management policy as a framework for the organization's risk assessment process. The Company defines potential risks associated with its operations covering all aspects, including country, strategy, operation, financial, etc. The Risk Management Committee assesses and updates risk factors on an annual basis by considering causes and likelihood of risks from past events and the impact of these risks, and developing risk management plan to prevent the risk or mitigate the risk impact to an acceptable level.

The Company also identifies risks arisen from new investments and activities or development and circumstances, both internally and externally, that may impact its operations. The recent trends are, for example, the development of alternative automation, electric vehicles (EV), and digital technology. These risks however were assessed not to have significant impact on the Company's operations in short-term. With regards to chances of corruption, the Company has declared its intention to fight against corruption and ensures that all businesses are operated in compliance with the Anti-Corruption Policy. The Risk Management Committee also reviews the adequacy of the Risk Management policy and the Anti-Corruption policy to ensure effective internal control of the Company.

3. Control Activities

The Company has adequate internal control system according to the quality management standards. Its operations are certified with ISO/TS16949 quality management standard and ISO14001 environmental standard. The Company has set work instructions and procedures for employees to perform their work correctly and effectively. Appropriate controls are attached in the procedure to prevent errors and wrongdoings that may lead to fraud and corruption issues. The Company assigns a quality assurance unit to drive and monitor the compliance to work instructions and relevant regulations. In addition, the Company engaged independent auditor to perform audit of its operations.

The Company defines the scope of duties, responsibilities, and approval authority of executives in each level. The use of operating system and access to database is controlled and monitored by IT department. The segregation of duties is strictly applied for key functions responsible for authorization, record transactions, and custody of assets. Transactions with related parties are carefully reviewed and considered at arm's length basis which applies to normal business practices. Major contracts and agreements including those involving major shareholders, executives, and related parties must be duly considered and approved with consideration by the independent directors who have

no vested interest in the matter. The Company reports the progress of investments and joint venture's performance to the Board of Directors on a regular basis.


4. Information and Communication

The Company arranges multiple channels of communications internally and externally, and utilizes the use of information technology to enhance effective communication to the Company's stakeholders. Employees receives news and information via internal meetings, the Company's bulletin board, intranet, and email. For external parties, the Company arranges public disclosure through the Company's website, the SET portal, and public events. The Board of Directors has assigned the Investor Relations officer to be a primary contact for inquiries and comments from shareholders, investors, analysts, and key stakeholders.

The Company arranges sufficient information and documents to the Board of Directors. The notice of meeting and relevant documents are delivered to directors prior to the meeting. The Company prepares the documents, the minutes of meeting and discloses resolutions of the meeting to the public in compliance with the SET requirements. In the effort for anti-corruption, the Company establishes the whistle blower policy and arranges communication channels for stakeholders to lodge complaints, raise concerns, or report their suspicions of wrongdoings and misconducts to the Company.

5. Monitoring Activities

The Company has put in place a process to review and monitor the operations and financial performance of its operating units and subsidiaries. The Company schedules performance review meeting with each operating unit and updates their performance to the Board of Directors on semi-annual basis. The Company employs independent auditor to audit the internal control system of key processes in the areas of production, purchasing, sales and marketing, and human resources. The internal auditor reviews and checks the processes in compliance with work instructions and resolves issues of control weaknesses with the management in order to come up with corrective actions.



The internal auditor summarizes and report the significant findings and the follow-up corrective actions to the Audit Committee at the quarter board meetings.

The Company is continually certified with ISO/TS16949 and ISO14001 standards, which guarantees its commitment to attain the quality and environmental standard. The Company assigns the quality assurance unit to evaluate the compliance to policies, regulations, and work instructions, and has engaged external agents (e.g. TUV) to audit and certify the Company's processes in compliance with the quality management standards. Additionally, the Company passes regular audit from customers with satisfaction that its operations are carried out according to agreed procedures and that no changes are made without prior notification.

Related Transactions

The Company has business transactions with 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 primary related transactions in 2017 are business transactions between the Company and subsidiary companies, which are eliminated on consolidated basis. The significant transactions with related parties in the year 2017 and 2016 can be summarized in the following table:

(Unit : Million Baht)

Transfer Pricing Policy		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and services	Close to selling price to third party	-	-	167	171
Sales of machinery and equipment	Cost plus 5% margin	-	-	-	3
Interest income	4.03 % - 5.00 % p.a.	-	-	150	116
Dividend income	As declared	-	-	490	208
Rental income	Close to rental rates for other building in vicinity	-	-	2	3
Management fee income	Approximate cost	-	-	61	62
Other income	Approximate cost	-	-	20	11
Purchases of goods and services	Cost plus margin, averaging 2% - 25%	-	-	178	286
Purchases of machinery and equipment	Close to selling price to third party	-	-	7	13
Interest expense	0.05% - 4.36 % p.a.	-	-	17	8
Other expense	Approximate cost	-	-	11	16
Transactions with associate and joint venture					
Sales of goods and services	Cost to selling price to third party	214	210	-	1
Dividend income	As declared	118	-	117	96
Interest income	4.12 - 4.35% p.a. and 20.00% p.a.	191	-	-	-
Rental income	Close to rental rates for other building in vicinity	9	16	-	-
Management fee income	Approximate cost	6	5	6	5
Other income	Approximate cost	10	8	4	7
Purchases of goods and services	Cost plus margin, averaging around 2% - 3%, 20% and 46%	274	269	192	180

