



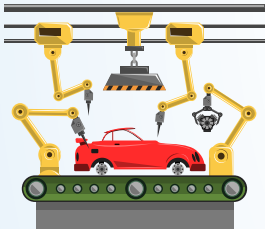
ANNUAL REPORT **2019**

AAPICO HITECH PUBLIC COMPANY LIMITED



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

The year 2019 represents a significant inflection point in the global growth trajectory of AAPICO Hitech, with the company flag now firmly planted in Europe, thanks to the former Sakthi plants in Portugal coming under 100% AAPICO control. Portugal is a member state of the European Union (EU), providing this newly-renamed AAPICO Maia subsidiary company with tariff-free access to a trading bloc that recorded sales of 15.3 million new passenger vehicles during 2019, the highest volume in more than a decade. The Portuguese subsidiary operates state of the art facilities, using the most advanced Smart Factory technology, which further enhances the strategic value of this acquisition.

That said, rapid growth is often accompanied by temporary growing pains. I am pleased to confirm that we have been able to achieve more clarity on the Sakthi joint venture during 2019. In Q3, AAPICO took 100% control of SGAH, namely Sakthi Global Auto Holdings Limited (UK), our London-based joint venture investment vehicle. As a reminder, SGAH directly holds operating companies in the USA and India. In brief, the outcome of that process has been the welcome addition of the Portuguese operations to the AAPICO Group as a 100%-owned subsidiary. We are also in the process of taking control of the 77% equity of Indian operations, Sakthi Automotive Component Limited (India) (SACL). Meanwhile, the loss-making US operations, Sakthi Automotive Group USA, Inc. (SAGUSA), had been negatively impacting the performance of AAPICO Hitech over the past two financial years. However, I now believe this issue to now also be behind us, following the entry of SAGUSA into receivership. Furthermore we have made all reasonable provisions in the 2019 accounts for the conclusion of this matter, which now allows us to renew our focus entirely on moving our growing group forwards in 2020 and the years ahead.

Closer to home, 2019 also saw the expansion of our Car Dealership pillar. The Company acquired two Mitsubishi dealerships located at Pak Kret and Pathum Thani area and established two new subsidiaries for their respective management. In Malaysia, we also began to retail Proton cars with rapid sales results. Furthermore, we have also diversified the scope of our dealership activity to now include motorcycle distribution and retail in Thailand via a 40% investment in Vroom Co., Ltd., a joint venture with Sojitz Corporation Japan. Vroom will be the exclusive Thai distributor for the third largest global motorcycle group, managing the KTM, Husqvarna and Bajaj brands in the Kingdom. Thailand is the world's sixth largest motorcycle market by unit volume, with particularly strong consumer interest in the sports motorcycle segment in which these three brands operate.

Even though many of the above transactions took place in the latter half of the year, we can already see a clear benefit in the Company's top line numbers. Total Revenues increased 8.83% year on year to THB 19.3 billion. Sales of automotive parts were up by 21.30% for the year, which was partially attributable to sales contributions from AAPICO Maia, beginning in Q4, and to overseas orders for tooling.

In terms of overall automotive industry performance, the clouds of the US-China trade war were looming over all three markets in which AAPICO operates. The Thai situation was made worse by the strengthening of the baht. Total Thai industry production dropped 7.1% to 2.01 million cars in 2019. Export volumes dropped by 7.6% year on year to 1.05 million units, almost double the 3.4% decline in output for the domestic market to 1.01 million units. Domestic sales have been impacted by the increasingly strict screening process for consumer auto loans by Thai financial institutions. The industry forecast for 2020 is a further slight decline of 0.7% to 2 million units, evenly split between 1 million units for the domestic market and another 1 million for export. We expect to outperform the market.

In Malaysia, there was in fact a slight increase of 1% in total industry volume to 604,287 units. Of particular note were the contrasting fortunes of the two brands for which we operate Malaysian dealerships. Proton experienced a 54.7% increase in sales volume for the year, propelling this national brand to second place in the industry rankings. Sales volumes for Honda, conversely, slipped 16.5% and took third place. For 2020, the Malaysia Automotive Association forecasts a further slight volume increase to 607,000 units.



Mr. Yeap Swee Chuan

President and CEO

AAPICO Hitech Public Company Limited

The Chinese market meanwhile contracted quite significantly compared to 2018, with a 7.5% decrease in total production to 25.7 million units and an 8.2% drop in retail automotive sales to 25.8 million units. The passenger car segment fared even worse, with year-on-year declines to 21.4 million units for both retail sales and production, representing drops of 9.6% and 9.2% respectively. At the time of writing, China remains badly affected by the outbreak of COVID-19 coronavirus, negatively impacting both consumer sentiment and manufacturing operations. The outlook for this market in 2020 is negative.

Overall, however, 2019 was still a year of growth for AAPICO Hitech, both geographically and in terms of increasing revenues. Gross Profit also surged 32.2% year on year to reach THB 1.69 billion. As I alluded to above, this expansion for the long term has of course come at some short-term cost. The Company has swung to a slight net loss for the year of THB 181 million, largely due to the short-term accounting expenses from our expansion, including a considerable portion of non-cash expenses.

While we were able to consolidate Q4 sales from AAPICO Maia, we also had to consolidate that subsidiary's debt for the full financial year. Accounting rules regarding interest-bearing loans to the former Sakthi operating companies resulted in higher impairment for the year. Our associate company Hyundai Motor (Thailand) also contributed a smaller share of profits than in the past, but the share of profits from Associates and Joint Ventures still increased overall from THB 104 million to THB 115 million.

To sum up, I believe we have come out of 2019 stronger than we started, with growing revenues and gross profits. At the time of writing, the shock to the global economy from the COVID-19 virus is dominating headlines around the world. On this note, I would like to remind that our company has survived numerous political events, the financial crises of 1997 and 2008, the Great Flood of 2011 and the SARS epidemic of 2003. While we are far from complacent about the threat that COVID-19 poses to our business, we are confident that our experience in crisis management, combined with our strengthened corporate position and the continuing support of our valued stakeholders present a considerable combined arsenal to fight any future challenges on the horizon. I thank all associates and shareholders in advance, once again, for your continued support – now more than ever.



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

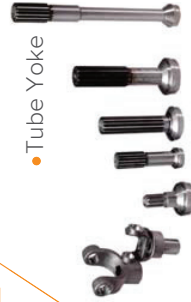


Lock Pillar



Prop Shaft

- Tube Shaft
- Yoke Weld
- Tube Yoke



Trim Pillar A,B,C

Door Trim



Side Sill Inner



Chassis Frame Component



Steel Fuel Tank



Rear AXEL Housing



Door Check Arm



Reinf Seat Belt



Water Tank System



Manufacture of OEM Auto Parts : Pickup truck

Manufacture of OEM Auto Parts: Jigs & Dies

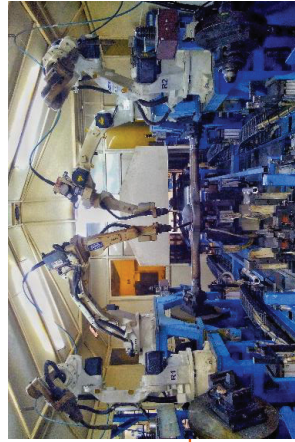
ASSEMBLY JIGS



Frame Side Member Assembly



Axle Housing Banjo Weld



STAMPING DIES



Upper



Lower





POWERMAP Tracking
by **POWERMAP**
Enterprise - Level Tracking Solution



Car Navigation System
Thailand's 1st real 3D navigation software



POWERMAP
Take you everywhere!
Personal Navigation Device



Rack Tracking System
Industry Solutions - Asset Tracking and Management



GIS Consulting Services
GIS for Business Intelligence



IoT Connectivity & Mobility

AAPICO Global Footprints



Globalization - Our Long Term Plan

Global expansion of AAPICO is on the roll. AAPICO's businesses are in Thailand, Malaysia, China, Europe & India. We are looking to expand into Japan, USA and other countries.



Financial Highlights

TOTAL REVENUE

19,304 up from 17,738 in 2018

THB Million

Gross Profit

1,685 up from 1,275 in 2018

THB Million

Net Profit to Equity Holders

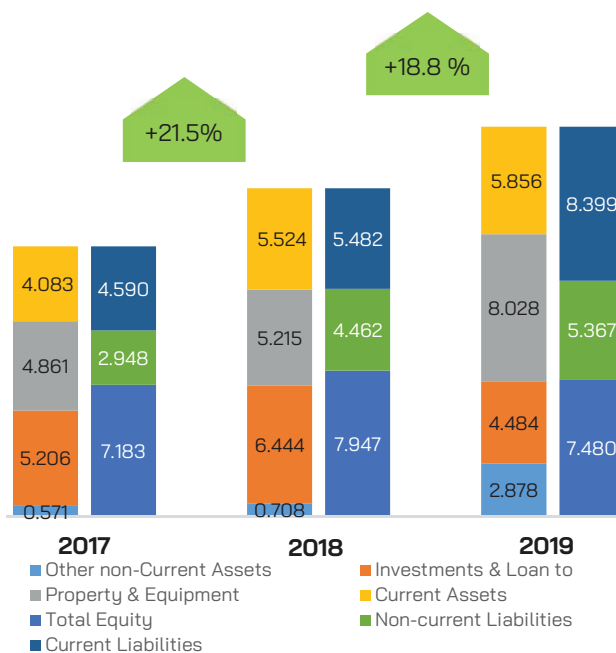
-181 down from 1,299 in 2018

THB Million

Net Profit to Equity Holders (exclude other expenses)* at 902 THB Million

Financial Position

(Unit: THB Billion)



*Other expenses included loss on change in status of investment, doubtful accounts and loss on impairment of investments

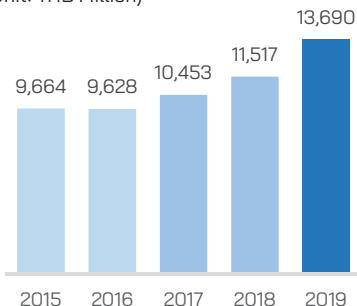
Manufacture of OEM Auto Parts

Car Dealerships

IoT Connectivity & Mobility

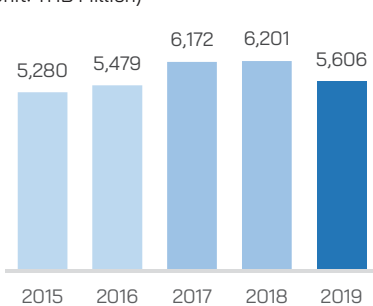
Total Revenue

(Unit: THB Million)



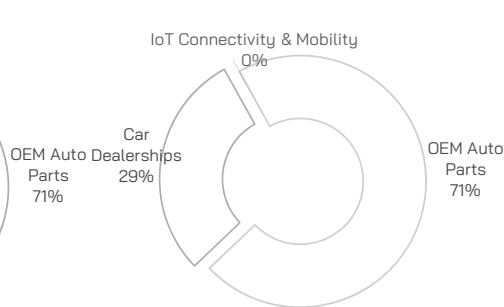
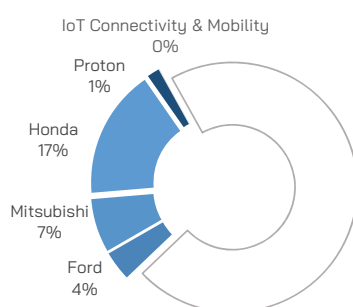
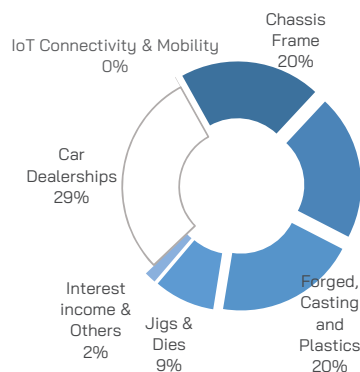
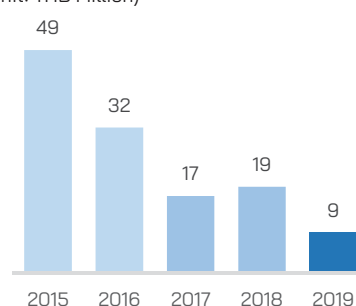
Total Revenue

(Unit: THB Million)

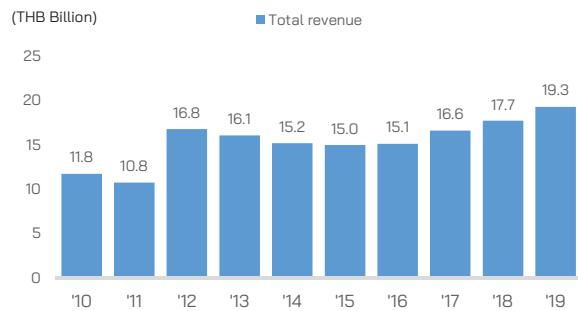


Total Revenue

(Unit: THB Million)



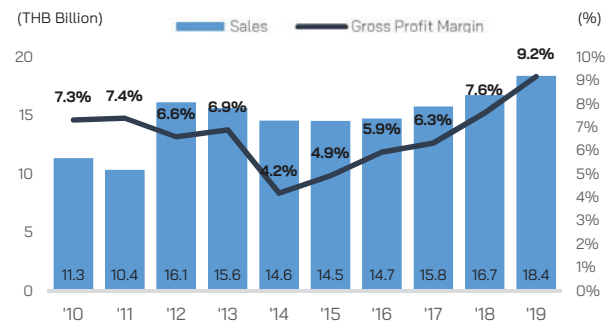
Total Revenues



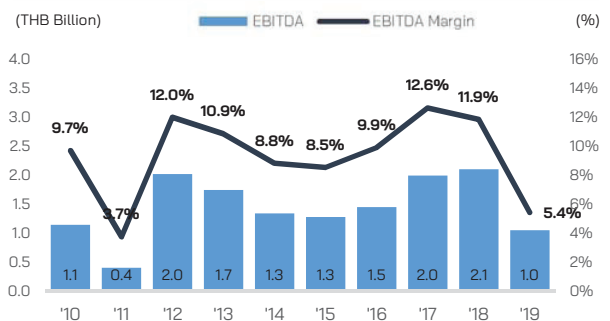
Net Profit Attributable to Equity Holders and Net profit Margin



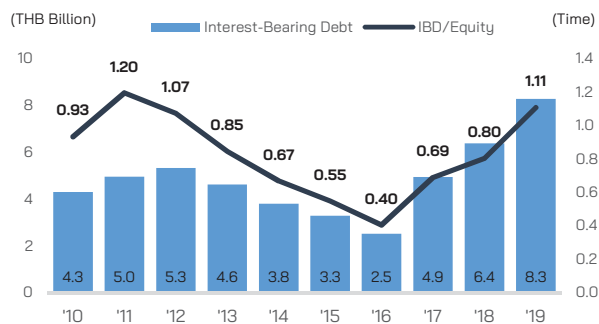
Sales and Service Income and Gross Profit Margin



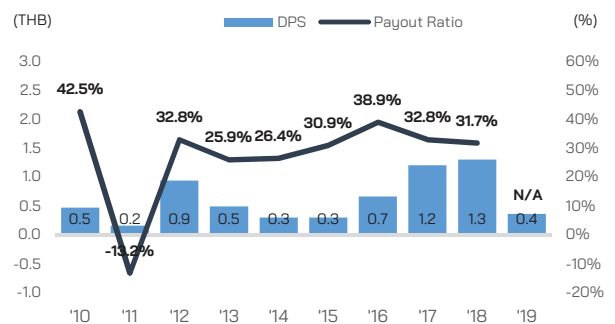
EBITDA and EBITDA Margin



Interest-Bearing Debt and IBD to Equity Ratio

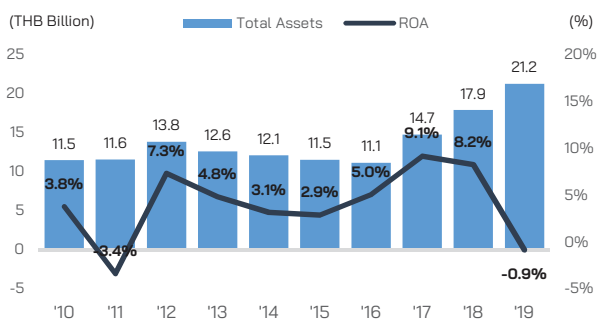


Dividend per Share and Dividend Payout Ratio

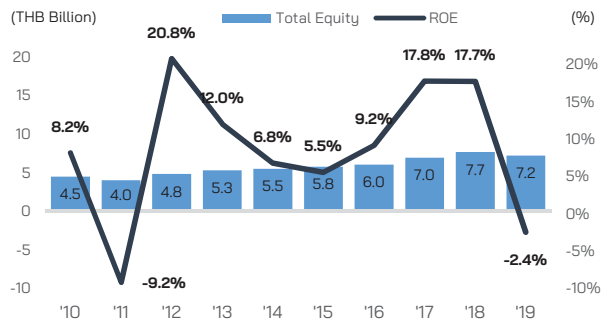


In 2019, the Company paid dividend 0.36 Baht per share, but EPS is negative.

Total Assets and Return on Assets (ROA)



Total Equity and Return on Equity (ROE)



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).

2011

Great Flood

Completed the 3S showroom for Honda dealers in Malaysia.

2012

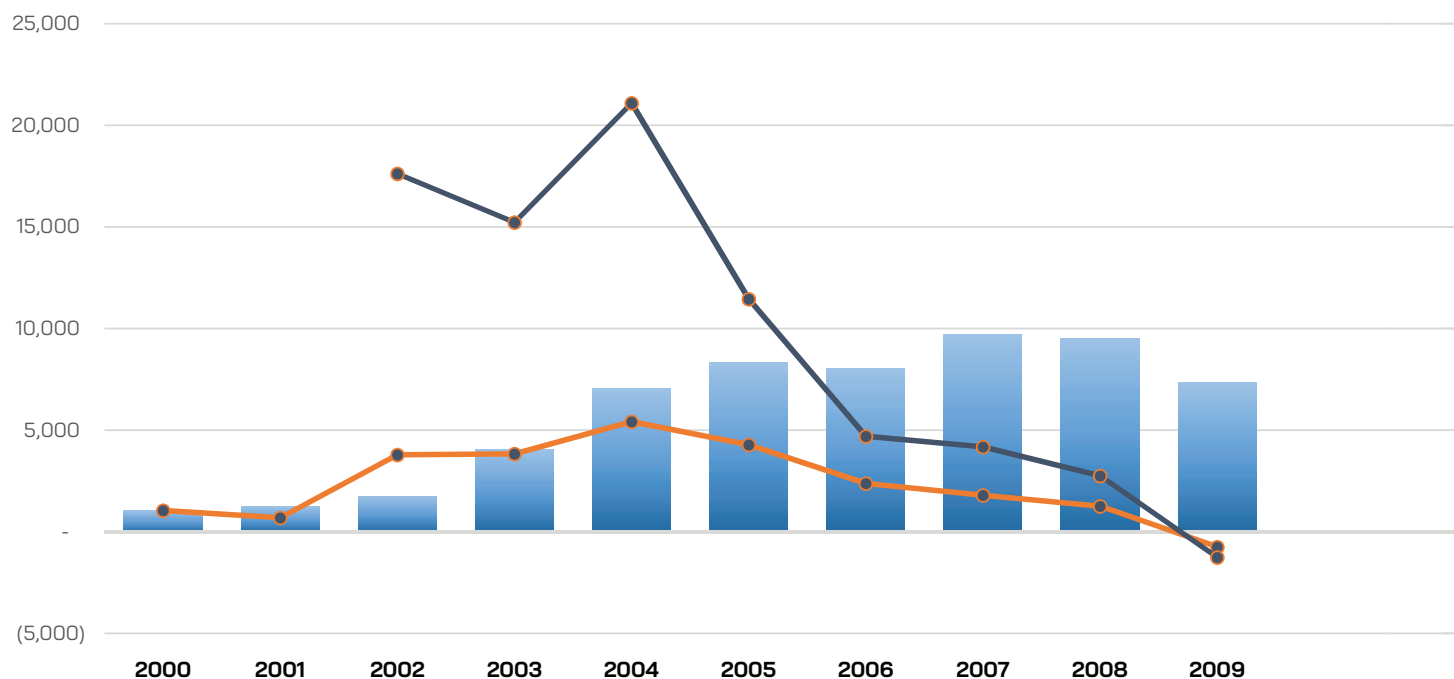
First Car Scheme

Commenced operations at the new 20,000 square meters factory in China.

