



AAPICO HITECH

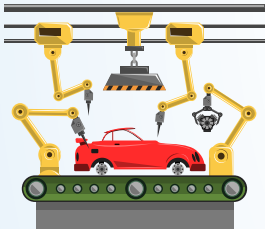
PUBLIC COMPANY LIMITED

Annual Report 2018



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.



**MANUFACTURING
CAR RETAILING
RESEARCH & DEVELOPMENT**

**LEAN, GREEN, HAPPY, AND
DIGITAL WORLD-CLASS
CORPORATION**



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



It is my pleasure to report that 2018 has marked yet another trailblazing year for the AAPICO Group, with continued growth on all frontiers, including the expansion of our global footprint into Vietnam. Our latest joint venture with VinFast, a subsidiary of the leading Vietnamese conglomerate VinGroup, sees AAPICO as the majority partner in a Body In White production operation in Hai Phong. This plant will be a crucial part of the supply chain for VinFast's ambitious project to launch the first Vietnamese car brand. This project heralds an exciting new era of intra-ASEAN co-operation for the AAPICO Group and helps to cement our position as a leading industry player in the region.

Elsewhere around the world, 2018 also saw AAPICO increasing its stake in the Sakthi Automotive Group based on that group's market leadership positions in India, China and the USA in their industry segments. AAPICO invested a further USD 25 million to up our equity stake from 25.1% to 49.99%, in line with the synergy and the long term investment to take AAPICO globally. In Sakthi USA, there was a significant one-time loss due to air freight and stock loss, which is non-recurring. Except for Sakthi USA, operations in India, Portugal, and China operated normally with their own cash flow.

In terms of financial growth, 2018 was overall another positive year for AAPICO's core businesses. The Group sales growth was in line with expectations and continuous improvements in profitability, with all subsidiaries performing well, thanks in part to a rebound in domestic demand for new vehicles. This increased demand was boosted by repeat purchase activity by customers who had availed of the government's first-time buyer scheme in 2012-2013, which required owners to keep their vehicle for a minimum of 5 years.

Total automotive production in Thailand increased by 9.0% in 2018, with an annual output of 2.17 million vehicles, marking the first time that volumes had exceeded the 2-million milestone since the days of the first-time buyer scheme. Domestic market demand increased by 19.5% while export volumes recorded 0.1% growth.



Meanwhile in Malaysia, where the macroeconomic outlook is challenging, our car operations in Malaysia has a small dip of 4.7% with sales of 4,254 units in 2018 as compared to 4,529 units sold in 2017.

In China, however, we were able to maintain good growth, despite total production in the world's largest car market declining by 4.2% to 27.8 million units, the first such drop in 20 years.

Looking to the year ahead, there may be clouds gathering on the global trade horizon. However, we are confident that the AAPICO Group is well positioned to weather any storms that may be brewing, thanks to our strong financials and the profitability of our core operations and associates. Our Debt to Equity ratio of 0.80 times is in line with targets and our debt serviceability remains within covenant requirements.

The profit from 2016, 2017, and 2018 were THB 543 million, THB 1,158 million, and THB 1,299 million respectively. The profitability has increased steadily over the last 3 years and we expect 2019 to perform better.

Lastly, I would like to extend my sincerest gratitude to all our employees, our Board of Directors, partners, associates, customers and other stakeholders, whose dedication and co-operation have been crucial to our ongoing success. Thank you in advance for your continued support in 2019.

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

Manufacture of OEM Auto Parts : Passenger car

Engine



- Connecting Rod
- Shaft Balance

Suspension

- Socket
- Arm-Pitman
- Link Center



Transmission



- Input Shaft
- Companion Flange
- Gear, Clutch

Radiator Cover



Drive Wheel & Power Train



- Wheel Hub
- Knuckle

Brake



- Piston



- Door Check Arm

Reinf Assy Tunnel



Body Side Molding



Door Trim



Seat Component



Plastics Fuel Tank



Quarter Trim



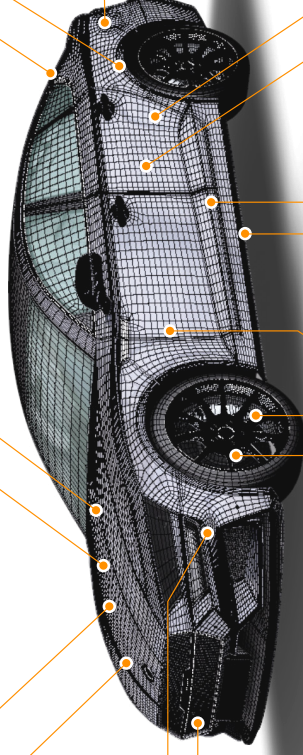
Cover Pass Air Bag



Water Tank System



Protector



Engine

- Connecting Rod
- Shaft Balance



Suspension

- Socket
- Arm-Pitman
- Link Center



Floor parts



Crossmember



Power Train & Drive Wheel

- Wheel Hub
- CV Joint
- Link Center



Brake

- Piston



Sill-Side Outer



Lock Pillar



Prop Shaft

- Tube Shaft
- Yoke Weld
- Tube Yoke



Trim Pillar A,B,C



Door Check Arm



Reinf Seat Belt



Rear AXEL Housing



Steel Fuel Tank



Chassis Frame Component



Door Trim



Side Sill Inner

Manufacture of OEM Auto Parts : Pickup truck

Manufacture of OEM Auto Parts: Jigs & Dies



Frame Side Member Assembly

Axle Housing Banjo Weld

ASSEMBLY JIGS

STAMPING DIES



Upper



Lower





POWERMAP Tracking by POWERMAP

Enterprise - Level Tracking Solution



Car Navigation System

Thailand's 1st real 3D navigation software



POWERMAP

takes you everywhere!

Personal Navigation Device



Rack Tracking System

Industry Solutions - Asset Tracking and Management



GIS Consulting Services

GIS for Business Intelligence



AAPICO Global Manufacturing Footprints

-  AAPICO Facilities
-  SAKTHI Facilities
-  Other JV facilities



AAPICO Honda Dealers
Kajang & Petaling Jaya, Malaysia



AAPICO Forging & Machining Facility
Kunshan, China



AAPICO-VINFAST Stamping Facility
Haiphong, Vietnam



AAPICO Stamping and Plastic Facilities
Amata City Rayong



AAPICO Stamping and Forging & Machining Facilities
Amata City Chonburi



AAPICO Plastic Facility
Bangpli Samutprakarn



AAPICO Stamping and Toolings
(Jigs&Dies) Facilities
Hitech Industrial Estate, Ayutthaya



SAKTHI INDIA



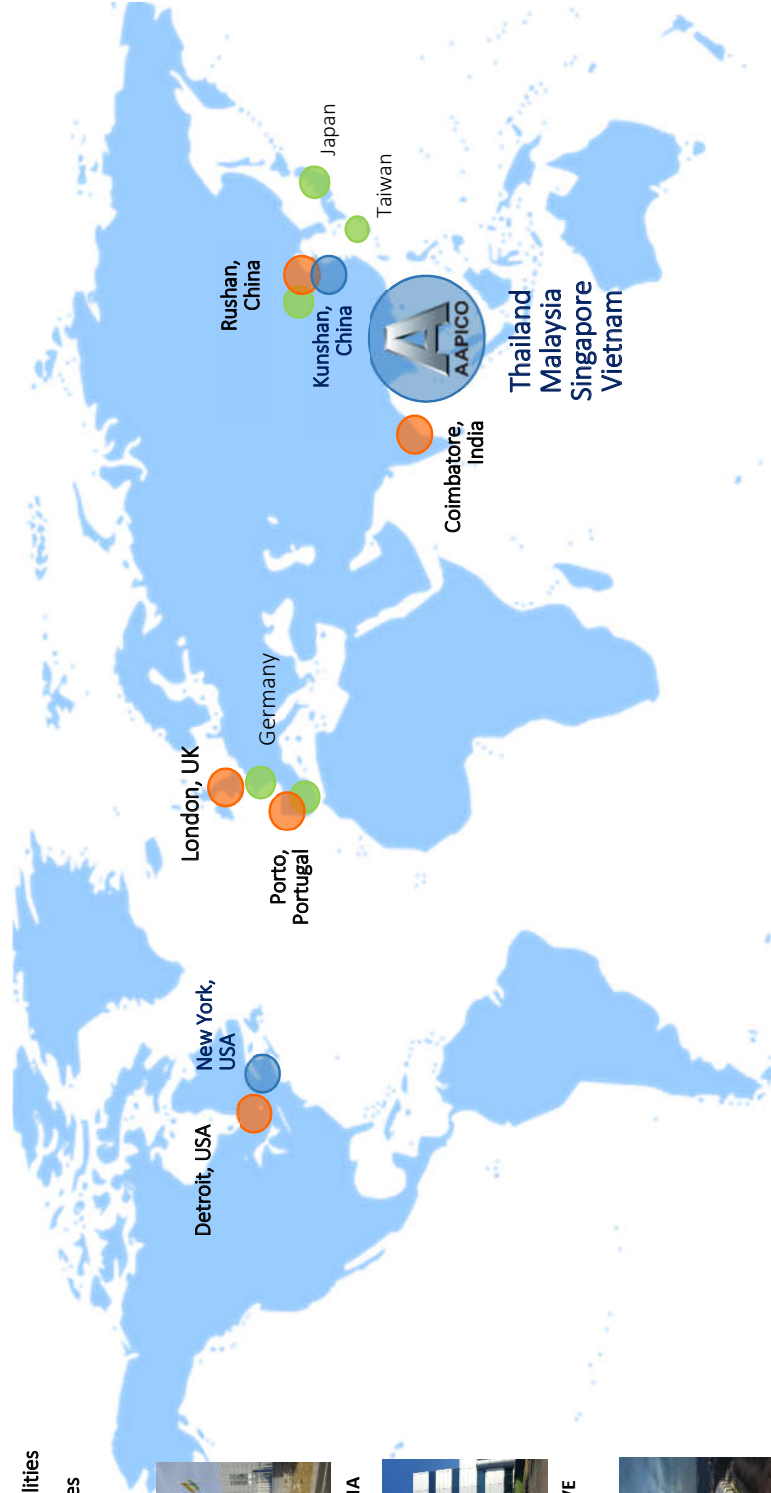
SAKTHI-BETHEL CHINA



SAKTHI AUTOMOTIVE
USA



SAKTHI PORTUGAL



Financial Highlights

TOTAL REVENUE

17,737 up from 16,642 in 2017

THB Million

EBITDA

2,105 up from 1,705 in 2017

THB Million

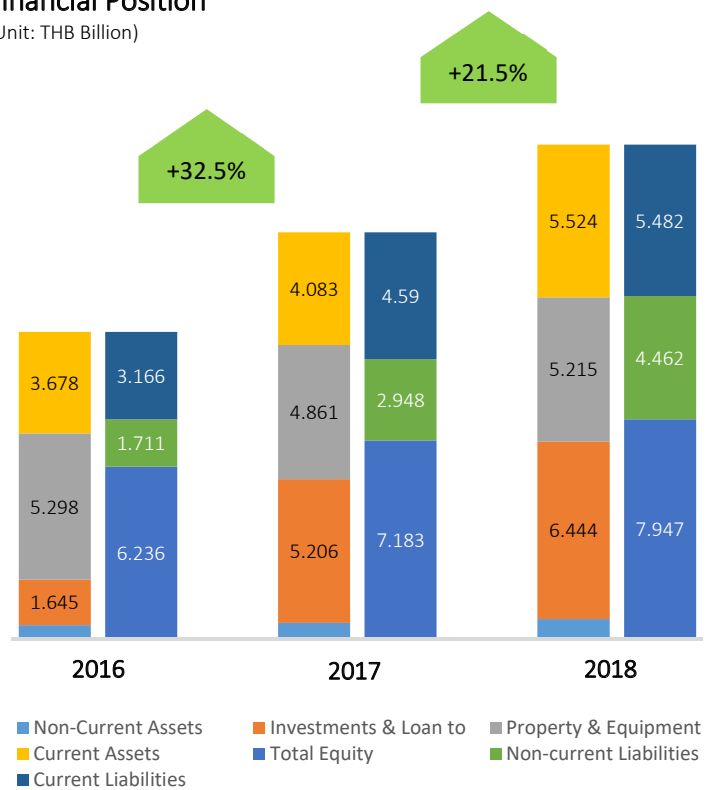
Net Profit to Equity Holders

1,299 up from 1,158 in 2017

THB Million

Financial Position

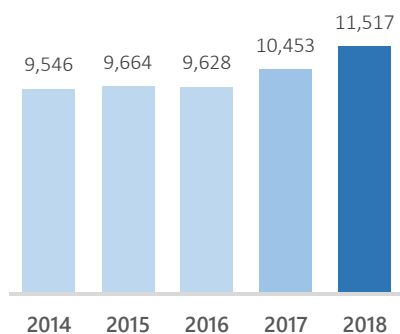
(Unit: THB Billion)



Manufacture of OEM Auto Parts

Total Revenue

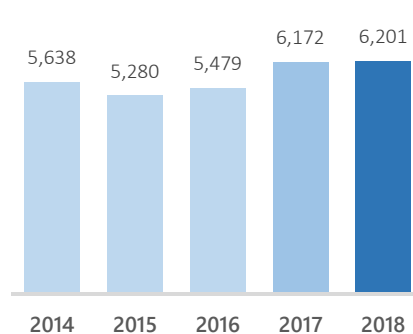
(Unit: THB Million)



Car Dealerships

Total Revenue

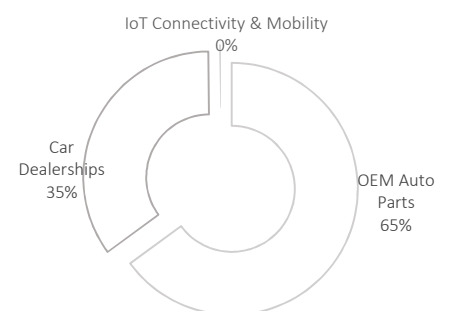
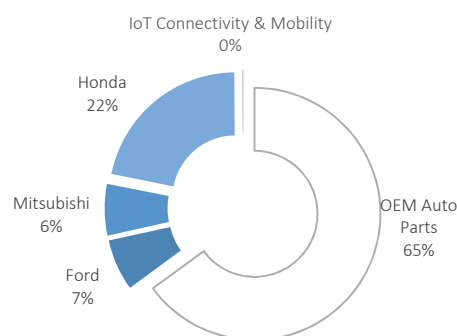
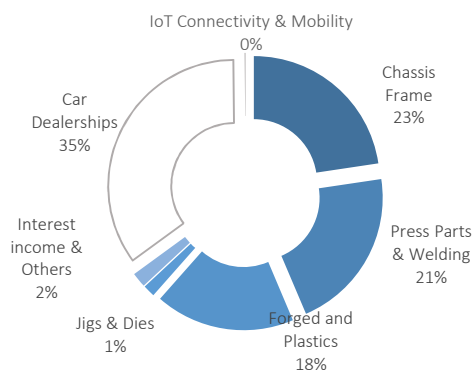
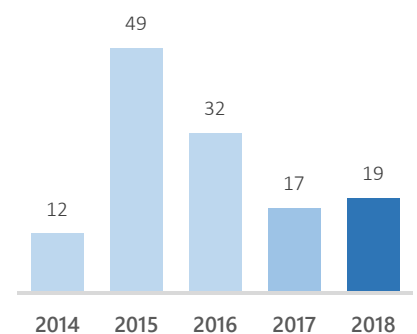
(Unit: THB Million)



IoT Connectivity & Mobility

Total Revenue

(Unit: THB Million)



Sustainability Development

What we do

Goals

Issues



Major Developments in past 3 years

2018

THSI
THAILAND
SUSTAINABILITY
INVESTMENT 2018

AWARDS RECEIVED IN 2018

New Era Sales (M) SDN. BHD. and Tenaga Setia Resources SDN. BHD., the Company's subsidiaries in Malaysia, received the Honda CEO Awards from Honda Malaysia for 5 consecutive years as follows:

- 2018 Elite Dealer Award
- Top 3 Body & Paint Award
- Top 4 Sales Award



- AAPICO Precision Co., Ltd. received Q1 Award from Auto Alliances (Thailand) Co., Ltd.
- AAPICO Hitech PLC was awarded the 1st Runner up at 2018 TCC TPS Activity from Toyota.
- AAPICO Structural Products Co., Ltd. received Zero Accident Award from Ministry of Labor.



AAPICO Structural Products Co., Ltd. received awards from Isuzu Motors (Thailand) Co., Ltd. at the ISG Annual General Meeting as follows:

- The Best in Quality-Cost-Delivery (QCD)
- The Winner of LRP Project Group A



NOVEMBER 2018

AAPICO Hitech PLC received Thailand Sustainability Investment Award from the Stock Exchange of Thailand.

OCTOBER 2018

AAPICO Hitech PLC increased its investment in Sakthi Global Auto Holdings Limited (SGAH) to 49.99% equity holding in order to support and strengthen strategic partnership and enhance synergies between the Company and SGAH to grow their business in the global market.

JULY 2018

AAPICO Hitech PLC acquired 20.36% of registered share capital of Nuro Technology Incorporated (Taiwan), which is engaged in the provision of electronic information services.

JUNE 2018

AAPICO Hitech PLC signed a JV MOU with VinFast Trading & Production LLC, a member of VINGROUP to set up a press shop and assembly operations in VinFast's Supplier Park in Vietnam to supply body in white (BIW) parts for the first two models of VinFast vehicles to be produced in the third quarter of 2019.



2017

DECEMBER 2017

New Era Sales (M) SDN. BHD. and Tenaga Setia Resources SDN. BHD., the Company's subsidiaries in Malaysia, received the Honda CEO Awards from Honda Malaysia as follows:

- 2017 Elite Dealer Award
- Top 5 Sales Award
- Top 7 Accessories Sales Award



NOVEMBER 2017

AAPICO Hitech PLC was awarded the TPS winner of 2017 TCC Competition from Toyota Cooperation Club.

JUNE 2017

1. Sojitz Corporation, the second largest shareholder, had entered into a MOU to sell all of its shares in AAPICO Hitech PLC to the Company's major shareholders. This change of shareholding structure has no impact to the Company's core businesses, its policy, and its management structure.
2. AAPICO Hitech PLC disposed its 25% equity holding in Quantum Inventions Pte. Ltd. (QI) in Singapore and its 60% equity holding in AAPICO QI SDN. BHD. to Continental Automotive Holding Netherlands BV.

MAY 2017

1. AAPICO Hitech PLC invested in 25.1% equity share of Sakthi Global Auto Holdings (SGAH) and formed a strategic partnership with Sakthi Automotive Group, the world leading supplier of critical safety components in iron and aluminum castings with global manufacturing footprints in the United States, China, Europe, and India.
2. AAPICO Structural Products Co., Ltd. received awards from ISUZU at the ISG Annual General Meeting as follows:
 - The Best in Delivery Award
 - The Winner of LRP Project Group B



MARCH 2017

AAPICO Hitech PLC sold its 14.95% equity holding in Jackspeed Corporation Limited in Singapore to unrelated party.

AWARDS RECEIVED IN 2017

- Q-Award from Auto Alliances (Thailand) Co., Ltd. in recognition for excellent quality.
- 2016 Supplier Excellence Quality Award from General Motors.
- 2017 Best Support Award from Ford Manufacturing Thailand.



FEBRUARY 2017

AAPICO Hitech PLC announced the resale of Share Repurchase on SET for a period of 3 years, starting from March 2017 until September 2019.

2016

DECEMBER 2016

New Era Sales (M) SDN. BHD. and Tenaga Setia Resources SDN. BHD., the Company's subsidiaries in Malaysia, received the Honda CEO Award from Honda Malaysia as follows:

- 2016 Elite Dealer Award.
- Top 5 Sales Award.

OCTOBER 2016

AAPICO Hitech PLC received the Total Innovation Management Award 2016 from the National Innovation Agency (NIA) for the Innovative Organization.



MAY 2016

AAPICO received awards from ISUZU as follows:

- Certificate of Achievement for Quality and Delivery given to AAPICO Structural Products Co., Ltd., AAPICO Precision Co., Ltd., and AAPICO Plastics PLC.
- Certificate of Co-operation for car sales promotion given to AAPICO Amata Co., Ltd.

FEBRUARY 2016

AAPICO Hitech PLC announced the Share Repurchase Program during March 15, 2016 to September 14, 2016.



NOVEMBER 2016

1. AAPICO Hitech PLC achieved CG 4 Star Level.
2. AAPICO Hitech PLC received the Certificate of Appreciation for 2016 TCC TPS In-House Improvement Activity.
3. AAPICO Hitech PLC received GM ASEAN Supplier Quality Excellence Award.



AUGUST 2016

AAPICO Hitech PLC established AAPICO Venture Co., Ltd. to explore opportunities in the start-up business and invested in 11.9% equity holding in Smoothlane Co., Ltd.

JULY 2016

AAPICO Plastics PLC received Siam Calsonic 20th Anniversary Exclusive Thank You Award in recognition for the best supplier of Siam Calsonic for over 20 years.



AWARDS RECEIVED IN 2016

- AAPICO Plastics PLC received Zero Accident Award from Department of Labor Protection and Welfare, Ministry of Labor.
- AAPICO Hitech PLC received the Certificate of Cooperation for Human Resources development in Thailand Automotive Industry.



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. (ASICO)

2002

Listed on the SET.

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.

2006

Established AAPICO Hitech Parts Co., Ltd.