As at December 31, 2017 and 2016, the balances of accounts between the Company and those related parties are summarized as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables</u>				
Subsidiaries	-	-	551,145	419,808
Associates	132,883	41,485	2,540	3,513
Joint venture	254	13	210	-
Related companies	750	750	-	-
Total	<u>133,887</u>	<u>42,248</u>	<u>553,895</u>	<u>423,321</u>
<u>Trade and other payables</u>				
Subsidiaries	-	-	38,155	38,170
Associates	60,944	43,361	44,589	26,105
Related companies	470	-	470	-
Total	<u>61,414</u>	<u>43,361</u>	<u>83,214</u>	<u>64,275</u>

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. Financial services and credit facilities are made by the Company and the Company then lends out to subsidiary companies. As at December 31, 2017 and 2016, the balance of loans between the Company and those related parties are summarized below:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Short term loans to related parties :</u>				
Subsidiaries	-	-	384,863	378,600
Total	<u>-</u>	<u>-</u>	<u>384,863</u>	<u>378,600</u>
<u>Long term loans to related parties :</u>				
Subsidiaries	-	-	3,419,063	2,121,346
Associates	1,648,014	-	14,000	-
Total	<u>1,648,014</u>	<u>-</u>	<u>3,433,063</u>	<u>2,121,346</u>
<u>Short term loans from related parties :</u>				
Subsidiaries	-	-	553,710	421,140
Related companies	11,282	4,794	-	-
Total	<u>11,282</u>	<u>4,794</u>	<u>553,710</u>	<u>421,140</u>

Necessity and Justification for Related Transactions

The Audit Committee considered the Company's related transactions in 2017 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 Regarding Future Related Transactions

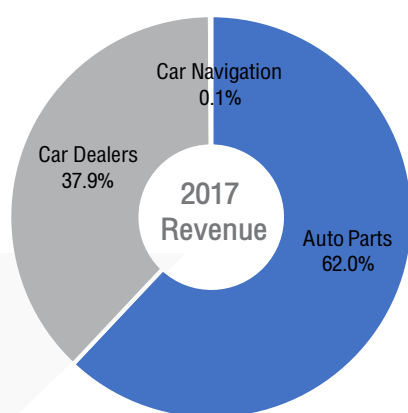
The Company will continue to take care these related transactions that might take place in the future to ensure that they are reasonable and providing fair and acceptable return. The Company shall ensure that transfer pricing policy applied for these related transactions is concluded on commercial terms, which are comparable to market price or at arms' length basis, and bases agreed upon between the Company and related parties. The Audit Committee ensures that the Company will conduct related transactions with transparency and comply with the good governance principles, the relevant rules and regulations of SET and SEC. These related transactions shall be prepared in accordance with the generally accepted accounting principles.

For the related transactions that may involve individuals with potential conflict of interest, 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 2017

The AAPICO Hitech Group's businesses are primarily engaged in the automotive industry and can be segmented into three core sectors, namely manufacturing of OEM automotive parts, car dealerships, and car navigation and technology. The Company has main operations and facilities in three countries, namely Thailand, Malaysia, and China



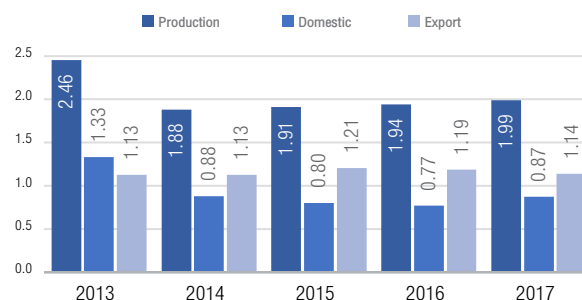
The AAPICO Group's revenue are mainly contributed by its OEM automotive parts business (about 62% of total revenue), comprising of pressed parts and chassis frame components, forged and machined parts, plastic parts, assembly jigs, and stamping dies. Sales from the car dealerships business contributed at about 38% of total revenue. In 2017, the sales contribution from the car navigation system business was nominal at 0.1% of the total revenue.

During the year, the Company disposed its investments in Jackspeed Corporation ("Jackspeed") (Singapore), Quantum Inventions ("QI") (Singapore), and AAPICO QI Sdn. Bhd. ("AQI") (Malaysia). Additionally, in order to grow its business on a global scale, the Company has invested US\$ 100 million for a 25.1% strategic equity participation in Sakthi Global Auto Holdings Limited ("SGAH"), the world leading automotive supplier of chassis and powertrain critical safety components and iron & aluminum casting.