AAPICO Revenue and Profitability Trend

(Unit: THB Million)

■ Total Revenue ● Net Profit Margin (%) ● ROE (%)



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

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

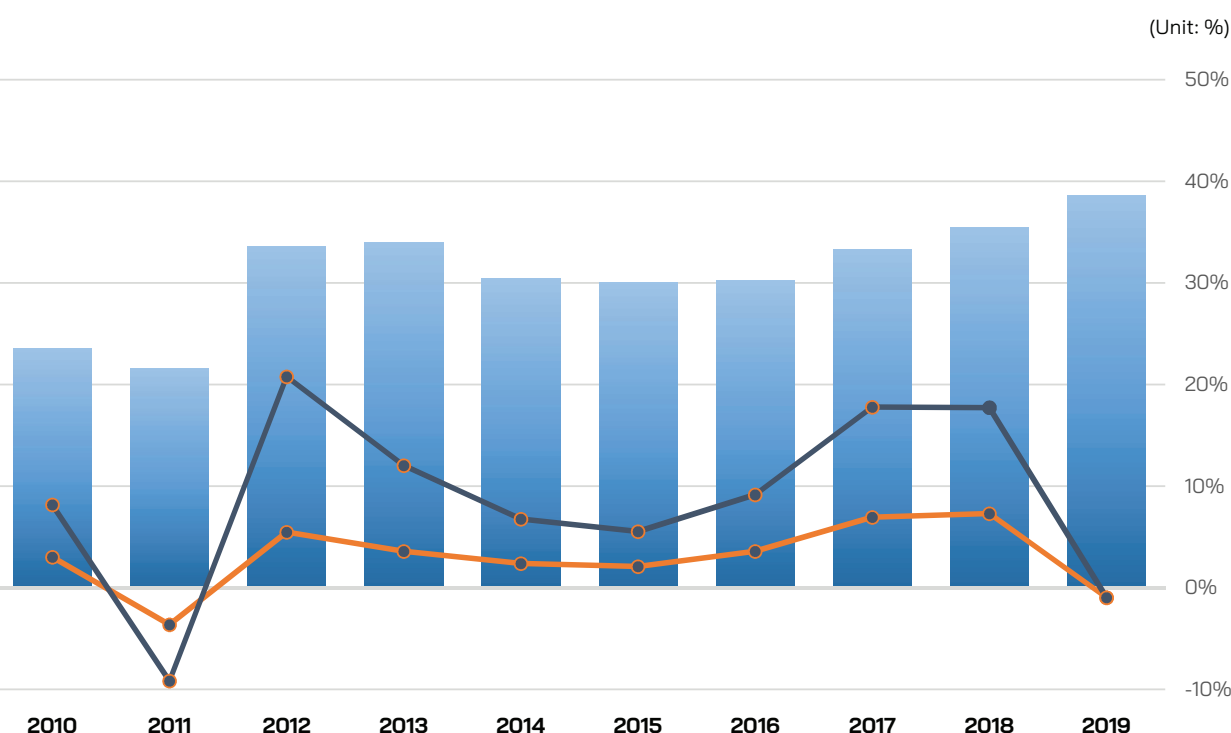
Acquired 25.1% of Sakthi Global Auto Holdings Limited (SGAH) (UK) and form a strategic partnership with Sakthi Group to expand the automotive part business globally.
Disposed investment in Jackspeed Corporation (SG) and Quantum Inventions (QI).

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 the first 2 models of 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.

2019

- Acquired 100% equity of Sakthi Global Holding Limited (SGAH)
- Acquired 100% shares of AAPICO Maia, S.A. (Portugal) and two subsidiaries, namely AAPICO Águeda, S.A. (Portugal) and Sakthi Portugal GmbH (Germany)
- Opened Proton showroom and service centre in Cheras, Kuala Lumpur



Major Developments in past 3 years

2019

AWARDS RECEIVED IN 2019

- AAPICO Hitech PLC received the Drive Award 2019 Excellence "Industrial Category" from MBA Chula Alumni Association.
- AAPICO Hitech PLC received Best Delivery Award of Year 2019 from Ford Thailand Manufacturing
- AAPICO Plastics PLC received 100% Delivery Performance of Year 2019 from Ford Thailand Manufacturing



- AAPICO Forging PLC received Green Industry Level 3 Certificate from Ministry of Industry
- AAPICO Precision Co., Ltd. received Green Industry Level 3 Certificate from Ministry of Industry
- AAPICO Precision Co., Ltd. received Supplier Excellence Award (Quality Performance) from American Axle & Manufacturing (Thailand) Co., Ltd.



- Able Sanoh Industries (1996) Co., Ltd. received certificate of 2019 TCC Risk Management Activity Business Continuity Plan (BCP) Step 1-10 and Exercise Plan from Toyota Co-operation Club.



DECEMBER 2019

AAPICO Hitech PLC established Able Motors Pakkret Company Limited and Able Motors Pathumthani Company Limited, 100% subsidiaries of the Company that operate Mitsubishi car dealership business.

NOVEMBER 2019

AAPICO Hitech PLC acquired 100% shares of AAPICO Maia, S.A. (Portugal) and two subsidiaries, namely AAPICO Águeda, S.A. (Portugal) and Sakthi Portugal GmbH (Germany).

OCTOBER 2019

AAPICO Hitech PLC's shareholding in Sakthi Global Auto Holdings Limited (SGAH) increased from 49.99% to 100%.

SEPTEMBER 2019

AAPICO Hitech PLC sold its shares in Aapico Vinfast Auto Parts Company Limited (AVAP), a 51% joint venture of the Company to Vinfast Trading and Production LLC.

AUGUST 2019

AAPICO Hitech PLC decreased its shareholding in Hyundai Motor (Thailand) Company Limited (HMTH) from 30% to 20%.



MAY 2019

AAPICO Hitech PLC established Vroom Company Limited a 40% joint venture of the Company. Vroom's business is the distribution & retail of KTM, Husqvarna and Bajaj brand motorcycles.

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



AWARDS RECEIVED IN 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

AWARDS RECEIVED IN 2017

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



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



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



AWARDS RECEIVED IN 2017

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

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

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.

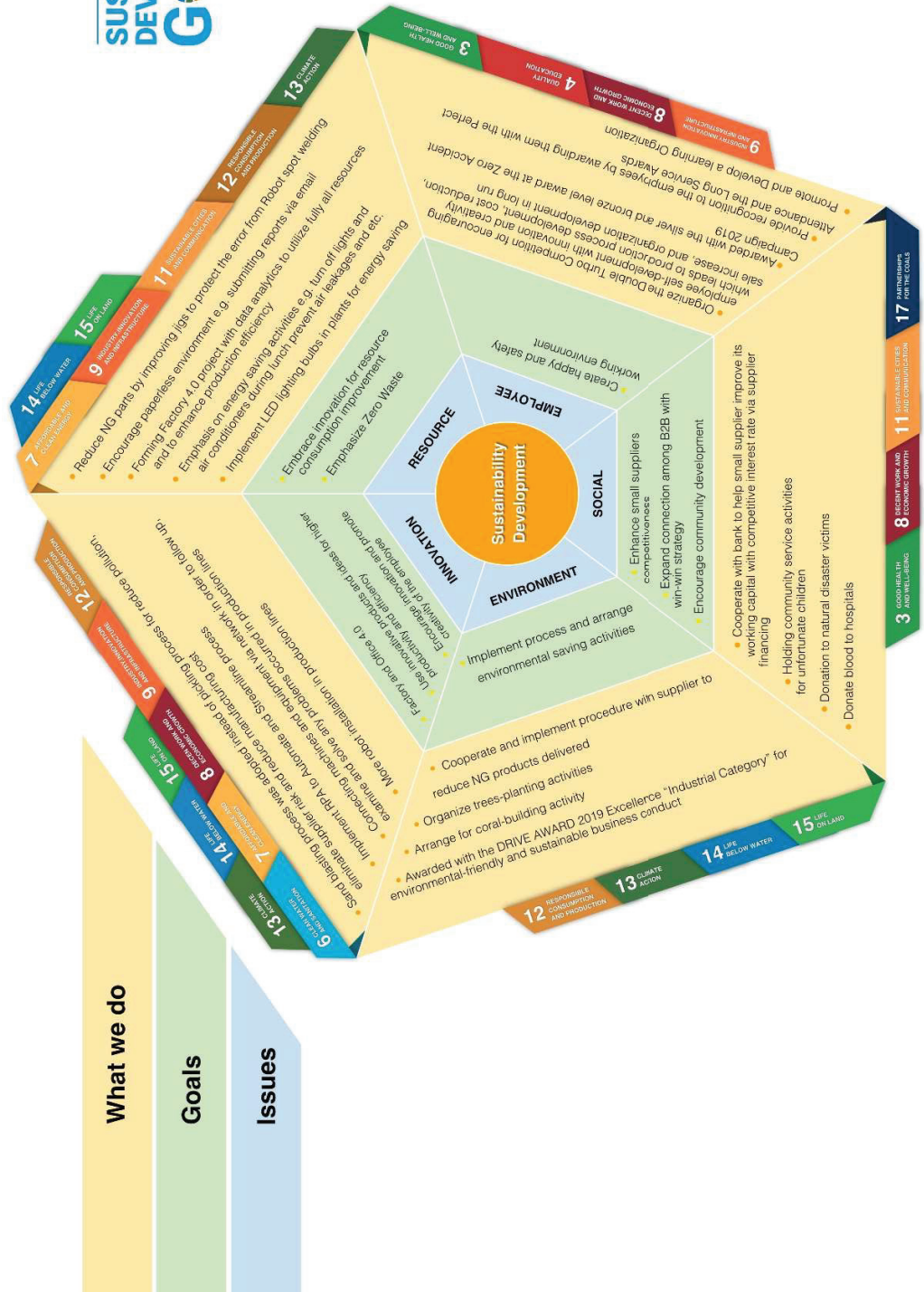
MARCH 2017

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

FEBRUARY 2017

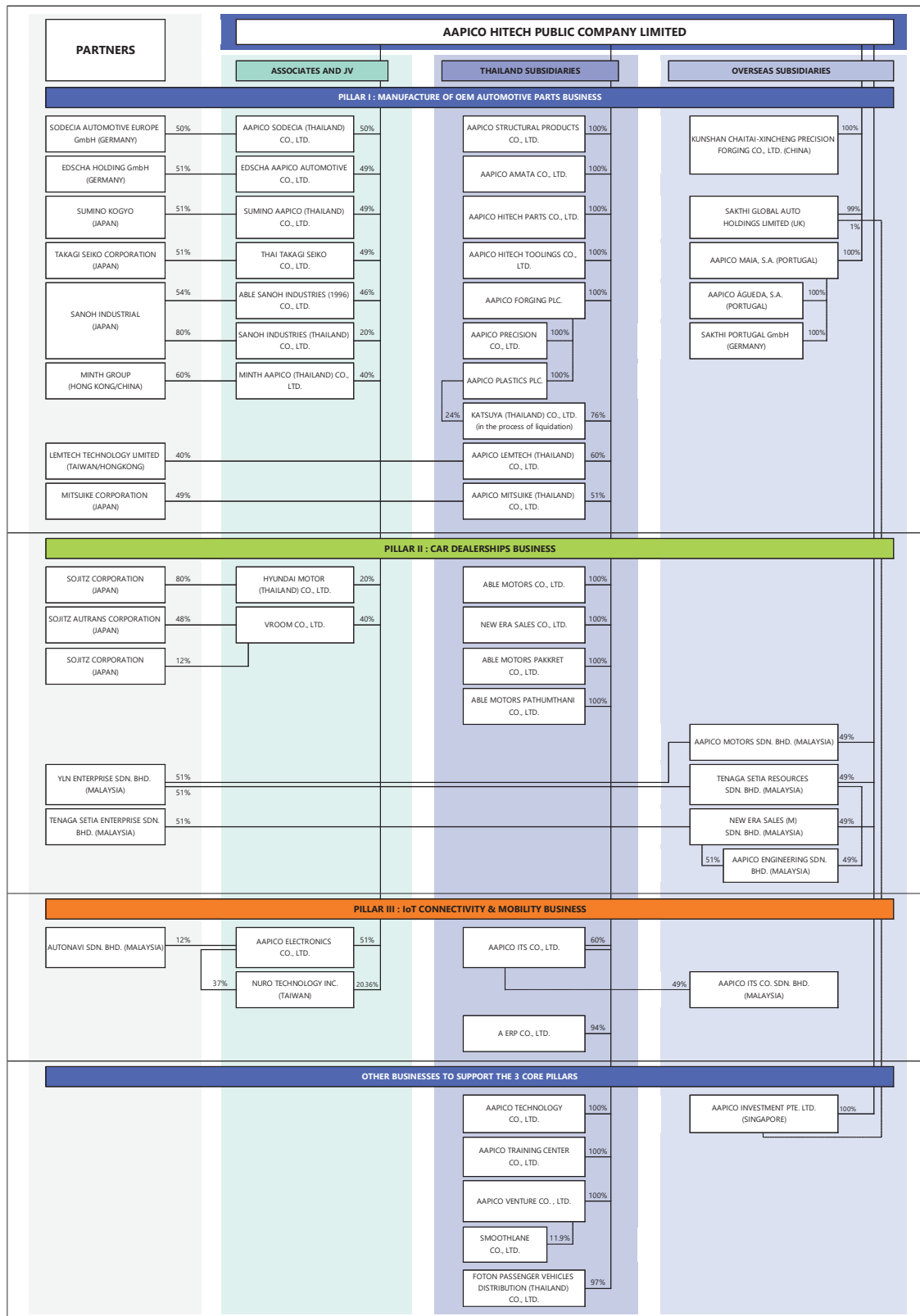
AAPICO Hitech PLC announced the resale of Share Repurchase on SET for a period of 3 years, starting from March 2017 until September 2019.

Sustainability Development

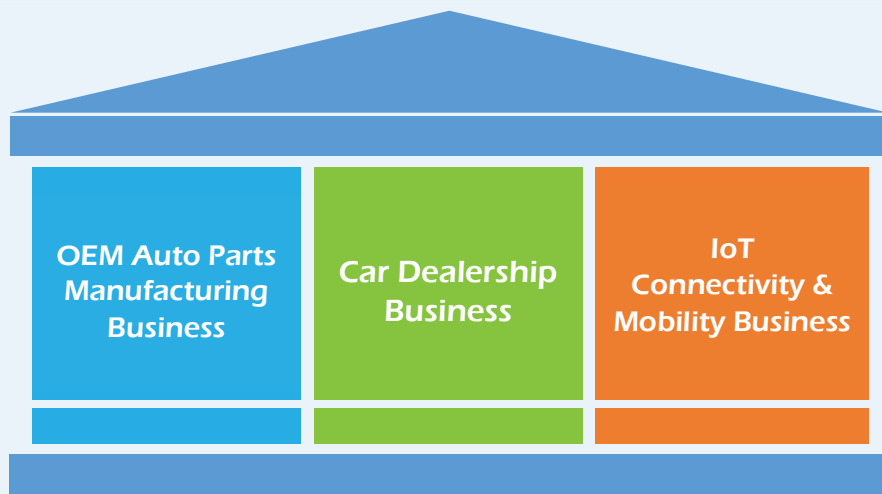


Company Holding Structure

AAPICO HITECH COMPANY HOLDING STRUCTURE



Main Businesses



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 since progressed by adding the production of chassis frame components, forging & machining parts, plastic parts and plastic fuel tanks to its manufacturing portfolio.

AAPICO Hitech PLC is operated under the management of Mr. Yeap Swee Chuan, President & 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 Auto Alliance Thailand (AAT), Ford, Isuzu and Toyota.

AAPICO Hitech PLC is comprised of three pillars, namely the OEM Auto Parts Manufacturing Business, Car Dealership Business and the IoT Connectivity & Mobility Business. As of today, the Group comprises 43 subsidiary and associate companies, of which 31 companies are operating in Thailand and 12 companies are located overseas.



PILLAR I: OEM AUTOMOTIVE PARTS MANUFACTURING 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, pillars 	<ul style="list-style-type: none"> • Auto Alliance Thailand • Ford • Isuzu • Toyota • Vinfast • Nissan 	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, pillars 	<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 • Mercedes 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"> • Auto Alliance Thailand • Honda • Mitsubishi • Nissan • Toyota 	117.7	46
Edscha AAPICO Automotive Co., Ltd.	EA	<ul style="list-style-type: none"> • Door checks • Door hinges • Parking brake levers 	<ul style="list-style-type: none"> • AAPICO Hitech PLC • Mitsubishi • Nissan 	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 • Isuzu • Thai Yamaha Motor 	255	100 (held by AF)
Thai Takagi Seiko Co., Ltd.	TTSC	<ul style="list-style-type: none"> • Plastic moulding • Plastic parts 	<ul style="list-style-type: none"> • Honda • Kawasaki • Suzuki 	101.2	49

Ampur Bangsaothong - Samutprakarn					
Company	Abbrv.	Main Products	Main Customers	Capital (THB Million)	% Equity
Katsuya (Thailand) Co., Ltd.	KT	<ul style="list-style-type: none"> Surface treatment-water printing for plastic fabric flocking for automotive interior panels (In the process of liquidation) 	-	28.5	76
Amata City Chonburi Industrial Estate – Chonburi					
Company	Abbrv.	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 systems, power train systems, steering & suspension systems, wheel hubs 	<ul style="list-style-type: none"> Auto Alliance Thailand Dana Spicer GKN Driveline NTN THK Rhythm Yamaha 	500	100
AAPICO Precision Co., Ltd.	APC	<ul style="list-style-type: none"> Machining parts for transmission systems, power train systems, steering & suspension systems, 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 frames (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 for cars with high durability 	<ul style="list-style-type: none"> Auto Alliance Thailand Mazda 	350	49
AAPICO Sodecia (Thailand) Co., Ltd.	ASD	<ul style="list-style-type: none"> Cradles for passenger cars Cross car beams and welded assemblies for Body in White (BIW) 	-	300	50
Amata City Rayong Industrial Estate – Rayong					
Company	Abbrv.	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, pillars 	<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 tanks 	<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 moulding Belt line moulding Door sashes 	<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 tubings Fuel lines 	<ul style="list-style-type: none"> Hitachi Nissan Toyota 	146.25	20

CHINA					
Company	Abbrev.	Main Products	Main Customers	Capital (USD Million)	% Equity
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	KCX	<ul style="list-style-type: none"> Engine connecting rods Copper forged parts e.g. electrical switch contactor 	<ul style="list-style-type: none"> Chery CFME Schneider Electric SGMW SAIC Visteon 	\$ 8.1	100
UNITED KINGDOM (UK)					
Company	Abbrev.	Main Products	Main Customers	Capital (USD Million)	% Equity
Sakthi Global Auto Holdings Limited - UK (Holding headquarters) - India - USA - China	SGAH	<ul style="list-style-type: none"> 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 	\$ 90	100 (held by AH and AIPL)
PORTUGAL					
Company	Abbrev.	Main Products	Main Customers	Capital (Euro Million)	% Equity
AAPICO Maia, S.A.	AMI	<ul style="list-style-type: none"> Iron casting and machining 	<ul style="list-style-type: none"> Volkswagen Peugeot Citroën BMW Ford Mercedes Renault Continental Dana Spicer 	€ 6	100
AAPICO Águeda, S.A.	AAG	<ul style="list-style-type: none"> Iron casting and machining 	<ul style="list-style-type: none"> Mercedes Volkswagen Peugeot Citroën Ford 	€ 8	100 (held by AMI)
GERMANY					
Company	Abbrev.	Main Products	Main Customers	Capital (Euro Million)	% Equity
Sakthi Portugal GmbH	SPG	<ul style="list-style-type: none"> After sales and technical support for AMI Group 	<ul style="list-style-type: none"> All customers of AMI group 	€ 0.025	100 (held by AMI)