Invested in a car navigation company, AAPICO ITS Co., Ltd. (60% equity).

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

Asian Financial Crisis

Established AAPICO Structural Products Co., Ltd. to manufacture chassis frames.

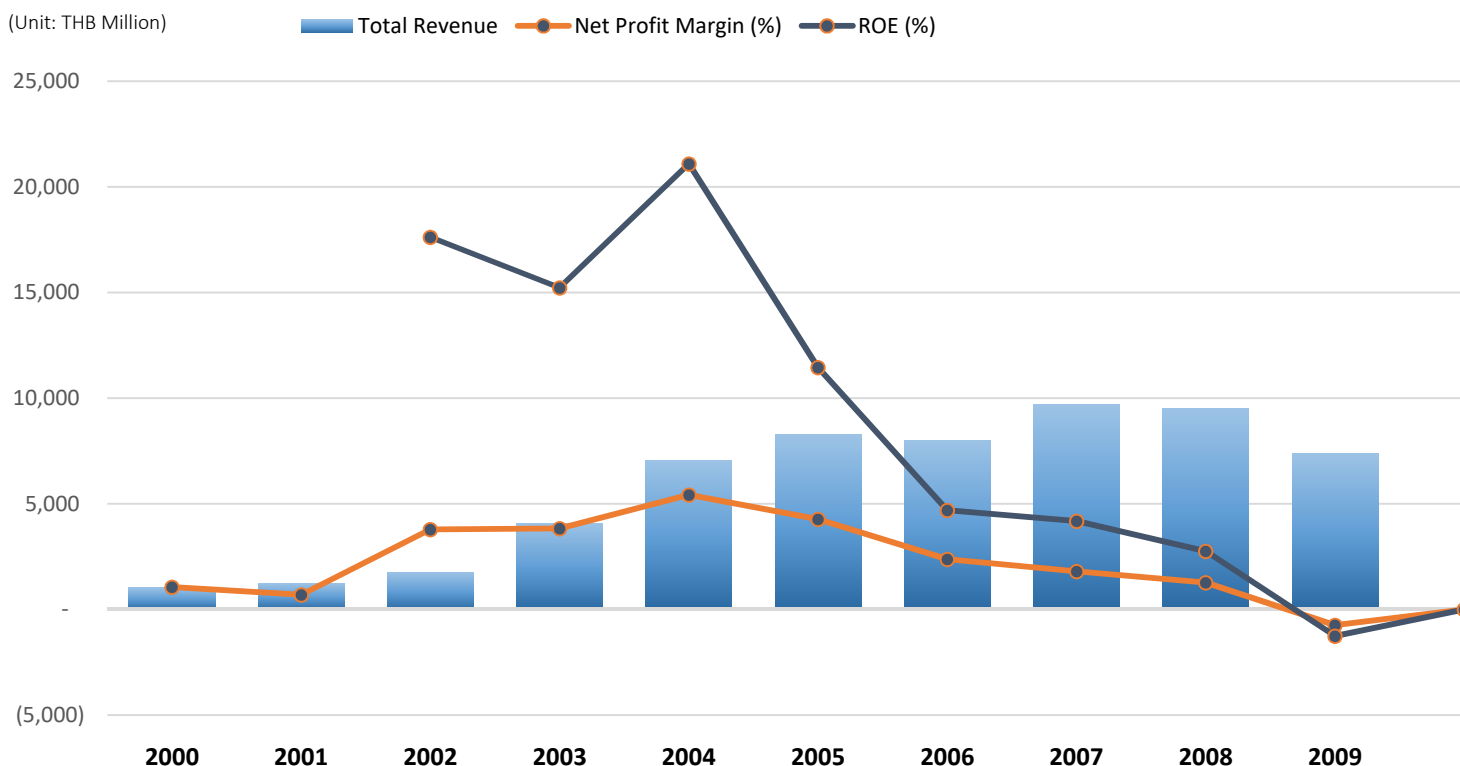
2010

Celebrated AAPICO 25th Anniversary and commenced operations of AAPICO Hitech's 2nd factory in Rayong.

Established JV with Takagi Seiko (Japan).

AAPICO Revenue and Profitability Trend

(Unit: THB Million)



Taking Steps toward Globalization – AAPICO has made steady progress over the years and will continue to challenge to strengthen the 3 core pillar of its operations:
Manufacture of OEM Automotive Parts, Cars Dealerships, and IoT Connectivity & Mobility Business

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

Acquired 25% equity in Quantum Inventions (QI) Singapore.
Established AAPICO Training Center Co., Ltd.

2015

Initiated TURBO Target to increase revenue and profit for 2020.
Reorganized non-core businesses.
Achieved BBB+ TRIS Rating and issued debenture.

2016

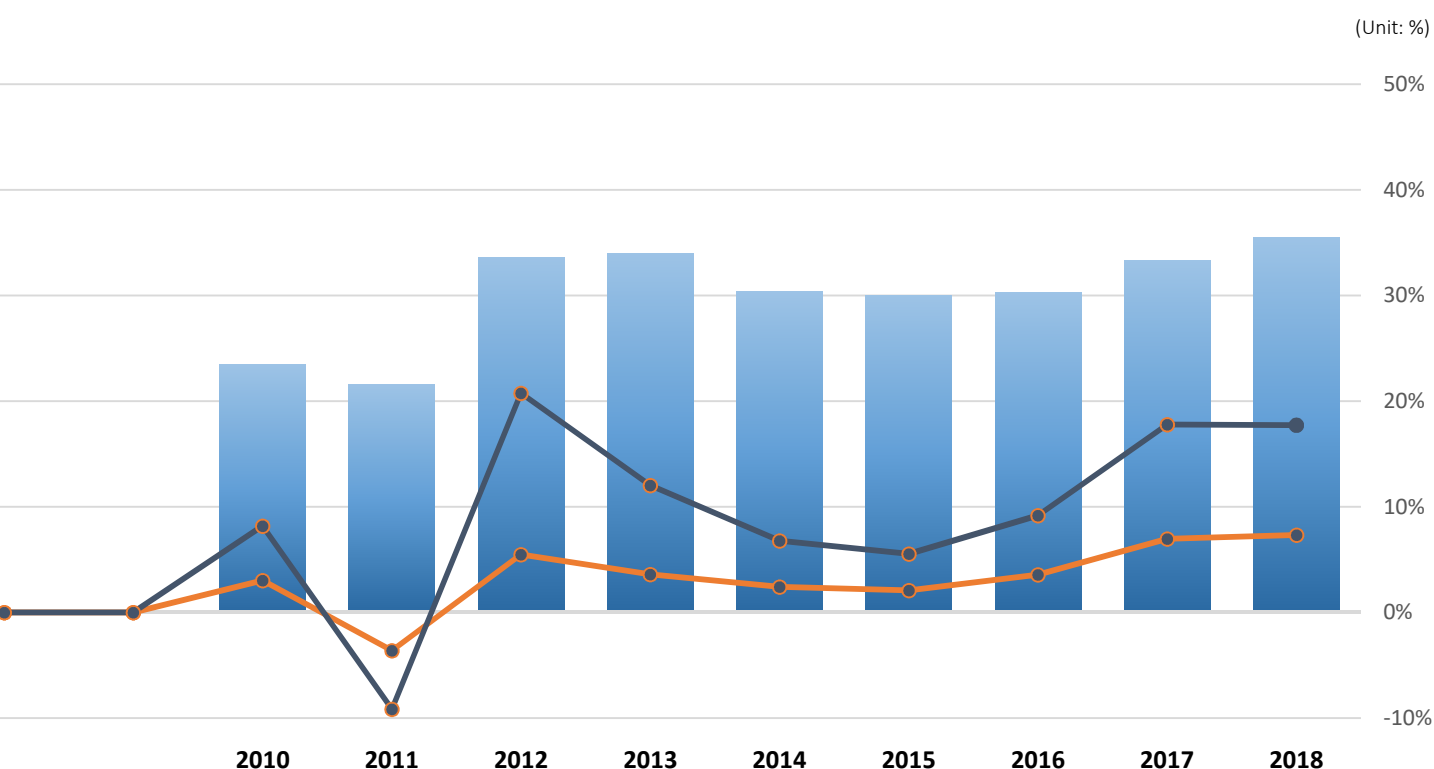
Explore opportunity in start-up businesses.

2017

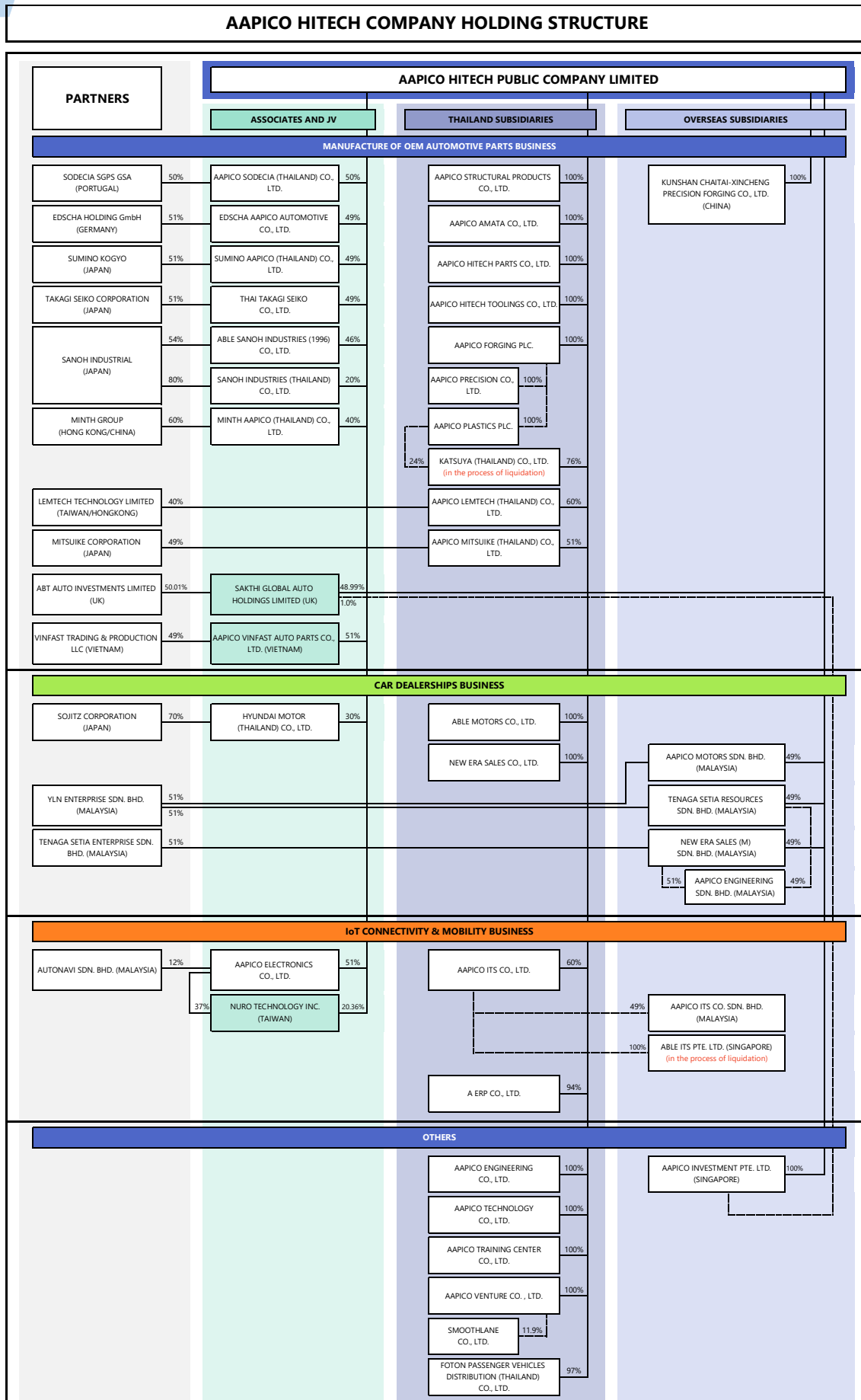
Acquired 25.1% of Sakthi Global Auto Holdings Limited (SGAH) (UK) and form a strategic partnership with Sakthi Group to expand the automotive part business globally.
Disposed investment in Jackspeed Corporation (SG) and Quantum Inventions (QI).

2018

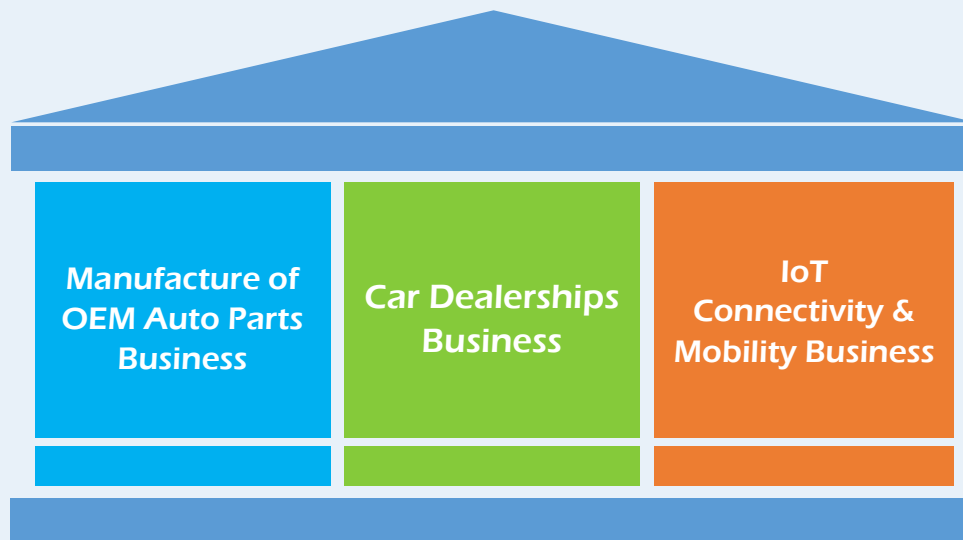
- Acquired 20.36% equity in Nuro Technology Inc. (Taiwan).
- Established JV with VINFAST to set up press shop and assembly plant to produce body-in-white parts for VINFAST vehicles in Vietnam.
- Acquired 24.89% additional equity of Sakthi Global Auto Holdings Limited (SGAH) to support and strengthen the partnerships to growing business the automotive part business in the global market.



Company Holding Structure



Main Business



AAPICO Hitech Public Company Limited [AH]

AAPICO Hitech PLC was established in 1996 and was listed on the Stock Exchange of Thailand in 2002. The Company's main business initially was 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 chassis frame components, forging and machining parts, plastic parts and plastic fuel tank 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's two factories are located at Hitech Industrial Estate in Ayutthaya province and Amata City Rayong Industrial Estate in Rayong province. Its main customers are Toyota, Auto Alliance Thailand (AAT), Ford and Isuzu.

AAPICO Hitech PLC has invested in companies operating in the automotive part business and other businesses associated to the automotive industry, including car dealerships and service center and Internet of Thing (IoT) Connectivity and Mobility business. As of today, the Group comprises of 40 subsidiary and associate companies, of which 29 companies are operating in Thailand and 11 companies located overseas.



PILLAR I : MANUFACTURE OF OEM AUTOMOTIVE PARTS BUSINESS

THAILAND					
Hitech Industrial Estate – Ayutthaya					
Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Hitech PLC	AH	<ul style="list-style-type: none"> • Metal Stamping parts e.g. floor parts, brackets, cross members, pillar 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Ford • Isuzu • Toyota • Vinfast 	322.58	100
AAPICO Hitech Parts Co., Ltd.	AHP	<ul style="list-style-type: none"> • Metal Stamping parts e.g. floor parts, brackets, cross members, pillar 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Nissan • Toyota 	120	100
AAPICO Hitech Tooling Co., Ltd.	AHT	<ul style="list-style-type: none"> • Assembly Jigs • Stamping Dies 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Benz • Ford • Isuzu • Vinfast • Volvo 	65	100
AAPICO Lemtech (Thailand) Co., Ltd.	AL	<ul style="list-style-type: none"> • Metal Stamping parts for automotive and electronic components 	<ul style="list-style-type: none"> • Edscha AAPICO • Fujikura Electronics 	40	60
AAPICO Mitsuike (Thailand) Co., Ltd.	AMK	<ul style="list-style-type: none"> • Metal Stamping parts 	<ul style="list-style-type: none"> • Nissan 	33	51
Able Sanoh Industries (1996) Co., Ltd.	ASICO	<ul style="list-style-type: none"> • Fuel lines • Brake lines • Engine parts 	<ul style="list-style-type: none"> • Honda • Nissan • Toyota 	117.7	46
Edscha AAPICO Automotive Co., Ltd.	EA	<ul style="list-style-type: none"> • Door check • Door hinges • Parking brake lever 	<ul style="list-style-type: none"> • AAPICO Hitech PLC • Mitsubishi 	52	49
Bangpli Industrial Estate – Samutprakarn					
Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Plastics PLC (Headquarter office)	AP	<ul style="list-style-type: none"> • Plastic parts for automotive and other components 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Ford • Honda • Thai Yamaha Motor 	255	100 (held by AF)
Thai Takagi Seiko Co., Ltd.	TTSC	<ul style="list-style-type: none"> • Plastic molding • Plastic parts 	<ul style="list-style-type: none"> • Honda • Kawasaki • Suzuki 	101.2	49
Amata City Chonburi Industrial Estate – Chonburi					
Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Amata Co., Ltd.	AA	<ul style="list-style-type: none"> • Metal Stamping and Welding e.g. Chassis frame (D-Max), Complete axle housing 	<ul style="list-style-type: none"> • American Axle (AAM) • Isuzu 	800	100
AAPICO Forging PLC	AF	<ul style="list-style-type: none"> • Forging parts for transmission system, power train system, steering and suspension system, wheel hubs 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Dana Spicer • GKN Driveline • NTN • THK Rhythm • Yamaha 	500	100

Amata City Chonburi Industrial Estate – Chonburi					
Company	Abbre.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Precision Co., Ltd.	APC	<ul style="list-style-type: none"> Machining parts for transmission system, power train system, steering and suspension system, wheel hubs 	<ul style="list-style-type: none"> American Axle (AAM) Auto Alliance Thailand Dana Spicer Ford GKN Driveline 	205	100 (held by AF)
AAPICO Structural Products Co., Ltd.	ASP	<ul style="list-style-type: none"> Welding and Assembly for Chassis frame (D-Max) 	<ul style="list-style-type: none"> Isuzu 	200	100
Sumino AAPICO (Thailand) Co., Ltd.	SA	<ul style="list-style-type: none"> Metal Stamping and Welding parts for medium and small articles of cars 	<ul style="list-style-type: none"> Auto Alliance Thailand Mazda 	350	49
Amata City Rayong Industrial Estate – Rayong					
Company		Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Hitech PLC (Branch office)	AH	<ul style="list-style-type: none"> Metal Stamping parts e.g. floor parts, brackets, cross members, pillar 	<ul style="list-style-type: none"> Auto Alliance Thailand Ford 	-	100
AAPICO Plastics PLC (Branch office)	AP	<ul style="list-style-type: none"> Plastic fuel tank 	<ul style="list-style-type: none"> Auto Alliance Thailand Ford SAIC 	-	100 (held by AF)
Minth AAPICO (Thailand) Co., Ltd.	MA	<ul style="list-style-type: none"> Roof ditch molding Belt line molding Door sash 	<ul style="list-style-type: none"> General Motors Isuzu Nissan 	288.5	40
Sanoh Industries (Thailand) Co., Ltd.	SI	<ul style="list-style-type: none"> Brazed steel tubing Fuel lines 	<ul style="list-style-type: none"> Hitachi Toyota 	146.25	20
CHINA					
Company		Main Products	Main Customers	Capital (USD Million)	% Equity
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	KCX	<ul style="list-style-type: none"> Engine connecting rod Copper forged parts e.g. electrical switch contactor 	<ul style="list-style-type: none"> Chery GAC SAIC Schneider Electric SGMW 	\$ 8.1	100
UNITED KINGDOM (UK)					
Company		Main Products	Main Customers	Capital (USD Million)	% Equity
Sakthi Global Auto Holdings Limited - UK (Holding headquarter) - India - Portugal - USA - China	SGAH	<ul style="list-style-type: none"> Iron casting and machining Aluminium casting and machining Safety critical components e.g. steering knuckles, brake discs, brake drums, etc. 	<ul style="list-style-type: none"> Ford General Motors Hyundai Suzuki Volkswagen 	\$ 65	49.99 (held by AH and AIPL)
VIETNAM					
Company		Main Products	Main Customers	Capital (USD Million)	% Equity
AAPICO Vinfast Auto Parts Co., Ltd. (operations start from 2019)	AVA	<ul style="list-style-type: none"> Metal Stamping parts and Assembly for Body-in-White (BIW) components 	<ul style="list-style-type: none"> Vinfast 	\$ 20	51

PILLAR II : CAR DEALERSHIPS BUSINESS

THAILAND					
Company	Abbre.	Main Products	Main Customers	Capital (THB Million)	% Equity
Able Motors Co., Ltd.	AM	• Showroom and Service center for Mitsubishi vehicles	• Consumers	20	100
New Era Sales Co., Ltd.	NESC	• Showroom and Service center for Ford vehicles	• Consumers	20	100
Hyundai Motor (Thailand) Co., Ltd.	HM	• Distributor for Hyundai vehicles	• Car dealers	400	30
MALAYSIA					
Company	Abbre.	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO Motors Sdn. Bhd. <i>(operations start from 2019)</i>	AMM	• Showroom for Proton vehicles	• Consumers	RM 2	49
New Era Sales (M) Sdn. Bhd.	NESM	• Showroom and Service center for Honda vehicles	• Consumers	RM 1.5	49
Tenaga Setia Resources Sdn. Bhd.	TSR	• Showroom and Service center for Honda vehicles	• Consumers	RM 6	49