Overview of Industry and Market in 2017

Thailand Automotive Industry

(unit: in million unit)



Thailand: The Thai automotive industry in 2017 has grown year-on-year by 2.3%, reporting a total vehicle production volume of 1,988,823 units, as compared to 1,944,417 units in 2016, which was driven by growth in all segments. The passenger car production grew by 1.9%, mainly in the small car segment. The 1-ton pick-up/PPV production grew by 2.5%, mainly in the double cab pick-up segment. In 2017, the vehicle production was driven by increase in domestic demand, where the ratio of production for domestic versus export has changed from 40:60 in 2016 to 43:57 in 2017. Domestic sales grew by 13.4% year-on-year, from 768,788 units in 2016 to 871,650 units in 2017, fueled by the recovery of the purchasing power of the general public, the impact of motor shows and the demand for new car models.

Toyota remained the top sales brand although sales declined slightly by 2%. All other major brands reported good volume growth compared to last year. The domestic sales growth was partly offset by decreased export demand. The export volume dropped by 4.1%, from 1.19 million units in 2016 to 1.14 million units in 2017.

Malaysia: The Total Industry Volume (TIV) in 2017 marked a 0.6% decline from last year to 576,535 units, compared to 580,124 units in 2016. Perodua continued its dominance of the domestic market with a total sales of 204,881 units or a share of 35.5%. Honda maintained its lead in the non-national car segment with a total sales of 109,511 units, which was a 19% increase compared to last year.

China: The total car production and sales volume in 2017 increased year-on-year by 3.2% and 3.0% respectively, with the total production volume of 29 million units and a sales volume of 28.9 million units. In 2017, China continued to hold its position as the largest automobile market in the world. It is also the leader in the production and sales of new energy vehicles, mainly pure electric and plug-in hybrid vehicles, with a 50% increase in production compared to the previous year.

PROFIT AND LOSS ANALYSIS

In 2017, AAPICO Hitech reported a total revenue of Baht 16.6 billion and net profit attributable to equity holders of Baht 1,158 million. Compared to last year, the net profit improvement was driven by higher sales, increased earnings and share of profit from associates, as well as from the continual efficiency improvement and strict cost control and cost reduction measures. In addition to these improvements, net profit in 2017 included the Baht 191 million interest income from the US Dollar loan given to SGAH and the Baht 160 million gain from disposal of investments in QI and AQL.

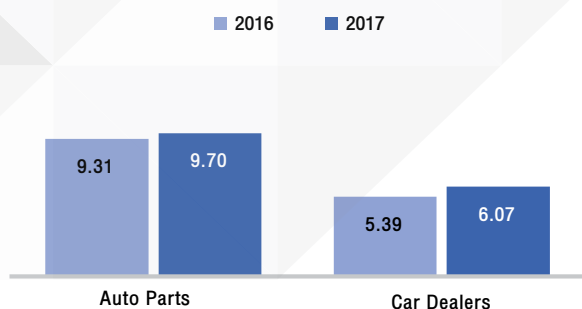
Sales and service Income

Sales and service income grew by 7.1% compared to last year, driven by sales increases in all business segments. Thailand car sales have benefited from strong demand from buyers, which is driven by increased domestic consumption. Malaysia sales continued its growth momentum, driven by strong Honda sales in local market, despite the weakened Malaysian Ringgit. Units sold increased from 3,774 units in 2016 to 4,529 units in 2017, partly driven by the launch of new models during the year. China sales growth was driven by increased demands from customers and new models.

Unit: Million Baht	2016	2017	Change	%
Thailand	10,771	11,138	367	3.4%
Malaysia	3,478	4,007	529	15.2%
China	482	631	149	30.9%
Sales and Service Income	14,731	15,776	1,045	7.1%

Unit: Million Baht	2016	2017	Change	%
Sales and service income	14,731	15,776	1,045	7.1%
Other income	408	866	458	112.3%
Total Revenue	15,139	16,642	1,503	9.9%
Less Total expenses	14,636	15,768	1,132	7.7%
Profit from operations	503	874	371	73.8%
Shared of profit from associates and JV	225	488	263	116.9%
Profit before interest and taxes	728	1,362	634	87.1%
Interest expenses (income)	131	149	18	13.7%
Tax expenses	27	31	4	14.8%
Net Profit for the year	570	1,182	612	107.4%
Attributable to: Equity Holders	543	1,158	615	113.3%
Non-controlling interests	27	24	(3)	-11.1%
Earnings per shares	1.70	3.66	1.96	115.3%

Sales and Service Income by Business (unit: in billion baht)



Sales of OEM automotive part segment increased by 4.2% compared to last year. In addition to the growth of forged part business in China, sales of auto parts in Thailand also increased by 2.6% year-on-year, driven by higher sales of frame components, forged and machined parts, and plastic parts. This growth was partly offset by lower sales of tooling jigs and stamping dies.

Sales from car dealership business grew by 12.7% year-on-year, driven by strong growth in Malaysia. The car sales in Thailand also increased by 8.0% year-on-year, mainly due to higher sales of Mitsubishi vehicles for the certain models that we sell. However, this was partly offset by lower sales of Ford vehicles.