PILLAR II: CAR DEALERSHIP BUSINESS

THAILAND					
Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
Able Motors Co., Ltd.	AM	<ul style="list-style-type: none"> Showroom, Body & Paint and Service centre for Mitsubishi vehicles 	<ul style="list-style-type: none"> Consumers 	20	100
Able Motors Pakkret Co., Ltd.	AMPK	<ul style="list-style-type: none"> Showroom and Service centre for Mitsubishi vehicles 	<ul style="list-style-type: none"> Consumers 	15	100
Able Motors Pathumthani Co., Ltd.	AMPT	<ul style="list-style-type: none"> Showroom, Body & Paint and Service centre for Mitsubishi vehicles 	<ul style="list-style-type: none"> Consumers 	15	100

New Era Sales Co., Ltd.	NESC	<ul style="list-style-type: none"> Showroom and Service centre for Ford vehicles 	<ul style="list-style-type: none"> Consumers 	20	100
Hyundai Motor (Thailand) Co., Ltd.	HM	<ul style="list-style-type: none"> Distributor of Hyundai vehicles 	<ul style="list-style-type: none"> Car dealers 	550	20
Vroom Co., Ltd.	VROOM	<ul style="list-style-type: none"> Importer and distributor of Bajaj, Husqvarna and KTM motorcycles 	<ul style="list-style-type: none"> Consumers & motorcycle dealers 	100	40

MALAYSIA

Company	Abbrev.	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO Motors Sdn. Bhd.	AMM	<ul style="list-style-type: none"> Showroom and Service centre for Proton vehicles 	<ul style="list-style-type: none"> Consumers 	RM 2	49
New Era Sales (M) Sdn. Bhd.	NESM	<ul style="list-style-type: none"> Showroom and Service centre for Honda vehicles 	<ul style="list-style-type: none"> Consumers 	RM 1.5	49
Tenaga Setia Resources Sdn. Bhd.	TSR	<ul style="list-style-type: none"> Showroom and Service centre for Honda vehicles 	<ul style="list-style-type: none"> Consumers 	RM 6	49

PILLAR III: IoT CONNECTIVITY AND MOBILITY BUSINESS

THAILAND

Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Electronics Co., Ltd.	AEC	<ul style="list-style-type: none"> GoTrec dash camera and other car electronic products 	<ul style="list-style-type: none"> Consumers 	25	51
A ERP Co., Ltd.	AERP	<ul style="list-style-type: none"> Service and support of ORACLE 	<ul style="list-style-type: none"> Internal customers 	5	94
AAPICO ITS Co., Ltd.	AITS	<ul style="list-style-type: none"> Digital Mapping Routing & Navigation software solutions Geographic Information Systems consultancy services Location-Based Big Data Industrial Big Data Fleet Management Asset Tracking 	<ul style="list-style-type: none"> Consumers Corporates 	100	60

MALAYSIA

Company	Abbrev.	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO ITS Sdn. Bhd.	AITS(M)	-	-	RM 0.5	49 (held by AITS)

TAIWAN

Company	Abbrev.	Main Products	Main Customers	Capital (TWD Million)	% Equity
Nuro Technology Incorporated	NURO	<ul style="list-style-type: none"> Provider of electronic information services 	<ul style="list-style-type: none"> Consumers 	TWD 200	20.36

OTHER SUPPORTING ACTIVITIES OF THE 3 PILLARS

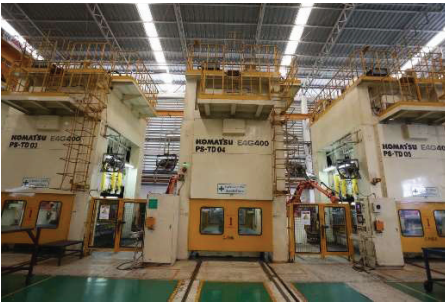
THAILAND					
Company	Abbrev.	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Technology Company Limited	AT	-	-	1	100
AAPICO Training Center Co., Ltd.	ATC	<ul style="list-style-type: none"> Organize and manage training activities for AAPICO Group 	<ul style="list-style-type: none"> Internal customers 	3	100
AAPICO Venture Co., Ltd.	AV	<ul style="list-style-type: none"> Manage investments in start-up companies 	-	20	100
Smoothlane Co., Ltd.	SML	<ul style="list-style-type: none"> Autostation.com consumer automotive news & reviews portal Digital banner advertising Advertorial Content creation Photo and video production Social media and online media management service Web site development service 	<ul style="list-style-type: none"> Car companies Motorcycle companies Accessories companies Media Agencies Related business companies 	7	11.9 (held by AV)
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Foton	<ul style="list-style-type: none"> Importer of Foton vehicles 	-	100	97
MALAYSIA					
Company	Abbrev.	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO Engineering Sdn. Bhd.	AEM	<ul style="list-style-type: none"> Land rental business for Honda dealership's showroom 	<ul style="list-style-type: none"> Tenaga Setia Resources Sdn. Bhd. 	RM 2	100 (held by NESM and TSR)
SINGAPORE					
Company	Abbrev.	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

OEM Automotive Parts Manufacturing 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 with different processes and technologies for vehicles, including passenger cars, pick-up trucks, agricultural machinery and the electronics 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 approximately 41% of total annual revenues. The main products include chassis frames 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 for metal stamping parts using coils, starting from die design, simulation, and making, through to production of the complete assembly parts. In this plant, there are over 300 robots deployed on the production lines.



AAPICO has a production capacity of approximately 400,000 frame sets per year. In 2019, the Company ran its production at full capacity with two work shifts of 10 hours each. It also increased the capacity of its blanking line and press shop by outsourcing to companies within the AAPICO Group and to other third-party companies in order to meet the required volumes.



Housing Axle Parts

Housing axles are components for rear axle assembly. The production process starts with roll forming steel sheets into sub-assembly parts. Each part is then welded into axle parts and delivered to the 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 for OEM customers. Main customers for these products are Auto Alliance Thailand (AAT), Isuzu, Nissan, and Toyota.



Door Check Links

AAPICO manufactures and supplies door check links under agreement with Edscha, Germany. The door check production process uses advanced manufacturing technology to produce high-quality and high-durability products designed to last the lifetime of the vehicles. Main customers of door check parts are Ford, GM, Isuzu, 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 for transmission systems, power train systems, steering and suspension systems, engine parts, shafts, wheel hubs, and others. Main customers are Auto Alliance Thailand (AAT), American Axle, Dana Spicer, Ford, GKN Driveline, Mazda, and NTN.



AAPICO produces both hot forging and cold forging products. The manufacture of forged parts is a metal-working process whereby steel billets are heated with an induction heater, or deformed at room temperature and compressed under extreme pressure, to form metal into different shapes. Forged parts are completed via machining processes using CNC machines chosen for their precision before delivery to customers. Some products may undergo a final heat treatment to harden the steel, or be spray painted according to customers' requirements.



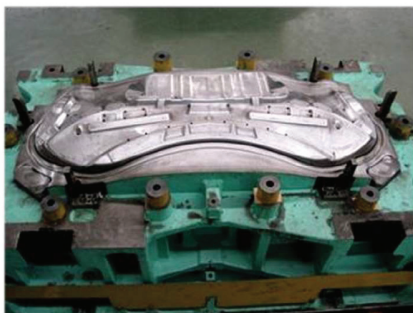
In addition to its Thai operations, AAPICO has a forging & machining facility in China, which produces copper forging products including connecting rods and copper forged parts such as switch contactors, and which supplies mainly local customers in China. Its main customers include Chery, CFME, Mazda,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



Plastic Parts and Plastic Fuel Tanks

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





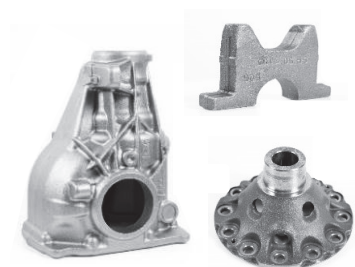
Stamping Dies

AAPICO provides full-service die design and development. The Company designs, develops, and manufactures cold stamping dies for sheet metal forming applications. The majority of its stamping dies are made for use by in-house production facilities. The stamping die production process starts with the design of the mould by a die engineer using CAD computer software. A foam moulding is created according to the die design for casting the metal die, which is then passed to the CNC Machining Center to machine and finish the stamping die. A team of engineers performs quality checks and product testing before commencing the production of parts. The Company applies the Autoform process to simulate the formability of parts and to conduct feasibility studies with customers to ensure that product quality meets customer requirements.



Assembly Jigs

Assembly Jig is an integral part of the production and assembly of automobiles. These Assembly Jigs are the equipment that guarantees the accuracy, productivity, and efficiency of the assembly of the vehicle body by accurately fixing each panel to be welded when assembling the vehicle body by welding. Assembly jig is a made-to-order product for a 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 measurements at the try-out facility. The Company also provides on-site support at the customers' assembly locations. The installation and commissioning team have supported customer launches globally in China, India, South America, Southeast Asia, and other countries.



Casting Parts

AAPICO Maia, S.A. and AAPICO Águeda, S.A., large companies in Portugal, are specialized in the production of safety critical components in nodular cast iron, serving primarily the automotive industry in the European market. Over the past years, AAPICO Maia, S.A. and AAPICO Águeda, S.A. have demonstrated technical and environmental excellence, being considered as benchmark companies in the foundry industry. These companies are developing and producing Lightweight casting solutions, grouped as follows: powertrain (48%), brakes (34%), engine (11%) and suspension (6%). AAPICO Maia, S.A. and AAPICO Águeda, S.A. do offer approximately 50 million components yearly.

Currently, AAPICO Maia, S.A. and AAPICO Águeda, S.A. are supplying safety critical components in ductile iron as Tier 1 to Mercedes-Benz, BMW, Volkswagen, Renault, PSA Group, Daimler Trucks and Ford and as Tier 2 to Continental, Dana, Linamar, and CIE Automotive.

The Companies most important markets are located in Europe, mainly in Germany, Spain, Slovakia, Hungary, Italy, Sweden and France. Furthermore, exports for the overseas markets like American continent (10%), followed by Asiatic (3%) and African (1%) continents.

Market and Competition for the OEM Automotive Parts Business

AAPICO manufactures and supplies original equipment manufacturer (OEM) automotive parts in Thailand and abroad. Sales from this business contribute around 71% of total annual revenue. As a large Tier-1 auto parts manufacturer in Thailand, AAPICO focuses on high standards of operations (quality-cost-delivery) and high productivity. Strong relationships with customers are key growth drivers that guarantee continuing orders from automakers for new automobile models – both for currently produced parts and possible new parts that the Company may invest in, while also increasing the value per car set for business growth. The Company's long track record of producing high-quality auto parts has ensured its continued growth.

Car Dealership Business

AAPICO operates car dealerships in Thailand and Malaysia. Its showrooms and service centres 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 showrooms and service centres are located at Ramindra road and Sri Nakarin Road. The Mitsubishi showrooms and service centres are located at Navanakorn, Pakkret and Pathumthani. The Pakkret and Pathumthani locations are 3S centres (showroom, service, and spare parts), while the Navanakorn location is a 4S centre (showroom, service, spare parts, and body shop).



In Malaysia, the Company has dealerships for Honda and Proton vehicles. There are two Honda showrooms – one in Kajang, which is a 3S centre (showroom, service, and spare parts) – and another one in Petaling Jaya, which is 4S centre (showroom, service, spare parts, and body shop). In April 2019, the company incorporated a new company as a 3S Proton dealer in Cheras, Kuala Lumpur.

Market and Competition of Car Dealership Business

The car dealership business contributes approximately 29% of total annual revenue. The Company focuses on excellent service and customer satisfaction as the key success factors of this business. The Company evaluates its services from surveys of customers visiting its showrooms & service facilities and benchmarks its performance against other dealers. The Company ensures sufficient trainings and appropriate incentives for its employees. All these measures are tools designed to improve service level in order to increase customer satisfaction and promote better sales.

Internet of Things (IoT) Connectivity & Mobility Business

AAPICO has world-class expertise in location-based data, as evidenced by our successful partnerships with HERE, TomTom, Grab and GH Bank. Moreover, automotive OEMs including Mitsubishi, Nissan, MG and Hyundai have chosen our digital maps to power their on-board navigation systems in Thailand and/ or Malaysia. As the importance and relevance of location-based data has increased in recent years, thanks to the rise of the Internet and Big Data, AAPICO has been able to build upon its original core competence in location-based data and digital mapping to expand into GPS Tracking, Smart Logistics, Industrial Asset Tracking for Smart Factories and even Smart Farm analytics. From its beginnings as a player in the navigation space, AAPICO has developed into a data company, dedicated to driving smart decisions.

Market and Competition of IoT Connectivity & Mobility Business

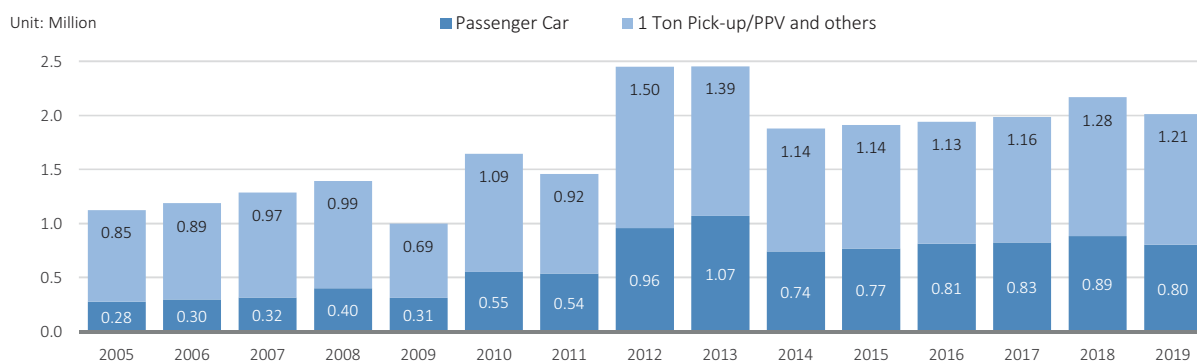
AAPICO's Big Data & Internet of Things (IoT) business operates in a niche, but fast-growing market. In 2019, sales of this business contributed less than 1% of annual revenue. The Company has broadened its offering of Logistics & Industrial Asset tracking products and services to better leverage its reputation and connections in the manufacturing industry and to support the Company's core businesses. The digital transformation of Thailand, and South East Asia in general, has created increasing demand for the Company's location-based data and also opened new doors for the Company to commercialize its digital assets and expertise.

Competition and Industry Trends

2019 has been another exciting year for the automotive industry. Trading conditions have been tough due to the ongoing trade war between the US and China but, at the same time, automakers have also been launching some new technological innovations which may transform the industry in the near future. Regarding the three markets in which AAPICO operates, the Malaysian automotive market still continued to show a slight positive trend, while the Thai and Chinese automotive markets were unfortunately more adversely affected by the global situation and have consequently shown lower growth compared to the previous year.

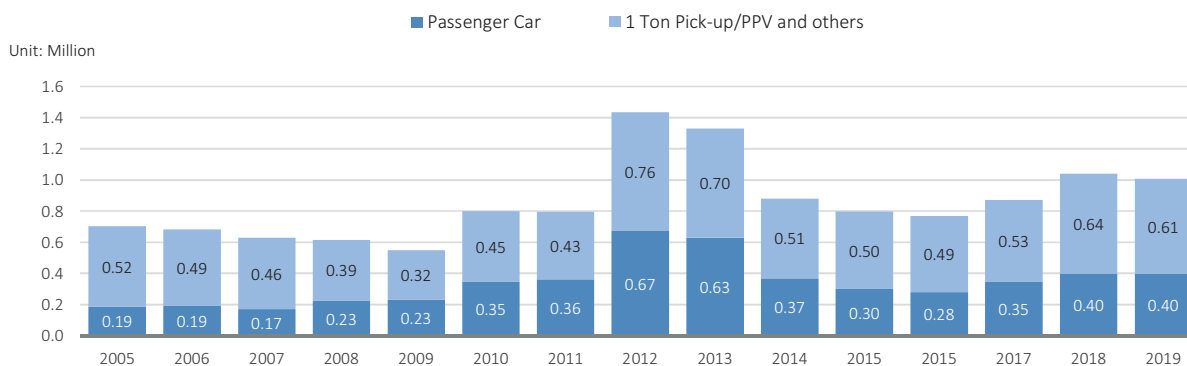
The automotive industry in **Thailand**, where AAPICO's major operations are located, saw its total automotive production decrease by 7.1% to 2.01 million cars in 2019. Output for the domestic market decreased by 3.4%, while exports also dropped by 7.6%.

Thailand Vehicle Production in 2005-2019



Domestic sales saw a slight decline of 3.4%, with barely 1 million units sold in 2019, which is attributable to heightened scrutiny by financial institutions during the auto loan approval process. Domestic car sales decreased to 1.01 million cars, which was not unexpected given the previous year's stellar performance of 1.04 million cars; while export volume decreased to 1.05 million cars, representing a year-on-year decline of 7.6%.

Thailand Total Industry Volume in 2005-2019



For 2020, the Thai automotive industry forecasts a decreased production output of 0.7% to 2.00 million units, of which 1.00 million units are expected to be sold locally and 1.00 million units will be exported.

Export volumes are expected to remain static in 2020 as the trade war between the US and China will continue to have a widespread negative impact on exports and the global economy; but this will be countered somewhat by the strengthening of overseas sales due to the acceleration of eco-car exports, which is a required condition for auto manufacturer applications for BOI investment privileges. For the domestic market, local car sales are expected to rebound in 2020 due to the release of new models – be it for traditional internal combustion engine-powered or electric vehicles – which will likely result in an increase in sales. In addition, demand from consumers who wish to replace 6 or 7-year-old cars bought under the first-time car buyer scheme in 2012-2013 may also have a hand in stimulating sales.

Overall, **Malaysia's** total industry volume for 2019 ended at 604,287 vehicles, an increase of 1% compared to the volumes of 598,714 vehicles achieved in 2018. While the total industry volume may not have increased by a very large margin, the fact that it has not decreased, unlike in many other countries, is welcome news in itself.

In 2019, Perodua continued to dominate the market with sales of 240,341 units, which was an increase of 5.8% compared to the 227,243 units sold in 2018. Proton – another national car brand – rose from fourth to second place with 100,183 units sold in 2019, an impressive increase of 54.7% compared to the 64,744 units sold in 2018. Honda dropped to third place with a total volume of 85,418 units, a decrease of 16.5% from the 102,282 units in 2018. Toyota took fourth place with 69,091 units, an increase of 5.4% from the 65,551 units sold in 2018.

The Malaysian automotive industry may find 2020 to be a challenging – but still manageable – year. The Malaysia Automotive Association (MAA) has predicted a slight increase in total industry volume for 2020 to 607,000 units.

China, the world's largest automotive market, saw its production and vehicle sales decrease in 2019 – a continuation from the decline in 2018 – with total production volumes of 25.7 million units, a year-on-year decrease of 7.5%; and vehicle sales of 25.8 million units, a decrease of 8.2% from the previous year.

