



Annual Registration Statement /

Annual Report 2021

Form 56-1 One Report

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

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Message from the Board of Directors

It is indisputable that the COVID-19 pandemic has had severe negative impact on people and economies around the world, including Thailand. The emergency economic relief and stimulus measures implemented by the Thai government only helped to prevent the Thai economy from collapsing. The worsening pandemic and the resulting lockdown measures imposed by the government to contain the spread of the COVID-19 virus caused many businesses to suffer losses or close down, leading to wage cuts or job losses for many employees and workers. The ensuing unemployment and serious adverse impact on household income resulted in a weakening of the purchasing power of consumers, as well as the drop in their confidence with respect to the outlook for the general economy. As a result, people were hesitant to spend while businesses had to adjust their strategies to survive. Nevertheless, health-related businesses were less affected compared with other businesses.

In view of the economic slowdown, APCO adjusted its marketing channels to reduce its selling costs and increase its advertising effectiveness to raise its competitiveness. It also cut unnecessary expenses. These measures have helped APCO to smoothly ride out the economic storm.

Despite these trying times, APCO still strives to strengthen its competitiveness in preparation for the recovery of the Thai economy. On December 1, 2021, which is the World AIDS Day, APCO announced to the public the success of its Operation BIM research team in the endeavour to become a leader in the stimulation of Killer T Cells without causing adverse side effects with the development of a plant-based innovative immunotherapy to help HIV-infected or AIDS patients to become undetected with the virus and have a healthy life free from suffering without the use of antiretroviral drugs for the first time in the world. As a result, sales of this product increased 17% in one month of December last year.

In addition, during the last quarter of 2021, APCO launched a new product MYLIFE100, which built upon the success of one of its existing products by combining the scientific knowledge of telomeres with the latest progress in immunology of the 21st century to develop a new “longevity innovation” formula that is effective in lengthening telomeres, which are at the end of chromosomes and act as protectors of DNA strings so that cells can continue to divide and pass on the genetic code normally. The product of this “longevity innovation” formula will help consumers have a better quality of life by preventing physical deterioration that comes with ageing while lengthening their life span. Riding on the current global trend of people caring more about their health, this product has the potential to boost sales in 2022.

Lastly, on behalf of the Board of Directors, we wish to thank shareholders, customers, business partners and all employees for the strong support APCO has received. The support from all of you together with the determination and commitment of the management make us confident that APCO will be able to continue its creation of sustainable growth worthy of the trust that you all have given us.

Maleeratna Plumchitchom
(Ms. Maleeratna Plumchitchom)
Chairperson of the Board

Pichaet Wiriyachitra
(Prof. Dr. Pichaet Wiriyachitra)
Chairman of the Executive Committee

Part 1

Business Operations and Performance

1. Structure and Operation of the Company Group

1.1 Policies and Overview of APCO Business

Asian Phytochemicals Public Company Limited (“Company” or “APCO”) was founded on June 2, 1998 with the paid-up registered capital at 1 Million THB under the name of “Natural Cosmetics Research Co.,Ltd.” with aims to manufacture and distribute the cosmetics products and dietary supplements from natural extracts. Later in 2005, it was transformed into the public company under the name of “Asian Phytochemicals Public Co., Ltd.” Afterwards, it was registered in the MAI stock market, bearing the symbol “APCO”, on November 4, 2011 and on May 14, 2018, the Company moved its listed securities trading on the Stock Exchange of Thailand (SET) under the consumer products industry

1.1.1 Vision, Mission, Goals for the Company's Overall Operation

The Company has established a business operation guideline as a clear and concrete practice direction for the best interest of the Company and all groups of stakeholders to lead the Company to achieve its goal and can be put into practice. In 2021, the Board of Directors has reviewed the vision, the mission, the business goals and communicated to the employees through training and public relations to be known periodically as well as disclosed on the Company's website www.apco.co.th as follows:

Vision

A leader in innovation of healthcare and beauty products based on Thai researchers' studies and developments of “Thai natural extracts” to promote the life quality of Thais and people worldwide

Missions

- Producing the best health supplements and beauty products with the latest technology of the 21st century
- Promoting Thai researchers' research on natural extracts
- Meeting customers' expectations of health and beauty products
- Expanding a variety of modern distribution channels
- Promoting life quality of Thais and the world's people
- Promoting Thai products to international customers
- Building the sustainable industry
- Operating with work ethics that prioritise stockholders, employees and society under the policy of white business
- Promoting creativity to build a good image of the organisation, stockholders, involved parties and society
- Building local and international business partnership
- Building customers and partners' trust
- Maintaining social responsibility in business operations

Business Goals

1. Research, develop and sell health care products from natural extracts such as mangosteen, centella asiatica, black sesame, guava fruit, and isolated soy protein to have the ability to balance the immune system in the body. It is a new dimension of healthcare.
2. Research, develop, and sell beauty cosmetic products from natural extracts.
3. Commit to work towards the better of the society, enhance the quality of life of Thai and global citizens.
4. Run business with a White Ocean policy.