PILLAR III : IoT CONNECTIVITY AND MOBILITY BUSINESS

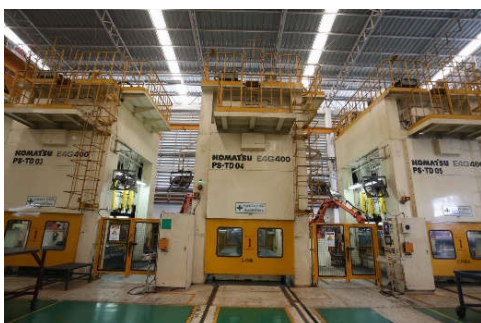
THAILAND					
Company	Abbre.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Electronics Co., Ltd.	AEC	• GoTrec dash camera and other car electronic products	• Consumers	25	51
A ERP Co., Ltd.	AERP	• Service and support of ORACLE	• Internal customers	5	94
AAPICO ITS Co., Ltd.	AITS	<ul style="list-style-type: none"> • Services and solutions for automotive navigation system, logistics management, etc. • Digital map • Geographic Information System • Software development • POWERMAP navigation software 	<ul style="list-style-type: none"> • Consumers • Corporates 	100	60
TAIWAN					
Company	Abbre.	Main Products	Main Customers	Capital (TWD Million)	% Equity
Nuro Technology Incorporated	NURO	• Provider of electronic information services	• Consumers	TWD 200	20.36

OTHER SUPPORTING ACTIVITIES TO THE 3 PILLARS

THAILAND					
Company	Abbre.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Training Center Co., Ltd.	ATC	<ul style="list-style-type: none"> Organize and manage training activities for AAPICO Group 	<ul style="list-style-type: none"> Internal customers 	3	100
AAPICO Venture Co., Ltd.	AV	<ul style="list-style-type: none"> Manage investments in the start-up business 	-	20	100
MALAYSIA					
Company	Abbre.	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO Engineering Sdn. Bhd.	AEM	<ul style="list-style-type: none"> Showroom for Honda dealer 	<ul style="list-style-type: none"> Tenaga Setia Resources Sdn. Bhd. 	RM 2	100 (held by NESM and TSR)
SINGAPORE					
Company	Abbre.	Main Products	Main Customers	Capital (SGD Million)	% Equity
AAPICO Investment Pte. Ltd.	AIPL	<ul style="list-style-type: none"> Manage business investments and M&A transactions 	-	SGD 6.97	100

Business Operations

Manufacture of OEM Automotive Parts Business



AAPICO's main business is the manufacture and distribution of automotive parts to automobile manufacturers and assemblers in Thailand and overseas. The Company produces a broad range of products that are diverse with different processes and technologies for vehicles, including passenger cars, pick-up trucks, agricultural machinery and electronic industry. The Company's products are stamped or pressed parts, forged and machined parts, plastic parts, plastic fuel tanks, and jigs and dies.

Stamped or Pressed Parts

Stamped or pressed parts are the key OEM products, contributing around 44% of total revenue annually. Its main products include chassis frame for pick-up vehicles and body parts such as floor parts, cross members, pillars, brackets, clips, and sub-assembly parts for OEM customers.

Chassis Frame Components

AAPICO is the sole supplier of chassis frame components to Isuzu for pick-up vehicles. The Company has a fully integrated manufacturing process of metal stamping parts using coils, starting from die design, simulation, making, and production of the complete assembly parts. In this plant, there are over 300 robots in the production.

AAPICO has the production capacity of around 400,000 frame set annually. In 2018, the Company run its production at full capacity with two work shifts of 10 hours each. It has also increased the capacity of its blanking line and press shop by outsourcing to companies in AAPICO Group and other third party company in order to meet the volume.

Housing Axles Parts

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

Pressed and Stamped Body Parts

AAPICO manufactures high quality metal stamping body parts for passenger and pick-up vehicles, including floor parts, cross members, side sills, brackets, clips and other inner parts including sub-assemblies to OEM customers. Main customers for these products are Auto Alliances (AAT), Nissan, and Toyota.



Door Check Link

AAPICO manufactures and supplies door check links under the agreement with Edscha, Germany. The door check's production uses advanced manufacturing technology to produce high quality and durability products throughout the lifetime of vehicles. Main customers of door check parts are Isuzu, GM, Ford, and Mitsubishi.

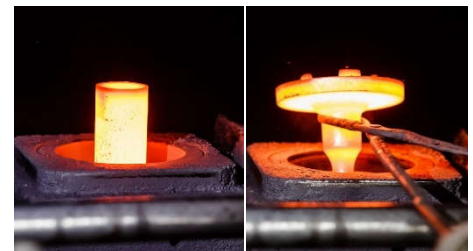


Forged and Machined Parts

AAPICO manufactures and supplies automotive forged parts and machined parts to automobile manufacturers in Thailand and overseas. The Company's products are parts in transmission system, power train system, steering and suspension system, engine parts, shafts, wheel hubs, and others. Main customers are NTN, Auto Alliance Thailand (AAT), GKN Driveline, Dana Spicer, and American Axle.



AAPICO produces both hot forging and cold forging products. The manufacture of forged part is the metal working process where steel billets are heated with induction heater or deformed at room temperature and compressed under extreme pressure to form metal into different shapes. Forged parts are completed by machining process using CNC machines for its precision before deliver to customers. Some products may go through the heat treatment to harden the steel or spray painted according to customers' requirements.



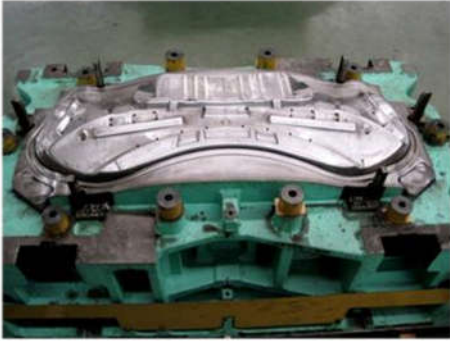
In addition to Thailand's operation, AAPICO has forging and machining facility in China, which produces copper forging products including connecting rods and copper forged parts such as switch contactors, and supplies mainly to local customers in China. Its main customers include Schneider, SGMW, Chery, Mazda, SAIC, Visteon, and others.



Plastic Parts and Plastic Fuel Tanks

AAPICO produces and supplies plastic parts for automobiles and electrical appliances, and plastic fuel tank with the technical cooperation of Kautex Textron USA. Its main customers are Auto Alliance Thailand (AAT), Ford, Thai Yamaha Motor, Asian Honda Motor, and others.





Stamping Dies

AAPICO provides full service for die design and development. The Company design, develop, and manufacture cold stamping die for sheet metal forming application. Majority of its stamping dies are made for use in-house production facilities. Stamping die's production process starts with the design of the mold by die engineer using the CAD computer program. A foam molding is created according to the die design for casting the metal die, which is then passed to CNC Machining Center to machine and finish the stamping die. A team of engineers perform quality check and product testing before commencing the production line of parts. The Company applies the Autoform process to simulate the formability of parts and conduct feasibility study with customers to ensure that product quality meets customers' requirements.



Assembly Jigs

Assembly Jig 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 to assemble a vehicle. Assembly jig is a made-to-order product for specific line of production or model of vehicle. AAPICO provides a full service for design, manufacture, and installation of jigs, from concept to commissioning, including design, simulation, welding, ergonomics and time studies, and manufacture of tooling. Prior to delivery, a team of engineers conducts assembly trials and validation measurement at the try-out facility. The Company also provides on-site support at the customers' assembly locations. The installation and commissioning team has supported customer launches globally in China, India, South America, Southeast Asia, and other countries.

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

Market and Competition for the OEM Automotive Parts Business

AAPICO manufactures and supplies the original equipment manufacturer (OEM) automotive parts to several automakers. Sales of this business contributes around 64% of total revenue annually. As a large Tier-1 auto parts manufacturer in Thailand, AAPICO focuses on high standard of operations (quality-cost-delivery) and strong relationships with customers as key growth drivers to guarantee continuing orders from automakers for new models and increased revenue per car set for new parts. Its long track record in producing high quality auto parts has ensured its continued growth.

Car Dealerships Business

AAPICO 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. In Thailand, the Company has dealerships for Ford and Mitsubishi vehicles. The Ford's showrooms and service centers are located at Ramindra road and Sri Nakarin Road. The Mitsubishi's showrooms and service centers are located at Ladprao and Navanakorn. In Malaysia, the Company operates two showrooms and service centers for Honda vehicles located in Kajang and Petaling Jaya, both are fully equipped with service facilities including body and paint shop.



Market and Competition of Car Dealerships Business

The car dealerships business contributes around 36% of total revenue annually. The Company focuses on excellent service and customer satisfaction as the key success factor of the business. The Company evaluates its services from surveys of customers visiting its showrooms and service facilities and benchmarks its performance with other dealers. The Company ensures sufficient trainings and appropriate incentives to employees. All these measures are tools to improve its services to increase customer satisfaction and promote better sales.

Internet of Thing (IoT) Connectivity & Mobility Business

AAPICO provides services of consultancy and development of vehicle navigation system, logistic management, and smart city management using its expertise in digital map, geographic information system (GIS), and big data analytics. Its products include the award-winning POWERMAP on-board navigation software, which have been selected as an in-car original equipment accessory.

Market and Competition of IoT Connectivity & Mobility Business

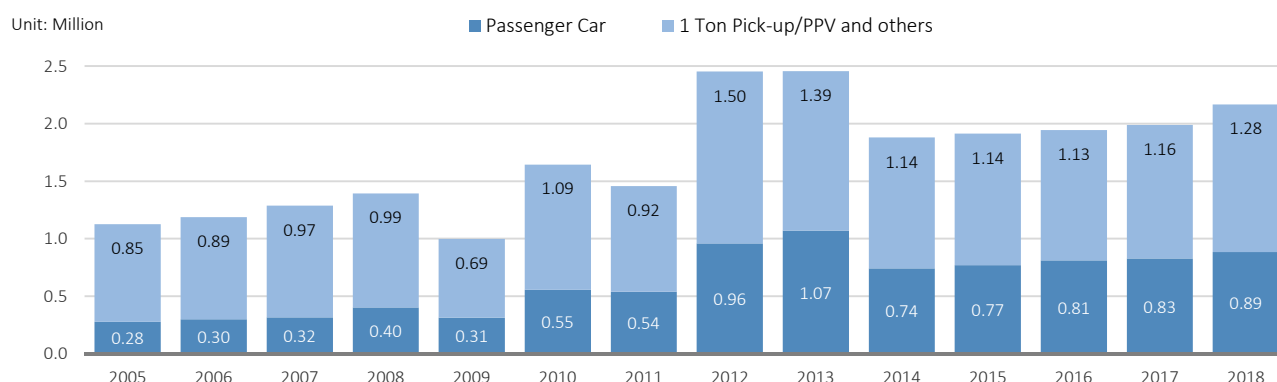
AAPICO's Internet-of-Thing (IoT) Connectivity and Mobility business operates in a niche market. In 2018, sales of this business contributes a small part of less than 1% of total revenue annually. The Company's product is strong in local contents and specification that matches customers' requirements, such as homonym search for spelling variations, searching out of sequence, and suggested word completion. AAPICO aims to leverage its expertise and capabilities in digital technology, connectivity and mobility service, and Internet of Things (IoT) to offer better services and solutions to its customers.

Competition and Industrial Trend

The automotive market displayed positive overall trends in every key market in which the AAPICO Group is active.

The automotive industry in **Thailand**, where AAPICO's major operations are located, saw its total automotive production increase by 9.0% to 2.17 million cars in 2018, surpassing the 2-million unit mark for the first time in 5 years thanks to a rebound in domestic demand. Output for the domestic market increased by 19%, while exports edged up by 1%. Demand in the country has benefited from consumers who took advantage of the government's first-time buyers scheme in 2012-2013 and fulfilled the requirement to keep their vehicle for a minimum of 5 years.

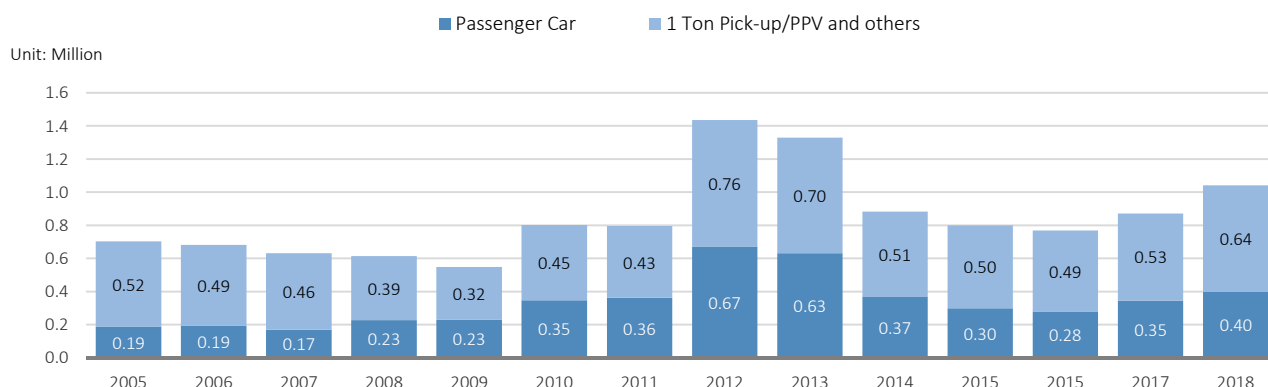
Thailand Vehicle Production in 2005-2018



Source: The Federation of Thai Industries

Domestic sales saw a healthy increase of 19.5%, recording more than 1 million units sold in 2018, which is attributable to broad-based economic growth in the country due to private sector investment and government spending, launches of new car models by manufacturers and distributors, economic stimulus aimed at helping lower-income consumers, an increased number of tourists, and strong consumer confidence. Domestic car sales hit the highest level in 5 years at 1.04 million cars, while export volume grew slightly to 1.14 million cars, representing a year-on-year growth of 0.08%.

Thailand Total Industry Volume in 2005-2018



Source: The Federation of Thai Industries

Thailand has been a stronghold for automotive manufacturing for major automobile makers. It is a large production and export base of world-class quality cars all over the world. For 2019, the Thai automotive industry forecasts production output of 2.15 million units, of which 1.05 million units are expected to be sold locally and 1.10 million units will be exported.

Export volumes are expected to decline compared to 2018 as the trade war between the US and China will continue to have a widespread negative impact on exports and the global economy. For the domestic market, local car sales are expected to grow, albeit at a slower rate than in 2017 and 2018 when double-digit increases were recorded. Growth will likely be impeded by high levels of household debt, the rising interest rate and restrictions on hire-purchase loan approvals from banks that will put downward pressure on domestic sales. Meanwhile, the general election and new investment from the public and private sectors will be positive factors in 2019.

Overall, **Malaysia's** total industry volume for 2018 ended at 598,714 vehicles, an increase of 3.83% compared to volumes of 576,625 vehicles achieved in 2017. This improvement was attributable to a tax holiday period whereby the goods and services tax (GST) was revised from 6% to 0% for 3 months, which boosted sales from June to August.

In 2018, Perodua posted record sales and still dominates the market with sales of 227,243 units, an increase of 10.9% compared to the 204,887 units sold in 2017. It also managed to further increase its market share to 38.0% from 35.5% in 2017. Honda, in second place, remained the top non-national car brand with 102,282 units sold in 2018, a decrease of 6.6% compared to the 109,511 units sold in 2017. Toyota took third place with a total volume of 65,551 units, a decrease of 5.7% from the 69,492 units in 2017. The national car brand, Proton, retained fourth place with 64,744 units, a decline of 8.8% from the 70,991 units sold in 2017.

For 2019, Malaysia's automotive industry will continue to drive economic growth. The Malaysia Automotive Association (MAA) has predicted a slight increase in total industry volume for 2019 to 600,000 units.

China, the world's largest automotive market, saw its production and vehicle sales decline in 2018 for the first time in 20 years, with total production volumes of 27.8 million units, a year-on-year decrease of 4.17%, and vehicle sales of 28.08 million units, a decrease of 2.76% from the previous year. While the rate of GDP growth has slowed to a more

normal level of 6.6% in 2018, and growth of 6.4% is forecast for 2019, the automotive market is predicted to record zero growth for the first time in three decades, with expected volumes of 28 million units in 2019.

In the passenger car segment, total vehicle production and sales in 2019 were 23.52 million units and 23.70 million units respectively, representing year-on-year decreases of 5.15% and 4.08% respectively. Sales of passenger cars by body type declined in all categories. Sales of Sedan cars fell by 2.7%, SUV cars declined 2.5%, MPV cars dropped 15.2% and Crossover cars were down by 17.3%. This sluggish sales trend will put more pressure on domestic car brands.

SAIC remained the top domestic automotive group with sales of 7.01 million vehicles, which included sales of top OEM brands in China – Shanghai VW which sold 2.065 million vehicles and FAW-VW which sold 2.037 vehicles in 2018 - representing an overall increase of 1.3% year on year. The second largest domestic group was Dongfeng Automobile Group (DFAC) with sales of 3.83 million units, a 7.0% decrease from the previous year. Geely took the first place amongst the Chinese OEM brands with sales of 1,500 million units in 2018. Compared to the previous year, the market shares of German, Japanese, and Korean brands increased, while those of Chinese, American, and French brands all decreased.

Amid sluggish overall automotive sales, the new-energy vehicle (NEV) sector saw healthy growth compared to last year. The production and sales of new energy vehicles reached 1,270,000 vehicles and 1,256,000 vehicles respectively, representing increases of 59.6% and 61.7% respectively. Among them, the production and the sales volumes of fully electric vehicles reached 986,000 vehicles and 984,000 vehicles respectively, representing an increase of 47.9% and 50.8% respectively. The production and sales of plug-in hybrid vehicles were 283,000 vehicles and 271,000 vehicles respectively, representing respective increases of 122% and 118%. It is expected that the new-energy vehicle sector will become the driver of sales growth for the Chinese automotive industry going forward.



Risk Factors

AAPICO considers the risk management and risk assessment processes as one important mission of the organization to drive the sustainable growth. In 2018, the Risk Management Committee has reviewed the Company's internal control processes, in line with the quality management standards, and has evaluated and identified the Company's potential risk factors. With reference to developments and changes in the business environment, the Risk Management Committee has assessed the likelihood of occurrence and financial impact of each risks and determined the appropriateness of internal control to mitigate these risks to an acceptable level. The Company has identified its key risk factors as follows:

Strategic Risk

Risks related to disruptive trends in the automotive industry

The Company has focused on the development of economy and the changing trends of technology that may affect the automotive industry in order to determine the appropriate strategy to drive the continuous growth of the business. These trends include the development and production of electric vehicles, where the industry received the investment promotion support from the government, the development of technology that are geared towards lightweight products that can change to many shapes and still possesses the strength requirement for safety, the development of digital technology, the mobility application and connectivity, the autonomous driving vehicles, and the changing consumer mobility behavior with less demand for car ownership. All these trends and developments presented the risk that will impact the Company's operations.

The Company has assessed that these disruptive trends will not significantly impact the Company's operations in the short-term as these technological changes is still in the early stage of development and will take some times before it will be commercially available. The increasing demand for new energy vehicles also will not have significant impact to the business as the demand for the Company's automotive products, which are mainly the body stamping and frame components, will remain the same for the car production, being the full electrical vehicles, the hybrid electrical, and the traditional fuel engine vehicles.

The Company is fully aware of the risk to its competitiveness in the long-run. Therefore, it has established the research and development function within the organization to assess the impact of these changing trends in order to support the growth of core businesses in the OEM automotive part and the car dealerships sector. The Company also set up the "Internet-of-Thing (IoT) Connectivity & Mobility" business as its third core business pillar to ensure that it is able to follow the industry's disruptive trends going forward.

Risks related to the political instability

The instability of political situation is considered to be one of important risk factors of the Company, mainly due to the impact of the changes of government to its policy toward the automotive industry. The political unrest may affect the development and growth of local economy, the continuation of policy and investment, hence affecting the growth and direction of the automotive industry in Thailand.

With the stability of the military government and the clear election schedule, the Company viewed that the chances of political instability is unlikely. The impact of this risk to the operations is also unlikely given that the Company's facilities are located in industry estates outside Bangkok, which is less likely to be impacted from street protest or unrest activities. The Company however may be financially affected from the sluggish economy as a result of the political instability. Therefore, the Company has increased its focus to look for overseas expansion and new market opportunities to help ease the impact to the Company's performance in case there will be the disruption of businesses in Thailand.