In 2019, passenger car production reached 21.4 million units, representing a year-on-year decrease of 9.2%. Sales of passenger vehicles totaled 21.4 million units, representing a year-on-year decrease of 9.6%. Sales of passenger cars declined in all body type categories. Sales of Sedan cars fell by 10.7%, SUV cars declined by 6.3%, MPV cars dropped by 20.2% and Mini Van cars were down by 11.7%. As with the previous year, this continuously declining sales trend remains a source of pressure for domestic car brands.

Volkswagen was the top performer amongst automotive brands in China with sales of 3.11 million vehicles, which included sales of the top automotive model in China – The Volkswagen Lavida – which sold a total of 0.53 million vehicles in 2019. Despite this, the brand experienced an overall decrease in sales of 2.0% from the previous year. The second-ranked brand was Honda with sales of 1.54 million units, a 6.3% increase from the previous year. Toyota took third place with an 8.8% increase in sales of 1.50 million units in 2019. Compared to the previous year, the market share of German and Japanese brands continued to increase; while those of Chinese, American, and French brands all continued to decrease. Korean brands also experienced a decrease in market share, representing a reversal of fortune when compared with the increase recorded in the previous year.

Along with the overall decline in automotive sales, the new-energy vehicle (NEV) sector also saw a minor decline when compared to the previous year. The production and sales of new-energy vehicles dropped to 1,242,000 vehicles and 1,206,000 vehicles respectively; thus representing decreases of 2.3% and 4.0% respectively. Among them, the production of battery electric vehicles increased to 1,020,000 vehicles, while sales decreased to 972,000 vehicles, which represented an increase of 3.4% and a decrease of 1.2% respectively. The production and sales of plug-in hybrid vehicles were 220,000 vehicles and 232,000 vehicles respectively, which represented respective declines of 22.5% and 14.5%. China's new energy vehicle market is likely to see a sales rebound next year as automakers roll out more new products to lure buyers, provided that more supportive government policies are announced.



Risk Factors

AAPICO considers its risk management and risk assessment processes as being mission critical in order to drive sustainable growth of the organization. In 2019, the Risk Management Committee reviewed the Company's internal control processes, in line with 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 risk 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

Government Policy Risk

Government Policy is a crucial risk factor of the Company due to the fact that Government Policy can play a part in either increasing or decreasing the Company's revenue – be it directly or indirectly. In the event that the Government implements policies that support investment for car manufacturers or increase spending within the country, the total orders for the Company's automotive parts may rise as a result. On the other hand, if the Government does not have any supportive policies or introduce policies that affect the demand for automobiles inside and outside the country, the total orders for the Company's automotive parts may reduce as a result – thus subsequently reducing the Company's revenue.

In any case, Government Policy undeniably has a hand in causing the demand for automotive parts to increase or decrease. Therefore, the Company preemptively plans its production – including materials and manpower – to match market demand in each period, and to be able to supply enough products to meet market demand.

Overseas Investment Risk

Given the Company's strategic goal of becoming a global company, the Company must therefore evaluate the risks arising from business ventures with partners and investments in other countries – as conflicts with business partners may affect the Company's operations and profits,

including the Company's investment values and reputation with its customers and business partners. The formation of joint business ventures and business operations in foreign countries may pose risks from political uncertainties and policies that may affect business operations and profits.

The Board of Directors has defined criteria and guidelines for the management to perform a feasibility study for each project to ensure that the management evaluate new investments carefully. The agreements with business partners must be clear and agreed upon by the management, including the roles and responsibilities of each party in the joint venture.

New investments that are significant in value or which are considered an important part of the organization must be considered and approved by the Board of Directors according to the values set out in the notice from the Stock Exchange of Thailand. 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.

Business Risk

Automotive Industry Competitive Risk

Competition in the automotive parts industry runs relatively high during the change of car models. Automotive part suppliers compete to win orders from OEM automakers in order to secure the guaranteed income from the production cycle of a car model. Therefore, the Company is exposed to the risk that it may lose customer orders to other automotive parts suppliers. This could have a significant impact on the Company's operations and its reputation in the market.

Being a large Tier 1 automotive part supplier in Thailand, with high standards of operations and commitment to its stakeholders; the chances of the Company losing orders is very slim. However, the Company still ensures that it manages good relationship with customers and maintains high standards of operations, good product quality, competitive price, and punctual delivery to build up the

customers' confidence and trust and ensure the continuation of orders for future models. Awards and achievements from customers over the years are proof of the Company's excellent performance.

Customer Concentration Risk

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 2019, the Company evaluated that the chances of losing orders and the impact of this risk were relatively low because its major customers performed well in the past year; and this year, the Company has increased sales from tooling sales to Vinfast, which is a customer from Vietnam. Additionally, the Company has set up plans to increase revenue from every product line and to expand its customer base to diversify its product portfolio and customer base in order to alleviate the risk of relying on a few customers and to maintain the Company's long-term profit.

Automotive Industry Trend Risk

The Company always pays close attention to the impact of changing trends within the automotive industry in order to determine the appropriate strategy for driving the continuous growth of the business. These trends include the development and production of electric vehicles, for which the industry received investment promotion support from the government ; advances in material science technology geared towards producing pliable, lightweight products that can still meet tensile strength safety standards; the development of new digital technology such as on-demand mobility applications; the increasing connectedness of cars; autonomous vehicles, and changing consumer mobility behavior with less demand for car ownership. All these trends and developments present risks that may 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 are still in

the early stages of development and it will take time before they will be commercially available at scale. As for electrical vehicles, the increasing demand for new energy vehicles will not have a significant impact on the business either because the demand for the Company's automotive products, which are mainly body stamping and frame components, will endure regardless of changes in demand for any particular vehicle powertrain e.g. electrical vehicles, hybrid electrical, or traditional internal combustion engine vehicles.

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

Operational Risks

Raw Material Price Fluctuation Risk

The Company is exposed to the risk of fluctuation in steel prices for its automotive part business. The volatility of steel prices can have a significant impact on the Company's profitability, as steel is the primary raw material which accounts for approximately 70-80 % of the product costs. The Company has therefore taken actions to mitigate this risk by adopting a centralized purchasing policy. Under this policy, the Company has negotiated with its customers to purchase steel from approved suppliers at a mutually agreed price. When the steel prices changes, the part price paid by customers will then be adjusted according to the change in price of the raw material. The Company therefore passes on this risk to car automakers and reduces its potential impact on profitability of the Company to a low level.

Labour Shortage Risk

The Company has assessed the risk of labour issues due to the shortage of skilled labour and issues with the Labour Unions, which can have a significant impact on production and the delivery of products to customers – hence damaging the Company's reputation and credibility and disrupting automotive production supply chain. The Company places great importance on its employees and

values them as an important foundation of the Company, which fosters improved quality of life for employees via remuneration, welfare, and training. The Company is careful in its management of issues relating to the Labor Unions in order to be fair and avoid conflict. Thanks to the Management's care and good relations with the employees, the risk of labour conflict and its impact on business operations is currently at a low level. In addition, the Company plans to utilize automation and artificial intelligence in the production process in order to replace and reduce its dependency on its labour workforce, while also increasing long-term production efficiency.

Product Quality Risk

The Company places great importance on maintaining an excellent standard in producing and delivering quality products to its customers. The Company has been certified and operates in accordance with the quality management standard IATF16949. The Company has set a target of zero defect delivery to its customers and has motivated and encouraged employees regarding quality awareness, which ensures that risks relating to product quality are well managed and controlled. Furthermore, the Company also provides a warranty for defective parts and product liability insurance coverage to mitigate any related financial risk to the Company.

Financial Risks

Foreign Exchange Risk

The Company is exposed to the risk of fluctuation in foreign currency exchange rates due to revenues from its export business being in foreign currencies. For its normal operations, this risk is considered insignificant, despite the high volatility of currency movements during the year, due to affected revenues being less than 5% of total revenue. However, the Company is still impacted by foreign exchange risk on its US Dollar loan to Sakthi Global Auto Holdings (SGAH), which incurred a net unrealized loss in 2019.

The Company has a policy to match income and expense in the same currency to naturally hedge its foreign exchange rate risk. This policy is applied to all transactions including loans to related parties. Where the risk cannot be completely hedged, the Company considers using forward or option contracts to mitigate the risk. However, the

Company does not have a policy of trading in derivative financial instruments for speculative purposes.

Compliance Risks

Safety, Environmental & Social Risks

The Company is aware of the issues concerning safety, the environment, and the surrounding community and has established policies and procedures to ensure good management of employees' health and safety, and compliance with 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 Safety Week, the Completely Check Completely Find out (CCCCF) initiative to search for and eliminate harmful activities, the 5S initiative to create a safe, clean, and easy to environmentally friendly workplace, the white factory campaign for a drug-free workplace, the equipment maintenance schedule and annual health checks 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 electricity consumption. The Company's ISO14001 certification and safety requirements are both a testament to its commitment and credibility on its safety and environmental management.

Corruption Risk

The Company is well aware of risks related to bribery and corruption arising from a lack of transparency, which can significantly and negatively impact the Company's operations and result in unnecessary costs to the organization. The Company is committed to conducting business with integrity, honesty and fairness and has expressed its intention to fight corruption. The Company has issued an anti-corruption policy as a guideline for operational transactions across the organization including sales, services, purchasing, recruitment, donations, support services and the offer & acceptance of hospitality events, entertainments and gifts. The Company has reviewed its activities in compliance with working procedures and audits them on an annual basis. The Company also encourages employees and third-party stakeholders to report their suspicions of wrong doings or inappropriate actions directly to the Audit Committee via the Whistle Blowing Policy.

Shareholding Structure

Ordinary Shares

AAPICO Hitech PLC has registered capital of Baht 322,649,160. 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. In 2019, the Company had sold all remaining treasury shares, resulting in no remaining treasury shares.

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 December 24, 2019, the Company had the foreign holding of its shares at 48.93%.

List of Top 10 shareholders as of December 24, 2019

	Shareholders	No. of shares	%Holding
1	Mr. Yeap Swee Chuan	44,122,773	13.68%
	Mrs. Teo Lee Ngo	31,811,346	9.86%
	Mr. Yeap Swee Chuan Group	75,934,119	23.54%
2	Thai NVDR Company Limited	43,345,636	13.44%
3	Ms. Yeap Xin Rhu	25,959,760	8.05%
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	8,015,220	2.48%
9	Mr. Sompong Pa-earnchoke	4,816,940	1.49%
10	Mr. Viroj Patcharawattanakul	3,244,600	1.01%
	Others	89,213,100	27.66%
	Total	322,583,844	100.00%

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

Debentures

As of December 31, 2019, AAPICO Hitech PLC has Baht 2,500 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
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
AH223A	500	3.95%	Every 6 months	3 Years	March 29, 2022
AH246A	800	4.10%	Every 6 months	5 Years	June 28, 2024
Total	2,500				

Dividend Policy

History of Dividend Payment in the past 5 years

Unit: in THB or in percentage	2015	2016	2017	2018	2019
Earnings per share (EPS)	0.97	1.70	3.66	4.10	-0.57
Dividend per share (DPS)	0.30	0.66	1.20	1.30	0.36
Dividend Payout Ratio (%)	30.9%	38.9%	32.8%	31.7%	N/A

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 that may contravene with good corporate governance in any way.

Board of Directors



Mr. Yeap Swee Chuan

President and CEO

Authorized Director
Chairman of the Board of Directors

Age: 71
Appointed from: August 1, 2002

AH Shareholding: 23.5%
(Owner 13.68%, Spouse 9.86%)



Mrs. Teo Lee Ngo

Executive Director

Authorized Director

Age: 69
Appointed from: August 1, 2002

AH Shareholding: 23.5%
(Owner 9.86%, Spouse 13.68%)



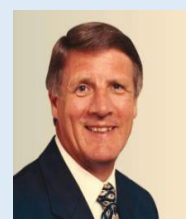
Mr. Pipat R. Punya

Independent Director

Chairman of Audit Committee Chairman of
Nomination & Remuneration Committee

Age: 71
Appointed from: August 1, 2002

AH Shareholding: None



Mr. John Parker

Independent Director

Chairman of Risk Management
Committee

Age: 72
Appointed from: April 26, 2011

AH Shareholding: None

Education:	Education:	Education	Education
<ul style="list-style-type: none"> Bachelor Degree in Technology (Industrial Management), Massey University, New Zealand 	<ul style="list-style-type: none"> Bachelor of Commerce Industrial and Business Management, Nanyang University, Singapore 	<ul style="list-style-type: none"> Master Degree in Public and Private Management, NIDA Bachelor of Laws, Thammasat University 	<ul style="list-style-type: none"> Master Degree in Cost Management Accounting, University of South Africa, Republic of South Africa Bachelor of Manufacturing Engineer, Port Elizabeth College of Education, Republic of South Africa
Training:	Training:	Training:	Training:
<ul style="list-style-type: none"> Certificate from Thai Institute of Directors (IOD) Director Certification Program (DCP108/2008) Capital Market Academy Leadership Program (CMA8) 	None	<ul style="list-style-type: none"> Certificate from Thai Institute of Directors (IOD) Director Accreditation Program (DAP11/2004) Role of Chairman Program (RCP35/2014) 	None
Work Experience:	Work Experience:	Work Experience:	Work Experience:
<u>Board Member/Management in Listed Company</u> 1996-Present President / CEO AAPICO Hitech PLC 2000-Present Director / Audit Committee Goodyear (Thailand) PLC <u>Position in Other Company/Organization/Institution</u> 2010-Present Vice Chairman Thailand Peace Network Foundation 2010-Present Director Board of Trade of Thailand 2005-2017 Chairman Malaysian-Thai Chamber of Commerce	<u>Board Member/Management in Listed Company</u> 1996-Present Executive Director AAPICO Hitech PLC <u>Position in Other Company/Organization/Institution</u> 2003-Present Authorized Director AAPICO Forging PLC 1996-Present Director Able Sanoh Industries (1996) Co., Ltd. 1994-Present Authorized Director AAPICO Plastics PLC 1992-Present Director AAPICO Amata Co., Ltd.	<u>Board Member/Management in Listed Company</u> 2002-Present Independent Director / Chairman of Audit Committee / Chairman of Nomination & Remuneration Committee AAPICO Hitech PLC <u>Position in Other Company/Organization/Institution</u> 2008-Present Director Friendship Beach Co., Ltd. 2005-Present Director Arlymear Travel Co., Ltd. 2004-Present Director Villa Comforta Co., Ltd. 1995-Present Director U & V INTERTRADE Co., Ltd. 1988-Present Director Go Thailand Tour Co., Ltd. 1983-Present Partner and Managing Director Nitipat Law Office Co., Ltd.	<u>Board Member/Management in Listed Company</u> 2011-Present Independent Director / Chairman of Risk Management Committee AAPICO Hitech PLC <u>Position in Other Company/Organization/Institution</u> 2014-2019 Director, Asian Advisory Board Pinnacle Engines Inc.



Mr. Kenneth Ng

Independent Director

Member of Audit Committee
Member of Nomination & Remuneration Committee

Age: 50
Appointed from: December 1, 2008

AH Shareholding: None

Education:

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

Training:

- Certificate from Thai Institute of Directors (IOD)
Director Certification Program (DCP189/2014)

Work Experience:

Board Member/Management in Listed Company
2008-Present
Independent Director / Member of Audit Committee / Member of Nomination & Remuneration Committee
AAPICO Hitech PLC

2015-Present
Commissioner
PT Catur Sentosa Adiprana, Indonesia

Position in Other Company/Organization/Institution
2018-Present
Chairman of the Board
Holmusk, Singapore

2005-Present
Director
KNKN Co., Ltd.

2005-Present
Director
NTAsset (Thailand) Co., Ltd.



Mr. Kai Taraporevala

Independent Director

Member of Audit Committee
Member of Nomination & Remuneration Committee

Age: 54
Appointed from: August 14, 2017

AH Shareholding: None

Education:

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

Training:

- Listed Company Director Program, Singapore Institute of Directors (SID)
- Master Class for Directors, Institute of Directors (IOD) India
- Corporate Governance & Board Leadership, Masterclass by Ram Charan

Work Experience:

Board Member/Management in Listed Company
2017-Present
Independent Non-Executive Director / Member of Audit Committee / Member of Nomination & Remuneration Committee
AAPICO Hitech PLC

Position in Other Company/Organization/Institution
2019-Present
Independent Non-Executive Director
Ishan Infotech Ltd and Ishan Netsol Pvt Ltd

2015-Present
Managing Director
Tethys Ventures (Singapore) Pte. Ltd.

2014-2015
President
Managing Director
Investment Banking and Securities
Tata Capital Limited
Tata Securities Limited

2011-2014
Managing Director
Tethys Ventures (Singapore) Pte. Ltd.



Mr. Wichian Mektrakarn

Independent Director

Member of Risk Management Committee

Age: 65
Appointed from: April 27, 2015

AH Shareholding: None

Education:

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

Training:

- Certificate from Thai Institute of Directors (IOD)
Role of Chairman (RCP 40/2017)
Director Certification Program (DCP107/2008)
Board that Make a Difference (BMD3/2016)
- Capital Market Academy Leadership Program (CMA8)

Work Experience:

Board Member/Management in Listed Company
2015-Present
Independent Director / Member of Risk Management Committee
AAPICO Hitech PLC

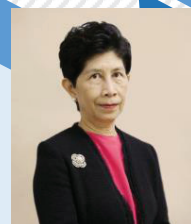
2016-Present
Director / Executive Director / Member of Nomination and Remuneration Committee
Pruksa Holding PLC

2014-2018
Director
Pruksa Real Estate PLC

Position in Other Company/Organization/Institution
2015-Present
Chairman of the Board of Directors
AIRA & AIFUL PLC

2014-Present
Director, Member of Audit Committee
Thanachart Insurance PLC

2016-2018
Chairman of the Board of Directors
CS LoxInfo PLC



Mrs. Vachira Na Ranong

Independent Director

Member of Risk Management Committee

Age: 65
Appointed from: August 14, 2017

AH Shareholding: None

Education:

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

Training:

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

Work Experience:

Board Member/Management in Listed Company
2017-Present
Independent Director / Member of Risk Management Committee
AAPICO Hitech PLC

2016-Present
Independent Director / Chairman of Audit Committee
S11 Group PLC.