1.1.2 Important Changes and Development

| | |
|--------------|---|
| June 2, 1988 | <ul style="list-style-type: none">■ Natural Cosmetics Research Co.,Ltd. ("NCR") was founded with paid registered capital of 1 Million Baht divided into 10,000 common shares, each of which was worth 100 Baht. The founder, Prof. Dr. Pichaet Wiriyachitra, had 92% of the capital. Natural Cosmetics Research Co.,Ltd.'s initial goal was to manufacture herbal cosmetics products. The first factory was situated in Meung District, Chiang Mai. |
| 1991 | <ul style="list-style-type: none">■ A new plant was built at the Northern Industrial Estate, Lamphun. All the manufacturing was moved to the new factory. |
| May 25, 1995 | <ul style="list-style-type: none">■ Green Gold Co., Ltd. ("GG") was established with paid registered capital of 5 Million Baht, divided into 50,000 common shares, each of which was worth 100 Baht. The aim was to produce dietary supplements from natural herbs. |
| May 18, 1998 | <ul style="list-style-type: none">■ Asian Neutraceutical Centre Co.,Ltd. was founded with paid registered capital of 1 Million Baht divided into 10,000 common shares, each of which was worth 100 Baht. The aim was to conduct research and develop cosmetics products and dietary supplements before NCR and GG manufactured the approved products. |
| May 20, 1999 | <ul style="list-style-type: none">■ Asian Life Co.,Ltd. ("ASL") was founded, with paid registered capital of 10 Million Baht divided into 100,000 common shares, each of which was worth 100 Baht. The aim was to sell the cosmetics and health products of the companies through a multi-level direct sales system such as Multi-Level Marketing or MLM. |
| 2003 | <ul style="list-style-type: none">■ Green Gold or GG received a certificate of Good Manufacturing Practice from Food and Drug Administration, Ministry of Public Health. |
| 2005 | <ul style="list-style-type: none">■ The structure of group companies was adjusted. Natural cosmetics Research Co., Ltd. Increased the registered capital to 9.3 Million Baht, divided into 9.3 Million common shares, each was worth 10 Baht. The money gained from the increased capital was spent buying shares in the ratio of 99.99% in three companies:<ul style="list-style-type: none">(1) Green Gold Co., Ltd.(2) Asian Life Co., Ltd.(3) Asian Neutraceutical Centre Co.,Ltd.Later, Natural Cosmetics Research Co., Ltd was transformed into a public company and its name was changed to Asian Phytoceuticals Public Company Limited ("APCO"). In addition, the share value was changed from 10 Baht per share to 1 Baht per share. The increase was made to the capital from 93 Million shares to 116.25 in order to comply with a proposal to sell shares to the general public. However, the registration was initially put off. |