Other income

Unit: Million Baht	2016	2017	Change	%
Other income	408	515	107	26.2%
Gains from QI & AQI	-	160	160	100%
Interest from SGAH		191	191	100%
Other income - Total	408	866	458	112.3%

Other income in 2017 amounted to Baht 866 million, which included the one-off gains from disposal of equity investments in QI and AQI and interest income from the loan given to SGAH. Excluding these income, other income, primarily comprises of scrap income, which increased by Baht 107 million, which is in line with the higher sales.

Gross Profit

Unit: Million Baht	2016	2017	Change	%
Sales and service income	14,731	15,776	1,045	7.1%
Cost of sales	13,856	14,778	922	6.7%
Gross Profit	875	998	123	14.1%
Gross Profit Margin (%)	5.9%	6.3%	0.4%	

Gross profit increased by Baht 123 million compared to last year, driven by higher sales. Gross profit margin improved from 5.9% of sales in 2016 to 6.3% of sales in 2017. The on-going efficiency improvement and cost reduction measures helped to reduce the cost level and compensated for the provision of one-time rebate to customers in relation to the new projects in 2017.

The gross profit margin improvement was mainly driven by improved margins in the OEM automotive part businesses. Except the tooling business where sales dropped, all other businesses have improved its margin, thanks to higher sales and cost reduction measures as a result of the TURBO action programs initiated in 2015. These improvements were partly offset by lower margins in the car dealership business.

The car dealership business showed a margin decline year-on-year, as margins were pressured by intense competition.

Selling and Administrative expenses

Selling expenses increased year-on-year, mainly driven by increased commission and promotion expenses relating to higher car sales

Unit: Million Baht	2016	2017	Change	%
Selling expense	264	280	16	6.1%
Administration expense	516	648	132	25.6%
Loss on disposal	-	62	62	100%
SG&A expenses	780	990	210	26.9%

Administration expenses in 2017 included unrealized losses on foreign currency exchange transaction of Baht 88 million, primarily related to the US Dollar loan given to SGAH, and one-time expenses related to SGAH acquisition. Excluding these items, administration expenses were at the same level as last year, despite higher sales

Shared of profit (loss) from equity investments

Unit: Million Baht	2016	2017	Change	%
Hyundai Motor	98	244	146	149.0%
Able Sanoh Industries	111	160	49	44.1%
Sumino Aapico	(2)	12	14	100%
Thai Takagi Seiko	(9)	(20)	(11)	-122%
Sakthi Global Auto Holdings Limited	-	72	72	100%
Other companies	27	20	(7)	-25.9%
Equity income	225	488	263	-116.9%

The investments in associate and joint venture companies contributed the shared profit amounting to Baht 488 million in 2017. The contribution of 25.1% investment in SGAH recorded a profit of Baht 72 million, which included the recognition of certain income and expense transactions in relation to the acquisition. Excluding SGAH, increases of equity income compared to 2016 was driven by improved results from Hyundai Motor, Able Sanoh Industries, and Sumino Aapico, and partly offset by increased losses from Thai Takagi Seiko and Minth AAPICO.

Interest and Tax expenses

Interest expenses increased from Baht 131 million in 2016 to Baht 149 million in 2017. This increase was due to the funding of SGAH investment.

Corporate tax expense in 2017 was at Baht 31 million, largely related to the Malaysian car dealership operations.

FINANCIAL POSITION ANALYSIS

The financial position of the consolidated statements of AAPICO Hitech PLC as of December 31, 2017 is as follows:

Unit: Million Baht	Dec 31, 2016	Dec 31, 2017	Change	%
Total Assets	11,113	14,721	3,608	32.5%
Total Liabilities	4,877	7,538	2,661	54.6%
Total Equity	6,236	7,183	947	15.2%

Assets

Unit: Million Baht	2016	2017	Change	%
Accounts receivable	1,881	2,220	339	18.0%
Inventories	1,045	1,121	76	7.3%
Other current assets	752	742	(10)	-1.3%
Property, Plant, Equipment	5,298	4,861	(437)	-8.2%
Investment in associates, joint venture and others	1,645	3,558	1,913	116.3%
Loan to related parties	-	1,648	1,648	100%
Other non-current assets	492	571	81	16.5%
Total Assets	11,113	14,721	3,608	32.5%

Total assets increased by Baht 3,608 million in 2017, primarily due to the acquisition of 25.1% equity in Sakthi Global Auto Holdings Limited (SGAH) and the synthetic convertible loan to SGAH amounting to a total amount of Baht 3,401 million. Apart from this investment, changes of the total assets were mainly driven by increases of receivables and inventories, partly offset by the decrease in value of property, plant, and equipment through depreciation.

Liabilities

Unit: Million Baht	2016	2017	Change	%
Accounts payable	2,063	2,237	174	8.4%
Short-term loans	326	491	165	50.6%
Current portion of LT loans	603	835	232	38.5%
Current portion of Bond	-	800	800	100.0%
Long-term loans	493	2,219	1,726	350.1%
Long-term debentures	1,099	600	(499)	-45.4%
Other liabilities	293	356	63	21.5%
Total Liabilities	4,877	7,538	2,661	54.6%

Total liabilities increased by Baht 2,661 million during the year, primarily due to the increase of debt level to finance the investment in SGAH and the issuance of corporate debenture at the amount of Baht 300 million.