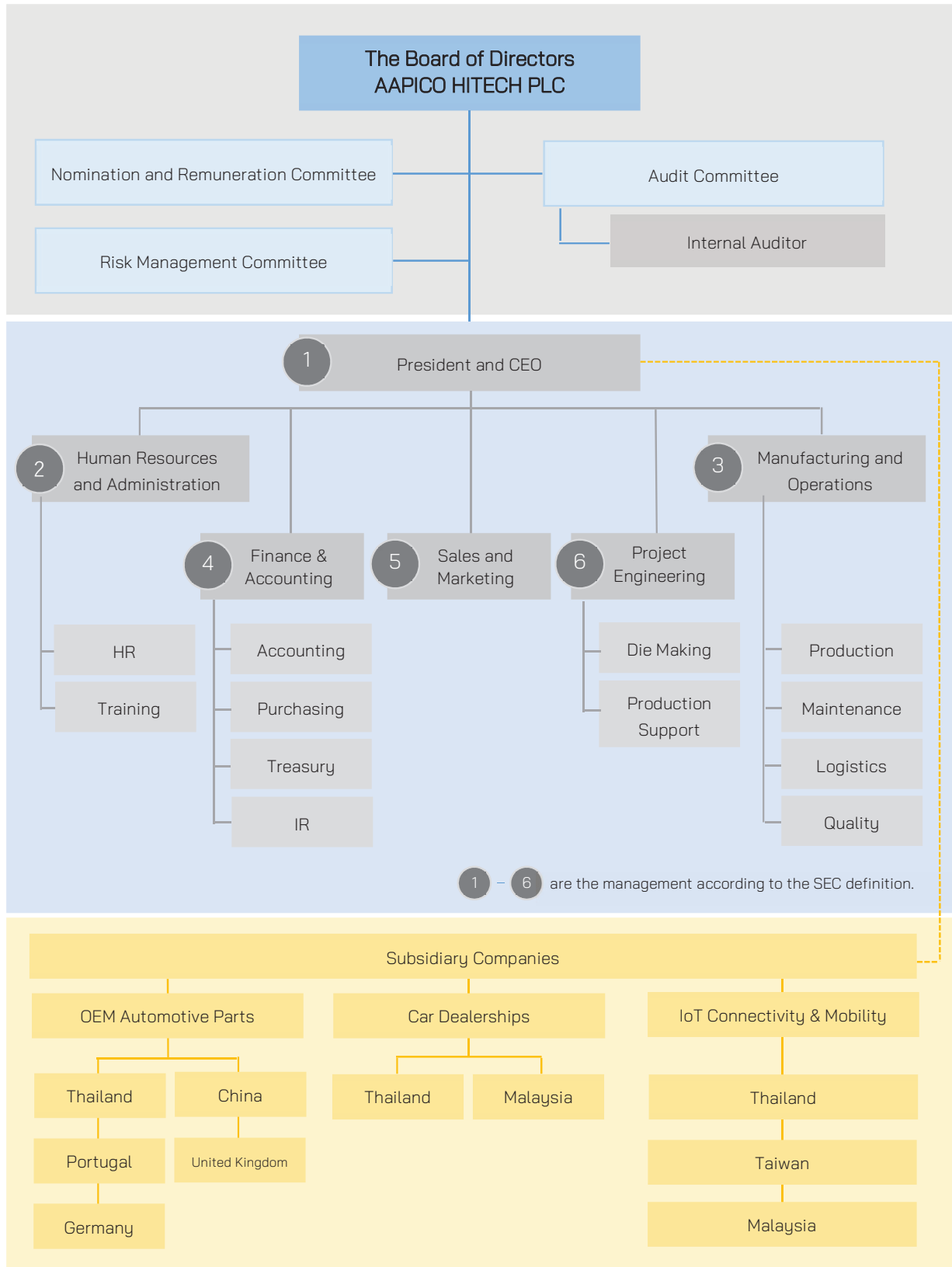
Position in Other Company/Organization/Institution
2019-Present
Advisor
Thai Investors Association

2012-2019
President and Director
Thai Investors Association



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, 2019

	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 2019 consist of:

- 4 Board of Directors meetings
- 4 Audit Committee meetings
- 2 Nomination and Remuneration meeting
- 1 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 2019, AAPICO held 4 meetings of the Board of Directors. 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 1 meeting to assess and review key risk factors and the risk assessment process according to IATF 16949 standards. The Nomination and Remuneration Committee held 2 meetings 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 2019

Name	Meeting Attendance in 2019				
	Board of Directors (Total 4)	Audit Committee (Total 4)	Nomination & Remuneration Committee (Total 2)	Risk Management Committee (Total 1)	Annual General Meeting of Shareholders (Total 1)
1 Mr. Yeap Swee Chuan	4/4	-	-	-	1/1
2 Mrs. Teo Lee Ngo	4/4	-	-	-	0/1
3 Mr. Pipat R. Punya	3/4	4/4	2/2	-	1/1
4 Mr. Kenneth Ng	4/4	4/4	2/2	-	1/1
5 Mr. John Parker	1/4	-	-	0/1	0/1
6 Mr. Wichian Mektrakarn	4/4	-	-	1/1	1/1
7 Mrs. Vachira Na Ranong	4/4	-	-	1/1	1/1
8 Mr. Kaikhushru (Kai) Taraporevala	4/4	4/4	2/2	-	1/1

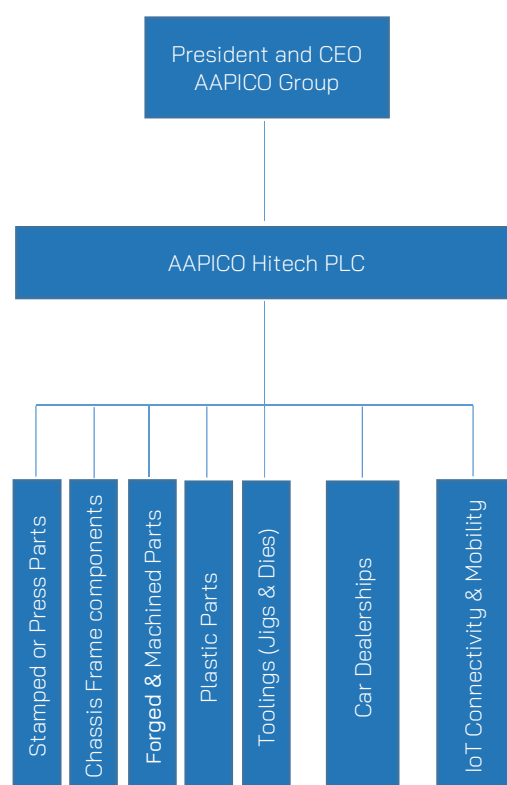
Management

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 policies, 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 policies 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	Ms. Yeap Xin Rhu	Chief Financial Officer (Thailand operations) , Director - Purchasing
4	Mr. Yao Chia Chen	General Manager , Manufacturing and Operations
5	Mr. Sattha Peth-in	Assistant General Manager , Sales and Marketing
6	Mr. Kawee Wasarucharekul	General Manager , Project Engineering

Management of Major Subsidiaries

	Name	Position	Company
Manufacture of OEM Automotive Parts			
1	Mr. Yaochia Chen	General Manager	<ul style="list-style-type: none"> • AAPICO Hitech Public Company Limited (Rayong) • AAPICO Hitech Parts Company Limited • AAPICO Lemtech Company Limited • AAPICO Plastics Public Company Limited (Rayong)
2	Mr. Yong Prathuangsuks	Chief Operating Officer (COO)	<ul style="list-style-type: none"> • AAPICO Amata Company Limited • AAPICO Structural Products Company Limited
3	Mr. Chew Kherk Weng	Plant Director	<ul style="list-style-type: none"> • AAPICO Plastics Public Company Limited
4	Mr. Gao Xue Guang	Chief Operating Officer (COO)	<ul style="list-style-type: none"> • AAPICO Forging Public Company Limited • AAPICO Precision Company Limited • Kunshan Chaitai-Xincheng Precision Forging Company Limited (China)
5	Mr. Jorge Fesch	Chief Executive Officer (CEO)	<ul style="list-style-type: none"> • AAPICO Maia, S.A. (Portugal) • AAPICO Águeda, S.A. (Portugal) • Sakthi Portugal GmbH (Germany)
Car Dealerships			
6	Ms. Tang Kim Koh	General Manager	<ul style="list-style-type: none"> • New Era Sales (M) Sdn. Bhd. (Malaysia) • Tenaga Setia Resources Sdn. Bhd. (Malaysia) • AAPICO Motors Sdn. Bhd. (Malaysia)
7	Ms. Yeap Xin Yi	General Manager	<ul style="list-style-type: none"> • New Era Sales Company Limited • Able Motors Company Limited • Able Motors Pakkret Company Limited • Able Motors Pathumthani Company Limited
IoT Connectivity & Mobility Business			
8	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. Yeap Xin Rhu 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.



Ms. Yeap Xin Rhu

Age: 41 Years

Appointed from 14 August 2019

Positions:

AAPICO Hitech Public Company Limited

- Chief Financial Officer
- P.A. to the President & CEO
- Director – F&A, Purchasing and IT Department

Education:

- Bachelor Degree in Business Administration (BBA), Accounting and Finance, Thammasat University

Training Courses:

- Executive Development Program (EDP6), Thai Listed Companies Association, The Stock Exchange of Thailand
- Leadership Development Program 4: Enhancing the Competitiveness of Thai Companies, IMD program, Thai Listed Companies Association, The Stock Exchange of Thailand
- Strategic CFO in Capital Markets Program, Thailand Securities Institute, The Stock Exchange of Thailand
- Certificate in Investor Relations 2017, Thai Listed Companies Association, Thai Investor Relations Club, CFA Society Thailand

Work Experience:

AAPICO Hitech Public Company Limited

2002 – Present Chief Financial Officer
P.A. to the President & CEO
Purchasing Director

2014 – Present Director: Financial & Accounting, Information Technology Department

Position in other Organizations

2014 – Present Vice President of Thai Autoparts Manufacturers Association (TAPMA)

2012 – 2019 Chief Operating Officer of AAPICO Forging PLC

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 2019 passed a resolution concerning the remuneration of the Board of Directors and committees as follow.

Directors' Remuneration Structure for the year 2019

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 2019

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	140,000	-	465,000
4 Mr. Kenneth Ng	300,000	160,000	-	460,000
5 Mr. John Parker	275,000	20,000	-	295,000
6 Mr. Wichian Mektrakarn	275,000	90,000	-	365,000
7 Mrs. Vachira Na Ranong	275,000	90,000	-	365,000
8 Mr. Kaikhushru (Kai) Taraporevala	300,000	160,000	-	460,000
Total	1,750,000	660,000	-	2,410,000

^{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 2019, the Company paid compensation to 28 executives in manager-level positions and above which amounted to Baht 40.47 million.

Remuneration	2018	2019
Board of Directors	32.38	32.67
Bonus	5.59	6.26
Provident Fund	1.37	1.44
Total (in THB million)	39.34	40.37
<i>Number of executives</i>	<i>24 people</i>	<i>28 people</i>

Employee

Salaries, wages, and benefits paid to employees in 2019 amounted to Baht 1,719 million, increase from Baht 1,545 million in 2018.

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 2019, the Group contributed Baht 32 million to the provident fund, as compared to Baht 32 million in 2018.

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	
	2018	2019	2018	2019	2018	2019	2018	2019
Jigs and Dies	153	137	-	-	-	-	153	137
Automotive Parts	3,038	2,919	-	-	295	278	3,333	3,197
Car Dealerships	210	312	204	237	-	-	414	549
Technology (IoT) and Others ¹	128	136	-	-	-	-	128	136
Total Employees	3,529	3,504	204	237	295	278	4,023	4,019

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 are committed to conducting our business responsibly and with integrity, honesty, transparency, and fairness. AAPICO's business principles are defined by its ethical framework and continuous improvement in response to changes in the economy, society, environment, and corporate governance circumstances.

Corporate Governance Policy

AAPICO places great importance on 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. The Board of Directors is responsible for developing corporate governance policy, overseeing the drafting process thereof and approving the final version. The Board also ensures that the Company adheres to good corporate governance principles and acts in compliance with its corporate governance policy in the following 6 key areas:

1. Rights 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 the merits matters with significant impact on the Company's operations. 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, ask questions, and vote on important affairs of the Company.

Scheduling Shareholders' Meetings

The Company has made efforts to encourage and facilitate shareholders in exercising their rights and has emphasized the best practice and high standards for its shareholders' meetings. The Company schedules the shareholders' annual general meeting within 4 months of the annual closing of its accounts. The Company selects the venue of the meeting in areas that are easily accessible by public transport and fixes the date and time with consideration for the convenience of shareholders. The Annual General Meeting (AGM) of shareholders for the year 2019 was held at Arnoma Grand Bangkok Hotel on April 23, 2019 at 10:00 A.M.

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

Notice of Shareholders' Meeting

The Company disclosed the Board of Directors' decision on the AGM date, the AGM agenda, and the Board's opinions via the SET website in order to notify shareholders prior to sending out meeting notices. The Company ensured that the shareholders' meeting notice contained correct and complete information regarding the time, date, venue, and agenda of the meeting, and provided the facts and opinions of the Board Meeting for each agenda item. The notice of shareholders' meeting and supporting documents, including the minutes of the previous meeting, the annual report and proxy forms with complete instructions, 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 14 days in advance of the meeting date to allow enough time for shareholders to prepare for meeting.

Appointing Proxies

For shareholders who were unable to attend the meeting in person, the Company provided an opportunity for them to appoint proxies or delegate their votes to independent directors. The Company had specified independent directors' names in the proxy forms defined by the Ministry of Commerce. Shareholders could exercise their voting rights without conditions by using the Proxy Form B attached to the meeting notice or download 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 had included their votes in the voting system in accordance with their wishes.

At the Meeting

During registration, the Company used technology to facilitate and smoothen the shareholder registration process. The Company provided adequate staffs and facilitated 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 2019 AGM meeting, every member of the Board of Directors, including the Chairman of every committee, was present at the meeting.

The Company Secretary elaborated on the voting procedure, the vote count, and the announcement of voting results. Votes are to be cast openly by using voting cards bearing a vote and the shareholder's signature. The Company then collects and counts the disapproval and abstention votes and deducts these from the total to derive the approval votes. After the voting count has been completed, the result is announced for each agenda item. In the event that the voting count may take some time, the Chairman may proceed to the next agenda item in order to avoid disrupting the Meeting and announce the result when the vote count has finished. Shareholders are requested to return their signed voting cards to the Company after the meeting has been adjourned.

The AGM meeting in 2019 proceeded according to the agenda published on 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 regarding shareholders' interests and arranged for the management to answer all questions clearly and thoroughly.

The policy regarding conflict of interest matters is that any director with vested interests or involvement on any agenda item must inform the meeting, recuse themselves and abstain from voting on that agenda item. At the 2019 AGM, nominated directors were requested to leave the meeting room for shareholders to duly consider the appointment of directors and vote on individual basis.

The Company honoured the right of shareholders to attend and vote at the shareholders' meeting even after the meeting had already commenced. Their attendance constituted part of the quorum, starting from the agenda item for which they were first in attendance and could exercise their rights provided that the resolution in question 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 minutes were 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 minutes of the 2019 AGM meeting were 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 shareholder fairly and equally regardless of their shareholding proportions and of their gender, age, race, nationality, religion, beliefs, social status, physical abilities, and political views. Shareholders receive equal voting rights: one share is equal to one vote. No shares have extra privileges over other shares. A shareholder's voting power is equal to the number of shares they hold.

Proposing Agenda Items and Nominating Directors

The Company protects the interests of every shareholder, whether they be major or minor, individual or institutional, and Thai or foreign investors. All shareholders have equal rights to express their opinions, propose agenda items, and nominate the Company's directors. The Company defined the criteria and procedures for shareholders to propose agenda items or nominate directors, or both, in advance for the Board of Directors to deliberate and include in the AGM meeting agenda. This information is publicly available on AAPICO's website in both Thai and English and was also announced via the SET website. For the 2019 AGM, the Company invited all eligible shareholders to propose agenda items and/or nominate directors during the period from November 2018 to January 2019. However, there were no proposals from shareholders to be considered for the 2019 AGM.

Directors Facilitating Shareholders at the Meeting

The Company aims to make it as convenient as possible for every shareholder to attend the shareholders' meeting – be they individuals, juristic persons, or institutional investors.

At the 2019 AGM, the Company arranged for registration to begin at least one hour prior to the scheduled meeting time and to remain open until the last meeting agenda item. The

Company used an online tool to support the registration and voting.

The 2019 AGM was conducted in Thai as most shareholders are Thai. However, for the benefit of foreign directors and shareholders, the Company arranged for supplementary documents and presentations to be made available in English also. English-speaking members of staff were also on hand to provide any necessary translation during the discussion and question sessions for the convenience of shareholders.

The Company provided disclosures of information in both Thai and English and made this information available to the public via the AAPICO website, the SET website, and other relevant channels to ensure all shareholders had ready access to this information in an equitable and timely fashion.

The Use of Internal Information

AAPICO is aware of the possibility of that internal information could be misused or abused and has a policy to protect the confidentiality of financial and commercial information and transactions that have not yet been publicly disclosed and which could have an impact on the share price. The Board of Directors, executives, and employees who have access to such internal information must keep this information strictly confidential and must be conscious 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 guidelines for directors, executives, relevant employees and their related persons, including spouses and minor children, concerning the transfer of Company securities which are as follow:

- Black out period: Directors, executives, and employees – including their related persons, shall refrain from trading in Company securities (i) for a period of 30 days prior to the release of financial statements or public disclosures of significant matters and (ii) for at least a further 24 hours thereafter, depending on the degree of materiality
- Reporting of securities holdings (Form 59-1): Directors and executives as defined by the SEC, including their related persons, are required to report their holdings

of the Company's securities to the SEC within 30 days of their appointment.

- Reporting of changes in securities holdings (Form 59-2): Directors and executives as defined by the SEC, including their related persons, are also required to report any changes in their securities holdings, as a result of the sale, purchase, transfer, or acceptance of the transfer of securities, within 3 working days, with the exception of changes resulting from the Employee Joint Investment Program (EJIP) or any other program which has received an SEC exemption.

Failure to comply with, or violation of, this policy may result in derogation or damage to the Company and is therefore subject to penalty measures such as warnings, 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 holdings of the Company's securities to the Company. The movements of securities held by directors and top executives are also disclosed in the Annual Report.

Managing Conflicts of Interests

As a group of companies, AAPICO is well aware of matters relating to conflicts of interest among entities and related parties. The Company has published guidelines on 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 the 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 again at every year-end.
- At directors' meeting, directors or executives who have vested interests in the agenda must abstain from voting on such agenda items. 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, on an arm's length basis, under normal commercial terms, or based upon agreements between the Company and any related party that will benefit the Company as a group.

- Connected transactions requiring shareholders' approval must be duly carried out in compliance with the regulations and requirements of the SEC and SET.

3. Role of Stakeholders

AAPICO adheres to ethical business practices and conducts its businesses in order to create joint value together with its stakeholders for the mutual and sustainable benefit of all parties. The Company recognizes the rights of stakeholders, their interests and the different needs of each group.

The Company endeavours to protect the basic rights of its stakeholders in accordance with relevant laws and 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 the owners 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 acts as the 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 and in a transparent and auditable manner. They shall act in consideration of the best interests of the shareholders and in compliance with good corporate governance principles.

AAPICO arranges activities with shareholders and provides equal access for shareholders to contact the Company. Its key activity is the shareholders' factory visit which is arranged on an annual basis. The Company provides equal opportunity for all shareholders to sign up for and participate in this activity. Shareholders can register their names in person at the AGM or by telephone call or email. The Company selects the participants on a first come first served basis, regardless of the number of shares held, but subjected to the availability of places on the tour. In 2019, the Company arranged for a shareholders' visit, with a total of 30 shareholder participants, to its factory at Amata City Rayong Industrial Estate in Rayong province on Thursday June 6, 2019.

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 disclosures via AAPICO's website and the SET website. The Company monitors access to internal information to prevent anyone from using such information for personal gain, which could be damaging to the organization. The Company assigns Investor Relations (IR) to be its primary contact window, to communicate business information and clarify questions and concerns of shareholders and the public, hence reducing the fluctuation of and impact on the Company's share price.

Customers

AAPICO focuses on the principle of SQCDM as the key success factor for a high standard of operations and customer satisfaction. AAPICO emphasizes expert 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 industry.

AAPICO values good relationships with customers. As a large tier 1 supplier in Thailand, the Company commits to continuously developing and improving its product quality and services according to the SQCDM principle in order to meet and exceed the expectations of its customers. The consistent recognition of its quality management system, as well as numerous awards and accolades from many customers, are a clear confirmation of AAPICO's commitment to excellence.

AAPICO has a policy of keeping each customer's information 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 customer guidelines and policies for good management and good corporate governance.

AAPICO values innovation. The Company does not violate any regulations or contractual rights regarding the use of intellectual property and copyrights. The use of information technology complies with the Computer Crimes Act and other local intellectual property and copyright laws.