Risks from natural disaster

The Company has assessed the risk and impact from natural disaster in Thailand and overseas based on the catastrophic events in the past, being the Tsunami in Japan and the Great Flood in Thailand in 2011, which led to serious disruption of businesses and supply chain of the automotive industry. The car production and assembly had been impacted due to the shortage of automotive parts. The Great Flood had caused damages to the Company's properties. The Company had also recorded substantial loss due to decreases of revenue, the provision for impairment as a result of deteriorating

value of investment, and additional expenses incurred to safeguard its properties and for the recovery of operations. In 2018, the Company has assessed the impact of this risk at the same level as in 2017. The Company considered that impact to financial performance is high, while the likelihood of such event is considered low. However, the Company has annually reviewed the preventive and protective measures to limit and reduce the exposure both operationally and financially. These measures include the preservation of the dyke surrounding the area of Hitech Industrial Estate, the insurance coverage for all industrial risks, and the maintenance of equipment and facilities in good condition for possible relocation if one would be affected by natural disaster.

Business Risk

Risk related to the competition in the automotive industry

The competition in the automotive part industry is relatively high during the change of car models. The automotive part suppliers are striving to win orders from OEM automakers in order to ensure the guarantee of income throughout the production cycle of the car model. Therefore, the Company is exposed to the risk that it may lose customer orders to other part suppliers. This could have significant impact to the Company's operations and its reputation in the market.

Being the large Tier 1 automotive part supplier in Thailand with high standard of operations and commitment to its stakeholders, the chances of losing orders is very unlikely. The Company has ensured that it manages good relationship with customers and maintains high standard of operations, good product quality, competitive price, and punctual delivery to ensure the continuation of orders for next model. Awards and achievements from customers over the years are the proof of excellence performance of the Company.

Risk of high customer concentration

The Company is inevitably exposed to the risk of customer concentration due to a relatively limited number of major automakers in Thailand. Although the Company supplies automotive parts to various automakers, the majority of its revenue was contributed by three major customers, which are Isuzu, Auto Alliance (AAT), and Nissan. This implies that the Company's performance is largely related to the performance and market share of these major customers and losing orders from any of these customers could significantly impact the Company's profit.

For the year 2018, the Company sees that the chances of losing orders and the impact of this risk was relatively low as its major customers had good performance in the past year. Additionally, the Company has also increased revenue from other customers, namely GKN and American Axles, and others. As part of its business strategy, the Company has established the plans to increasing sales across the three core businesses and expanding its customer base in order to have the well-balanced business and customer portfolio in order to reduce the risk of reliance on a few customers and safeguard the profitability in the long run.

Risk from the slow growth of Thailand automotive industry

For the year 2018, the Company has maintained its view on the risk from the slow growth of the automotive industry in Thailand, which is the main market for AAPICO's businesses. As the Thai automotive sector has been growing at the rate of 3-5 percent per annum in the past 5 years, the Company may face the possibility that its revenue and profit may be decreased.

With the increased demand in the local car market driven by the improved economy, the increase confidence of industrial sector, the spending of government and private investment, and increased tourism, the Company has assessed that the likelihood of this risk is relatively low. The Company also continues its actions to controlling its costs and further reducing the expense level to mitigate the impact of its profitability, as well as seeking for opportunities to grow its customer base and expand its business to new markets in other countries.

Operation Risk

Risk from 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 70-80 % of the product costs. The Company therefore has taken actions to mitigate this risk by adopting the centralized purchasing policy. Under this policy, the Company has agreed with customers to purchase steel from the approved suppliers at the price agreed upon both parties. When the steel prices move, the selling price will then be adjusted according to the changes of steel price. The Company therefore passes on the risk to car automakers and reduces the impact to profitability to a low level.

Labor Risk

The Company has assessed the risk of labor issues due to the shortage of skilled labors and issues with the Labor Union, which can have significant impact on the production and delivery of products to customers, hence damaging the Company's reputation and credibility and disrupting the supply chain of the automotive production. The Company has focused on employees and considers them one of core fundamental value of the organization.

The Company ensures its supports to the quality of life, the appropriate welfare and remuneration, as well as the training and development for every employees. The Company carefully manages and resolves issues related to the Labor Union in an appropriate manner as to avoid creating any conflicts and disputes. The Company's management has put its attention and maintained good relations with employees which help reduce the likelihood of labor dispute and the impact to the Company's operations to a low level. In addition, the Company has also planned for automated production process to reduce its future labor dependence as well as improving efficiency and productivity in the long run.

Quality Risk

The Company has emphasized on the high standard of its production processes and the delivery of quality products to customers. The Company has been certified and operated in accordance with the quality management system standard IATF16949. It has set a target of zero defect delivery to its customers and has motivated and encourages employees on quality awareness. This measures has assured that the risk related to quality issue is well managed and controlled. Furthermore, the Company also provided a warranty for defect parts and the product liability insurance coverage to mitigate the impact to its financials.

Management Risk

Risk from reliance on a single top management executive

The Company anticipated the potential risk from relying on a single top executive, and has defined measures to manage this risk and reduce its impact in managing the organization. The Company's management structure has been defined to empower professional managers with authority to manage their businesses and report to the management and the Board of Directors.

This empowerment helps reduce the reliance on the involvement of top executives and allow the business to run independently and efficiently. The Board of Directors, in its capacity, are to provide guidance and support to ensure that the business growth is in line with the Company's strategy. Other measures are the review of the talents and succession planning of key positions including the training and development plan to prepare employees for their leadership and managerial roles to support the growth of the Company.

Financial Risk

Risk from fluctuation of interest rate

The Company is exposed to the risk from the interest rate fluctuation from its loans under the floating interest term with banks. Due to the increases of the interest policy from 1.50% to 1.75% in 2018 and the forecast of economic recovery in both domestic and overseas market, the rise of interest rate may be expected in 2019. In view of potential increases of financial costs, the Company has a policy to balance fixed rate and floating rate borrowings to manage its financial costs for the best benefit of shareholders. This includes the issuance of debenture at fixed interest rate. The Company has also continued to reduce the proportion of floating rate borrowing. At present, the borrowing under the fixed interest rate was 58%, which was an increase from the 2017 level at approximately 42%.

Risk from fluctuation of currency exchange

The Company is exposed to the risk from fluctuation of foreign currency exchange from its export business that has its revenue in US Dollar. For its normal operations, the risk is considered not significant, despite the high volatility of currency movements during the year, due to its small contribution of less than 5% of total revenue. However, the Company is still impacted by this risk from its loan given to Sakthi Global Auto Holdings (SGAH) in US Dollar, where it had recorded the net unrealized loss in 2018.

The Company 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 has realized and 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 has initiated activities and campaigns related to health and safety throughout the organization. These activities include the Safety Week, the Completely Check Completely Find out (CCCCF) 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 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 the risk 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 and profitability, as well as the investment value and the Company's reputation with customers or business partners. The establishment of joint venture and the dealing of business in other countries can also expose risks to the Company due to its uncertainties and the country policies that may affects the operations and profitability.

The Board of Directors has defined criteria and guidelines to the management to perform the 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. Roles and responsibilities of each party must be clearly defined. 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 credit facilities with banks as its funding resource for working capitals and investments, which requires the Company to follow and comply with the terms and conditions including the return of principal and interest payment according to the schedule. If the Company does not comply with covenants as stated in the loans agreement, it may trigger the default terms with banks. The loan call back from one bank may trigger the call back of loans from other banks and 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. Other than these, the Company also has implemented several measures for mitigation and preventive actions. 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 schedule 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.

Shareholding Structure

Ordinary Shares

AAPICO Hitech PLC has registered and paid-up capital of Baht 322,583,844, consisting of 322,583,844 ordinary shares at par value of Baht 1 each. There is no issuance of other type of shares.

In 2016, the Company had repurchased 6,007,700 of its shares under the Share Repurchase Program. In 2017, the Board of Directors had resolved to approve the resale of repurchased shares on the Stock Exchange of Thailand during March 15, 2017 to September 13, 2019. To date, the Company had sold 25,000 treasury shares in June 2018, resulting in a balance of 5,982,700 treasury shares, which is equivalent to 1.85% of registered and paid-up capital as of December 31, 2018.

The Company's major shareholders are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, who are also the Company's authorized 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 the threshold limit of foreign holding at 49% of total shares as required by law. As at March 15, 2019, the Company had the foreign holding of its shares at 48.86%.

List of Top 10 shareholders as of March 15, 2019

	Shareholders	No. of shares	%Holding
	Mr. Yeap Swee Chuan	44,122,773	13.68%
1	Mrs. Teo Lee Ngo	31,811,346	9.86%
	Mr. Yeap Swee Chuan Group	75,934,119	23.54%
2	Thai NVDR Company Limited	45,119,545	13.99%
3	Ms. Yeap Xin Rhu	25,839,760	8.01%
4	Ms. Yeap Xin Yi	25,055,469	7.77%
5	BNP PARIBAS SINGAPORE BRANCH	20,000,000	6.20%
6	Phatra Capital PLC	15,793,600	4.90%
7	Mr. Pichai Wijakkapan	11,205,400	3.47%
8	Mr. Kiattisak Traitreungtatsana	6,414,520	1.99%
9	AAPICO Hitech PLC (Treasury share)	5,982,700	1.85%
10	Mr. Sompong Pa-earnchoke	4,816,940	1.49%
	Others	86,421,791	26.79%
	Total	322,583,844	100.00%
	% Free Float	41.83%	

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

* Thai NVDR Company Limited (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand and regarded as listed securities in the SET, who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders.

Major shareholders under Thai NVDR Company Limited

	Shareholders	No. of shares	%Holding
1	Ms. Yeap Xin Yi	12,445,571	3.86%
2	The Hong Kong and Shanghai Banking Corporation Limited	11,076,249	3.43%
3	UBS AG London Branch	4,447,836	1.38%
4	State Street Europe Limited	2,991,000	0.93%
5	BNY Mellon Nominees Limited	2,075,600	0.64%

Debentures

As of December 31, 2018, AAPICO Hitech PLC has Baht 1,500 million of corporate debentures, all of which have been listed and being traded on Thai Bond Market (ThaiBMA), as follow.

Symbol	Issue Size (THB Million)	Coupon Rate (%)	Payment Frequency	Tenor	Maturity Date
AH196A	300	3.10%	Every 3 months	2 Years 11 Months 21 Days	June 11, 2019
AH200A	300	3.09%	Every 6 months	2 Years 11 Months 18 Days	October 6, 2020
AH237A	300	3.50%	Every 3 months	5 Years	July 26, 2023
AH219A	600	3.75%	Every 6 months	3 Years	September 26, 2021
Total	1,500				

Dividend Policy

History of Dividend Payment in the past 5 years

Unit: in THB or in percentage	2014	2015	2016	2017	2018 ¹
Earnings per share (EPS)	1.14	0.97	1.70	3.66	4.10
Dividend per share (DPS)	0.30	0.30	0.66	1.20	1.30
Dividend Payout Ratio (%)	26.4%	30.9%	38.9%	32.8%	31.7%

Note: ¹ Dividend in 2018 is pending for approval from the Annual General Meeting of Shareholders.

AAPICO Hitech PLC

AAPICO has a policy to pay dividend to its 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 fully allocated its retained earnings up to 10% of registered capital for legal reserves in compliance with the Public Limited Company Act.

Dividend payment must be approved by the shareholders' meeting. An exception is for interim dividend payment, for which the Board of Directors can approve such payment and report to the next shareholders' meeting.

Subsidiaries

In case of subsidiaries that the Company exercises its control, the dividend payment is to be considered based on their operating profit, 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.

Board of Directors



Mr. Yeap Swee Chuan

President and CEO
Authorized Director

Chairman of Board of Directors

Appointed from: August 1, 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

2005-2017
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 Directors
Authorized Director

Appointed from: August 1, 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 and
Chairman of Nomination &
Remuneration Committee

Appointed from: August 1, 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 (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. John Parker

Independent Director

Chairman of Risk Management
Committee

Appointed from: April 26, 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.

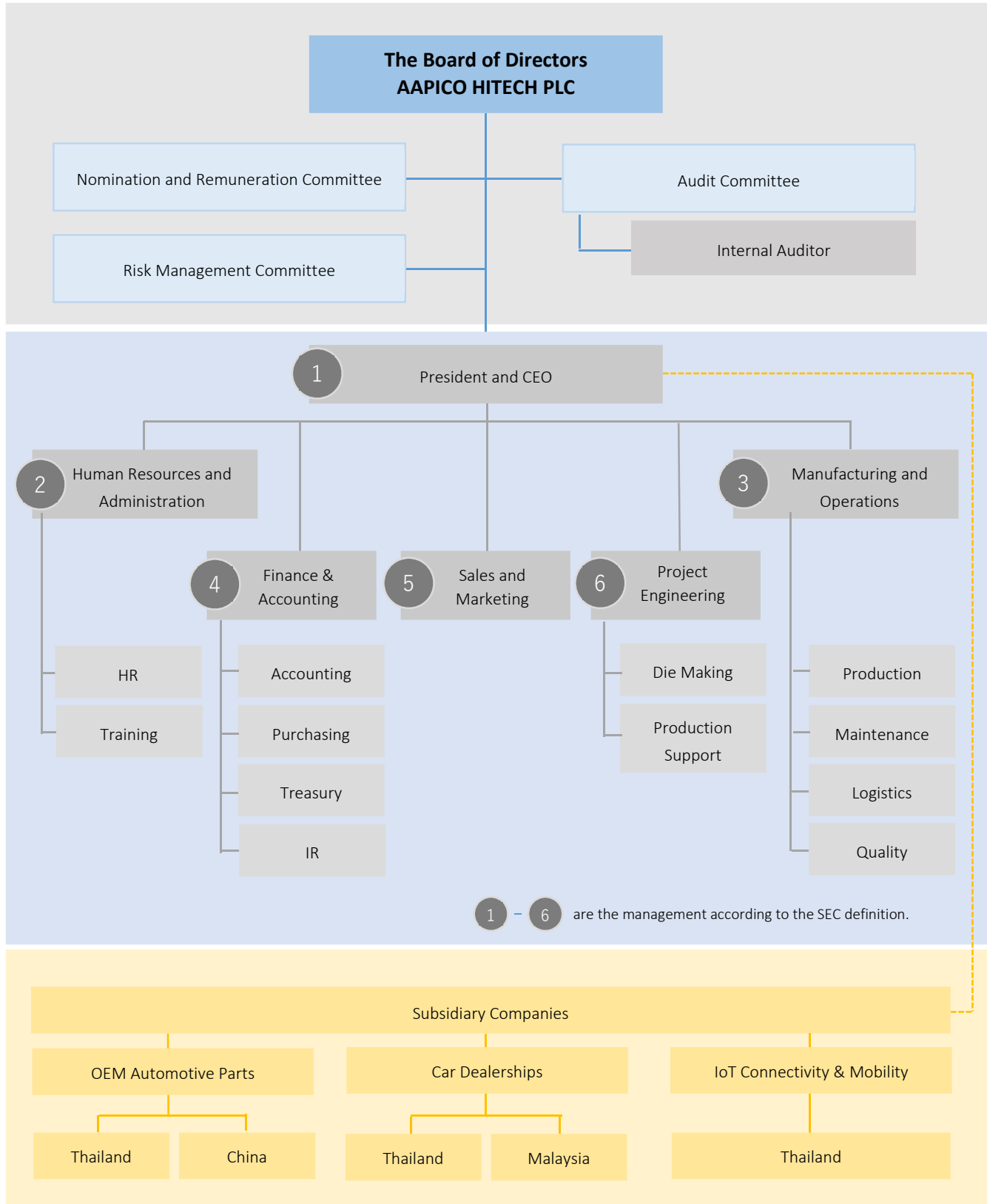
2011-Present
Director
AAPICO Hitech PLC

2006-2010
Executive Vice President,
Asia Pacific and Africa,
Ford Motor Company

 <p>Mr. Kenneth Ng</p> <p>Independent Director</p> <p>Member of Audit Committee Member of Nomination & Remuneration Committee</p> <p>Appointed from: December 1, 2008</p> <p>AH Shareholding: None</p> <p>Education:</p> <ul style="list-style-type: none"> ▪ Bachelor of Science (Honor), Biotechnology, Graduated Uppersecond, King's College London University, UK ▪ Qualified Chartered Accountant (Institute of English & Wales) <p>Training:</p> <ul style="list-style-type: none"> ▪ Director Certification Program (DCP189/2014), Thai IOD <p>Work Experience:</p> <p>2008-Present Director AAPICO Hitech PLC</p> <p>2005-Present Director KNKN Co., Ltd.</p> <p>2005-Present Chairman NT Asset (Thailand) Co., Ltd.</p>	 <p>Mr. Kai Taraporevala</p> <p>Independent Director</p> <p>Member of Audit Committee Member of Nomination & Remuneration Committee</p> <p>Appointed from: August 14, 2017</p> <p>AH Shareholding : None</p> <p>Education</p> <ul style="list-style-type: none"> ▪ 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 <p>Training:</p> <ul style="list-style-type: none"> ▪ Listed Company Director Program, Singapore Institute of Directors (SID) ▪ Master Class for Directors, Institute of Directors (IOD) India <p>Work Experience:</p> <p>2017-Present Director AAPICO Hitech PLC</p> <p>2015-Present Managing Director Tethys Ventures (Singapore) Pte. Ltd.</p> <p>2014-2015 President, Investment Banking and Securities, Tata Capital Limited Managing Director, Tata Securities Limited</p> <p>2011-2014 Managing Director Tethys Ventures (Singapore) Pte. Ltd.</p> <p>1997-2011 Managing Director India Advisory Partners Pvt. Ltd.</p>	 <p>Mr. Wichian Mektrakarn</p> <p>Independent Director</p> <p>Member of Risk Management Committee</p> <p>Appointed from: April 27, 2015</p> <p>AH Shareholding : None</p> <p>Education</p> <ul style="list-style-type: none"> ▪ Bachelor of Science in Electrical Engineering (Honor), California State Polytechnic University, Pomona, USA <p>Training:</p> <ul style="list-style-type: none"> ▪ Role of Chairman, Thai IOD ▪ Director Certification Program (DCP107/2008), Thai IOD ▪ Board that Make a Difference (BMD3/2016), Thai IOD ▪ Capital Market Academy Leadership Program (CMA8) ▪ Advance Certificate Course in Politics and Governance in Democratic Systems for Executives Class 17, The College of Politics and Governance, King Prajadhipok's Institute ▪ Advance Executive Program, Kellogg School of Management, Northwestern University, USA ▪ Mini MBA for Shinawatra Executives, Chulalongkorn University ▪ Advanced Technical in Microwave, California State University, Northridge <p>Work Experience:</p> <p>2016-Present Chairman of the Board of Directors CS LoxInfo PLC Authorized Director, Member of Executive and Strategy Member of Nomination and Remuneration Committee Pruksa Holding PLC</p> <p>2015-Present Director AAPICO Hitech PLC Chairman of the Board of Directors Aira & Aiful PLC</p> <p>2014-Present Director, Audit Committee Member Thanachart Insurance PLC Director Pruksa Real Estate PLC</p> <p>2011-2016 Member of Executive Committee Intouch Holdings PLC</p> <p>2014-2016 Advisor Advanced Info Service PLC</p> <p>2009-2014 Chief Executive Officer Advanced Info Service PLC</p>	 <p>Mrs. Vachira Na Ranong</p> <p>Independent Director</p> <p>Member of Risk Management Committee</p> <p>Appointed from: August 14, 2017</p> <p>AH Shareholding : None</p> <p>Education</p> <ul style="list-style-type: none"> ▪ Bachelor Degree in Finance and Banking, ▪ Chulalongkorn University ▪ Master Degree in Finance and Business Administration, Marshall University, USA <p>Training:</p> <ul style="list-style-type: none"> ▪ 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) <p>Work Experience:</p> <p>2017-Present Director AAPICO Hitech PLC</p> <p>2016-Present Independent Director, Audit Committee S11 Group PCL.</p> <p>2012-Present President and Director Thai Investors Association</p> <p>2004-2010 Deputy Secretary General, Corporate Administration Group, Government Pension Fund</p> <p>2002-2003 Advisor, Fiscal Policy Research Institute</p> <p>1998-2002 Assistant Secretary General, Financial Sector Restructuring Authority</p> <p>1989-1997 Executive Vice President, Ekthanakit Finance Public Co., Ltd.</p>
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Organization and Management

Organization Structure



Board of Directors

AAPICO Hitech PLC's structure comprises the Board of Directors and three committees to consider significant matters, namely the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. The Board of Directors plays an important role in overseeing and monitoring business performance and ensuring the sustainable growth of the AAPICO Group in line with the Company's strategic direction.

Composition of the Board

The Board of Directors consists of 8 directors, namely two executive directors and six independent directors. The executive directors are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, who are authorized to jointly sign on behalf of the Company. The six independent directors are diverse in terms of gender, culture, skills, knowledge and experience. The proportion of independent directors is more than half of the Board, in compliance with good corporate governance principles.

Board of Directors of AAPICO Hitech PLC as at December 31, 2018

Name	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. John Parker	Independent Director			Chairman
6 Mr. Wichian Mektrakarn	Independent Director			Member
7 Mrs. Vachira Na Ranong	Independent Director			Member
8 Mr. Kaikhushru (Kai) Taraporevala	Independent Director	Member	Member	

Note: * Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are the authorized directors who can jointly sign on behalf of the Company and affix the Company's seal.

Board Meetings

Board meetings are planned for the entire year. Every year, the Company schedules meetings for the Board of Directors and its committees to perform their duties on a regular basis. These regular meetings in 2018 consist of:

- 4 Board of Directors meetings
- 4 Audit Committee meetings
- 1 Nomination and Remuneration meeting
- 2 Risk Management meetings

Additional meetings may be called to discuss special items. In addition to these meetings, the Company also invites directors to join the annual performance review meetings which are held twice a year to monitor and advise on its operations as necessary. Directors are informed of these meetings in advance and are responsible for managing their attendance at these meetings accordingly.