| | |
|------------------------|---|
| | <ul style="list-style-type: none"> APCO received a certificate of Good Manufacturing Practice from Food and Drug Administration, Ministry of Public Health. |
| 2006 | <ul style="list-style-type: none"> The Company restructured by transferring The Research and Development Business of Asian Nutraceutical Centre Co.,Ltd. to APCO and closing the account of Asian Nutraceutical Centre Co.,Ltd. |
| 2011 | <ul style="list-style-type: none"> The capital was increased to 200 Million Baht for the initial public offering (IPO) in a total of 45 Million ordinary shares and other 5 Million shares to the Executives and Employees of the Company. Also, the common shares were registered in the MAI stock market. |
| December 2, 2013 | <ul style="list-style-type: none"> The Company was restructured through the entire business transfer (EBT) from subsidiary companies where 100% of shares in each company were held by APCO such as Asian Life Co.,Ltd, Green Gold Co.,Ltd., Th17 Global Co.,Ltd., and Top Marcom Co.,Ltd. The entire transferred businesses have now been operated by APCO. The subsidiary companies were also deregistered. |
| 2014 | <ul style="list-style-type: none"> The Company paid 40 Million dividend shares on April 28, 2014 and offered the additional shares to the existing shareholders (Right Offering) in a total of 32 Million shares at the equivalent price to the par value at 1.00 Baht during May 7-9, 12 and 14, 2014. The Extraordinary Shareholder Meeting No.1/2014 approved a decrease of the registered capital in sum of 28,000,018 Baht from the previous registered capital in sum of 300,000,000 Baht to the new registered capital in sum of 271,999,982 Baht by excluding 18 remaining shares from the dividend shares and excluding the common shares which are not yet offered to the private placement approximately at 28,000,000 shares. The Extraordinary Shareholder Meeting No.1/2014 also approved an increase of the registered capital in sum of 28,000,018 Baht to form the new registered capital in sum of 300,000,000 Baht from the existing registered capital worth 271,999,982 Baht for the public offering who had sponsored the Company and/or the public before registering such common shares in the Stock Exchange of Thailand (SET). |
| June 7, 2014 | <ul style="list-style-type: none"> Open BIM Health Center. |
| March 26, 2015 | <ul style="list-style-type: none"> The Annual General Meeting of Shareholders 2015 approved to change the par value from 1.00 baht per share to 0.10 baht per share and approved the allotment of 28,000,018 new ordinary shares at a par value of Baht 1 per to not more than 280,000,180 newly issued ordinary shares at a par value of Baht 0.10 per share for public offering to the Company's patrons. |
| April 24 & 27-30, 2015 | <ul style="list-style-type: none"> The Company offered of not more than 280,000,180 new ordinary shares at par value of Baht 0.10 per share for public offering to the Company's patrons. The total subscribed shares were 25,374,825 shares, thus the remaining shares are 254,625,355 shares at par value of Baht 0.10 per share. |
| April 8, 2016 | <ul style="list-style-type: none"> The Annual General Meeting of Shareholders 2016 approved a decrease of the registered capital for Baht 25,462,535.50, at the par value of Baht 0.10 each, from the existing capital of Baht 300,000,000 to Baht 274,537,464.50 by cancelling the unissued shares for the public offering of 254,625,355 shares at the par value of Baht 0.10 each. |

| | |
|---------------------------|---|
| | <ul style="list-style-type: none"> ■ The Annual General Meeting of Shareholders 2016 approved an increase of the registered capital for Baht 25,462,535.10 at the par value of Baht 0.10 each, from the existing paid-up capital of Baht 274,537,464.50 to Baht 300,000,000 for public offering to the Company's patrons. There are remaining shares from the subscription by the Company's patrons, the Company shall allocate such remaining shares to right offering. |
| October 7 & 10-13, 2016 | <ul style="list-style-type: none"> ■ The Company offering of not more than 254,625,355 new ordinary shares at a par value of Baht 0.10 per share for public offering to the Company's patrons. The total subscribed shares were 16,252,060 shares, thus the remaining shares are 238,373,295 shares at par value of Baht 0.10 per share. |
| November 18 & 21-24, 2016 | <ul style="list-style-type: none"> ■ The Company offering of not more than 238,373,295 new ordinary shares at a par value of Baht 0.10 per share to right offering. The total subscribed shares were 238,373,295 shares at par value of Baht 0.10 per share. |
| February 2017 | <ul style="list-style-type: none"> ■ The Company has invested in Bim Health Center Co.,Ltd., in the proportion of 49.99% of the capital of the Company to establish BIM Health Center on G Floor, Paradise Park Building, Srinakarin. |
| April 9, 2018 | <ul style="list-style-type: none"> ■ The 2018 Annual General Meeting of Shareholders approved to change the par value from Baht 0.10 per share to Baht 0.50 per share for listing on the Stock Exchange of Thailand (SET). |
| May 14, 2018 | <ul style="list-style-type: none"> ■ SET moves APCO from MAI to SET. |
| October 28, 2020 | <ul style="list-style-type: none"> ■ The Company has invested in Hisold Digital Co.,Ltd., in the proportion of 44.99% of the capital of the Company to expand distribution channels through digital media. |

1.1.3 Name, Address, Head Office, Business Category, Registration Number, Telephone, Fax, Company Website (if any), Number and Type of Total Paid-up Shares of the Company