Suppliers

AAPICO conducts business with its suppliers in a fair and transparent way. The Company has a policy of selecting its suppliers in a fair and open manner, where no parties have the unfair advantage of a separate, prior, closed door negotiation for a contract. The purchase of materials and hire of services are decided based on the quality, price, service, and punctual delivery provided according to the agreement and product requirements. Procurement officers shall refrain from demanding or accepting, and shall not be influenced by, the offer of gifts, favours, or benefits of any kind from suppliers. Employees must adhere to the Company's policy regarding the receipt of gifts and the 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 the efficiency, capabilities, skills, and knowledge of suppliers to ensure that they operate in compliance with good corporate governance practices and consistently achieve the quality standards as required by the customers. Activities in 2019 include the annual supplier meeting, the supplier audit, CSR activities, etc.

The Company supports environmentally friendly procurement and intends to avoid doing 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 with respect, impartiality and fairness. The Company honours its business agreements and acts in compliance with business ethics, restrictions, and applicable regulations and laws of the countries in which it operates. The Company collaborates with its partners to promote and support the joint venture business operations and encourages the exchange of ideas, opinions and suggestions to drive the business toward the shared goals.

Joint venture partnership is a long-term business relationship. The Company looks for integrity and competence as the key qualifications of its business partners. The Company ensures that its partners are competent and reputable and avoids the risk of the Company being associated with any unethical, illegal, or corrupt activities.

AAPICO has a simple philosophy whereby the Company clearly defines its management control to avoid any conflicts. In all its business partnerships, AAPICO has successfully established long-term relationships that enable both companies to enjoy synergies and mutual benefits and to achieve long-term sustainable growth.

Creditors

AAPICO commits to operating its businesses in compliance with good corporate governance practices which creates confidence on the part of its creditors. The Company follows all terms and conditions as agreed upon with creditors, including trade creditors, guaranteed creditors, financial institutions, and debenture holders. AAPICO maintains consistent communication with creditors. The Company reports to its creditors with full transparency and sufficient disclosure in a timely manner, while also striving to fulfill its obligations under its credit agreements. In the event of circumstances that may have a material impact on its financial position, the Company endeavours to communicate and reach alignment with its creditors for a waiver or other suitable solutions to resolve such matters.

Competitors

AAPICO operates with openness and integrity by adhering to the principle of fair and honest competition. The Company conducts its business operations in compliance with laws and relevant regulations, and with concern for trade ethics and transparency. The Company shall not operate in any manner or under any circumstances that may cause or result in 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 to engage in any actions that violate relevant competition laws, competitors' intellectual property rights, or that may damage competitors' reputations via untruthful statements. The Company affirms its support for free trade and avoids any acts that may result in a market monopoly or limit fair competition.

Employees

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

Remuneration

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

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

Training and Development

The Company has focused on human resource development as one of its management priorities in 2019. The Company has structured an AAPICO training and development program for employees at different levels and functions within the AAPICO Group. Each employee can choose to attend training programs that serve their skills development needs, enabling them to advance in their career to the next level of responsibility and leadership.

Health and Safety

Employee health and safety is a 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 activity to foster and promote safety awareness among employees in order to maintain high standards of safety and discipline within the organization and reduce the risk of workplace accidents.

Child Labour and Human Rights

AAPICO respects human rights in all its activities and will not act in violation of local or international human rights laws or child labour protection regulations. The Company ensures that its employees are treated fairly and equally,

promoting mutual respect and openness in its corporate culture, and aiming to create a happy workplace for every employee. The Company commits to maintaining the well-being of its employees and has shared its efforts and commitment towards sustainability with suppliers and customers throughout the automotive part supply chain.

Community

AAPICO carries out its businesses with consideration for its responsibilities to 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 the 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 their resources in the most efficient ways and aims for environmental protection in every part of its operations. With its "Green" vision, the Company promotes awareness of 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.

Intellectual Property Policies

Intellectual property refers to creations of the mind that result from the innovativeness and creativity of individual or team, and which are within the legal rights of that individual or team to manage with as they see fit. With this in mind, the company has therefore set out company policies to promote respect for both the Company's own intellectual property rights and the rights of others – policies which the Company strictly requires every director, manager, and employee to follow.

1. Creations, knowledge, or ideas born from creativity will be treated as property of the Company. Employees are forbidden from duplicating, modifying, or do anything with said

property – be it for their own benefit, or the benefit of others – without permission from the Company; except in the case that the Company has already given permission for the creation to be the property of its innovator(s).

2. The Company disapproves of any act of violation of others' intellectual property rights perpetrated by employees or any other individuals associated with the Company, and has decreed that every employee has a duty to inform their supervisors should they happen to come across any act of violation of intellectual property rights.
3. It is the duty of every employee to prevent any violation of the Company's intellectual property rights from coming to pass.
4. Should an employee be discovered by the Company to be violating the Company's intellectual property rights, and the employee is indeed found to be guilty, the Company will consider taking any disciplinary or legal actions that it may deem appropriate.
5. In the event that an employee's employment status with the Company has ceased, the employee must return any and all Company intellectual property back to the Company.
6. The Company has provided a contact channel, namely the corporate email address "AC@aapico.com" for any stakeholders seeking to report violations of their intellectual property rights by other parties.

Anti-Corruption Policy

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

The anti-corruption policy outlines the required conduct and responsibilities for preventing fraud. The Company clearly advises and trains its employees in relevant functions – especially those who operate in areas perceived to be high risk – in recognizing and dealing with bribery and corruption effectively. 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 any act that may involve inappropriate or unlawful deeds, with the following important guidelines:

1. Directors, Management, and Employees of the Company must strictly adhere to the Anti-Corruption Policy, and are completely prohibited from involving themselves in any act of corruption.
2. In the event that any Employee happens to witness an act of corruption, they are to immediately report it to the Audit Committee.
3. The Company will arrange for protective measures to safeguard the reporters of acts of corruption from retaliation, harassment or harm.
4. Individuals who are deemed guilty of corruption will be punished via disciplinary or legal processes, as appropriate.
5. The Company will arrange for the Anti-Corruption Policy to be consistently communicated to Employees to serve as a constant reminder to remain vigilant.

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 a culture of openness and will support anyone who raises genuine concerns in good faith. The Company has put in place whistleblower protection measures and does not require for the name of the informant or the information source to be disclosed. The Company commits to ensuring that no one will suffer any unfair treatment as a result of refusing to take part in acts of bribery or corruption, or due to reporting their suspicion

that actual or potential bribery or other corruption offences have taken place or may take place. In 2019, the Audit Committee did not receive any comments or concerns regarding malpractice or misconduct within the organization for their 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 tax policy to provide guidelines and practices for the Group's operations. AAPICO aims to be a tax compliant company and our tax policy reflects and supports our business. All taxes are paid in a timely manner and according to the laws and regulations of the local jurisdiction where the Company operates.

4. Disclosure and Transparency

AAPICO has defined and implemented measures concerning disclosures to investors and stakeholders. The disclosure of information, both financial and non-financial, should be complete, sufficient, transparent, reliable & up-to-date and should reflect the true and actual status of the Company. Such information is distributed in an equitable and timely manner. The Company has designated parties

to handle the disclosure of information to the public, also established guidelines for the disclosure of various different type of information, and has a defined public disclosure period.. The Company follows the laws, rules and regulations, and obligations required by the SEC, SET, and other relevant government bodies.

The Company ensures that any disclosure of financial results has been reviewed and audited by an external auditor, and certified by the Audit Committee and the Board of Directors prior to public release. The quarterly & annual financial statements and Annual Report (Form 56-1 and Form 56-2) were prepared fairly and accurately according to generally accepted accounting principles, in a complete and accurate manner and were made available in the public domain as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The Company compiles and submits reports related to the directors and executives as required by law. The Company has a policy requiring directors and executives to report their interests relating to the management of the Company or its subsidiaries and reports any changes in the holding of the Company's shares, under their own names or those of their related parties, to the SEC in a timely manner as

	Name	Position	Number of shares		
			At the book-closing date March 15, 2019	Increase (Decrease) in 2019	At the book-closing date December 24, 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	Ms. Yeap Xin Rhu	Chief Financial Officer	25,839,760	120,000	25,959,760
10	Mr. Yao Chia Chen	General Manager (Manufacturing and Operations)	-	-	-
11	Mr. Sattha Peth-in	Assistant General Manager, Sales and Marketing	85	-	85
12	Mr. Kawee Wasaruchareekul	General Manager (Project Engineering)	-	-	-
Total			101,773,964	120,000	101,893,964

required. Details of directors, their duties and responsibilities, their attendance at meetings, training, 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 is disclosed in the Annual Report and on the AAPICO website. The Company ensures that its key stakeholders, investors, shareholders, and the general public are well informed and that details of significant projects and developments are accurately and sufficiently provided, as required by the SET.

The Company discloses information via multiple channels, in both Thai and English, to ensure equal access to information for its stakeholders. In addition to public news releases via the SET Portal and the AAPICO website, the Company also uses several other available channels to disclose information to the general public and to the investor community. These channels include:

- The Opportunity Day conference held at the SET on quarterly basis.
- Company visits for shareholders, investors, and analysts on an annual basis and upon request.
- Roadshows and/or conference meetings with analysts and investors, both local and international.
- Forums or panel discussion events for knowledge sharing.
- Communication via email, intranet, internal bulletin boards, and activities for communications with employees
- The Company website www.aapico.com and email address aapicohitech@aapico.com.

The Investor Relations (IR) Department is the designated primary contact window for communication with shareholders, investors, analysts, the SEC, SET and other relevant authorities. The IR department ensures that any disclosures of corporate news and information are in compliance with SET regulations. The IR department also arranges activities and manages executives' schedules to attend meetings and events, both local and overseas, to increase accessibility and interaction with the Company's stakeholders. These activities in 2019 included

- The Opportunity Day held at the SET every quarter for local individuals and institutional investors
- Roadshows and Corporate Day conferences arranged by securities companies in Thailand, where the President & CEO, CFO, and IR team met analysts and institutional investors - 2 times.
- Analyst meetings – 1 time
- The annual shareholder factory visit – 2 times.
- Quarterly Company visits to meet with management, including one-on-one meetings and conference calls to allow investors to inquire about the business and operations, or seek clarifications of financials.

5. Information on the President & CEO Position

Roles and Responsibilities of the CEO

The company has authorized the Chief Executive Officer (CEO) to be the leader of the company's management and administration affairs. In turn, the CEO is accordingly tasked with the following roles and responsibilities:

1. Manage and oversee the Company's general administration operations to be in line with the company's targets, policies, and regulations.
2. Ensure that the Company's day-by-day operations are running smoothly.
3. Be on the lookout for new business opportunities and consider new investments pertaining to the Company's core business in order to find ways to possibly increase the Company's revenue.
4. Draw up business plans and strategies to present to the Board of Directors for the confirmation to proceed.
5. Sign any legal proceedings, contracts, or documents which involve outside organizations or individuals in order to ensure that the Company's operations are secure and trustworthy.
6. Encourage the development of Employees' skills and knowledge in order to subsequently improve the Company's efficiency.
7. Authorize any material transactions concerning the Company's operations.
8. Authorize the appointment, transfer, or termination of managing officers.

9. Appoint consultants as necessary and according to the requirements of the Company's operations.
10. Be a role model in practicing good corporate governance and following the Company's code of conduct, and anti-fraud and anti-corruption policies for others in the Company.
11. Maintain good relationships with the Company's stakeholders.
12. Analyze the current and potential overall global industry trends for signs of future changes within the industry, and adjust the Company's strategy accordingly.
13. Set up employee performance evaluation standards and review such standards periodically.
14. Operate according to the Board of Directors' decisions, following the resolutions of the board's meetings.

Performance Evaluation

The CEO's performance evaluation was assessed by the Company's independent directors. The scoring were based on the CEO's skills and knowledge, yearly accomplishments, and the planning and execution of the Company's long-term plan. The results of the CEO's performance evaluation were then taken into consideration for both the CEO's short-term and long-term remuneration. For this year of 2019, the average score of the CEO's performance evaluation results has increased from 85% in 2018 to 90%.

6. 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 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 Board of Directors consists of eight members, of which two members are executive directors and six members are independent

directors. The Board of Directors also comprises two female members. The Company ensures its Board composition reflects diversity of gender and skillset, as well as experience in different areas of the Company's business.

The Company ensures that the number of independent directors constitutes more than half of the total number of directors. Each director holds the necessary qualifications required by law and does not indicate any disqualifications against being entrusted with the administration of the Company.

Qualification of Directors

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

1. Possess qualifications according to the rules and regulations of the Securities and Exchange Act, the Stock Exchange of Thailand, the Public Company Act B.E. 2535, and be of sufficiently good character to manage the Company from the point of view of shareholders, the law, and 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 be capable of performing directors' duties by virtue of a diversified background which is beneficial to the Company's business.
4. Able to devote time, especially for making key decisions, and to handle duties for the best interest of the Company and able to attend all board meetings and shareholders' meetings.
5. Refrain from any actions contrary to the interest or benefit of the Company.

Qualifications of Independent Director

An independent director is a director who does not have any related business or work that may affect his or her independent decision making. The Board of Directors defines the required qualifications of independent director in compliance with the minimum requirement of the SEC and SET. The Company's independent directors shall comply with the following non-exhaustive list of requirements:

1. Shall not hold shares exceeding one percent of the total number of voting shares of the Company, its subsidiaries, associates and major shareholders. Shares held by related persons of such independent directors are also included for the purposes of this threshold calculation.

2. Shall not be or have been an executive director, employee, staff member or advisor who receives a salary from the Company, its subsidiaries, associates or major shareholders, or from a juristic person with a 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 executives or major shareholders.
4. Shall not be or have been an auditor of the Company, its subsidiaries, associates or major shareholders, unless this relationship 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, its subsidiaries, associates or major shareholders, unless this relationship ceased not less than two years prior to the date of becoming an independent director.
6. Shall neither have, nor ever have had, a business relationship with the Company, its subsidiaries, associates or major shareholders, unless the relationship 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 a 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 of performing duties, giving opinions, and reporting results of work performance according to the duties entrusted by the Board, independently and free from the control of the management or major shareholders of the Company.

Terms of Service for Directors

Years of Service in each rotation

The Company's Articles of Association indicate the number of years served on the Board of Directors in accordance with the Public Limited Company Act, which specifies that one-third of the total number of directors must retire from office at the Annual General Meeting. If it is not possible to divide the total

number of directors evenly by three, the number closest to one-third is applied. In choosing which directors should retire, the directors who have served the longest tenure are the most eligible to retire. Nevertheless, retiring directors are eligible for re-election.

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

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

Number of Consecutive Terms of Service

The Board of Directors has been approved by a shareholders' meeting and consists of highly qualified individuals with knowledge and expertise beneficial to the Company's business. These directors are also respected for their good character and business ethics, as well as their consistently good performance of duties. The Company respects the right of shareholders to decide on the reappointment of directors to the Board. Therefore, the Company does not limit the number of consecutive term of service for directors. The Company does however commit to good corporate governance practices and encourages terms of service of directors in line with the SET guideline of not more than nine consecutive years.

Limits on Directors' Positions in Listed Companies

The Board of Directors has a policy of limiting the number of positions held on the board of listed companies other than the Company's own subsidiaries to no more than three companies. Directors shall not sit on the board of any Company that operates in the same industry or that 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 its acknowledgement.

Company Secretary

The Board of Directors assigns the 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 notices of meetings, minutes of meetings, annual reports, as well as the filing of documents as required by law and relevant regulations of the SEC and SET. The Board of Directors has determined the qualifications of the company secretary should include, but not be limited to, knowledge of law and/or finance and accounting.

Roles and Responsibilities of the Chairman of the Board of Directors

The chairman of the board of directors has the important role of being the leader who ensures that the board of directors is able to work smoothly and efficiently as planned. The roles and responsibilities of the chairman of the board of directors are as follows:

1. Supervise, regulate, and follow up on the administrative progress of the board of directors and its sub-committees in order to ensure that they will be able to meet priorly set targets.
2. Call meetings of the board of directors, or assign someone else to do so.
3. Serve as the head of board meetings, and as the head of the company's shareholder meetings.
4. Manage the meetings to progress efficiently and smoothly, while also encouraging and supporting the expression of free opinions.
5. Serve as the deciding voice in the event of a tie during voting at a meeting.
6. Encourage and support the board of directors to fulfill their duties and responsibilities to the fullest of their abilities in accordance with the principle of good corporate governance.
7. Determine the composition, size and the Board structure in order to create a balance between executive directors and independent directors.
8. Ensure comprehensive induction programs for new directors.
9. Ensure that the company has succession plans for senior executives.
10. Appoint the Company Secretary to assist with Board functions.
11. Ensure that Board members receive accurate, timely, and sufficient information for Board meetings.
12. Engage the board regularly in assessing and improving its performance.

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 are 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, and also ensure that the management operates in an effective and efficient manner.
2. Consider and review the corporate governance policy and monitor compliance with 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 conduct.
4. Define guidelines for related transactions with conflicts of interest for the benefit of the Company and shareholders, whereby persons with a vested interest cannot participate in the voting or decision-making process of that matter. Ensure that the Company complies with regulatory requirements and that disclosures of any transactions with conflicts of interest are correct and complete.
5. Ensure that an internal control system is in place and in effect and that 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 the public and stakeholders and ensure that disclosures of information are 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 independent opinions.
9. Perform duties with honesty and due care, taking into account the best interest of the Company and fair treatment of shareholders.

10. Devote sufficient time and effort to the Company and oversee and monitor business operations by requiring financial reports that are accurate and complete.

Board of Directors' Meetings

The Company plans the schedule of board meetings for the year in advance. The Board of Directors is scheduled to meet at least six times per year, four of which are general meetings to consider and approve financial statements and two are performance review meetings to review the business operations and business plans. In case there are other matters requiring board approval, special meetings may be arranged on an ad hoc basis. Directors are kept informed of the board meeting schedule to ensure their availability.

Directors are encouraged to attend the board meetings and the performance review meetings, as well as shareholders' meeting. The attendance of directors at meetings held during 2019 is disclosed in the Management section in the Annual Report.

Directors are encouraged to propose relevant agenda items 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 date. At the meeting, the Chairman counts the number of attending directors to form a quorum to convene the meeting, as specified in the Articles of Association.. The Chairman considers the meeting agenda in the order stated in the notice of meeting.

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

Performance Evaluations

The Board of Directors conducts a self-assessment of its own performance on an annual basis. The Company applies assessment criteria according to the guidelines of the SET. There are three sets of assessment forms, for the evaluation of the Board of Directors as a collective body

and as individuals, and the assessment of committee performance. The Board of Directors are assessed in 6 areas as follows:

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

The self-assessment of directors' performance for the year 2019 was conducted with full participation of the directors. The assessment results have shown improvement for the performance of the collective Board of Directors and individual directors. However, the results for individual committees have decreased from the previous year.

The self-assessment results of the Board of Directors as a collective body improved from an excellent rating of 91% in 2018 to an even higher rating of 92% in 2019. The self-assessment on an individual basis improved from an average of 90% in 2018 to 92% in 2019. The self-assessment of committee performance, however, decreased from an average of 87% in 2018 to 86% in 2019.

Remuneration of 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 are within the framework and limits approved via shareholders' meeting. Directors' remuneration is considered based mainly on the scope of duties and responsibilities, directors' performance and benchmarking against other listed companies engaged in the same business regarding 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 Nomination and Remuneration Committee is responsible for considering and approving the remuneration of the CEO. The consideration process took into account the responsibilities, the performance, and the performance evaluation of the CEO as consideration factors for CEO remuneration.

The Board of Directors has delegated to the CEO and the Company's management the responsibility for approving 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 is 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 the directors information about trainings, conferences, and seminars that are relevant to the Company's business or directors' duties.