Equity

Total equity increased by Baht 947 million in 2017, mainly from net income for the year of Baht 1,158 million less dividend payment of Baht 294 million and the exchange differences on translation of financial statements in foreign currency

CASH FLOW ANALYSIS

Unit: Million Baht	2016	2017	Change	%
Cash flow from operating activities	1,212	1,208	(4)	-0.3%
Cash flow from investing activities	(100)	(3,014)	(2,914)	2914%
<i>Of which for: Capital expenditures</i>	<i>(167)</i>	<i>(172)</i>	<i>(5)</i>	<i>3%</i>
<i>Proceeds from disposal of investments</i>	<i>-</i>	<i>347</i>	<i>347</i>	<i>100%</i>
<i>Investments and loans in subsidiaries, associates, JV</i>	<i>(55)</i>	<i>(3,431)</i>	<i>(3,376)</i>	<i>6138%</i>
<i>Cash received from interest income</i>	<i>2</i>	<i>102</i>	<i>100</i>	<i>5000%</i>
<i>others</i>	<i>120</i>	<i>140</i>	<i>20</i>	<i>17%</i>
Cash flow from financing activities	(1,143)	1,975	3,118	272.8%
Translation adjustments	(36)	0	36	100%
Net increase (decrease) in cash and cash equivalents	(67)	169	236	352.2%
Cash and cash equivalents at the beginning of the year	338	272	(66)	-19.5%
Cash and cash equivalents at the end of the year	272	441	169	62.1%

In 2017, the Company had invested the amount of Baht 3,431 million in Sakthi Global Auto Holdings Limited, of which Baht 1,715 million was for equity and another Baht 1,716 million as loan to SGAH. This investment was mainly financed by bank loans and partly from the Company's working capitals. The Company also recorded a cash received amounting to Baht 102 million as interest income from the loan to SGAH during the period.

Cash flow from operations and capital expenditures in 2017 were approximately at the same level as last year at the amount of Baht 1,208 million and Baht 172 million respectively. Other major cash flow items in 2017 included the proceeds from disposal of investments in Quantum Inventions (QI), AAPICO QI (AQI), and Jackspeed Corporation for a total amount of Baht 347 million, the dividend received from associate companies of Baht 117 million, and the issuance of corporate debenture of Baht 300 million. These cash inflows were partially paid out for dividend payment of Baht 294 million and interest expenses of Baht 144 million. All these resulted in net changes in cash and cash equivalent in 2017 was an increase of Baht 169 million, compared to a decrease of Baht 67 million in 2016.

Key Financial Performance

The Company has continually reported good profits, hence the improvement in the profitability ratios. The net profit to sales ratio of the Company improved from 3.8% to 7.1% of sales in 2017. Return on assets (ROA) improved from 5.0% in 2016 to 9.1% in 2017. Return on equity (ROE) has doubled from 9.2% in 2016 to 17.8% in 2017.

The Company maintained its control over working capitals to ensure sufficient liquidity. It has managed to reduce the number of inventory holding days to 26.4 day, while keeping the number of collection days and the payment period to approximately the same as last year of 47.0 days and 52.4 days respectively. Hence, the cash conversion cycle improved slightly from 21.9 days in 2016 to 21.0 days in 2017.

The current ratio dropped to 0.89 times, due to the increased short-term obligations from corporate debenture amounting to Baht 800 million, which will be due in April 2018.

The interest-bearing debt to equity ratio increased from 0.40 times to 0.69 times, due to increased borrowings to finance the investment in SGAH. This ratio however is still in line with the Company's target of between 0.5 to 1.0 times.

Net debt to equity ratio increased from 0.74 times in 2016 to 0.98 times in 2017, but was still well below the financial covenant target of 1.75 times.

The Company's interest coverage ratio has improved from 5.55 times to 9.15 times. The Debt Service Coverage (DSCR) ratio has dropped from 1.98 times to 1.12 times, due to increased current portion of the debt obligation due within one year, but was still above the financial covenant requirement to maintain the DSCR ratio at above 1.1 times.

FACTORS POTENTIALLY AFFECTING FUTURE OPERATIONS OR FINANCIAL POSITIONS

AAPICO Hitech PLC and its subsidiaries all operate in the business associated with the automotive industry. The Company's performance is related to the development of the automotive industry and market and economy in three main countries, which are Thailand, Malaysia, and China. The total vehicle production volume is the main driver for the manufacture of OEM automotive part business, while the economy and the demand in the domestic car market are key factors behind consumer consumption and driving the sales of automobiles for the car dealership business.