In 2018, AAPICO held 5 meetings of the Board of Directors (4 regular and one special). One special meeting was held to discuss, review, and determine the AAPICO Group's business strategy and directions. The Audit Committee met 4 times, on a quarterly basis, to consider and approve the disclosure of the Company's financial statements, of which one meeting was conducted with the Company's auditor in the absence of management to allow independent discussions on the Company's performance. The Risk Management Committee held 2 meetings to assess and review key risk factors and the risk assessment process according to IATF standards. The Nomination and Remuneration Committee held 1 meeting to consider directors' nomination and remuneration and to advise on the succession plan for key management positions in the Company.

Attendance Record of the Board of Directors' meetings in 2018

Name	Meeting Attendance in 2018				
	Board of Directors (Total 5)	Audit Committee (Total 4)	Nomination & Remuneration Committee (Total 1)	Risk Management Committee (Total 2)	Annual General Meeting of Shareholders (Total 1)
1 Mr. Yeap Swee Chuan	5/5	-	-	2/2	1/1
2 Mrs. Teo Lee Ngo	5/5	-	-	-	1/1
3 Mr. Pipat R. Punya	5/5	3/4	1/1	-	1/1
4 Mr. Kenneth Ng	5/5	4/4	1/1	-	1/1
5 Mr. John Parker	4/5	-	-	2/2	1/1
6 Mr. Wichian Mektrakarn	4/5	-	-	2/2	1/1
7 Mrs. Vachira Na Ranong	4/5	-	-	2/2	1/1
8 Mr. Kaikhushru (Kai) Taraporevala	5/5	4/4	1/1	-	1/1

Management

AAPICO Hitech PLC

AAPICO Hitech PLC's operations are managed by teams of professional top executives, headed by the President and CEO of the AAPICO Group. Top executives are empowered with the authority to operate and manage the business in line with the policy, strategies, and goals which have been 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 Company 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.



Subsidiaries

For subsidiaries under the Company's control, the Company assigns duties and responsibilities to the head of each company to carry out its operations and to be accountable for its performance and reporting 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.

Management Team of AAPICO Hitech PLC according to SEC definition

Name	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	Chief Financial Officer , Director - Purchasing
5 Mr. Saththa Peth-in	Assistant General Manager , Sales and Marketing
6 Mr. Kawee Wasaruchareekul	General Manager , Project Engineering

Management of Major Subsidiaries

Name	Position	Company
Manufacture of OEM Automotive Parts		
1 Mr. Veera Buanwongse	Plant Director	<ul style="list-style-type: none"> • AAPICO Hitech Parts Company Limited • AAPICO Lemtech Company Limited
2 Mr. Yong Prathuangsook	Chief Operating Officer (COO)	<ul style="list-style-type: none"> • AAPICO Amata Company Limited • AAPICO Structural Products Company Limited
3 Ms. Yeap Xin Rhu	Chief Operating Officer (COO)	<ul style="list-style-type: none"> • AAPICO Forging Public Company Limited • AAPICO Precision Company Limited
4 Mr. Gao Xue Guang	Chief Operating Officer (COO)	<ul style="list-style-type: none"> • Kunshan Chaitai-Xincheng Precision Forging Company Limited (China)
5 Mr. Yaochia Chen	General Manager	<ul style="list-style-type: none"> • AAPICO Hitech Public Company Limited (Rayong) • AAPICO Plastics Public Company Limited (Rayong)
6 Mr. Oros Yomhong	General Manager (Acting)	<ul style="list-style-type: none"> • AAPICO Plastics Public Company Limited
Car Dealerships		
7 Ms. Tang Kim Koh	General Manager	<ul style="list-style-type: none"> • Able Motors Company Limited • New Era Sales (M) Sdn. Bhd. (Malaysia) • Tenaga Setia Resources Sdn. Bhd. (Malaysia)
8 Ms. Yeap Xin Yi	General Manager	<ul style="list-style-type: none"> • New Era Sales Company Limited
IoT Connectivity & Mobility Business		
9 Mr. Jonathan McKeever	Assistant General Manager	<ul style="list-style-type: none"> • AAPICO ITS Company Limited

Company Secretary

The Board of Directors has appointed Ms. Phanthip Praditsuktavorn as the company secretary and assistant secretary to the Board of Directors, responsible for organizing meetings of the Board of Directors and shareholders. The company secretary is also in charge of preparing the meeting notices and minutes, annual reports, and public disclosures, as well as preparing and maintaining documents as stipulated by laws, the SET and the SEC.

Remuneration

Board of Directors

AAPICO sets remuneration for its directors at rates comparable to other listed companies engaged in the same industry and with similar business size, performance, and accountability of directors. The Nomination and Remuneration Committee considers directors' remuneration based on appropriateness, corporate financial status and duties and responsibilities of directors to propose to the Board of Directors and concurrence to the shareholders' meeting for approval.

The directors' remuneration is composed of annual remuneration, attendance fee, and incentive bonus. The Annual General Meeting of Shareholders for the year 2018 passed a resolution concerning the remuneration of the Board of Directors and committees as follow.

Directors' Remuneration Structure for the year 2018

Board of Directors / Committees	Position	Annual Remuneration (Baht)	Attendance Fee (Baht)	Incentive Bonus (Baht)
Board of Directors	Chairman	-	-	-
	Executive Director	-	-	-
	Independent Director	275,000	20,000	0.2% of net profit but not exceeding Baht 3 million
Audit Committee	Chairman	50,000	15,000	
	Member	25,000	15,000	
Nomination & Remuneration Committee	Chairman	-	10,000	
	Member	-	10,000	
Risk Management Committee	Chairman	-	10,000	
	Member	-	10,000	

Remuneration for Directors in 2018

Directors	Annual Remuneration (Baht)	Attendance Fee (Baht)	Incentive Bonus (Baht)	Total Remuneration (Baht)
1 Mr. Yeap Swee Chuan ^{a/}	-	-	-	-
2 Mrs. Teo Lee Ngo ^{a/}	-	-	-	-
3 Mr. Pipat R. Punya	325,000	135,000	433,053	893,053
4 Mr. Kenneth Ng	300,000	150,000	433,053	883,053
5 Mr. John Parker	275,000	80,000	433,053	788,053
6 Mr. Wichian Mektrakarn	275,000	80,000	433,053	788,053
7 Mrs. Vachira Na Ranong	275,000	80,000	433,053	788,053
8 Mr. Kaikhushru (Kai) Taraporevala	300,000	150,000	433,053	883,053
Total	1,750,000	675,000	2,598,318	5,023,318

^{a/} Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are executive directors, hence their remuneration is classed as management compensation.

Independent directors receive annual remuneration and attendance fees according to the performance and individual responsibilities of members of the Board. The incentive bonus is calculated at 0.2% of consolidated net profit attributable to equity holders, with a maximum limit of Baht 3 million to be distributed equally among independent directors. Executive directors are not entitled to receive remuneration for their directorships because their compensations are classed as management compensation. The Company does not grant other special privileges to directors.

Management & Employees

AAPICO sets appropriate compensation and welfare benefits for management and employees based on the cost of living, economic conditions, and benchmarking against other companies in the automotive industry. The Company ensures fairness to employees and considers compensation based on capability, skill, and experience, and scope of responsibilities and accountabilities to be in line with peer companies.

Remuneration to management and employees is in the form of salary, wages, bonus, social security contributions and provident fund. The Company also provides incentives for long services as well as post-employment compensation and gratuity benefits to employees upon retirement in compliance with labor laws and the long-term employee retirement benefit plan. Other than these monetary remunerations, other welfare benefits provided to employees include lunch, medical, transportation, uniform, and others.

Management

Management compensation is determined in accordance with Company policy and corresponding to the duties and responsibilities of individual management positions. Vehicles are also provided to top executives to facilitate their duties. In 2018, the Company paid compensation to 24 executives

in manager-level positions and above which amounted to Baht 39.34 million.

Remuneration	2017	2018
Salary	35.87	32.38
Bonus	4.93	5.59
Provident Fund	1.15	1.37
Total (in THB million)	41.95	39.34
<i>Number of executives</i>	<i>33 people</i>	<i>24 people</i>

Employee

Salaries, wages, and benefits paid to employees in 2018 amounted to Baht 1,545 million, versus Baht 1,338 million in 2017.

Provident Fund Contribution

The Company has jointly established a provident fund with its employees, whereby the Company and employees who are members of the funds made monthly contributions at the rate of 3% - 7% of wages or basic salary. Employees will be compensated upon termination according to the fund rules. In 2018, the Group contributed Baht 32 million to the provident fund, as compared to Baht 27 million in 2017.

Employee Joint Investment Program (EJIP)

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

Long-term Employee Benefit

The Company has obligations in respect of severance payment to employees upon retirement under labor law. It also provides other long-term benefit plans, namely long service awards.

Country Product/Business	Thailand		Malaysia		China		Total	
	2017	2018	2017	2018	2017	2018	2017	2018
Jigs and Dies	130	153	-	-	-	-	130	153
Automotive Parts	3,001	3,038	-	-	272	295	3,273	3,333
Car Dealerships	191	210	182	199	-	-	373	409
Technology (IoT) and Others ¹	142	128	-	-	-	-	142	128
Total Employees	3,464	3,529	182	199	272	295	3,918	4,023

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

HUMAN RESOURCES DEVELOPMENT

Consistent with its Company vision, AAPICO places great value and emphasis on its employees. The Company has established and improved its human resource management processes and encourages employees to fully participate with their skills and knowledge in order to contribute to the Company's success.

The Company has focused on developing the skills and abilities of employees at all levels. Employees shall perform their duties safely and efficiently and continuously improve their capabilities to quickly adapt and respond to changes in business needs, technology and industry requirements. The Company has defined training and development programs based on business objectives and learning needs. In cases where the Company does not have in-house expertise, employees can attend training courses organized by other reputable organizations that are relevant to their functions.

AAPICO Training Center has been assigned to coordinate and manage the overall human resource development program and training courses for the AAPICO Group. The Company has more than 290 in-house training courses made available under 7 training topics, which are as follows:

1. **Technical Training** educates and trains employees to have sufficient knowledge and skills to perform their functions & duties safely and sufficiently according to operating procedures and quality standards. The Company has more than 150 technical training courses covering areas of production, design, systems and technology, purchasing, accounting, and others.
2. **Management Training** aims to increase knowledge and develop supervising and coaching skills for managers and supervisors. Topics include strong team building, supervisory skill development, roles and skills for leaders in the automotive industry, and others.
3. **Participative Management Training** aims to develop skills and knowledge related to the automotive industry. The topics covered include TPS, TPM, 5S for productivity, QCC for productivity, and others.
4. **Safety and Environment Training** is related to quality and environment management standards, and safety practices for operations. Topics are related to safety operations, ISO/IATF standards, relevant laws and regulations, and others.
5. **Language Training** focuses on developing and improving employees' communication skills in foreign languages.
6. **Computer Training** aims to educate employees in the use of computers and technology, enabling them to manage their work efficiently and effectively.
7. **Quality of Life Training** is an essential part of the HR development program of AAPICO Group. Employees gain a better understanding of the success factors for personal wellbeing, such as refraining from vices, identifying the root cause of problems and finding ways to resolve such problems, and fostering the bond of love and relationships within the family. This program places great importance on the development of self-discipline, teamwork and good leadership, as well as continuous personal development. The Company aims to create awareness of and encourage employees to enjoy a good quality of living. The Company believes that good quality of life will result in good quality of work and hence sustainable growth. These courses include Happy Workplace, Quality of Life Training, and Virtue Camp.

The Company encourages employees to attend any training programs that may interest them. In addition to regular training courses, the Company also organizes seminars for management twice a year. These are events where the Board of Directors and executives of major subsidiaries join together for networking and sharing business updates.



Corporate Governance

At AAPICO, we commit to conduct our business with responsibility, integrity, honesty, transparency, and fairness. AAPICO's business principles are defined by its ethical framework and continuously improve in response to changes in economy, society and environment, and corporate governance circumstances.

Corporate Governance Policy

AAPICO places great importance in having good corporate governance. Over the years, the Company has continually improved its governance practices and standards across the organization to gain and maintain shareholders' trust and confidence in its operations. In its roles, the Board of Directors ensures that the Company adheres to good corporate governance principles and acts in compliance with its corporate governance policy in 5 areas as follows:

1. Right of Shareholders

AAPICO highly respects the rights of shareholders. As the owners of the Company, shareholders are entitled to set the Company's direction and decide on matters of significant impacts to the Company's operations and their benefits. Apart from the election of directors to supervise the Company's operations on their behalf, shareholders are encouraged to attend shareholders' meeting to express their opinions, question, and vote on important affairs of the Company.

Scheduling Shareholders' Meeting

The Company has made efforts to encourage and facilitate shareholders to exercise their rights and has emphasized on the good practices and quality of shareholders' meeting. The Company schedules the annual general meeting of shareholders within 4 months of the annual closing of its accounting books. The Company selects the venue of the meeting in the areas that can be easily accessible by public transport and fixes date and time with consideration of convenience to shareholders. The Annual General Meeting (AGM) of shareholders for the year 2018 was held at Arnoma Grand Bangkok Hotel on April 23, 2018 at 10:00 A.M.

The hotel is located on Rajdamri Road with easy access to public transport (e.g. taxi, bus, boat, skytrain, etc.) and has sufficient capacity to accommodate the shareholders attending the meeting.

Notice to Shareholders' Meeting

The Company disclosed the Board Meeting's decision on the AGM date, the AGM agenda, and the Board's opinions on SET website to notify shareholders before sending the meeting notices. The Company ensured that the notice of shareholders' meeting contained correct and complete information of the time, date, venue, and agenda of the meeting, and provided with facts and opinions of the Board Meeting for each agenda item. The notice of shareholders' meeting and supporting documents, including the minute of the last meeting, the annual report and proxy forms with complete instruction, were made available in both Thai and English on AAPICO's website 30 days prior to the meeting date. The same documents were mailed to shareholders more than 14 days in advance prior to the meeting date to allow enough time for shareholders to prepare for meeting.

Appointing Proxies

For shareholders who are unable to attend the meeting in person, the Company gives opportunity for them to appoint proxies or delegate their votes to independent directors. The Company has specified independent directors' names in the proxy forms defined by the Ministry of Commerce. Shareholders can exercise their voting rights without conditions by using the Proxy Form B attached to the meeting notice or downloaded other proxy forms, including those proxy forms required for investors who authorize custodians in Thailand, from AAPICO's website. The Company considered and treated proxies as if they were shareholders and has included their votes in the voting system as they wish.

At the Meeting

At the registration, the Company had applied technology to facilitate and smoothen shareholders' registration process. The Company had placed adequate number of staffs and had provided the affixing of stamp duty on proxy forms to assist shareholders at the registration table.

Before the meeting, the Company Secretary introduced the Board of Directors, Management, and external auditors to the meeting. At the 2018 AGM meeting, every member of the Board of Directors including the Chairman of every committees were all present in the meeting.

The Company Secretary elaborated on the voting procedure, the voting count, and the announcement of voting results. A vote cast is done openly by hand showing the voting cards which are filled with a vote and shareholders' signature affixed. The Company collects and counts these votes for disapproval and abstention as a deduction to derive the approval votes. After the voting count is completed, the result is announced for each agenda item. In the case that the voting count may take long time, the Chairman may proceed to the next agenda item to avoid disrupting the Meeting and informed the result when the voting count has finished. Shareholders are requested to return their signed voting cards to the Company after the meeting adjourned.

The AGM meeting in 2018 was proceeded by the order of the agenda as appeared in the meeting notice. There were no changes in the order of the agenda and no request to consider any other matters. For each agenda item, the Chairman ensured that shareholders had adequate time to freely express their opinions and raise questions. The Chairman also welcomed additional comments and inquiries of shareholders' interests and provided that the management answered all questions clearly and precisely.

As a rule for conflict of interest matters, any directors with vested interests or involvement on any agenda item must inform the meeting to excuse themselves and abstain from voting on that agenda item. At the 2018 AGM, nominated directors are requested to leave the meeting room for shareholders to duly consider the appointment of director and vote on individual basis.

The Company maintains shareholders' right to attend and vote at the shareholders' meeting even after the meeting had commenced. Their attendance had constituted part of the quorum, starting from the agenda item for which they were in attendance and can exercise their rights provided that the resolution had yet to be concluded.

After the meeting, the Company disclosed the resolution with the voting results for each agenda item on the SET website at the end of the same day. The meeting minute was completely and accurately recorded with details of the

number of shareholders and proxies in attendance, the voting results, shareholders' comments and questions, and explanations from the directors and the management. The minute of the 2018 AGM meeting was prepared and submitted to the SET within 14 days from the date of the meeting as per the SET rule, and was made available to the public on AAPICO's website in both Thai and English.

2. Equitable Treatment of Shareholders

At AAPICO, we treat every shareholders fairly and equally despite their shareholding proportions and regardless of their gender, age, race, nationality, religion, beliefs, social status, physical abilities, and political views. Shareholders receive equal right for voting. One share equal to one vote. No shares have extra privileges over other shares. Their voting power is equal to the number of shares they hold.

Proposing Agenda Items and Nominating Directors

The Company protects the interests of every shareholders being major or minor, individual or institutional, or Thai or foreign investors. All shareholders have equal rights to express their opinions, propose agenda items, or nominate the Company's directors. The Company had defined the criteria and procedures for shareholders to propose the agenda item or nominate directors, or both, in advance for the Board of Directors to deliberate and include in the AGM meeting agenda. These information are publicly available on AAPICO's website in both Thai and English and was also announced on SET website. For the 2018 AGM, the Company invited all eligible shareholders to propose agenda item and/or nominate directors during the period from October to December 2017. However, there were no proposal from shareholders to be considered for the 2018 AGM.

Facilitating Shareholders at the Meeting

The Company ensures to provide adequate convenient for every shareholders to attend the shareholders' meeting. At the 2018 AGM, the Company arranged the registration to be opened at least one hour prior to the scheduled meeting time and extended until last meeting agenda. The Company used an online tool to support the registration and voting.

The 2018 AGM was conducted in Thai as most shareholders are Thai. However, for the benefit of foreign directors and shareholders, the Company had arranged that supplement documents and presentations are also available in English. Staffs with a good command in English were ready to provide

the translation of discussion and questions in English and Thai to ease communication needs for shareholders.

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

The Use of Internal Information

AAPICO is aware of possible abuse of internal information and has a policy to protect the confidentiality of financials and business information and transactions that could have impact on share price and has not been disclosed to public. The Board of Directors, executives, and employees who have access to these internal information must keep information strictly confidential and must be aware not to disclose information to any party not involved in the transactions.

The Company prohibits the use of internal information for personal benefit. In compliance with good corporate governance practices, the Company has established a guideline concerning the transfer of the Company's securities to be applicable for directors, executives, relevant employees, and their related persons, including their spouse and children who are minor, which are as follow:

- Black out period: Directors, executives, and employees, including their related persons, shall refrain from trading the Company's securities for a period of 30 days prior to and at least within 24 hours depending on materiality after the release of financial statements or public disclosure of significant matters.
- Report of securities holding (Form 59-1): Directors and executives as defined by SEC definition, including their related persons, are required to report their holding of the Company's securities to the SEC within 30 days after the date on which they are appointed.
- Report of changes in securities holding (Form 59-2): Directors and executives as defined by SEC definition, including their related persons, are also required to report any changes in their securities' holding as a result of sale, purchase, transfer, or acceptance the transfer of securities within 3 working days, with exception to the case that such changes are resulted from the Employee Joint Investment Program (EJIP) or other program which received exemption from SEC.

Failure to comply or violation to this policy may result in derogation or damage to the Company and are subjected to penalty measures, such as warning, suspension without pay,

termination and possible legal action taken by relevant regulatory authorities. The Board of Directors and top executives shall report any changes of their holding of the Company's securities to the Company. The movements of securities' holding of directors and top executives are also disclosed in the Annual Report.

Managing the Conflicts of Interests

As a group of companies, AAPICO is well aware of matters relating to conflict of interests among entities and related parties. The Company has defined a guideline in dealing with such matters in a prudent, fair, and transparent manner. These practices include the following:

- The Company ensures that the shareholding structure in subsidiaries, associates, joint venture companies, and other investments is clear and transparent and disclosed to public. There is no cross-holding among major shareholders.
- The Company advises that directors and executives, including their related persons shall report their vested interests to the Company upon their appointment and at every year-end.
- At directors' meeting, directors or executives who have vested interests in the agenda must abstain from voting on such agenda. This is to ensure that decisions are made in a fair and transparent manner for the best benefit of shareholders.
- Transactions with related parties shall be conducted fairly, at arm's length basis, on normal business terms, or based upon agreements between the Company and related party that will benefit the Company as a group.
- Connected transactions requiring shareholders' approval must be carried out duly and in compliance with the regulations and requirements of SEC and SET.

3. Role of Stakeholders

AAPICO adheres to ethical business conduct and carries its businesses to jointly create values with its stakeholders for mutual and sustainable benefits. The Company recognizes the rights of stakeholders, their interests and different needs of each group.

The Company ensures to protect basic rights of its stakeholders in accordance with laws and related regulations, and has carefully defined the policy, guidelines and practices that appropriately address the needs of each stakeholder. AAPICO's key stakeholders are as follows:

Shareholders

Shareholders are owner of AAPICO's business. The Company shall operate its businesses to create long-term corporate sustainability, increase the Company's economic value, and generate good returns to shareholders. The Board of Directors are shareholders' representative. Directors and executives are to perform their duties with honesty and integrity to supervise and manage AAPICO's businesses to operate effectively, efficiently, in a transparent and auditable manner. They shall act in consideration of the best interests of its shareholders and in compliance with good corporate governance principles.