The Company supports directors to attend basic trainings as required by the SEC. Such training provides an overview for directors of their roles and responsibilities, the concept of corporate governance, 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 Directors (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) 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, Singapore Institute of Directors Master Class for Directors, Institute of Directors (IOD) India

Corporate Governance & Board Leadership, Masterclass by Ram Charan

Other than IOD trainings, directors and executives have also attended seminars and conferences to enhance their knowledge and to 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 conferences such as the Ford Thailand Supplier Forum, FTM Supplier Conference, and Toyota Annual Supplier Conference, among others.

Powers and Duties of the Board of Directors

The Board of Directors is responsible for overseeing and governing the Company to operate in compliance with laws, objectives, the Articles of Association, and resolutions of shareholders' meeting, and acts in accordance with criteria and regulations of the SET and SEC, with honesty and due attention to the best interests of the Company and its 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, budget, and the consideration of future trends of the year.
2. Related party transactions among the Company, its 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, or 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 businesses and assets including investment in joint ventures that have a transaction value which requires the board's approval according to SET announcements. These transactions shall not violate any rules of the SET relating to the acquisition and disposal of assets or connected transactions.

8. Contracts that are not related to the ordinary course of business or contracts that are significant in value and material to the Company's business.
9. Changes of policy and operations that have a 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 approval via shareholders' meeting.

- 1) Matters on which the law requires approval via shareholders' meeting.
- 2) Transactions in which directors have an interest and for which the law or regulations of the SET require a resolution via shareholders' meeting. Directors with vested interests in the matter, or who have a conflict of interest with the Company or its affiliated companies, 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 the total votes of the shareholders in attendance who are entitled to vote:

- 1) Any sale or transfer of the entire or a significant part of the Company's business.
- 2) Any purchase or takeover 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 a 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) Amendments to the Article of Association and the Memorandum of Association.
- 5) The increase and decrease of capital, the issuance of debentures and 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 opinions on particular matters.

These committees are

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

Audit Committee

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

Powers and Duties of the 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 generally accepted accounting standards and relevant laws.
2. Review and ensure the appropriateness and effectiveness of internal control systems and internal audits to confirm that the operations have been carried out in compliance with relevant rules, policies and 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 the external auditor by considering their independence and set the audit fee to propose to the 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 disclosures of information, particularly related transactions or transactions that may have conflicts of interest, to ensure the information is transparent, correct, and complete and in accordance with relevant SET regulations.

7. Review complaints from and concerns of stakeholders and report to the Board of Directors.
8. Report the Audit Committee's performance to the Board of Directors every quarter. Prepare the Audit Committee report – including any suggestions and the signature of the chairman of the audit committee – and disclose it in the Annual Report.
9. Consider and review the 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 is comprised of 3 members, with Mr. Pipat R. Punya acting as Chairman and Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala as members.

Power and Duties of Nomination and Remuneration Committee

1. Consider 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. Select and nominate qualified individuals and propose 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. Establish guidelines for evaluating performance of directors and adjustment of directors' remuneration, taking into account the duties, responsibilities, and risks involved.
6. Consider succession plan for CEO and executives in key management positions and reviews the list of qualified candidates.
7. Perform 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.

Powers and Duties of the Risk Management Committee

1. Establish the Company's risk management policy and determine risk appetite. Give advice on the risk management plan for the organization and ensure that control measures are adequate and appropriate.
2. Consider and propose to the Board of Directors regarding the management, strategy, direction and resources used in risk management processes, as well as risk tolerance level for approval.
3. Conduct risk assessments and review corporate risks at least once a year and follow up on the risk management plan.
4. Review and make recommendations 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

Succession Plan

The Company has set up a succession plan for the Company's Directors and top management. Any such vacancies must be filled by individuals whom the Nomination and Remuneration Committee has nominated and has deemed to possess the knowledge and skills required to achieve the Company's targets. In addition, such individuals must not be subjected to any legal or regulatory prohibitions or impediments in order to ensure that the selected individuals can perform their roles and responsibilities effectively and transparently. The nomination will then be brought to the Board of Directors' attention for approval. In addition, the Company provides an opportunity for shareholders to nominate individuals with the appropriate qualifications to the Nomination and Remuneration committee for consideration before the committee presents the matter for voting at the shareholders' meeting.

Appointment of Directors

The Company's Articles of Association stipulate that the Board of Directors shall comprise at least five directors, not less than half of whom shall have their ordinary 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 an opportunity for shareholders to nominate persons to the Board of Directors via the 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 the votes of shareholders attending the meeting, either in person or by proxy, in accordance with the following rules and procedures:

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

In the event of a director leaving his/her position for reasons other than retirement by rotation, the Board of Directors may appoint qualified persons to replace the outgoing director at the next Board of Directors' meeting, provided that the remaining term of service is longer than 2 months. The appointment of replacement directors must receive more than 3/4 of the votes of the remaining directors, and replacement directors are eligible to stay on the board for the entire remaining term of service of the outgoing directors.

Appointment of Senior Executives

The appointment of executives is considered by executive directors and the Company's management. The Company's executives are professionals who perform their duties independently from the major shareholders and other shareholders. Top executives are appointed based on their knowledge, skills, and experience being suitable and beneficial to the Company's operations. Their good understanding of business and the business cycle of the

automotive industry are key factors in driving business growth and achieving the Company's targets.

The Governance of Subsidiaries and Associates

AAPICO has put in place effective and efficient corporate governance, risk management, and internal controls that conform to international standards and the regulations of the respective authorities. The Company's subsidiaries and associates are aligned with the same principles. The Company has established a mechanism and process for overseeing and monitoring the management and operations of its 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 these 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 for carrying out operations to achieve targets and drive business growth, control costs, reduce expenses, and monitor capital investments in line with business plans. Their responsibilities cover human resource management, resolving problems or conflicts affecting the organization, and maintaining effective communication throughout the organization. Significant issues requiring a board resolution are proposed to the Board for approval before taking any action.

The Company also has a process and mechanism for overseeing 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 a monthly basis, and present their budget and the progress of their operating plan to the Board of Directors at the performance review meeting on a 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 transactions and approvals of credit

facilities from financial institutions, guarantees, or any related transactions, so that these transactions may be handled in an appropriate and complete manner. Subsidiaries shall apply the same regulations as the Company itself regarding the disclosure of information, filing of documents and accounting records, and shall prepare and submit its financial statements to the Company for consolidation in a timely manner.

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

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

Auditors and Auditors' Remuneration

The Board of Directors, with approval at a shareholders' meeting, has appointed EY Office Limited as its external auditor to audit the Company's financial statements for fiscal year 2019, ended as of December 31, 2019. The remuneration of the auditor is described in detail below:

Audit Fee

The Company and its subsidiaries paid an audit fee to EY Office Limited in the year 2019 in the amount of Baht 9,900,000, of which Baht 3,200,000 is the audit fee for the Company including the review of its annual report.

Not all subsidiaries of the Company are using the auditing services of 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 whose costs are more appropriate.

Non-Audit Fee

In addition to the audit fee, the Company and some of its subsidiaries have engaged non-audit services from EY Office Limited for compliance audits related to the conditions stipulated in the investment promotion certificate (BOI audit). The total payment for BOI audit service in 2019 was a total of Baht 550,000, of which the BOI audit fee for the Company amounted to Baht 110,000.



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 2019.

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 to be role models for the employees 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 essential aspects of the Company's code of conduct are as follows:

1. Respect and abide by the laws, rules, and regulations pertaining to the operation of businesses.
2. Follow the guidelines on the Company's Anti-Corruption policies
3. Avoid having a stake or involving oneself in any operation that may create conflicts of interests which may in turn be detrimental to the Company's interests or operations.
4. Do not reveal confidential information to external organisations or individuals that may negatively affect the Company.
5. Avoid receiving gifts and/or presents that are overly valuable from any organisation or individual which is involved in or stands to benefit from the Company's operations.
6. Be politically neutral.
7. Support and respect human's rights on both national and global level, including preventing the Company's business from getting involved in cases of human's rights violation.
8. Respect the rights and equality of every shareholders – be they shareholders who are parts of the Company's management, shareholders who are not a part of the Company's management, or foreign shareholders – and ensure that they all got the same equal treatment.
9. Interact politely with customers and establish credibility and trust with them.
10. Strictly follow all the conditions that were set by the customers and/or the creditors. In the case that any of the conditions cannot be met, the customers and/or the creditors must be informed as soon as possible in order to agree upon a solution.
11. Engage with competitors under the laws and regulations of fair competition.
12. Operate businesses so that the damaging impact to the society, the environment, and the population's quality of life is kept to a minimum.

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 a monthly basis and reports to the Board of Directors on a 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. For important transactions, the Board of Directors' consideration and approval is required in order to proceed. Types of transactions that the Company ordinarily conduct are 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 2019 and 2018 can be summarized in the following table:

(Unit : Million Baht)

Transfer Pricing Policy		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and services	Close to selling price to third party	-	-	219	208
Interest income	3.59% - 5.00% p.a. (2018: 3.44% - 5.00% p.a.)	-	-	186	157
Dividend income	As declared	-	-	849	9
Rental income	Close to rental rates for other building in vicinity	-	-	2	2
Management fee income	Approximate cost	-	-	76	86
Other income	Approximate cost	-	-	18	19
Purchases of goods and services	Cost plus margin, averaging around 3% - 16% (2018: 1% - 7%)	-	-	432	207
Purchases of machinery and equipment	Close to selling price to third party	-	-	79	7
Interest expense	0.05% and 3.59 - 3.78% p.a. (2018: 0.90% and 3.44 - 3.99% p.a.)	-	-	14	23
Other expense	Approximate cost	-	-	15	6
Transactions with associate and joint venture					
Sales of goods and services	Close to selling price to third party	231	243	1	-
Dividend income	As declared	799	416	799	416
Interest income	3.59% - 3.78% p.a. (2018: 3.44% - 3.99%, 10.00% and 20.00% p.a.)	1	362	1	33
Rental income	Close to rental rates for other building in vicinity	15	10	1	-

(Unit : Million Baht)

		Consolidated financial statements		Separate financial statements	
	Transfer Pricing Policy	2019	2018	2019	2018
Management fee income	Approximate cost	14	13	14	13
Other income	Approximate cost	8	7	4	2
Purchases of goods and services	Cost plus margin, averaging around 20% - 22% and 33% (2018: 19% - 20% and 44%)	279	322	223	228

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, 2019 and 2018, 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	
	2019	2018	2019	2018
Short term loans to related parties:				
Subsidiaries	-	-	363,600	363,600
Associates	-	451,987	-	451,987
Related company	-	1,000	-	-
Total	<u>-</u>	<u>452,987</u>	<u>363,600</u>	<u>815,587</u>
Long term loans to related parties:				
Subsidiaries	-	-	4,184,809	3,281,042
Associates	14,000	2,470,304	14,000	853,405
Related company	905,131	-	749,418	-
<u>Less</u> Allowance for doubtful accounts	(429,564)	-	(293,351)	(3,000)
Total	<u>489,567</u>	<u>2,470,304</u>	<u>4,654,876</u>	<u>4,131,447</u>
Short term loans from related parties:				
Subsidiaries	-	-	868,994	755,587
Related company (common director)	32,613	24,197	-	-
Total	<u>32,613</u>	<u>24,197</u>	<u>868,994</u>	<u>755,587</u>

Necessity and Justification for Related Transactions

The Audit Committee considered that these related transactions in 2019 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.

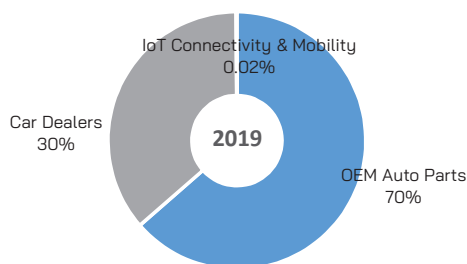
For the related transactions that may involve individuals with potential conflict of interest, the Audit Committee shall consider and provide its opinion on the necessity and justification of such transactions. In the situation where the Audit Committee does not possess sufficient knowledge or expertise 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 2019

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 four countries, namely Thailand, Malaysia, China, and Portugal. The Company also has an operation in India through Sakthi Global Auto Holding (SGAH), a Holding Company in UK.

AAPICO's sale and services income are mainly contributed from two core businesses, which are the manufacture of OEM automotive parts and car dealerships, with the income contribution in 2019 of 70% and 30% respectively. Sales of the technology sector in 2019 was still nominal at approximately 0.02% of total sale and services income.



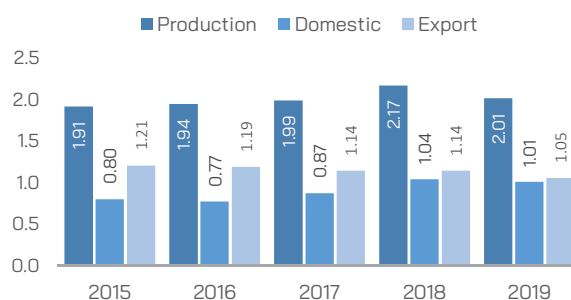
The OEM automotive part business comprises of pressed parts and chassis frame components, forged and machined parts, plastic parts and plastic fuel tanks, and car assembly jigs and stamping dies in Thailand, copper forged parts in China, and iron casted parts in Portugal. The Company operates car dealerships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

In 2019, AAPICO had signed a JV agreement with Sojitz Asia Pte. Ltd. to set up a motorcycle distributor named Vroom Co., Ltd. which the Company holds 40% of its shares. AAPICO has appropriated the security over the remaining 50.01% shares of SGAH owned by ABT Auto Investment Limited. As a result, AAPICO increased the

shareholding in SGAH from 49.99% to 100%. Additionally, the Company acquired 100% shares of Sakthi Portugal (including its subsidiaries) and changed its name to AAPICO Maia.

Thailand Automotive Industry

(unit: in million unit)



Industry and Market in 2019

Thailand: Thai automotive industry saw its total automotive production decreased by 7.10% to 2.01 million cars in 2019. Export volume dropped by 7.59% to 1.05 million cars due to the trade war between China and USA that put pressure on the overall global economy and trade. Appreciation of THB also affect the export volume. Domestic volume decreased by 3.28% to 1.00 million cars even though there was an increase in domestic demand in first half of the year.

Malaysia: Total Industry Volume (TIV) for 2019 ended at 604,287 vehicles, an increase of 0.93% compared to 598,714 vehicles in 2018. In 2019, Perodua posted record sales with the sales of 240,341 units, gaining market share to almost 40% from 38% in 2018. Proton was number two with 54.7% growth of units sold with 100,183 units. Honda, a non-national brand, recorded the biggest drop in volume by 16.5% to 85,418 units due to the delay of launches caused by approval issues.

China: This year was the second consecutive year in 20 years of the declining in production and vehicle sales. Compared to last year, total production number decreased by 7.5% to 25.7 million cars and vehicle sales decreased by 8.2% to 25.8 million cars. The China's automotive industry

was under pressure in 2019 as it was affected by China-USA economic and trade frictions, adoption of stricter emission standards and subsidy cuts for new-energy vehicle since June 2019.

Profit and Loss Analysis

AAPICO reported total revenue and net profit attributable to equity holders of Baht 19,304 million and Baht -181 million respectively in 2019, as compared to Baht 17,738 million and Baht 1,299 million respectively in 2018. Compared to last year, our gross profit has improved from Baht 1,275 million to Baht 1,685 million attributable to higher sales, the continual efficiency improvement and strict cost control and cost reduction measures. However, our net profit decreased, mainly caused by loss on change in status of investment in SGAH amount of Baht 564 million which is non-cash expense and doubtful debts amount of Baht 508 million which mainly includes liabilities between AH (including subsidiaries) and SAGUSA.

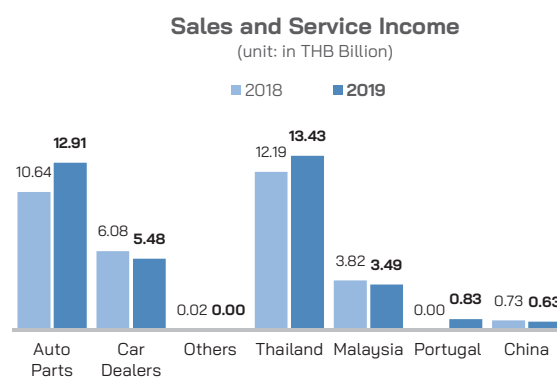
As percentage of sales, net profit margin decreased from 7.3% of sales in 2018 to -0.9% in 2019. Earnings per shares decreased from Baht 4.10 per share to Baht -0.57 per share.

Sales and service income

Sales and service income grew by 9.9% year on year, driven by higher sales from the automotive parts segment and sale contribution of AAPICO Maia which the company acquired in Q4 2019.

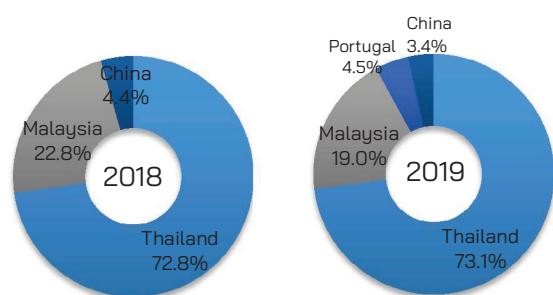
Interest income on the other hand has decreased due to the fact that the company has stopped recognizing interest income on the loan to SGAH for conservative treatment since Q2 2019. OEM automotive parts business grew 21.3%, while the car dealerships business sales dropped slightly by 9.9% compared to last year.

The car dealership business in Thailand saw sales decreased by 12.3%, even the demands in local market for Mitsubishi is still growing. The car dealership business in Malaysia decreased by 8.4%, Units sold had decreased from 4,254 units in 2018 to 3,382 units in 2019. These decreases were less severely impacted due to the Company stating a new Proton Dealership in Q2 2019.



Profit and Loss Statement (Unit: Million Baht)	2018	2019	Change	%
Sales and service income	16,738	18,389	1,651	9.9%
Other income	999	915	(84)	(8.4%)
Total Revenue	17,737	19,304	1,567	8.8%
Less Cost of Sale and services	15,464	16,704	1,240	8.0%
Gross Profit	1,275	1,685	410	32.2%
Gross Profit Margin (%)	7.6%	9.2%	1.55%	-
Less Total expenses	16,332	19,067	2,735	16.7%
Earnings before interest and taxes (EBIT)	1,405	237	(1,168)	(83.1%)
Less Interest and Tax expenses	167	520	353	210.9%
Less Non-controlling interests	43	13	(30)	(68.7%)
Profit from operations to equity holders	1,195	(296)	(1,491)	(124.8%)
Shared of profit from associates and JV	104	115	11	10.7%
Net Profit attributable to equity holders	1,299	(181)	(1,480)	(113.9%)
Net Profit Margin (%)	7.3%	(0.9%)	(8.2%)	-
Earnings per shares	4.10	(0.57)	(4.67)	(113.9%)

Thailand is still the major sales contributor of AAPICO with 73.1% contribution in 2019, followed by Malaysia at 19.0%, Portugal at 4.5% and China at 3.4%. Portugal was added to our sale contribution as we acquired 100% shares in Portugal in Q4 2019. Compared to last year, Thailand sales grew by 10.2%, driven by increases of sales from automotive parts business. Malaysia car sales were 8.5% lower than last year, due to the drop of Honda sales which partly offset by sale of Proton which was established in Q2 2019. China sales dropped by 13.3%.



Other income

Other income, mainly comprises of scrap income, decreased by Baht 61 million, driven by lower steel price. Interest income, largely related to loan given to SGAH, decreased by Baht 173 million due to the fact that the company has stopped recognizing interest income on the loan to SGAH for conservative treatment since Q2 2019. Other income in 2019 included the one-off gain from changes in interests in Hyundai Motor (Thailand) and one-off gain from disposal of investment in Aapico Vinfast Auto Parts Company Limited of Baht 151 million.