In Thailand, the Federation of Thai Automotive Industry (FTI) had announced its forecast of the total vehicle production volume to reach 2 million units in 2018, representing the year-on-year growth of 0.6%. Domestic car sales will continue to be the driver for the industry growth. The production for domestic sales are forecasted at 900,000 units, which is an increase of 4.36% compared to 2017. Export volume is expected to decline by 2.35% to 1,100,000 units compared to 2017. The automotive market is expected to continue its uptrend in 2018, in particular, the passenger car category, with the introduction of new models. Consumer purchasing is expected to be relatively healthy. From 2018 onwards, more electric vehicles (EVs) are expected to enter

the market. Several automakers have announced their plans for the introduction of electric vehicles, namely Toyota and Nissan.

The Malaysian Automotive Association (MAA) has forecasted the 2018 total industry volume (TIV) at 590,000 units, which is a modest 2.3% growth compared to 2017. Local economy is expected to be healthy, driven by domestic demand and exports, with some challenges continued from 2017. The continuation of strict lending guidelines for hire purchase loans and the Malaysian Ringgit performance are among the challenges for the industry in 2018.

China is the largest automobile market globally, and the Chinese automotive market is considered one of the key drivers for the Chinese economy. For 2018, the Chinese automakers are forecasting the total market growth at 3 to 4 percent. Investments and demand will be focusing on developing electric vehicles, and China will continue its global leadership position in the New Energy Vehicles (NEVs) market.

The Company will continue to closely monitor the developments and trends in the automotive industry and the global market. The Company will focus on driving its businesses along the three core objectives, controlling its activities, and improving efficiency to achieve the TURBO target of doubling revenue and a 10% net profit margin by year 2020. At the same time, it will continue to look for new opportunities and new markets for expansion into the global arena. The Company is gearing towards sustainable growth with emphasis on quality, cost, delivery, management and engineering innovation to maintain its high standards of operation and continuous improvement across the organization.

Report of Audit Committee

The Audit Committee of AAPICO Hitech Public Company Limited comprised of 4 qualified independent directors according to the definition and requirements of the SEC and SET. Mr. Pipat R. Punya acts as the Chairman of the committee with Mr. Kenneth Ng and Mr. Wichian Mektrakarn as the members of the committee. On August 14, 2017, the Board of Directors appointed Mr. Kaikhushru (Kai) Taraporevala to be a member of Audit 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 2017, 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 on material matters, by considering the 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 also held meetings with the external auditor in the 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 the financial statements. The Audit Committee has reviewed and considered that the financial statements for the year 2017 were prepared in accordance with the Thai Financial Reporting Standards (TFRS) and contained sufficient disclosure in the notes to the financial statements, and thereby approved the financial statements in which external auditor have reviewed and audited without reservation.

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

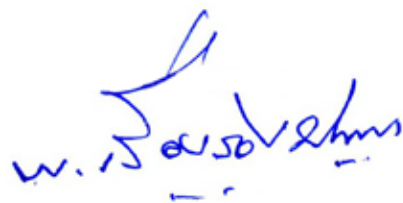
The review of risk management was delegated to the Risk Management Committee to assess the Company's risk factors and evaluate the Company's risk management measures, in view of changing economic environment and circumstances. The Audit Committee has acknowledged the annual review of risk factors and assured that adequate risk management measures were taken and that the impact is mitigated to within acceptable level.

The appointment of external auditor is based on their knowledge, experience, ability, adequacy of resources, as well as level of independence and the quality of their services. The remuneration of the auditor is based on their scope of duties and responsibilities. In view of 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 2018 for another term, and proposed to the Board of Directors for consideration and concurrence, and for submission to the Annual General Meeting of shareholders for approval.

The review of compliance with relevant laws and regulations and 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 2017.

The review of related transactions and transactions of potential conflict of interest presented and 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 as effective, efficient, and achieved the objectives as 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 (NRC) performed their duties as assigned by the Board of Directors. In 2017, the Committee held a total of 2 meetings and reported the results to the Board of Directors. The significant duties performed in 2017 were as follows:

For nomination of directors, the Committee ensured that the structure and composition of the board is suitable to the business with appropriate size, proportion, diversity, and directors' knowledge and experience. The Committee considered qualification of candidates to ensure that they are qualified by not having characteristics that prohibit them from holding a directorship, and that their background, knowledge, experience are beneficial to the Company. In 2017, the Committee proposed to the Board of Directors to appoint Mrs. Vachira Na Ranong and Mr. Kaikhushru (Kai) Taraporevala to be the Company's directors, replacing Mr. Hideo Hatada and Mr. Yasuhiro Kawamura who have resigned from the directorship. This was approved at the Board of Directors' meeting No.91/2017 on August 14, 2017.

For directors' remuneration, the Committee carefully set the remuneration of the Board of Directors and committees by considering the duties and accountabilities, and performance of the directors, in comparison with directors' remuneration of other listed companies having similar business size, performance, and directors' accountability. For the year 2017, the Committee proposed to maintain the rate of annual remuneration and attendance fee for the Board of Directors and committees, as well as the incentive bonus payable to independent directors at the rate as per net profit attributable to equity holders, which was approved by the Annual General Meeting of Shareholders for the year 2017.