AAPICO arranges activities with shareholders and provides equal access to shareholders to contact the Company. Its key activity is the shareholders' factory visit which is arranged on annual basis. The Company gives equal opportunities to all shareholders to sign up and join this activity. Shareholders can register their names at the AGM in person or call or send email. Subjected to seat availability, the Company selects the participants on first come first serve basis regardless of the number of shares holding. In 2018, the Company arranged a shareholders' visit to its main stamping and tooling factory at Hitech Industrial Estate in Ayutthaya province on Thursday May 25, 2018.

AAPICO discloses financial and non-financial information in a factual, complete, adequate, constant, and timely manner. Shareholders are well informed of financial results and public disclosure on AAPICO's website and SET website. The Company monitors access to internal information to prevent anyone from using such information for personal gains and causing damage to the organization. The Company assigns the Investor Relations (IR) to be its primary contact window to communicate business information and clarify questions and concerns of shareholders and public, hence reducing the fluctuation and impact to the Company's share price.

Customers

AAPICO focuses on the SQCDM principle as it is the key success factors to high standard of operations and customer satisfaction. AAPICO emphasizes on excellent production and the delivery of high quality products to its customers in a timely manner and at a competitive and reasonable price. Being a responsible partner in the automotive part supply chain, the Company ensures the continuity of its production and on-time delivery to support the overall supply chain of the automobile production.

AAPICO values the good relationships with customers. As a large tier 1 supplier in Thailand, the Company commits to continuously develop and improve the product quality and services according to the SQCDM principle in order to serve customers on or beyond their expectation. The consistent recognition of its quality management system, as well as awards and achievements from many customers, are good confirmation of AAPICO's commitment to excellence.

AAPICO has a policy to keep information of each customer strictly confidential. The Company ensures that employees are aware not to share any business information with its partners or other parties. The Company works closely with each customer and operates in compliance with guidelines and policies of its customers for good management and good corporate governance practices.

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

Suppliers

AAPICO conducts a fair and transparent business with its suppliers. The Company has a policy to select its suppliers in a fair and open manner, where no parties have unfair advantage of a separate, prior, closed door negotiation for a contract. Purchase of materials and hire of services 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. 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 are the Company's valued business partners. The Company is committed to promoting cooperation between the Company and its suppliers to create good relationships and to improve efficiency, capabilities, skills, and knowledge of suppliers to ensure that they operate in compliance with good corporate governance practices and deliver the same level of quality standards as required by the customers. Activities in 2018 include the annual supplier meeting, the supplier audit, CSR activities, etc.

The Company supports environmental friendly procurement and intends to avoid dealing business with suppliers who do not operate in compliance with laws and regulations related to human rights, intellectual property, etc.

Joint Venture Partners

AAPICO treats its joint venture and business partners equally and fairly with respect and honors the agreements between both parties. The Company acts in compliance with business ethics, restrictions, and applicable regulations and laws of the country it operates. The Company collaborates with its partners to promote and support the joint venture business operations and encourages exchange of ideas, opinions and suggestions to drive the business toward the shared goals.

Joint venture partner is for long-term business relationship. The Company looks for integrity and competency as the key qualifications of its business partners. The Company ensures that its partners are competent and reputable and do not risk the Company being associated with any unethical, illegal, and corrupted activities.

AAPICO has a simple philosophy where the Company clearly define its management control to avoid any conflicts. In all business partnerships of AAPICO, the Company has established long-term relationships where both companies enjoy synergies and mutual benefits to grow their business for long-term sustainable growth.

Creditors

AAPICO commits to carry out its businesses in compliance with good corporate governance practices that creates confidence for its creditors. The Company follows terms and conditions as agreed upon with creditors, being trade creditors, financial institutions, and debenture holders. AAPICO maintains consistent communication with creditors. The Company fulfills its obligation and report to its creditors with full transparency and sufficient disclosure in a timely manner. In case of events that may have material impact to its financial position, the Company ensures to communicate and align with its creditors for waiver or solutions to resolve such matters.

Competitors

AAPICO operates with openness and integrity by adhering to honest and fair competition. The Company carries out its business operations in compliance with laws and relevant regulations, 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 inappropriate, unethical, and unlawful activities, such as illegal market sharing and illegal pricing cooperation, or engage in any actions that violate relevant competition laws, the competitors' intellectual property rights, or destroy competitors' reputation with untruthful statements. The Company affirms to support and promote free trade and avoiding any acts that monopolize the market or limit fair competition.

Employees

AAPICO places importance on its employees' well-being and good quality of lives. The Company ensures that employees receives their basic rights and are provided with appropriate compensation and benefits according to their knowledge and capabilities, with reference to standard cost of living, and in line with other companies in the same industry.

Remuneration

Employees are remunerated according to their responsibility and accountability, as well as individual performance in their roles. Employee's performance is fairly evaluated based upon the achievement of agreed key performance target. The Company determines employees' remunerations and benefits according to their positions, as required by laws and regulations, and with consideration to its financial position, profitability performance, and economic circumstances, i.e. consumer price inflation, minimum wage requirement, etc.

The Company ensures to provide appropriate compensation and benefits associated with job functions. These benefits include work-related benefits and fixed allowances, travel expenses, accommodation, uniform, transportation, annual check-up and medical benefits, sport day and New Year activities, and financial assistance such as mortgage and loan for employees. The Company has also established provident fund, where the Company and employees who are member of the fund made contribution to the fund on monthly basis.

Training and Development

The Company has focused on human resource development as one of its management agenda in 2018. The Company has structured the AAPICO training and development program for every employees in different levels and functions of AAPICO Group. Each employee can choose to attend training programs that serve their development needs and enabling them to advance in their career to next level of responsibility and leadership.

Health and Safety

Employee's health and safety is top priority at AAPICO. The Company has established the 5S principles and practices to promote a clean and proper workplace environment. The Company arranges regular safety trainings and organizes the safety week to create and promote safety awareness among employees to reduce risks of accidents and maintain high standards of safety and discipline within the organization.

Child Labor and Human Rights

AAPICO 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 ensures that its employees are treated fairly and equally, promoting mutual respect and openness in its corporate culture, aiming to create the happy workplace for every employee. The Company commits to maintaining the well-being of its employees and has shared its effort and commitment toward sustainability with suppliers and customers throughout the automotive part supply chain.

Community

AAPICO carries out its businesses with consideration to its responsibilities for communities surrounding its facilities. As part of the management agenda, the Company supports and contributes to many activities and community projects. It also encourages employees to be involved in improving lives of people in the community.

The Company operates in compliance with social and environmental protection laws and related regulations, and the 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 section.

Anti-Corruption Policy

AAPICO 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, including suppliers, contractors, and agents, act in compliance with relevant laws and regulations, and refuse to engage in an act that involve an inappropriate or unlawful deed.

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.

In 2018, the Audit Committee did not receive any comments or concerns regarding the malpractices and misconducts within the organization for consideration.

Tax Policy

As a good corporate citizen, AAPICO sees tax as an important part of its responsibility to stakeholders. The Company has established the AAPICO's tax policy to provide guidelines and practices for the Group's operations. AAPICO aims to be tax compliant company and our tax policy reflects and supports our business. All taxes are paid according to laws and regulations of the local jurisdiction where the Company operates on timely basis.

4. Disclosure and Transparency

AAPICO has defined and administered measures concerning disclosures to investors and stakeholders. The disclosure of information, both financial and non-financial, are complete, sufficient, transparent, reliable and up-to-date, which reflect true status of the Company. The information is distributed equally and timely. The Company defines parties to handle the disclosure of information to public and also establishes guidelines for the disclosure of various type of information, and designates a period before public disclosure. The Company follows the laws, rules and regulations, and obligations as required by SEC, SET, and other relevant government bodies.

The Company ensures that the disclosure of financial results have been reviewed and 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 Report (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 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 related parties 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.

Information on the operations and investment structure of subsidiaries, associates, joint ventures, and other companies are disclosed in the Annual Report and the AAPICO website. The Company ensures that its key stakeholders, investors, shareholders, and the public are well-informed and that information of significant projects and developments are accurately and sufficiently provided as required by the SET.

Name	Position	Number of shares		
		At the book closing on March 15, 2018	Increases (Decreases) in 2018	At the book closing on March 15, 2019
1 Mr. Yeap Swee Chuan	President and CEO	44,122,773	-	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 Ms. 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	193,000	25,839,760
11 Mr. Kawee Wasaruchareekul	General Manager	-	-	-
12 Mr. Sattha Petch-in	Asst. Gen. Manager	85	-	85
Total		101,580,964	3,132,665	101,773,964

The Company discloses information in multiple channels in both Thai and English for equal access of information for its stakeholders. In addition to the public news release via the SET Portal and the AAPICO website, the Company also uses other channels which are available to disclose information to public and investors' communities. These channels include:

- The Opportunity Day conference at SET on quarterly basis.
- Company visit for shareholders, investors, and analysts on annual basis and upon request.
- Roadshow and/or conference meeting with analysts and investors both local and international.
- Forums or panel discussion events for knowledge sharing.
- Communication via email, 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 be the primary contact window for communication with shareholders, investors, analysts, SEC, SET and other relevant authorities. The IR department ensures that the disclosure of corporate news and information are in compliance with the SET regulations. The IR department also arranges activities and manages executives' schedule to attending meetings and events both local and overseas to increase accessibility and interaction with the Company's stakeholders. These activities in 2018 include

- The Opportunity Day at SET for local individuals and institutional investors.
- The SET digital roadshow for foreign and overseas investors.
- Roadshows and Corporate Day conference arranged by securities companies in Thailand and Singapore, where the President and CEO, CFO, and IR team met the analysts and institutional investors. These events included the DBS Pulse of Asia Singapore in January, the CGS-CIMB Thailand Corporate Day, the CGS-CIMB Thai Auto Conference, the Maybank Invest ASEAN, Thailand Focus, BLS Thai Corporate Day, the UBS AG LVMC conference, and non-deal roadshow (NDR) with Phatra Securities.
- Analysts' meeting
- The annual shareholders' visit to factory.
- Company visits to meet with managements, 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 respectable, 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 AAPICO's Board of Directors comprises of eight members, of which two members are executive directors and six independent directors. The Board of Directors also comprises of two female members. The Company provides its directors' composition with diversity in gender and various skills, as well as 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 characteristic or manner indicating a lack of trustworthiness to manage the Company from the view of shareholders by law or by the Articles of Association.
- 2) Not disqualified under Section 68 of the Public Company 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 attend 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 Director

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 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 ensure that the management operates in an effective and efficient manner.
- 2) Consider and review the 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 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 disclosure of information to public and stakeholders 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 due care, taking into account for 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 2018 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 the self-assessment of its own performance on an annual basis. The Company applies the assessment criteria according to the guideline from SET. There are three sets of assessment forms for the evaluation

of the Board of Directors as a collective body and as an individual, and the assessment of committees' performance. The Board of Directors are assessed in 6 areas as follow:

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

The self-assessment of directors' performance for the year 2018 were conducted with full participation of directors. The assessment results for the year 2018 have improved in all three questionnaires.

The results of the self-assessment of the Board of Directors as a collective body had improved from very good level at 88% in 2017 to excellent level at 93% in 2018, with improvements in every categories. The self-assessment as an individual score had improved from an average of 90% in 2017 to 92% in 2018. The self-assessment of committees' performance also improved from an average of 87% in 2017 to 88% in 2018. The CEO performance has also been assessed by independent directors and the score has slightly declined from 88% in 2017 to 86% in 2018, which was still at good level. The key areas of improvements were the execution of strategy and the succession planning.

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, and directors' accountability. 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 has delegated the responsibility to the CEO and the Company's management to approve remuneration for executives, 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 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 independent directors have all passed the fundamental training courses organized by Thai Institute of Director (IOD) or other similar courses, which can be summarized 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) Role of Chairman (RCP40/2017)
- **Ms. 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 also attended seminars and conferences to enhance their knowledge and network with executives of other listed and non-listed companies in the same industry or similar. These conferences included those arranged by the SEC, SET, banks and securities companies, as well as the customers' supplier conference such as the Ford Asia Top Supplier Meeting and Nissan Annual Supplier Meeting, and others.

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 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.

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

The following cases must be approved by the Board of Directors and the shareholders' meeting with a vote of not less than 3/4 of total votes of the shareholders attending who are entitled to vote:

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

Committees

The Board of Directors has delegated some of its duties and responsibilities to its committees, comprising of independent directors, to assist the Board in reviewing and providing their independent opinion on particular matters.

These committees are

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Risk Management Committee.

Audit Committee

The Audit Committee comprises of 3 members, with Mr. Pipat R. Punya acted as Chairman and Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala as members.

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 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, with Mr. Pipat R. Punya acted as Chairman and Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala as members.

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 3 members, with Mr. John Parker acted as Chairman and Mr. Wichian Mektrakarn and Mrs. Vachira Na Ranong as members.

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 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 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, has appointed EY Office Limited as its external auditor to audit the Company's financial statements for fiscal year 2018 ended as of December 31, 2018. 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 2018 at an amount of Baht 9,450,000, of which Baht 2,450,000 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 2018 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 assess the adequacy of the Company's internal control through the performance reports of internal auditor. The independent internal auditor had audited key operational activities and reported their findings and recommendations to the management and the Audit Committee at the quarterly meetings.

In their findings, the Company has carried out its operations according to work instructions, within the policy and procedures, and acted in compliance with relevant laws and regulations and good corporate governance principles. The reported weaknesses had been resolved and implemented the corrective actions to improve control in those areas. In conclusion, there were no major risk of internal control deficiency for the year 2018.

Internal auditor has assessed the Company's internal control practices according to the guideline from SEC which can be prescribed the major components as follows:

1. Control Environment

The Company sets the policies and guidelines as a framework in conducting business with transparency and integrity, in compliance with good corporate governance principles. Executive directors and top management are role models in performing their duties ethically, honesty, with due care and in accordance with the Company's code of conduct, the anti-corruption policy, the corporate governance policy, etc. The Company communicates these policies to employees as part of orientation and working procedures. Any suspicion or wrongdoings are investigated and escalated to directors. Offenses and violations are penalized according to the severity of the actions.

The Board of Directors are independent and comprises of highly respectable professionals and experts. The duties and responsibilities of the Board of Directors are clearly defined and are separated from the management's responsibilities. In its capacity, the Board of Directors sets the policy and ensure that the Company's management operates in compliance with laws, the Company's objectives, the Articles of Associations, and the resolution of shareholders' meeting.

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 to attract and retain capable and competent employees and strengthen human resource development to continuously improve and enhance employees' knowledge and capabilities to the next level. The Company has clear guidelines and processes to assess employee's performance. Employees are evaluated individually on their behavior and accomplishment to the agreed key performance indicators and are rewarded fairly and equally with appropriate incentive and promotion.

2. Risk Assessment

The Company has established the risk management policy as a framework for the organization's risk assessment process. The Company has assessed potential risks associated with the organization from both internal and external factors. At least once a year, the Risk Management Committee has reviewed these risk factors and risk matrix.

The committee reviewed the impact and the likelihood of occurrence, with consideration to the changes of business environment, and re-assessed the appropriateness of the Company's risk management and mitigation plan to ensure that the impact is controlled to an acceptable level.

With regards to the concerns relating to corruption and bribery, the Company has declared its firm intention to fight against corruption and has clearly communicated to every employees and every businesses to operate in compliance with the Company's anti-corruption policy. The policy also includes the guidelines regarding the receipt and offer of gifts, sponsorship, and donation.

The Risk Management Committee has reviewed the risk management process and the adequacy of the Company's risk management and anti-corruption policy to ensure effective internal control of the Company. The Board of Directors and the Audit Committee has ensured that the Company's financial statements are presented in a fairly and adequately with sufficient disclosure according to the general accepted accounting standard, and that all material transactions have been reviewed and carried out in compliance with applicable laws and regulations for the best benefit of the Company and shareholders.

3. Control Activities

The Company operates with adequate control in all functions and businesses. Its operations are certified with IATF16949 quality management standard and ISO14001 environmental standard. The work instructions and procedures have been prepared in detail with appropriate controls attached in the procedure to prevent errors and wrongdoings. The Company has been certified with independent reputable organization for its high standard of operations.

The Company has defined the duties and responsibilities, and the approval authority of the Company's management and executives in each level. Access for operating system and database is controlled and monitored by IT department. The segregation of duties is defined and strictly applied for key functions responsible for authorization, record transactions, and custody of assets. Connected transactions are carefully

reviewed and carried out at arm's length basis that applies to normal business with third parties. Major contracts and agreements including those involving major shareholders, executives, and their related parties are duly considered and approved with consideration by the independent directors who have no vested interest in the matter.

The Board of Directors has reviewed and monitored the Company's operations and financial performance with consideration to the budget and forecast on half-yearly basis. The report of the progress of investments and their performances have been communicated to the Board of Directors on regular basis and at their quarterly meetings.

4. Information and Communication

The Company uses multiple channels for communication to stakeholders internally and externally and utilizes the use of information technology to reach its stakeholders in wider audience. Communication with employees are normally managed through internal meetings, the Company's bulletin board, intranet, and email. For external stakeholders, the Company ensures sufficient public disclosure through the AAPICO website, the SET portal, and public events. The Investor Relations is assigned as a primary contact window for inquiries and comments from shareholders, investors, analysts, and other key stakeholders.

The Company provides adequate information to the Board of Directors for their consideration and discussion at the board meeting. The notice of meeting and relevant documents are delivered to directors prior to the meeting. The minutes of meetings are carefully and adequately recorded and documented for future reference. The meeting resolutions are disclosed to public in compliance with the SET rules regarding disclosure of significant matters.

The Company has defined a process to monitor comments from the Company's stakeholders in order to improve and ensure effective internal control of the Company. In effort for anti-corruption, the Company has established the whistle blower policy and has arranged communication channels for stakeholders to lodge complaints, raise concerns, or report their suspicions of misconducts or wrongdoings to the Company and the Board of Directors.

5. Monitoring Activities

The Company ensures that each business operates with integrity, transparency, in compliance with the Company's policies and code of conducts. The Company has put in place a review process to monitor the operations and financial performance of the Company and its investments in subsidiaries and associates. The Company schedules the performance review meeting of each operating unit with the Company's executives on monthly basis and reports to the Board of Directors on half-yearly basis.

At the level of operating unit, the Company assigns the Quality Assurance (QA) unit to drive and monitor the compliance to work instructions and relevant laws and regulations. In addition, the Company employs independent internal auditors to audit the internal control of key processes. The internal auditor has assessed and reviewed the working process and the compliance to work instructions and report the issues of control weaknesses to the management to resolve and improve the effectiveness of internal control system. Findings and corrective actions are also reported to the Audit Committee at the quarterly board meetings.

The Company is continually certified with IATF16949 and the ISO14001 standards, which guarantees its commitment to attain the quality and environmental standard. In addition to the internal compliance unit, the Company has engaged external agents to audit and certify the Company's processes regarding the compliance with the quality management standards. The Company also passed the customer audit with satisfaction that its operations are carried out according to agreed procedures and that no changes are made without prior notification.

Related Transaction

AAPICO Hitech PLC has business transactions with subsidiary and associate companies, and joint venture 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
Dividend income	Dividend received from its subsidiary or associate companies.

The significant business related transactions between the Company and subsidiary and associate companies in the year 2018 and 2017 can be summarized in the following table.

(Unit : Million Baht)

Transfer Pricing Policy		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and services	Close to selling price to third party	-	-	208	167
Sales of machinery and equipment	Close to selling price to third party	-	-	-	-
Interest income	3.44%-5.00% p.a.	-	-	157	150
Dividend income	As declared	-	-	9	490
Rental income	Close to rental rates for other building in vicinity	-	-	2	2
Management fee income	Approximate cost	-	-	86	61
Other income	Approximate cost	-	-	19	20
Purchases of goods and services	Close to selling price to third party	-	-	207	178
Purchases of machinery and equipment	Close to selling price to third party	-	-	7	7
Interest expense	0.90% and 3.44%-3.99% p.a.	-	-	23	17
Other expense	Approximate cost	-	-	6	11
Transactions with associate and joint venture					
Sales of goods and services	Cost to selling price to third party	243	214	-	-
Dividend income	As declared	416	118	416	117
Interest income	3.44%-3.99% p.a. 10.00% and 20.00% p.a.	362	191	33	-
Rental income	Close to rental rates for other building in vicinity	10	9	-	-
Management fee income	Approximate cost	13	6	13	6
Other income	Approximate cost	7	10	2	4
Purchases of goods and services	Close to selling price to third party	322	274	228	192

Loan to and Loan 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 engaged by the Company and the Company then lends out to subsidiary companies. As at December 31, 2018 and 2017, the balance of loans receivable and payable between the Company and those related parties are summarized below:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Short term loans to related parties:</u>				
Subsidiaries	-	-	363,600	384,863
Associates	451,987	-	451,987	-
Related company	1,000	-	-	-
Total	<u>452,987</u>	<u>-</u>	<u>815,587</u>	<u>384,863</u>
<u>Long term loans to related parties:</u>				
Subsidiaries	-	-	3,281,042	3,419,063
Associates	2,470,304	1,648,014	853,405	14,000
Less Allowance for doubtful accounts	-	-	(3,000)	-
Total	<u>2,470,304</u>	<u>1,648,014</u>	<u>4,131,447</u>	<u>3,433,063</u>
<u>Short term loans from related parties:</u>				
Subsidiaries	-	-	755,587	553,710
Related companies	24,197	11,282	-	-
Total	<u>24,197</u>	<u>11,282</u>	<u>755,587</u>	<u>553,710</u>

Necessity and Justification for Related Transactions

The Audit Committee considered that these related transactions in 2018 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

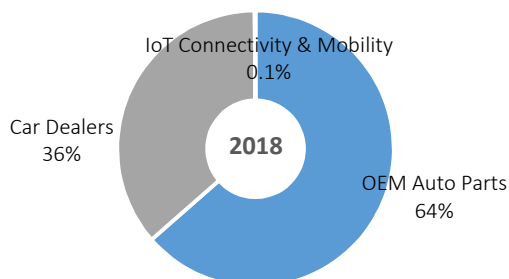
The Company will mutually take care these related transactions that might take place in the future to ensure that they are reasonable and offer fair and acceptable return. The Company shall ensure that transfer pricing policy applied for these related transactions is concluded on commercial terms, which 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

AAPICO Business in 2018

AAPICO Group of businesses are primarily engaged in the automotive industry. Its three core pillars of businesses are the manufacture of OEM automotive parts, car dealerships, and the IoT connectivity and mobility business. AAPICO's main operations and facilities are located in three countries, namely Thailand, Malaysia, and China. Through its strategic partnership with Sakthi Automotive Group, the Company also has its global manufacturing footprints in India, Europe, the USA and China.