Unit: Million Baht	2018	2019	Change	%
Other income	631	570	(61)	(9.7%)
Interest income	368	195	(173)	(47.1%)
Gains on changes in interests in investments in associate and joint venture	-	151	151	N/A
Other income - Total	999	915	(84)	(8.4%)

Gross Profit

Gross profit increased by Baht 410 million compared to last year, driven by higher sales from automotive parts. 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 7.6% in 2018 to 9.2% in 2019.

Unit: Million Baht	2018	2019	Change	%
Sales and service income	16,738	18,389	1,651	9.9%
Cost of sales	15,464	16,704	1,240	8.0%
Gross Profit	1,274	1,685	410	32.2%
Gross Profit Margin (%)	7.6%	9.2%	1.6%	

The gross profit margin improvement was attributable to higher sales from automotive parts segments and cost reduction measures partly as a result of the continual TURBO action programs and Double Turbo Challenge Programs which were launched this year. These improvements were partly negated by forged parts and plastic parts business and lower gross profit margin of dealership business, compared to last year.

Selling and Administrative Expenses

Selling expense increases were attributable to professional fees related to SGAH and higher provisions due to the changes in the Labor Protection Act.

Loss on exchange rate

Loss on exchange rate increased due to appreciation of THB against USD which affected US Dollar loan given to SGAH.

Other expenses

Other expenses included several one-time expenses. There were losses on change in status of investment, in the amount of Baht 564 million and provision of doubtful debts of Baht 508 million, which mainly includes liabilities between AH (including subsidiaries) and SAGUSA. The latter is in the process of liquidation.

Unit: Million Baht	2018	2019	Change	%
Selling expense	313	282	(31)	(9.9%)
Administration expense	540	808	268	49.4%
Total SG&A expense	853	1,091	237	27.7%
Loss on exchange rate	16	189	174	1120.5%
Loss on change in status of investment	-	564	564	N/A
Doubtful debts (reversal)	(1)	508	508	(92825%)
Loss on impairment of investments	-	11	11	N/A
Total Other expenses	(1)	1,083	1,084	(197880.4%)

Interest and Tax Expenses

Interest expense increase were due to increased debts for funding of SGAH investment and the consolidation of AAPICO Maia in Q4 2019. The Company reported tax expenses of Baht 224 million, compared to tax income in 2018, mainly from income tax on interest income. Even though we have stopped recognizing interest income on the loan to SGAH, the Company still need to pay tax according to the rule of the revenue department. However, there is a possibility to convert this as a tax credit in future.

Unit: Million Baht	2018	2019	Change	%
Interest expense	197	296	99	50.0%
Corporate tax expense (income)	(30)	224	254	(850.0%)
Interest and Tax expenses	167	520	353	210.9%

Share of profit (loss) from equity investments

The investments in associate and joint venture companies contributed the shared profit amounting to Baht 115 million in 2019. The loss contribution from SGAH was mainly caused by the loss generated from SAGUSA for the period of Jan to Sep 2019. Excluding SGAH, increases of equity income compared to 2018 was driven by improved results of Able Sanoh Industries and Sakthi Auto Component Limited (India).

Unit: Million Baht	2018	2019	Change	%
Hyundai Motor (Thailand)	273	78	(195)	(71.5%)
Able Sanoh Industries	199	207	8	4.2%
Sumino Aapico	22	22	-	N/A
Edscha Aapico	20	14	(6)	(28.4%)
Thai Takagi Seiko	(1)	(2)	(1)	284.5%
Sakthi Global Auto Holdings Limited	(411)	(316)	95	(23.1%)
Sakthi Auto Component Limited	-	126	126	N/A
Other companies	2	(14)	(16)	(985.5%)
Equity income	104	115	11	10.6%

Financial Position Analysis

Assets

Total assets increased by Baht 3,355 million in 2019, largely attributable to the consolidation of AAPICO Maia.

Liabilities

Total liabilities increased by Baht 3,822 million, largely attributable to the consolidation of AAPICO Maia.

Shareholders' Equity

Total shareholders' equity decreased by Baht 467 million in 2019, caused by loss in 2019 which mainly affected from several one-time expenses include loss on change in status of investment in SGAH and doubtful debts on liabilities between AAPICO (including subsidiaries) and SAGUSA.

Balance Sheet Unit: Million Baht	2018	2019	Change	%
Cash and cash equivalent	537	538	1	0.1%
Trade and other receivables	2,416	1,968	(448)	(18.5%)
Inventories	1,419	2,909	1,490	105.0%
Investments in associates, joint venture and others	3,974	3,994	20	0.5%
Long-term loans to others	2,923	490	(2,433)	(83.3%)
Property, Plant, and Equipment	5,215	8,028	2,813	53.9%
Advance purchase of goods	309	9	(300)	(97.0%)
Other assets	1,098	3,309	2,211	201.5%
Total Assets	17,891	21,245	3,355	18.8%
Account payable	2,694	4,397	1,703	63.2%
Short-term loans	562	1,800	1,238	220.4%
Long-term loans	4,322	3,980	(342)	(7.9%)
Long-term debentures	1,499	2,498	999	66.7%
Deposit received in advance	586	93	(493)	(84.1%)
Other liabilities	281	997	716	254.2%
Total Liabilities	9,944	13,766	3,822	38.4%
Total Shareholders' Equity	7,947	7,480	(467)	(5.9%)

Key Financial Performance

Unit: In % or time	2018	2019
Return on assets (%)	8.2%	(0.9%)
Return on equity (%)	17.7%	(2.4%)
Inventory Days	29.6	46.6
Account receivable days	45.9	37.6
Account payable days	57.4	76.4
Cash conversion cycle days	18.1	7.8
Interest bearing Debt to Equity Ratio	0.80x	1.11x
Total Liabilities less cash (Net Debt) to Equity	1.18x	1.77x

Return on assets (ROA) and **return on equity (ROE)** were negative affecting from several one-time expenses, mainly due to loss on change in status of investment and provision for doubtful debts which mostly includes liabilities between AH (including subsidiaries) and SAGUSA. Except these items, the ratios will be positive.

Interest-bearing debt to equity and **net debt to equity ratio** increased to 1.11x and 1.77x respectively in 2019, this change was caused by including 3 months profits in Q4 2019 of AAPICO Maia but consolidating the full year debt level. Even though, the interest-bearing debt to equity ratio was slightly over the Company's target of between 0.5-1.0x. However, the ratios still complied with financial

covenants with banks and debentures at below 1.75x and 2.0x respectively.

Cash flow Analysis

Cash flow statement Unit: Million Baht	2018	2019	Change	%
Cash flow from operations	1,492	1,507	15	1.0%
Capital expenditures	(915)	(1,003)	(88)	9.6%
Cash used for investments	(1,311)	(611)	700	53.3%
Cash flow from financing	856	(40)	(896)	(104.7%)
Exchange rate differences	(26)	148	174	(667.0%)
Net cash increase (decrease)	96	1	(95)	(99.6%)
Major cash transactions: Investment in associates	(874)	(1,172)	298	
Loans to related parties	(1,323)	(930)	393	
Interest received from SGAH	402	193	209	
Dividend from subsidiaries and associates	416	799	383	

Cash flow from operations in 2019 was Baht 1,507 million. Other major cash flow items included the dividend receipt from subsidiaries and associate companies of Baht 799 million, the interest income of Baht 193 million, the disposals of investments in associate and joint venture of Baht 459 million, the issuance of debenture of Baht 1,300 million and increases of bank loans. Capital expenditures also increased to Baht 1,003 million, due to new projects. Acquisition of investments in subsidiaries, associates and joint ventures amount of Baht 1,172 million were made during the year, largely attributable to the acquisition of 100% shares of Sakthi Portugal and changed its name to AAPICO Maia at a purchase price of EUR 24.5 million. Cash inflows were also paid out for the repayment of debenture at maturity of Baht 300 million, and interest expenses of Baht 284 million. All these resulted in net increases in cash and cash equivalent of Baht 1 million in 2019, compared to an increase of Baht 96 million in 2018.

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, Portugal and China. For the year 2020, the automotive industry in Thailand expects a slight decline in production volume to 2.0 million cars, of which 1.0 million cars to be sold locally and 1.0 million cars for export. The Malaysian Automotive Association (MAA) has predicted a slight increase in total industry volume for 2020 to 607,000 units. The Chinese automotive market expects to decline 2% from 2019.

The Company forecasts its revenue to be trending in line with the industry developments. For the year 2020, revenue is expected to improve higher than the car industry due to full year consolidation of AAPICO MAIA which the company acquired since Q4 2019.

With the continual TURBO action programs and Double Turbo Challenge Programs, 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.



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 2019, 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 2019 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 Committee reviewed the findings of the audit reports of Internal Audit and the external auditor concerning assessment of the internal control system; ensured sound risk management practices with comprehensive risk assessment; and supported and counseled on corporate governance tasks. 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.

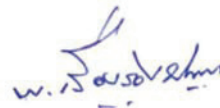
3) Review of related transactions and transactions of potential conflict of interest. The Audit Committee reviewed related transactions that arose in the ordinary course of business for the benefit of the AAPICO Group. The Committee reviewed these transactions for their reasonableness and transparency 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 2019.

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 2020, 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 members of the Committee. The Nomination and Remuneration Committee carried out its duties and performed other tasks as assigned by the Board of Directors.

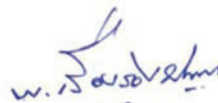
For directors' nomination, the Committee is responsible for reviewing the structure and composition of the board for its suitability to the business by taking into consideration of appropriateness of size, diversity, and directors' knowledge and experience. The Committee considers and nominates persons 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 2019, the Committee held 2 meetings 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 2019, the Committee proposed that Mr. Kenneth Ng, Mr. John Parker, and Mr. Kaikhushru (Kai) Taraporevala to be re-elected as the Company's directors for another term. Additionally, the Committee also considered and approved nomination and remuneration committee charter. For the directors' remuneration, the Committee proposed to maintain both the attendance fee for the Board of Directors and committees and annual remuneration and incentive bonus payable to independent directors as in the year 2018. These proposals were approved by the Board of Directors and subsequently the Annual General Meeting of shareholders for the year 2019.

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 one meeting during the year 2019 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 2019 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



Report of Board of Directors' Responsibility for Financial Report

The Board of Directors are aware of its responsibility in supervising and making sure that the financial report is correctly put together. Therefore, an audit committee comprising of independent directors is appointed. The audit committee is charged with the responsibility to ensure the financial report is complete and reflect accurately the true financial status of the company. The opinion of the audit committee can be found in the Report of Audit Committee.

The Company's separated and consolidated financial statements were audited by a certified auditor from EY Office Limited. During the auditing process, the Company supported the auditor with various information and documents in order for the auditor to be able to audit and express their opinions in accordance with the accounting standards. The opinions of the auditor are included in the Auditor's Report as at December 31, 2019.

The Board of Directors is of the opinion that the Company's overall internal control system is at a sufficiently appropriate level and is able to elicit a reasonable confidence in the reliability of the Company's separated and consolidated financial statements – as is generally accepted under financial reporting standards.



Mr. Yeap Swee Chuan

President and CEO

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 Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	AAPICO Plastics Public Company Limited	358-358/1 Moo 17 Bangpli Industrial Estate Thepharak Road Tambol/Ampur Bang Sao Thong 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 Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881

COUNTRY	COMPANY	ADDRESS	CONTACT
THAILAND	Katsuya (Thailand) Co., Ltd.	229/104 – 105 Moo 1 Thepharak Road Tambol/Ampur Bang Sao Thong Samutprakarn Province 10570	
	AAPICO Sodecia (Thailand) Co., Ltd.	700/483 Moo 2 Amata City Chonburi Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	
	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 Bang Sao Thong 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) 38 640 530 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	100 New Bridge Street, London, EC4V 6JA	
PORTUGAL	AAPICO Maia, S.A.	Rua Jorge Ferreira, nº 679, 4470-314, Maia	Tel: +351 229 430 200 Fax: +351 229 487 169
	AAPICO Águeda, S.A.	Avenida das 2 Rodas, nº 1091, Parque Empresarial do Casarão, 3750-860 Águeda	Tel: +351 234 243 400 Fax: +351 229 487 169
GERMANY	Sakthi Portugal GmbH	Merianstrasse 27, D-66424 Homburg/Saar	Tel: +49 684197299820
DESIGN AND MANUFACTURE OF ASSEMBLY JIG AND DIE			
THAILAND	AAPICO Hitech Tooling Company Limited	99/1 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in 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
	New Era Sales Company Limited	97 Ramintra Road Kweang Ramintra Khet Kannayao Bangkok 10230	Tel: +66 (0) 2519 5800-4 Fax: +66 (0) 2946 5107

COUNTRY	COMPANY	ADDRESS	CONTACT
	[2 nd Branch]	89/89 Moo 5 Srinakarin Road Tambol Bangmuang Ampur Bang Sao Thong Samutprakan Province 10270	
	Able Motors Pakkret Company Limited	38/83 Moo 5 Tiwanon Road Tambol Pak Kret Ampur Pak Kret Nonthaburi Province 11120	Tel: +66 (0) 2 582 2800 Fax: +66 (0) 2 582 2809
	Able Motors Pathumthani Company Limited	88 Moo 5 Bang Bua Thong - Bang Phun Road (Som Sang) Tambol Bang Phun Ampur Muang Pathum Thani Pathum Thani Province 12000	Tel: +66 (0) 2 958 8970 Fax: +66 (0) 2 958 8988
	Hyundai Motor (Thailand) Company Limited	92 Vibhavadi Rangsit Road Kweang Talad Bangkhen Khet Lak Si Bangkok 10210	Tel: +66 (0) 2089 1888 Fax: +66 (0) 2089 1877 www.hyundai-motor.co.th
	Vroom Company Limited	2418-2420 Lad Phrao Road Kweang/ Khet Wang Thong Lang Bangkok 10310	
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
	AAPICO Motors Sdn. Bhd.	Lot 4523(D), Batu ½ , Jalan Cheras 56100 Kuala Lumpur	Tel: +60 (3) 9134 7211 Fax: +60 (3) 9134 8411

COUNTRY	COMPANY	ADDRESS	CONTACT
IoT Connectivity & Mobility Business			
THAILAND	AAPICO ITS Company Limited	141 Thailand Science Park, Phaholyothin Road, Tambol Khlong Nueng, Ampur Khlong Luang, Pathum Thani 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 Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	A ERP Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
MALAYSIA	AAPICO ITS 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
TAIWAN	Nuro Technology Incorporated	4 Floor., No.28, Chenggong 12 th St., Zhubei City, Hsinchu County 302	Tel: +(886 3) 658 8233 Fax: +(886 3) 658 8232
OTHERS			
THAILAND	AAPICO Technology Company Limited	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in 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 Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881
	Smoothlane Co., Ltd.	518/5 Maneeya Center 9 th Floor, Ploen Chit Road, Lumphini, Pathumwan Bangkok 10330	Tel: +66 (0) 2254 8166
	Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	
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 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	Tel: +66 (0) 2626 3568 Fax: +66 (0) 2626 4545-6
AUDITOR	EY OFFICE LIMITED Lake Rajada Office Complex, Floor 33 rd , 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+ / STABLE)

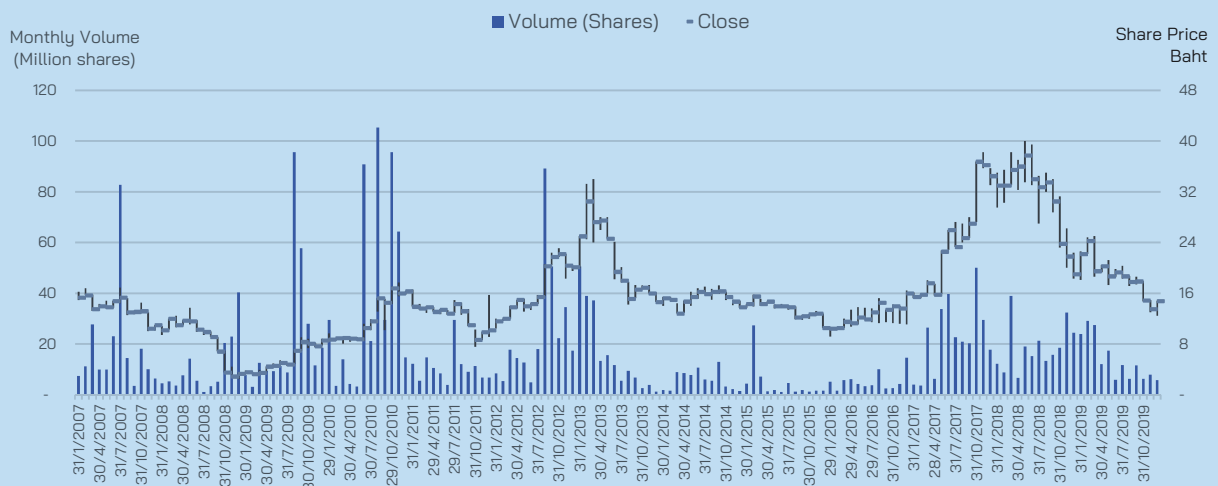
TRIS Rating affirms the company rating on AAPICO Hitech PLC (AH) at “BBB+”. The rating continues to reflect AH’s strong competitive position as a Tier-1 automotive parts manufacturer in Thailand. AH has a strong position in the original equipment manufacturer or OEM auto parts segment. The OEM auto parts segment accounts for the major portion of AH’s revenue, typically making up 60%-70% of total revenue in a year. These strengths are partially offset by rather thin profit margins, customer concentration risk, and the cyclical nature of the automotive industry. TRIS Rating forecasts AH’s revenues and profits from the core operations will rise over the next three years. Orders for chassis frames for the new Isuzu D-Max and orders to produce jigs and dies from customer in aboard.

At the same time, TRIS Rating revise the outlook to “stable” from “positive”. The change reflects a recent increase in financial leverage. AH provided additional financial support to Sakthi Global Auto Holdings Ltd. (SGAH). TRIS Rating’s expectation that AH will maintain its strong market position in its core lines of business. Profits from the core operations should keep rising. In addition, the operating performance of SGAH should recover gradually over the next three years.

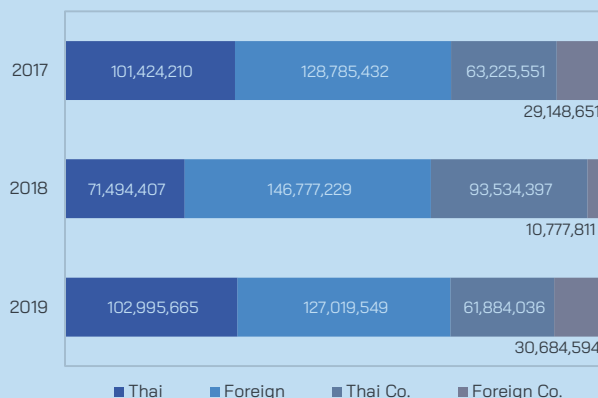
Corporate Information

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"> I. Manufacture of OEM automotive parts, which include pressed parts, forged and machined parts, casted parts, plastic parts, and tooling (jigs and dies) to leading automobile assemblers II. Car dealerships and service centers III. 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			

AH Stock-Related Data 2007-2019



Composition of Shareholders



Major Shareholders (as of December 24, 2019)

Name	Number of Shares	% Holding
Mr. Yeap Swee Chuan	44,122,773	13.68%
Thai NVDR Company Limited	43,345,636	13.44%
Mrs. Teo Lee Ngo	31,811,346	9.86%
Ms. Yeap Xin Rhu	25,959,760	8.05%
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	8,015,220	2.48%
Mr. Sompong Phaoenchoke	4,816,940	1.49%



AAPICO HITECH PUBLIC COMPANY LIMITED

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

Tel : (66 35) 350-880 Fax : (66 35) 350-881 : www.aapico.com