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

On behalf of Nomination and Remuneration Committee



Mr. Pipat R. Punya

Chairman of Nomination and Remuneration Committee

Report of Risk Management Committee

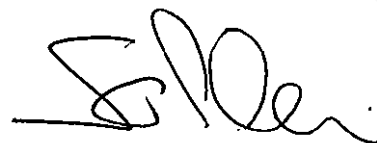
The Risk Management Committee is assigned by the Board of Directors to oversee and manage risk management process, identify and review the Company's risk factors and risk management measures to ensure that the impact to operations and financials are mitigated to an acceptable level. The Risk Management Committee comprises of 2 independent directors, in which Mr. John Parker acts as the Chairman of the Committee. In 2017, the Committee's members have been changed due to the resignation of Mr. Hideo Hatada and Mr. Yasuhiro Kawamura. For their replacement, Mrs. Vachira Na Ranong has been appointed by the Board of Directors as a committee member with effect from August 14, 2017.

The Risk Management Committee sets out the risk policies and determines the general principles for managing and monitoring risk. In 2017, the Committee had arranged the annual meeting to review and identify key risk factors of the organization. The Committee had focused on potential risk from the slowdown of automotive industry, the reliance of a single top management, and had identified the risk arising from disruptive trends arising from the development of electric vehicles and digital technology in the automotive industry.

The Risk Management Committee analyses the likelihood of occurrence of each risk factors and ensures that appropriate measures have been put in place to prevent or mitigate the impact. The review of key risk factors assured that the Company's risks are monitored and managed, and the impact from these risks can be managed or reduced to acceptable level. Details of these corporate risk factors are disclosed in the Risk Factor section in the Annual Report.

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

On behalf of Risk Management Committee



Mr. John Parker

Chairman of Risk Management Committee

Company Contact Information

COUNTRY	COMPANY	ADDRESS	CONTACT
MANUFACTURE OF OEM AUTOMOTIVE PARTS			
THAILAND	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 nd 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
	[Branch Office]	Room 2812, 28 th 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 10570	Tel: +66 (0) 2315 3456 Fax: +66 (0) 2315 3334
	[2 nd 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
	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

COUNTRY	COMPANY	ADDRESS	CONTACT
	Thai Takagi Seiko Company Limited	358-358/1 Moo 17 Bangpli Industrial Estate Soi 7/1 Taparak Road Tambol/Ampur Bangsaothong Samutprakarn Province 10570	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
UK	Sakthi Global Auto Holdings Limited	First Floor 5 Garland Road Stanmore United Kingdom HA7 1NR	
DESIGN AND MANUFACTURE OF ASSEMBLY JIG AND DIE			
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
CAR DEALERSHIPS			
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
	[2 nd Branch]	2418-2420 Ladpraw Road Kweang Wangthonglang Khet Wanthonlang Bangkok	
	New Era Sales Company Limited	97 Ramindra Road Kweang Ramindra Khet Kannayao Bangkok 10230	Tel: +66 (0) 2519 5800-4 Fax: +66 (0) 2946 5107
	[2 nd Branch]	89/89 Moo 5 Srinakarin Road Tambol Bangmuang Ampur Bangsaothong Samutprakarn Province 10270	
MALAYSIA	New Era Sales (M) SDN. BHD.	No. 39821 Jalan Semenyih 43000 Kajang , Selangor	Tel: +60 (3) 8737 0403 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 Bangkhen Khet Laksi Bangkok 10210	Tel: +66 (0) 2790 1888 Fax: +66 (0) 2790 1877 www.hyundai-motor.co.th
CAR NAVIGATION AND TECHNOLOGY			
THAILAND	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

COUNTRY	COMPANY	ADDRESS	CONTACT
THAILAND	AAPICO Electronics 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
MALAYSIA	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
SINGAPORE	Able ITS PTE. LTD.	745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455	Tel: +65 (-) 6836 1919
OTHERS			
THAILAND	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 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
	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
MALAYSIA	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
SINGAPORE	AAPICO Investment Private Limited	745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455	Tel: +65 (-) 6836 1919

Reference

REFERENCE	COMPANY ADDRESS	CONTACT
SECURITY DEPOSIT REGISTRAR	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED THE STOCK EXCHANGE OF THAILAND 93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Thailand	Tel: +66 (0) 2009 0900 +66 (0) 2009 9999 Fax: +66 (0) 2009 9991
DEBENTURE REPRESENTATIVE	BANGKOK BANK PUBLIC COMPANY LIMITED 333 Silom Road , Bangrak , Bangkok 10500	Tel: +66 (0) 2626 3568 Fax: +66 (0) 2626 45456
REGISTRAR OF DEBENTURE	BANGKOK BANK PUBLIC COMPANY LIMITED 333 Silom Road , Bangrak , Bangkok 10500 KASIKORN BANK PUBLIC COMPANY LIMITED Head Office Floor 19 1 Soi Rat Burana 271/, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140	Tel: +66 (0) 2626 3568 Fax: +66 (0) 2626 45456 Tel: +66 (0) 2470 6662 Fax: +66 (0) 2470 2279
AUDITOR	EY OFFICE LIMITED Lake Rajada Office Complex, Floor 33, 193137-136/ Rajadapisek Road, Klongtoey, Bangkok 10110	Tel: +66 (0) 2264 0777 +66 (0) 2264 9090 Fax: +66 (0) 2264 0789