| | |
|--------------------------|--|
| Company Name in Thai | : บริษัท เอเชียน ไฟytoceuticals จำกัด (มหาชน) (“บริษัทฯ”) |
| Company Name in English | : ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED |
| Business Category | : Manufacture and distribute health and beauty products from natural extracts based on the researches and developments of Thai scientists. |
| Registered Capital | : THB 300 Million, comprising 600 Million common shares, each of which is worth THB 0.5 per share (December 31, 2021) |
| Issued and Paid-up Share | : THB 300 Million, comprising 600 Million common shares, each of which is worth THB 0.5 per share (December 31, 2021) |
| Head Office | : 84/3 Moo 4 Northern Region Industrial Estate (West side) Super Highway No.11 Rd., Banklang, Muang Lamphun, Lamphun 51000 Tel. 053 581 374 Fax. 053 581 375 |
| Branch Office | : <u>Ratchadapisek Branch</u> 89, 30 th Floor, AIA Capital Center Building, Ratchadapisek Rd., Dindaeng, Bangkok 10400 Tel. 0-2646-4800 : <u>Chiang Mai Branch</u> 61/5 Intawarorot Rd., Sripum Sub-district, Muang Chiang Mai, Chiang Mai 50200 Tel. 0-5335-8276 : <u>Hat Yai Branch</u> 20,22 Chotivitayakul 5 Rd., Hat Yai Sub-district, Hat Yai, Songkhla 90110 Tel. 0-7455-9464-5 : <u>Chonburi Branch</u> 170/126-128 Moo 3, Samet Sub-district, Muang Chonburi, Chonburi 20000 Tel. 0-3845-5025 : <u>Esplanade Branch</u> Esplanade Building, Room No. 317, 3 rd Floor, 99 Ratchadapisek Rd., Dindaeng, Bangkok 10400 Tel. 0-2660-9011 |
| Registration Number | : 0107548000480 |
| Home Page | : www.apco.co.th |

1.2 Nature of Business

The Company has produced and marketed the healthcare and beauty products from natural extracts from the research of Prof. Dr. Pichaet Wiriyaichitra, the main shareholder and CEO. The Company has also work with specialists, including a team from academic institutions in Thailand and research organizations in order to develop new products and improve the existing products. The Company has applied for patent registration and received a safety guarantee from Food and Drug Administration (FDA) with scientific certification.

The Company distributes its products to both domestic and international customers by using multiple marketing channels (Multi-Channel Marketing), For domestic customers, the Company distributes through sales agent, dropship

and Bim Health Center, a service center for customers who wish to correctly use the products for their healthcare by following advices from medical scientists who are specialized in Operation BIM products, focusing on the customers who prioritize better figure and healthcare. At present, there are five branches; Chiang Mai, Hat Yai, Chonburi, Ratchadapisek and Esplanade. For foreign countries, the Company distributes to distributors directly including China, Hong Kong, Singapore, Malaysia and America etc.

1.2.1 Revenue Structure

The revenue structure classified by types of products in 2019 - 2021 is described as follows:

Unit: Million Baht

| Revenue Structure | 2021 | | 2020 | | 2019 | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | Value | Percent | Value | Percent | Value | Percent |
| Beauty Cosmetics Products | | | | | | |
| - Sliming Products | 1.49 | 0.72 | 2.10 | 0.72 | 4.07 | 1.47 |
| - Anti-Wrinkle and Anti-Spot Products | 0.89 | 0.48 | 1.41 | 0.48 | 4.57 | 1.66 |
| - Skincare Products | 0.62 | 0.39 | 1.10 | 0.37 | 1.52 | 0.55 |
| Total | 3.00 | 1.57 | 4.61 | 1.57 | 10.16 | 3.68 |
| Dietary Supplement and Health Drink Products | | | | | | |
| - Fat Reduction Products | 1.98 | 1.60 | 4.69 | 1.60 | 1.72 | 0.62 |
| - Skincare Products | 0.00 | 0.00 | 0.01 | 0.00 | 0.04 | 0.01 |
| - Healthcare Products | 210.49 | 77.50 | 227.49 | 77.50 | 208.87 | 75.65 |
| - Health Drink Products | 29.69 | 13.39 | 39.32 | 13.39 | 48.64 | 17.62 |
| Total | 242.16 | 92.49 | 271.51 | 92.49 | 259.27 | 93.90 |
| Revenue from Sales | 245.16 | 94.06 | 276.12 | 94.06 | 269.43 | 97.58 |
| Other Revenues ^{/1} | 3.03 | 1.85 | 5.41 | 1.85 | 0.69 | 0.25 |
| Finance Revenues ^{/2} | 12.82 | 4.09 | 12.02 | 4.09 | 5.99 | 2.17 |
| Total Revenue^{/3} | 261.01 | 100.00 | 293.55 | 100.00 | 276.11 | 100.00 |

Revenue Structure during 2019 – 2021 from Domestic and International Sales

Unit: Million Baht

| Revenue Structure | 2021 | | 2020 | | 2019 | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Value | Percent | Value | Value | Percent | Value |
| Revenue from Domestic Sales | 217.83 | 91.07 | 243.79 | 91.95 | 242.20 | 95.23 |
| Revenue from International Sales | 5.52 | 2.31 | 3.93 | 1.48 | 5.45 | 2.14 |
| Total Revenue from Sales | 223.35 | 93.38 | 247.72 | 93.43 | 247.65 | 97.37 |
| Other Revenues ^{/1} | 3.03 | 1.26 | 5.41 | 2.04 | 0.69 | 0.27 |
| Finance Revenues ^{/2} | 12.82 | 5.36 | 12.02 | 4.53 | 5.99 | 2.36 |
| Total Revenue^{/3} | 239.19 | 100.00 | 265.15 | 100.00 | 254.33 | 100.00 |

Note: ^{/1} Other revenues consist of the accrued commissions, adjusted as income, service income, profit from sale of assets, profit from exchange rate, etc.