AAPICO's revenues are mainly contributed from two core businesses, which are the manufacture of OEM automotive parts and car dealerships, with the revenue contribution in 2018 of 64% and 36% respectively. Sales of the technology sector in 2018 was still nominal at approximately 0.1% of total revenue.



The OEM automotive part business comprises of pressed parts and chassis frame components, forged and machine parts, plastic parts and plastic fuel tanks, and car assembly jigs and stamping dies in Thailand and copper forged parts in China. The Company operates car dealerships and service center for Ford and Mitsubishi vehicles in Thailand and for Honda vehicles in Malaysia.

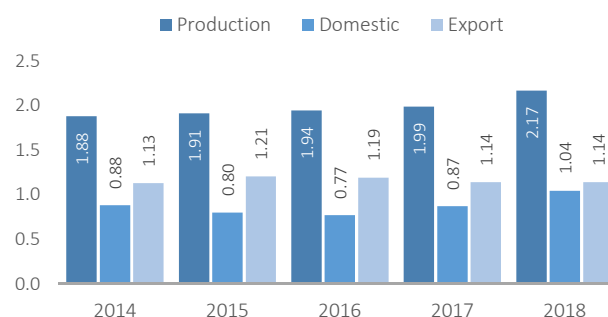
In 2018, AAPICO had signed JV MOU with Vinfast Trading and Production LLC (Vinfast) to set up press shop and assembly facility and to supply tooling for the production of the first two models of Vinfast vehicles. The Company had acquired 20.36% equity in Nuro Technology Incorporated, a provider of electronic information, to expand its technology business.

Additionally, the Company had increased its investment in Sakthi Global Auto Holdings Limited (SGAH) to 49.99% equity holding in order to support and strengthen the business and enhance synergies between the Company and SGAH to grow their businesses in the global market.

Industry and Market in 2018

Thailand Automotive Industry

(unit: in million unit)



Thailand: Thai automotive industry saw its total automotive production increased by 9.0% to 2.17 million cars in 2018. Both 1-ton pick-up and passenger vehicle production grew year on year by 10.7% and 7.0% respectively. Total vehicle production increases were driven by increases in domestic demand following the end of the five-year holding period under the government's first car buying scheme. Domestic car sales saw a healthy increase of 19.5% to 1.04 million cars. Export volume grew slightly by 0.1% to 1.14 million cars.

Malaysia: Total Industry Volume (TIV) for 2018 ended at 598,714 vehicles, an increase of 3.83% compared to 576,625 vehicles in 2017, attributable to the tax holiday period when the goods and services tax (GST) was revised from 6% to 0% for 3 months, which boosted up the sales during June to August. In 2018, Perodua posted record sales with the sales of 227,243 units, gaining market share to 38.0% from 35.5% in 2017. Honda remained the top non-national car brand with 102,282 units sold, which was 6.6% lower than 109,511 units sold in 2017.

China: For the first time in 20 years, China had its production and vehicle sales decline in 2018. Compared to last year, total production number decreased by 4.17% to 27.8 million cars, and vehicle sales decreased by 2.76% to 28.08 million cars. In the passenger car segment, total vehicle production and sales in 2018 were at 23.52 million cars and 23.70 million cars respectively, which was a decrease of 5.15% and 4.08% respectively. Amid the sluggish overall automotive sales, the production and sales of new energy vehicles (NEV) reached 1,270,000 and 1,256,000 vehicles respectively, which was an increase of 59.6% and 61.7% respectively.

Profit and Loss Analysis

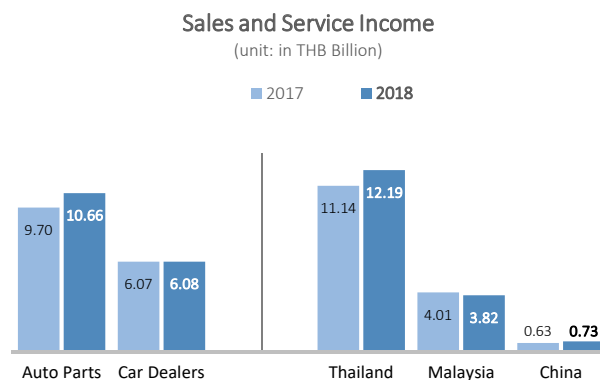
AAPICO reported total revenue and net profit attributable to equity holders of Baht 17,737 million and Baht 1,299 million respectively, as compared to Baht 16,642 million and Baht 1,158 million respectively in 2017. Compared to last year, net profit increases was driven by strong core earnings improvement attributed to higher sales and from the continual efficiency improvement and strict cost control and cost reduction measures. However, the Company recorded lower share of profit from associates in 2018 due to shared loss from Sakthi Global Auto Holdings Limited (SGAH) and accounting adjustments related to SGAH investment.

As percentage of sales, net profit margin improved from 7.0% of sales in 2017 to 7.3% in 2018. Earnings per shares increased from Baht 3.66 per share to Baht 4.10 per share, which was an increase of 12.2% compared to last year.

Profit and Loss Statement Unit: Million Baht	2017	2018	Change	%
Sales and service income	15,776	16,738	962	6.1%
Other income	866	999	133	15.4%
Total Revenue	16,642	17,737	1,095	6.6%
<u>Less</u> Total expenses	15,768	16,332	564	3.6%
Earnings before interest and taxes (EBIT)	874	1,405	531	60.8%
<u>Less</u> Interest and Tax expenses	180	167	(13)	-7.2%
<u>Less</u> Non-controlling interests	24	43	19	79.2%
Profit from operations to equity holders	670	1,195	525	78.4%
Shared of profit from associates and JV	488	104	(384)	-78.7%
Net Profit attributable to equity holders	1,158	1,299	141	12.2%
Net Profit Margin (%)	7.0%	7.3%	0.3%	
Earnings per shares	3.66	4.10	0.44	12.2%

Sales and service income

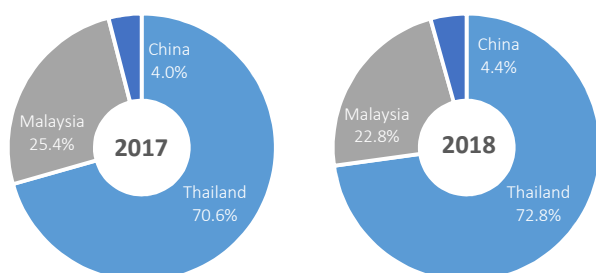
Sales and service income grew by 6.1% year on year, driven by higher sales from the OEM automotive parts business with 9.7% growth, while the car dealerships business sales grew slightly by 0.2% compared to last year.



Sales growth of the OEM automotive parts was attributed to increases of sales of major businesses in Thailand, which grew in line with industry growth, as well as higher sales of forged part business in China. Compared to last year, a slight lower sales of plastic parts were offset by increases of chassis frame components, pressed parts, and forged parts, driven by higher volume. In addition to these increases, sales in 2018 also included Baht 183 million sales of Toolings for Vinfast vehicles.

The car dealership business in Thailand saw sales increases by 9.8%, driven by increased demands in local market for Mitsubishi and Ford vehicles. These increases were offset by lower sales of Honda vehicles in Malaysia. Units sold had decreased from 4,529 units in 2017 to 4,254 units in 2018.

Thailand is still the major sales contributor of AAPICO with 72.8% contribution in 2018, followed by Malaysia at 22.8% and China at 4.4%. Compared to last year, Thailand sales grew by 9.4%, driven by increases from both the automotive parts and the car dealerships business. Despite local market increases, Malaysia car sales were 4.7% lower than last year, due to the drop of Honda sales. China continued its growth momentum with the sales growth at 16.0%, driven by increased demands.



Other income

Other income, mainly comprises of scrap income, increased by Baht 119 million, driven by higher sales and higher steel price. Interest income, largely related to loan given to SGAH in 2017, increased by Baht 174 million. Other income in 2017 included the one-off gain from disposal of equity investment in QI and AQI of Baht 160 million.

Unit: Million Baht	2017	2018	Change	%
Other income	512	631	119	23.2%
Interest income	194	368	174	89.7%
Gains from QI & AQI sales	160	-	(160)	-100%
Other income - Total	866	999	133	15.4%

Gross Profit

Gross profit increased by Baht 276 million compared to last year, driven by higher sales. This sales increase was at higher percentage than increase of costs, where the on-going efficiency improvement, strict cost control and cost reduction measures, and improved portfolio mix helped to reduce the cost level. Hence, gross profit margin improved from 6.3% in 2017 to 7.6% in 2018.

Unit: Million Baht	2017	2018	Change	%
Sales and service income	15,776	16,738	962	6.1%
Cost of sales	14,778	15,464	686	4.6%
Gross Profit	998	1,274	276	27.7%
Gross Profit Margin (%)	6.3%	7.6%	1.3%	

The gross profit margin improvement was attributable to improved margins in both the OEM automotive parts and the car dealerships business. The chassis frame components, press parts and tooling business showed improved margins, thanks to higher sales and cost reduction measures partly as a result of the continual TURBO action programs. These improvements were partly offset by forged parts and plastic parts business.

Despite lower sales, gross profit margin of the Malaysian Honda dealers had improved compared to last year. These improvement had compensated for the margin decline at the Ford dealers, while the gross profit margin of the Mitsubishi dealers slightly improved.

Selling and Administrative Expenses

Selling expense increases were attributable to increased promotion and commission expenses related to higher sales. These increases were offset by decreases of administrative expenses, due to lower unrealized losses on foreign currency transaction related to the US Dollar loan given to SGAH and the on-going cost reduction measures driven by the TURBO action programs. The 2017 expenses also included one-time expenses related to SGAH acquisition.

Unit: Million Baht	2017	2018	Change	%
Selling expense	280	313	33	11.8%
Administration expense	648	555	(93)	-14.4%
Loss on disposal of assets	62	-	(62)	-100%
SG&A expenses	990	868	(122)	-12.3%

Interest and Tax Expenses

Interest expense increase were due to increased debts for funding of SGAH investment and new projects. In 2018, the Company reported tax income of Baht 30 million, compared to tax expense in 2017, mainly related to the recognition of deferred tax assets in 2018, largely related to unused tax losses.

Unit: Million Baht	2017	2018	Change	%
Interest expense	149	197	48	32.2%
Corporate tax expense (income)	31	(30)	(61)	-197%
Of which:				
Corporate income tax	31	58	27	87.1%
Deferred tax assets	(0)	(88)	(88)	-8800%
Interest and Tax expenses	180	167	(13)	-7.2%

Share of profit (loss) from equity investments

The investments in associate and joint venture companies contributed the shared profit amounting to Baht 104 million in 2018. The contribution of investment in SGAH recorded a one-time loss of Baht 411 million, which included one-off expenses and accounting adjustments relating to the recognition of the difference of the purchase price over the fair value of the net assets acquired. Excluding SGAH, increases of equity income compared to 2017 was driven by improved results of all other associates, largely from Hyundai Motor (Thailand), Able Sanoh Industries, and Sumino Aapico.

Unit: Million Baht	2017	2018	Change	%
Hyundai Motor (Thailand)	244	273	29	11.9%
Able Sanoh Industries	160	199	39	24.4%
Sumino Aapico	12	22	10	83.3%
Edscha Aapico	12	20	8	66.7%
Thai Takagi Seiko	(20)	(1)	19	95.0%
Sakthi Global Auto Holdings Limited	72	(411)	(483)	-671%
Other companies	8	2	(6)	-75.0%
Equity income	488	104	(384)	-78.7%

Financial Position Analysis

Assets

Total assets increased by Baht 3,170 million in 2018, mainly attributed to the additional investment in Sakthi Global Auto Holdings Limited (SGAH) and the loan to SGAH amounting to the total of Baht 1,629 million, the build-up of inventories and tooling equipment, and the recognition of advance for purchase of goods for new projects.

Liabilities

Total liabilities increased by Baht 2,406 million, due to increases of debt level to finance the investments in associates and tooling projects and the deposit receipt of advance payment for tooling project from Vinfast.

Shareholders' Equity

Total shareholders' equity increases of Baht 764 million in 2018 were mainly from net income for the year of Baht 1,299 million less dividend payment of Baht 412 million and the exchange differences on translation of financial statements in foreign currency of Baht 169 million.

Key Financial Performance

Unit: In % or time	2017	2018
Return on assets (%)	9.1%	8.2%
Return on equity (%)	17.8%	17.7%
Inventory Days	26.4	29.6
Account receivable days	44.3	45.9
Account payable days	52.4	57.4
Cash conversion cycle days	18.3	18.1
Interest bearing Debt to Equity Ratio	0.69x	0.80x
Total Liabilities less cash (Net Debt) to Equity	0.99x	1.18x

Despite the improved profit margin, **Return on assets (ROA)** and **return on equity (ROE)** were lower than last year, mainly due to new investments which had not yet generated return. The Company maintains its control over working capital to ensure sufficient liquidity. In order to compensate for the longer inventory holding period and longer collection days, it has managed to extend the payable days. These improves the cash conversion cycle slightly to 18.1 days in 2018.

The **interest-bearing debt to equity** and **net debt to equity ratio** increased to 0.80x and 1.18x respectively in 2018, due to increased debt level. These ratios however were still in line with the Company's target of between 0.5-1.0x and complied with financial covenants with banks and debentures at below 1.75x and 2.0x respectively.

Balance Sheet as of Unit: Million Baht	2017	2018	Change	%
Cash and cash equivalent	441	537	96	21.8%
Trade and other receivables	2,220	2,416	196	8.8%
Inventories	1,121	1,419	298	26.6%
Investments in associates, joint venture and others	3,557	3,974	417	11.7%
Long-term loans to others	1,648	2,923	1,275	77.4%
Property, Plant, and Equipment	4,861	5,215	354	7.3%
Advance purchase of goods	-	309	309	100%
Other assets	873	1,098	225	25.8%
Total Assets	14,721	17,891	3,170	21.5%
Account payable	2,237	2,693	456	20.4%
Short-term loans	491	561	70	14.3%
Long-term loans	3,054	4,321	1,267	41.5%
Long-term debentures	1,400	1,497	97	6.9%
Deposit received in advance	-	585	585	100%
Other liabilities	356	287	(69)	-19.4%
Total Liabilities	7,538	9,944	2,406	31.9%
Total Shareholders' Equity	7,183	7,947	764	10.6%

Cash flow Analysis

Cash flow statement Unit: Million Baht	2017	2018	Change	%
Cash flow from operations	1,208	1,491	283	23.4%
Capital expenditures	(173)	(916)	(743)	-430%
Cash used for investments	(2,841)	(1,310)	1,531	53.9%
Cash flow from financing	1,975	855	(1,120)	-56.7%
Exchange rate differences	0	(27)	(27)	-100%
Net cash increase (decrease)	169	93	(76)	-45.0%
Major cash transactions:				
Investment in associates	(1,715)	(875)	392	
Loans to associates	(1,716)	(1,324)	840	
Interest received from SGAH	102	401	299	
Dividend from associates	117	415	298	

In 2018, the Company had made additional investments in SGAH, of which Baht 875 million was paid for equity and Baht 1,324 million was loan to SGAH. This investment was largely financed by bank loans and partly from the Company's working capitals.

Cash flow from operations in 2018 increased to Baht 1,491 million, driven by increased profit. Capital expenditures also increased to Baht 916 million, due to new projects. Other major cash flow items included the dividend receipt from associate companies of Baht 415 million, the interest receipt from SGAH of Baht 401 million, the issuance of debenture of Baht 900 million and increases of bank loans. These cash inflows were paid out for the repayment of debenture at maturity of Baht 800 million, the dividend payment of Baht 412 million, and interest expenses of Baht 192 million. All these resulted in net increases in cash and cash equivalent of Baht 93 million in 2018, compared to an increase of Baht 169 million in 2017.

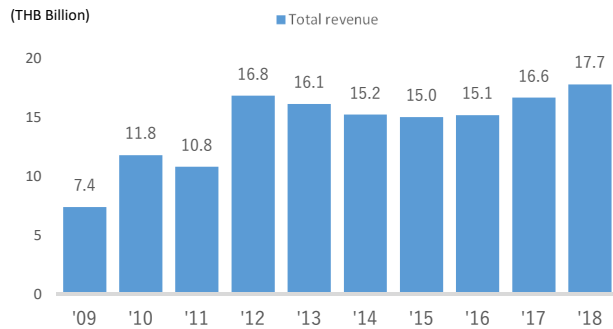
Factors potentially affecting future operations or financial positions

AAPICO's main businesses are engaged in the automotive industry. The Company's performance therefore is related to the automotive demand and market in Thailand, Malaysia, and China. For the year 2019, the automotive industry in Thailand expects a slight decline in production volume to 2.15 million cars, of which 1.05 million cars to be sold locally and 1.1 million cars for export. The Malaysian Automotive Association (MAA) has predicted a slight increase in total industry volume for 2019 to 600,000 units. The Chinese automotive market also expects to reach about the same volume as in 2018.

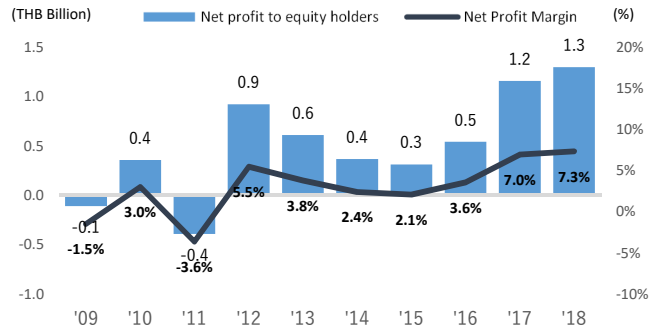
The Company forecasts its revenue to be trending in line with the industry developments. For the year 2019, revenue is expected to improve higher than the car industry due to tooling income and parts from Vinfast.

With the TURBO policy target, the Company will continue its focus on improving efficiency, controlling its activities and cost reduction, as well as looking for opportunities and new markets to expand its business into the global arena. The Company is gearing toward sustainability with emphasis on quality, cost, delivery, management and engineering innovation to maintain its high standards of operations and continuous improvement across the organization.