COMPANY CREDIT RATING

(BBB+ / STABLE)

TRIS Rating affirms the company rating of AAPICO Hitech PLC (“AH”) and the rating of AH’s senior unsecured debenture at “BBB+”. The rating reflects the Company’s solid business profile as a Tier-1 automotive part manufacturer in Thailand, the strong relationships it has with major automakers, high barrier to entry, improved profitability, and the strong fundamentals of the automotive industry in Thailand. These strengths are partially weighted down by the thin profit margins in two key segments: stamped products and car dealership, as well as high customer concentration due to the character of industry which has small number of major automakers in Thailand, and the cycle nature of the automotive industry. The ratings also take into considerations an expected rise in AH’s leverage due to the recent investment.

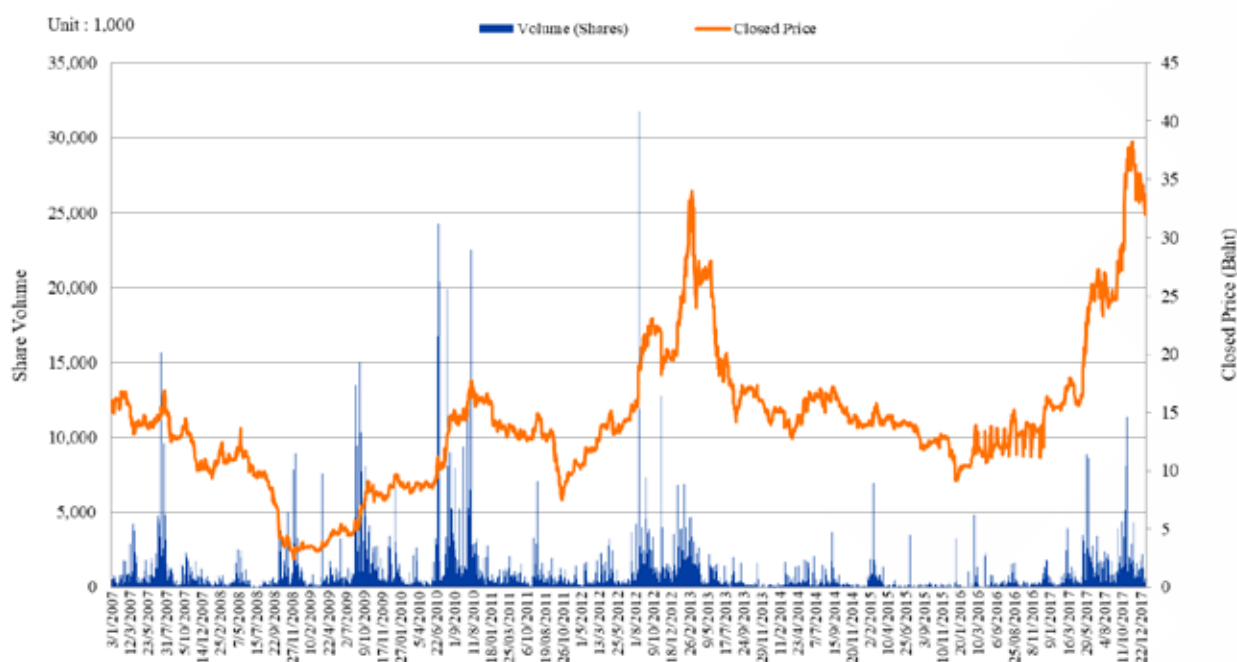
TRIS Rating has maintained the rating outlook at “Stable”, which reflects TRIS Rating’s expectation that the Company will maintain its strong market position in its core lines of business and keep the debt to capitalization ratio below 50%.

Corporate Information

Information as at December 31, 2017

Abbreviation	AH		
Registration Number	0107545000179		
Type of Business	Design, produce, and install assembly jigs and stamping dies, and produce OEM automotive parts, which include floor parts, brackets, chassis frames, forged and machine parts including steering and suspension system, cross members, pillars, clips, and fuel tank to leading automobile assemblers in Thailand, as well as car dealerships and car navigation and technology businesses.		
Website	www.aapico.com		
Established	1996		
First Day of Trading in SET	17 October 2002		
Address	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Amphur Bang Pa-in Ayutthaya Province 13160		
Registered Capital	Baht 322,649,160	Consist of Ordinary	322,649,160 shares*
Paid-Up Capital	Baht 322,583,844	Consist of Ordinary	322,583,844 shares*
*Par Value at 1 baht per share			
*As of December 31, 2017, the Company has 6,007,700 treasury shares.			
Accounting Cycle	1 January– 31 December		

AH Stock Trading History for 2007 - 2017





AAPICO HITECH PUBLIC COMPANY LIMITED

No.99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane,
Ampur Bang Pa-In, Ayutthaya, Thailand 13160

Tel: (66 35) 350-880 Fax: (66 35) 350-881

www.aapico.com