^{/2} Financial revenues consists of interest income, profit from the sale of financial assets, dividends received from investments in stocks, etc.

^{/3} Total revenue before commission paid to customers was 21.81 Million Baht in 2021, 28.39 Million Baht in 2020 and 21.78 Million Baht in 2019 deducted from sales revenue in accordance with Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customer". Therefore, it does not match the financial statements showing total income in 2021 amount of 239.19 Million Baht, 2020 amount of 265.15 Million Baht and year 2019 amounting to 254.33 Million Baht.

1.2.2 Product Information

(1) Characteristics of Products or Services and Development of Business Innovation

Characteristics of Products

Asian Phytoceuticals Public Company Limited is a manufacturer and distributor of healthcare and beauty products made from natural extracts. Most of the products are innovative products, from the research team led by Professor Dr. Pichaet Wiriyaichitra in collaboration with various research units with scientific evidence confirming efficacy and safety. The Company has the policy to focus on producing and selling products under the following standards.

- Has a scientific basis.
- Safe for the users.
- Has a clear performance of the product with scientific research support.

The Company's products have been made from two main natural extracts that can be found in Thailand that have properties beneficial for health and skin.

(1) Garcinia atroviridis fruit extract, which has the ability to inhibit enzymes in the fat building process from consuming foods with high carbohydrates. It has the effect of slimming and accelerating the metabolism of body fat.

(2) GM-1 is mangosteen peel extract. GM-1 has the ability to inhibit bacteria, anti-inflammatory, anti-allergic, antioxidant, etc.

Research on the efficacy of GM-1 on the immune system is called Operation "BIM" (Balancing Immunity). It combines extracts from various fruits and grains with GM-1, then, becoming BIM formulation that has important properties in balancing the immune system according to the latest immunology research by creating a balance of 4 types of white blood cells, namely








- Th1 stimulates the immune system to better deal with fungi, bacteria, viruses, and cancer.
- Th2 stimulates the immune system to better deal with allergens and helminths.
- Th17 stimulates the immune system to deal with foreign bodies left over from the manipulation of Th1. Too much Th1, Th2, and Th17 create over immune which causes autoimmune symptoms.
- Treg stimulates the immune system to return to equilibrium, when there is too much immunity.

That results in consumers who have problems such as infection with uterine fibroids, ovarian cyst, cancer, allergic, sinusitis, chronic gastroenteritis, acid reflux, osteoarthritis/inflammation, itchy skin, psoriasis, hepatitis, cirrhosis, kidney failure, thyrotoxicosis, asthma, diabetes, hyperlipidemia, dizziness, migraine, gout, etc. are better quality of life.

Professor Dr. Pichaet Wiriyaichitra and the research unit continue to research and develop new features of the product of Operation "BIM" for further sustainability.

Beauty cosmetic products, dietary supplement and health drink products that the Company produces and sells at present
Is as follows :














1. Group of Beauty Cosmetic Products











| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|--|--|---|--------------------------|---|------|
| 1.1 Slimming Products | Cream or lotion products in bottles/tubes form for massage to tighten the skin and reduce the desired area, and facial lotion products in the form of bottles to create flexibility and tighten the skin on the chin, neck, and cheek. | Extracts from Garcinia, Centella Asiatica, Chili, Ginger, Chinese tea, Mint, Etc. | Gold Shape ^{/1} |  | 2003 |
| | | | TrimOne ^{/1} |  | 2008 |
| | | | MILS ^{/1} |  | 2009 |
| | | | GS ^{/1} |  | 2018 |
| 1.2 Anti-wrinkle and Anti-Spots Products | Creams, lotions, or serums in bottle/tube form for skin nourishing, focusing on skin conditioning, reducing dullness and dark spots on the face. | GM-1, Centella Asiatica Extract, Licorice, Etc. | 7 Miracles ^{/1} |  | 2005 |
| | | | 7 Wonders ^{/1} |  | 2008 |
| | | | Asian Life ^{/1} |  | 2012 |
| | | | Gold Figor ^{/1} | Gold Figor | 2018 |






| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|------------------------|---|---|------------------------|---|------|
| 1.3 Skin Care Products | Gel, cream or body lotion products in tubes form for showering, skin caring, sun blocking, and cleansing. They can prevent the imbalance which is the cause of inflammatory symptoms and infections. | GM-1 | Garcinia ^{/1} |  | 1988 |
| | Cream or body lotion products in tubes form for skin caring, sun blocking, and cleansing, which has anti-pigmentation properties resulting in whiter skin. | Extracts from Mangosteen, Centella Asiatica, and Mulberry | Lyfe ^{/1} |  | 2000 |
| | Cream products in tubes form for strengthening and nourishing the skin to be smooth and elastic, cool and refreshing for those with psoriasis problems. | Extracts from Mangosteen, Centella Asiatica | Noriasis ^{/1} |  | 2010 |
| | Cream products in tubes form for strengthening and nourishing the skin to be smooth and elastic, cool and refreshing for those with knee and elbow problems. | Extracts from Mangosteen, Centella Asiatica, Soybean | Arthrino ^{/1} |  | 2019 |

2. Group of Dietary Supplement and Health Drink Products

| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|----------------------------|---|--|----------------------------------|---|------|
| 2.1 Fat Reduction Products | Dietary supplement in capsule form (600 mg) and water-soluble powder , attribute to accelerate the transformation of fat into energy. They also delay the creation of new fat from food and slow down the fat accumulation process. | Extracts from Garcinia | Gold Shape ^{/1 /2} |  | 1995 |
| | | | TrimOne ^{/1} |  | 2008 |
| | | | Gold Shape Plus ^{/1 /2} |  | 2014 |
| | | | GS Hi-Sol ^{/1 /2} |  | 2018 |
| 2.2 Skin Care Product | Dietary supplement in capsule form (600 mg) contain antioxidants that are used to balance the hormone level, the cause of freckles and black spots, in the body, and to help moisturize the skin. | French Pine Bark Extracts, Glutathione, and Extracted Protein from Soybean | Bryte & Spryte |  | 2004 |
| 2.3 Health Products | Dietary supplement in capsule form (600 mg) for balancing immunity for those who want to maintain a good health. | Extracts of Centella Asiatica, Black Sesame, Guava, Mangosteen, and Extracted Protein from Soybean | GARCINIA ^{/1 /2} |  | 2007 |
| | | | BALANC ^{/1 /2} |  | 2013 |
| | | | ALLERGINOK ^{/1} |  | 2013 |
| | | | ULCINOK ^{/1 /2} |  | 2014 |

| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|---------|---|-----------------|----------------------------|---|------|
| | | | GERMINOK ^{/1 /2} |  | 2015 |
| | | | MYLIFE ^{/1 /2} |  | 2017 |
| | | | VVIN Plus ^{/1} |  | 2018 |
| | Dietary supplement in capsule form (600 mg.) for those with diabetic problems. | | DIABENOX ^{/1 /2} |  | 2009 |
| | | | BIM.D ^{/1 /2} |  | 2013 |
| | Dietary supplement in capsule form (600 mg.) for those with knees problems. | | ARTHRINOX ^{/1 /2} |  | 2009 |
| | | | BIM.A ^{/1 /2} |  | 2013 |
| | Dietary supplement in capsule form (600 mg.) for those with psoriasis problems. | | NORIASIS ^{/1 /2} |  | 2009 |
| | Dietary supplement in capsule form (600 mg.) for those with cancer problems. | | TUMORID ^{/1 /2} |  | 2011 |
| | | | Th 17 ^{/1 /2} |  | 2012 |
| | | | Th Plus ^{/1 /2} |  | 2016 |
| | | | KTC Plus ^{/1 /2} |  | 2019 |
| | | | BIM C ^{/1} |  | 2021 |

| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|--|---|---------------------------|---|---|------|
| | Dietary supplement in capsule form (170 mg.) for those with cancer problems. | | KTC 170 mg ^{/1} |  | 2020 |
| | Dietary supplement in capsule form (850 mg.) for those with cancer problems. | | Canvirol ^{/1} |  | 2021 |
| | | | Canvirol ^{/1} |  | 2021 |
| | Dietary supplement in capsule form (600 mg.) for those with eye problems. | | BIM O ^{/1 /2} |  | 2015 |
| | | | BIM E ^{/1 /2} |  | 2016 |
| | Dietary supplement in capsule form (600 mg.) for those with HIV infected patients. | | LIV ^{/1 /2} |  | 2013 |
| | | LIV Plus ^{/1 /2} |  | 2017 | |
| | Dietary supplement in capsule form (600 mg) for those who want to slow down aging, with the technique of increasing the length of telomeres. | | MY Life 100 ^{/1} |  | 2021 |
| | Dietary supplement in capsule form (600 mg.) for balancing immunity for those who want to maintain a good health. | Extracts of Mangosteen | I18 ^{/1 /2} |  | 2017 |
| Dietary supplement “Ginkgo Biloba” in capsule form (112 mg.) for enhancing health and intelligence. | Ginkgo Leaf Extracts | ANC |  | 1998 | |