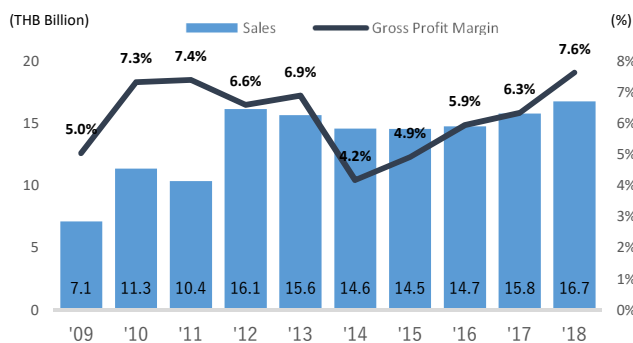
Total Revenues



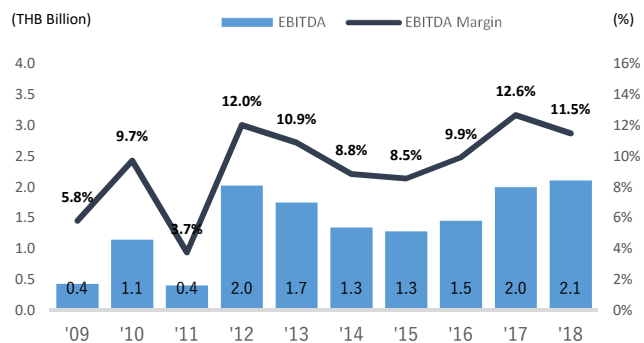
Net Profit Attributable to Equity Holders and Net profit Margin (%)



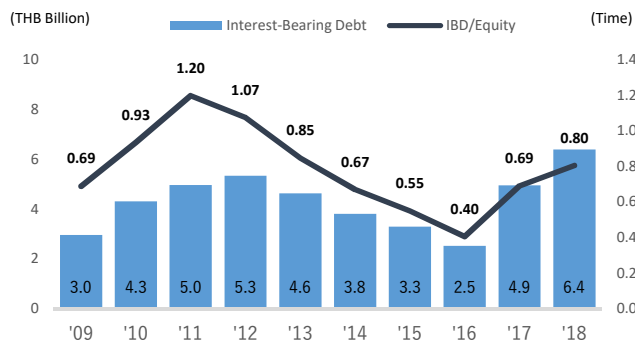
Sales and Service Income and Gross Profit Margin



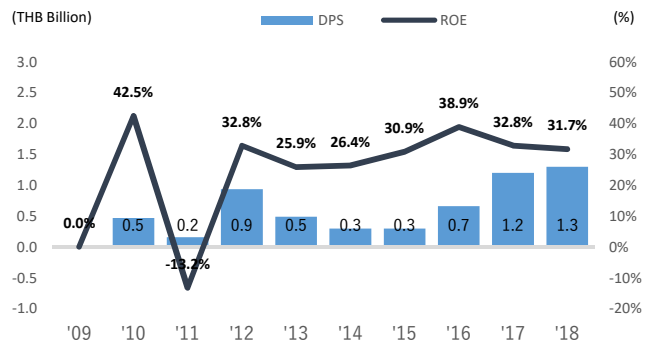
EBITDA and EBITDA Margin



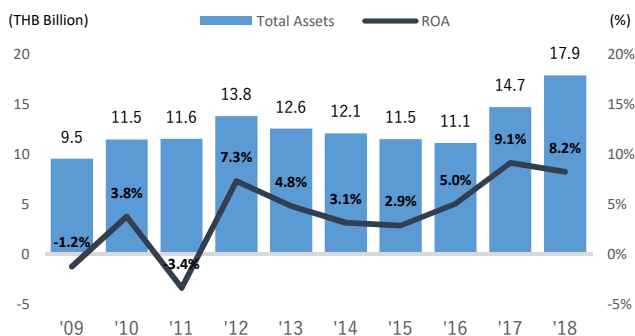
Interest-Bearing Debt and IBD to Equity Ratio



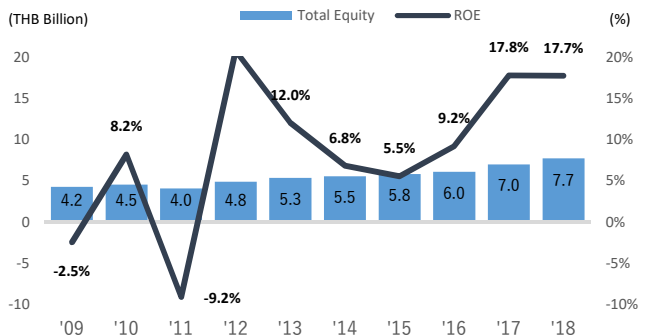
Dividend per Share and Dividend Payout Ratio



Total Assets and Return on Assets (ROA)



Total Equity and Return on Equity (ROE)





Report of Audit Committee

The Audit Committee consists of 3 qualified and knowledgeable independent directors, chaired by Mr. Pipat R. Punya as the Chairman of the Committee, with Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala serving as the member of the Committee. The Audit Committee independently carried out its duties as assigned by the Board of Directors. The Committee reviewed the Company's management and operations in the areas of internal control and internal audit, financial reporting, and other functions in compliance with relevant laws, rules, and regulation to ensure operational efficiency and effectiveness of the Company.

In the year 2018, the Audit Committee held 4 meetings with executive directors, management, auditors, and concerned parties to consider various agenda items and express their opinions. Its key performance can be summarized as follow:

1) Review of Financial Statements. The Audit Committee reviewed the quarterly and annual financial statements including the disclosure of notes to financial statements. The Committee reviewed the preparation of financial statements for its correctness, adequacy and its adherence to generally accepted financial reporting standards and regulatory requirements. The audit review procedure was appropriate and sufficient and that adequate information was disclosed in such statements for the benefit of users. The Audit Committee invited external auditors to present their audit report and observations at Audit Committee meetings. Additionally, they also met exclusively with external auditors in the absence of the management to discuss their comments and concerned issues of the audit and review of financial statements, the auditors' independence, and their professional views with a focus on accurate, complete, and adequate presentation of data. With these elements, the Audit Committee has reviewed and considered that the Company's financial statements for the year 2018 was prepared according to 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 auditors have reviewed and audited without reservation.

2) Review of internal control system and internal audit. The Audit Committee reviewed the adequacy and effectiveness of internal control system. The Committee encourages that the Company establishes a preventive control system in the operational procedures in an adequate manner. With the certification of the IATF 16949 quality management standard and the result of internal control assessment, the Audit Committee was assured that the Company's internal control system was appropriate and sufficient at a good level without significant deficiencies. The Audit Committee also conducted review meetings and approved the annual audit plan of internal auditors. The Committee has provided recommendations and follow up improvements according to the internal audit report to ensure good corporate governance and enhance greater efficiency of the Company's operations.


3) Review of related transactions and transactions of potential conflict of interest. The Audit Committee reviewed related transactions that arose in the ordinary course of business for the benefit of the AAPICO Group. The Committee reviewed these transactions for their reasonableness and transparency such that they have been properly considered and disclosed in compliance with regulatory requirements and good corporate governance principles.

4) Review of compliance with relevant laws and regulations. The Audit Committee reviewed the Company's operations and reporting to comply with relevant laws, regulations, the notifications of SET and SEC, and regulatory requirements. The Committee reviewed management's conducts of the Company's business such that it was in compliance with the good corporate 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 misconducts for the fiscal year 2018.

5) Appointment of external auditor. The Audit Committee considered the appointment of the external auditor and the auditor's remuneration based on knowledge, experience, ability, adequacy of resources, and the level of independence. In view of the quality of their services, the Audit Committee resolved to recommend the appointment of EY Office Limited to be the Company's auditor for the fiscal year 2019, and also proposed to the Board of Directors for consideration and concurrence this proposal for submission to the Annual General Meeting of shareholders for approval.

In summary, the Audit Committee has performed its duties with adequate knowledge, competence, prudence, and independence for equal benefits of all stakeholders without any restriction in obtaining information, resources, and with cooperation from management. It views that the Company has improved its good corporate governance, internal control, and audit system in appropriate, adequate and efficient manners. The Company's financial statements were accurate, credible, and presented fairly in accordance with general accepted accounting standards. The disclosure of information was adequate. 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 the Audit Committee



Mr. Pipat R. Punya
Chairman

Report of Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 independent directors, chaired by Mr. Pipat R. Punya as the Chairman of the Committee, with Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala serving as the member of the Committee. The Nomination and Remuneration Committee carried out its duties and performed other tasks as assigned by the Board of Directors.

For directors' nomination, the Committee is responsible for reviewing the structure and composition of the board for its suitability to the business by taking into consideration of appropriateness of size, diversity, and directors' knowledge and experience. The Committee considers and nominates persons from different professions with the qualifications as required by relevant laws and regulations. It screens persons who are eligible for director positions on the basis of their capability, knowledge, experience, and expertise relating to the Company's business strategy. The qualified candidates must also possess necessary skills and be able to devote time and handle duties for the best interest of the Company.

For directors' remuneration, the Committee carefully analyzed the remuneration of the Board of Directors and the committees. The Committee made recommendations to the Board of Directors by taking into consideration assigned duties and responsibilities of directors and by benchmarking with other listed companies that are in the same industry or have comparable business size, profits, and directors' accountability.

In 2018, the Committee held 1 meeting to consider the appointment of directors replacing those retiring by rotation and directors' remuneration. The Committee had also considered and provided guidance on the succession planning of directors and executives in key positions. For the year 2018, the Committee proposed that Mr. Yeap Swee Chuan, Mrs. Teo Lee Ngo, and Mr. Wichian Mektrakarn to be re-elected as the Company's directors for another term. Additionally, the Committee also proposed the appointment of Ms. Yeap Xin Rhu in the position of Chief Financial Officer. For the directors' remuneration, the Committee proposed to increase the attendance fee for the Board of Directors and committees, while maintaining the same rate of annual remuneration and incentive bonus payable to independent directors as in the year 2017. These proposals were approved by the Board of Directors and subsequently the Annual General Meeting of shareholders for the year 2018.

The Nomination and Remuneration Committee had performed its duties with prudence and due care for the best benefit of the Company and shareholders. The Committee has assured that its performance in the past year was effective, efficient, and transparent as in accordance with the principles of good corporate governance of the Stock Exchange of Thailand. The Committee also disclosed the remuneration of directors in the Annual Report and Form 56-1.

On behalf of the Nomination and Remuneration Committee



Mr. Pipat R. Punya
Chairman

Report of Risk Management Committee

The Risk Management Committee is assigned by the Board of Directors to oversee and manage the risk management process. The Committee is responsible for identifying and assessing potential risk situations and proposing the preventive and corrective actions to mitigate the impact to operations and financials of these risks to an acceptable level. The Board of Directors had appointed 3 independent directors as the Risk Management Committee, comprising of Mr. John Parker as the Chairman, Mr. Wichian Mektrakarn and Mrs. Vachira Na Ranong as the Committee's members.

The Risk Management Committee sets out the Company's risk management policy and determines the general principles for assessing and monitoring the Company's key risk factors. The Committee held 2 meetings during the year 2018 to review and assess potential risk factors of the organization, taking into consideration of developments in the automotive industry, emerging technologies and trends, and changes in economy and social movements. The Committee identified, analyzed, and reviewed the likelihood of occurrence and impact of each risk and ensured sufficient control measures are in place to prevent and mitigate such impact. The Committee is assured that the Company's risks are monitored and managed. Sufficient internal controls have been put in place according to the ISO 9001:2015 and IATF 16949:2016 standards across the organization. Details of key corporate risks are disclosed in the Risk Factor section in the 2018 Annual Report.

The Risk Management Committee is committed to utilize their knowledge and experiences in overseeing and monitoring the Company's operations to ensure sustainable growth for the organization and boost shareholders' confidence and enhance values through effective and efficient risk management processes. The Committee performed its duties with prudence and due care for the best benefit of the Company and shareholders. The Committee has assured that its performance in the past year was effective, efficient, and achieved the objectives assigned by the Board of Directors.

On behalf of the Risk Management Committee



Mr. John Parker

Chairman

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 Rayong 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 City Chonburi 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 City Chonburi 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 Rayong 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 City Chonburi 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 City Chonburi 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

COUNTRY	COMPANY	ADDRESS	CONTACT
THAILAND	Sumino AAPICO (Thailand) Company Limited	700/706 Moo 3 Amata City Chonburi Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel: +66 (0) 38 447 628 Fax: +66 (0) 38 447 632
	Thai Takagi Seiko Company Limited	358-358/1 Moo 17 Bangpli Industrial Estate Soi 7/1 Taparak Road Tambol/Ampur Bangsaothong Samutprakarn Province 10570	Tel: +66 (0) 2705 8800 Fax: +66 (0) 2705 8808
	Minth AAPICO (Thailand) Company Limited	7/290 Moo 6 Amata City Rayong 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 Rayong 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	
	Hyundai Motor (Thailand) Company Limited	92 Vipavadi Rangsit Road Kweang Talad Bangkhen Khet Laksi Bangkok 10210	Tel: +66 (0) 2089 1888 Fax: +66 (0) 2089 1877 www.hyundai-motor.co.th
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

IoT Connectivity & Mobility Business			
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
	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	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 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	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 4545-6
DEBENTURE REGISTRAR	BANGKOK BANK PUBLIC COMPANY LIMITED 333 Silom Road , Bangrak , Bangkok 10500 KASIKORN BANK PUBLIC COMPANY LIMITED Head Office Floor 19 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140	Tel: +66 (0) 2626 3568 Fax: +66 (0) 2626 4545-6 Tel: +66 (0) 2470 6662 Fax: +66 (0) 2470 2279
AUDITOR	EY OFFICE LIMITED Lake Rajada Office Complex, Floor 33, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110	Tel: +66 (0) 2264 0777 +66 (0) 2264 9090 Fax: +66 (0) 2264 0789

COMPANY CREDIT RATING

(BBB+ / POSITIVE)

TRIS Rating affirms the company rating on AAPICO Hitech PLC (“AH”) at “BBB+”. The rating continues to reflect AH’s strong competitive position as a Tier-1 automotive parts manufacturer in Thailand, higher income contribution from investments in affiliates, and well controlled costs. These strengths are partially weighted down by the thin profit margins in two key segments: stamped products and car dealership, and the cycle nature of the automotive industry. The rating also takes into consideration a rise in leverage due to overseas expansions. These investments with offshore partners are both challenges and opportunities for the Company.

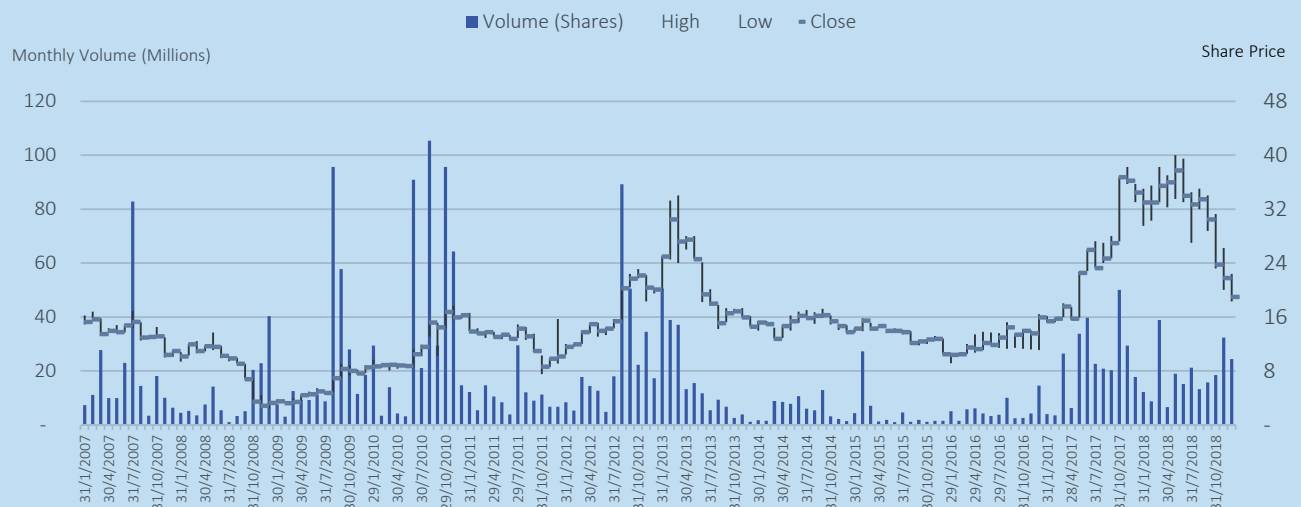
TRIS Rating has revised the rating outlook to “Positive” from “Stable”. The change reflects improved prospects on the Company’s business and earnings performance. TRIS Rating expects that the Company’s profitability will rise while the total debt to capitalization ratio will stay below 40%.

TRIS Rating expects AH will be able to maintain its strong competitiveness in the OEM auto parts segment, attributed to its long track record in producing auto parts for several automaker and no record of losing orders from major customers. TRIS Rating believes that AH’s strategy to expand globally will help unlock growth opportunities and expose AH to the global automotive industry. A successful expansion will be a plus for the rating.

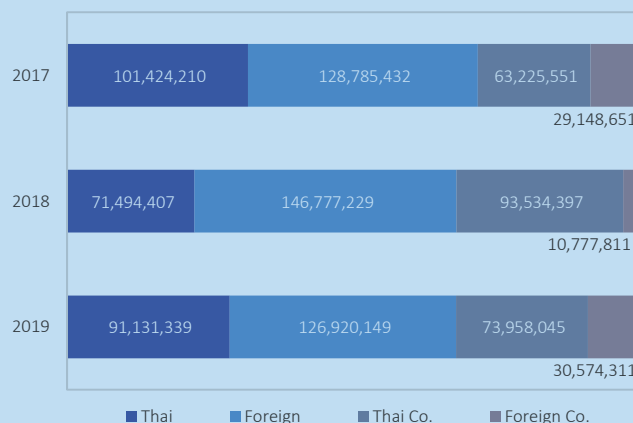
Corporate Information

Company Name	AAPICO Hitech Public Company Limited		
Abbreviation	AH		
Registered Number	0107545000179		
Type of Business	The 3 Core Pillars of AAPICO business, which are <ol style="list-style-type: none"> Manufacture of OEM automotive parts, which include pressed parts, forged and machined parts, plastic parts, and tooling (jigs and dies) to leading automobile assemblers Car dealerships and service center Internet of Thing (IoT) Connectivity and Mobility business 		
Website	www.aapico.com		
Established	1996		
Listed on SET	17 October 2002		
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 Baht 1 per share			
*The Company holds 5,982,700 treasury shares as of December 31, 2018.			

AH Stock-Related Data 2007-2018

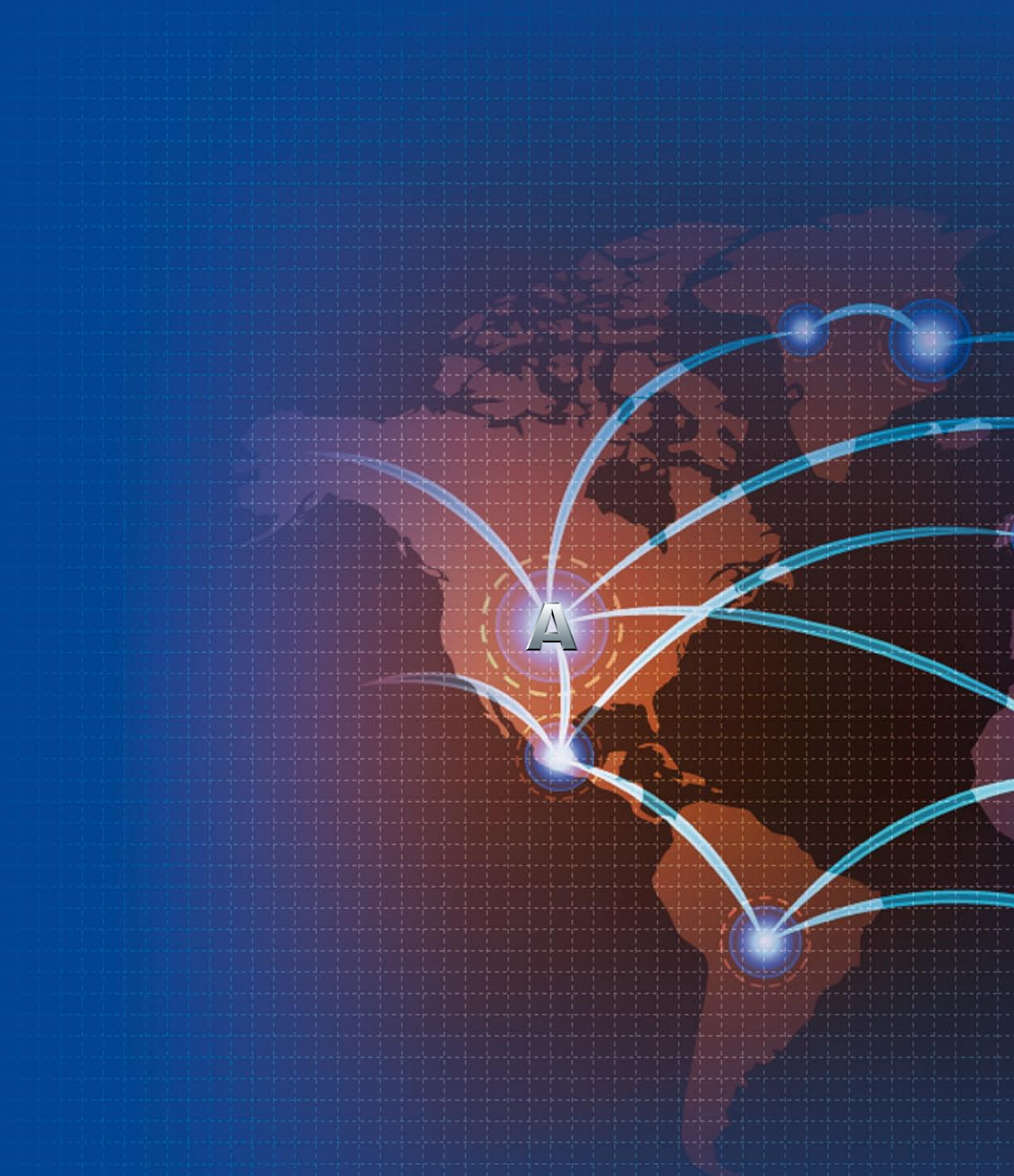


Composition of Shareholders



Major Shareholders (as of March 2019)

Name	Number of Shares	% Holding
Thai NVDR Company Limited	45,119,545	13.99%
Mr. Yeap Swee Chuan	44,122,773	13.68%
Mrs. Teo Lee Ngo	31,811,346	9.86%
Ms. Yeap Xin Rhu	25,839,760	8.01%
Ms. Yeap Xin Yi	25,055,469	7.77%
BNP Paribas Singapore Branch	20,000,000	6.20%
Phatra Capital PLC	15,793,600	4.90%
Mr. Pichai Wijakkapan	11,205,400	3.47%
Mr. Kiattisak Traitreungtatsana	6,414,520	1.99%
AAPICO Hitech (Treasury shares)	5,982,700	1.85%



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

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