| Product | Characteristics and Properties | Herbs Essential | Brand / Trademark | | Year |
|---|--|---|-----------------------------|---|------|
| | Food product in hermetically sealed container in the form of sachets (1 kg), boosting immune balance, suitable for those who want to maintain good health. | Black Sesame Extract, Guava, Mangosteen, Soy Protein Extract. | T-gain ^{/1 /2} |  | 2021 |
| 2.4 Health Drink Products ^{/2} | Concentrated mangosteen juice in sachets with no sugar or preservative is able to fight against oxidants. | Mangosteen Juice Concentrated | Myhelth ^{/1 /3} |  | 2008 |
| | | | BIM ^{/1 /3} |  | 2010 |
| | Concentrated mangosteen juice in sachets together with Garcinia extracts have two benefits: balancing the body immune and slimming properties of Garcinia. | Mangosteen Juice Concentrated, and Garcinia Extract | BIM & Trim ^{/1 /3} |  | 2010 |
| | Concentrated mangosteen juice in can together with Garcinia extracts have two benefits: balancing the body immune and slimming properties of Garcinia. | | Gold Shape ^{/1 /3} |  | 2014 |

Note ^{/1} Products that the Company must pay compensation for utilization of research and product development work that developed by Prof.Dr. Pichaet Wiriyachitra. Except for Cleaning Milk products under the Miracles brand. The compensation is calculated as a percentage of the product sales as agreed in the contract. (Details of the contract in attachment 4 License Agreement to Utilization of Research and Product Development)

^{/2} Products granted with Halal Logo

^{/3} Mangosteen juice is produced with ingredients and process supervised by the Company.

In addition to the products that the company produces and sells by itself, the company also produces products under the customer's brand, Jada cosmetics products, which are produced for a company that has a distribution contract to export to Vietnam. The company as a manufacturer has specific duties for registering products to the Food and Drug Administration (FDA), responsible for the formula and quality of the products, not including distribution procedures and methods.

The important factors that give an opportunity to conduct business both domestically and abroad are.

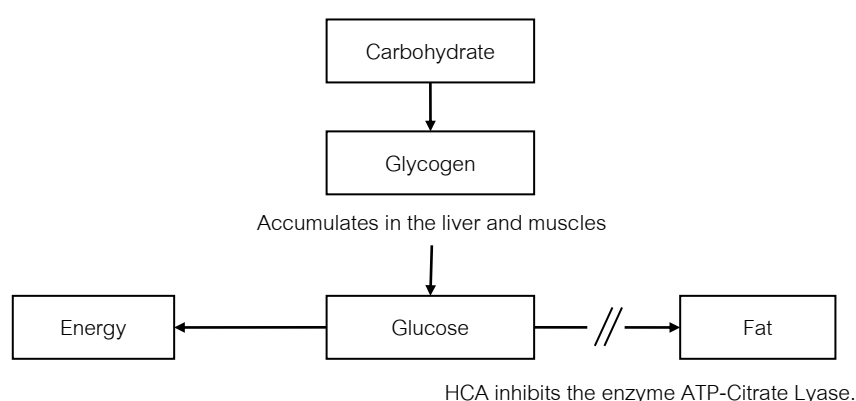
The production licenses that the Company has obtained include a food production license, a food registration certificate, an application for a food label, a Certificate of Good Manufacturing Practice (GMP), and a Certificate of Halal Food Production. In this regard, officials from various departments including the staff of the Food and Drug Administration, auditor of a private company which is an agency registered with the Food and Drug Administration (FDA) to audit the production site, and officials of the Central Islamic Council of Thailand, they will conduct an annual inspection of the Manufacturing Standards for Good Manufacturing Practice (GMP) for cosmetics, food, and inspect the process according to the Islamic principles, along with issuing a certificate of inspection to certify that the production process meets the specified standards. In addition, the Company is in the process of applying for two patents: component patents to control system response, and patents of phytochemical ingredients and immunization techniques to resist foreign bodies and autoimmune. (Details are disclosed in attachment 4 The Patent)

Development of Business Innovation

APCO attaches great importance to the research and development of the new features of plants and herbs that can be found in Thailand. In order to further develop innovative products and meet consumer needs, the Company focuses on the research through collaboration with researchers in various fields, including cooperating with government agencies, universities, and other research units that are specialized in dealing with medicinal plants that are an important component of the Company's products.

Research of Garcinia Extract

Garcinia extract is one of the key ingredients in The Company's slimming products. Garcinia contains HCA (Hydroxy-citric acid), which inhibits the activity of enzymes involved in the glucose degradation cycle of cells in the body, that has an effect to help inhibit the sugar (Glucose), which comes from carbohydrate foods to turn into fat.



When consume rice, flour, sugar, the body converts these carbohydrates to glycogen and stores in the liver and muscles for energy. When the storage is full, it will automatically make you feel full. Later, glycogen is converted to glucose to provide energy. The excess will be converted to fat. HCA function will inhibit the enzyme ATP-Citrate Lyase, which prohibits glucose to be converted to fat. Therefore, it can be converted to energy for the body only. Glucose consumption will be less. The glycogen will slow down into glucose and remain longer in the liver and muscles. This will lead to a longer feeling of fullness and slow hunger.

In the year 2000, the Company together with researchers from the Department of Internal Medicine, Ramathibodi Hospital, and Research Center, Faculty of Medicine Mahidol University have proven the effectiveness of HCA, At 70% concentration, it was proven to reduce body fat in a group of women weighing 65 - 70 kg. The experimental group showed a reduction in body weight caused by the loss of fat deposits underneath the skin on the upper arm, under the shoulder blade, above the waist, and around the hips without any adverse effects on the subjects. The researchers presented the results at the World Clinical Nutrition Council in Phitsanulok Province in December 2000 and also published in international journals (Asia Pac J. Clin Nutr 2007; 16 (1): 25-29).

The Company relies on the properties of HCA to inhibit such enzymes to produce a dietary supplement to slim the body. It has also developed a cream or lotion that is used in massage for slimming, Results were shown from collaboration with Dearmscan Institute, product performance testing institute from France. The subjects were given a 4-week trial of the product for the average waist circumference. It was found that the average waist circumference of the subjects decreased significantly and the results of the pre-test and post-test blood tests showed no side effects on the subjects.

Mangosteen Extract Research

Current APCO's research is focused on mangosteen under the project name Operation "BIM", or "Balancing Immunity", which studies the effects of mangosteen extract on the body's immune system balance. The research on mangosteen extract has started in 1971 by Professor Dr. Pichaet Wiriyaichitra along with a team of researchers at Prince of Songkla University. It was found that the mangosteen peel mixed with limewater as used in folk medicine has wound healing properties. With continued research, GM-1 has been extracted and many therapeutic properties were found, such as, inhibiting the growth and killing of bacteria, anti-inflammatory, analgesic, reducing allergic reactions, healing the skin, reducing dark spots on the face, antioxidant, and killing cancer cells in the test tube. It is also safe for consumption. However, the development of GM-1 as a drug constituent has a very high cost and takes at least 10 years. Therefore, GM-1 extract was developed together with other natural extracts as a component of cosmetics and dietary supplements.



With the mangosteen price fell across the country in 2007, the researchers established the Operation "BIM" research team with the aim of developing more mangosteen related products to provide farmers with income and solve the problem of mangosteen oversupply at the time. Professor Dr. Pichaet Wiriyaichitra as the head of the research project has established Thai Mangosteen Research and Development Center and collaborated with other research units such as Chiang Mai University, Biomedical Technology Research Center, etc., and notable expert researchers in various disciplines including.

- | | | |
|-----|--|---|
| (1) | Associate Professor Dr.Ampai Panthong | Department of Pharmacology, Faculty of Medicine, Chiang Mai University |
| (2) | Associate Professor Dr.Siriwan Ong-chai | Department of Chemistry, Faculty of Medicine, Chiang Mai University |
| (3) | Associate Professor. Dr.Souwalak Phongpaichit | Department of Microbiology, Faculty of Science, Prince of Songkla University |
| (4) | Associate Professor Dr. Wilawan Mahabudsarakam | Department of Chemistry, Faculty of Science, Prince of Songkla University |

Operation "BIM" project has been successful in the development of natural herbal extracts, "BIM" formulation, which is a combination of GM-1 extract with various kinds of grain that have synergistic effects. It was also found that BIM has immunomodulation properties, which implies auto-immunotherapy effect, and it is supported by a significant research study in which the Company's researchers have done with Professor Dr. Watchara Kasinrer, an expert in immunology who has been awarded the Outstanding Scientist Awards of 2008 (in the field of immunology), and the Director of the Biomedical Technology Research Center. With the following summary,

Immunotherapy conditions resulting from the equilibrium of Th1, Th2, and Th17.

T helper cell (Th cell) is a type of white blood cell that is essential in balancing the immune system by signaling the stimulation of killer white blood cells (phagocyte, cytotoxic T cells, and NK cells) to deal with antigens effectively.

- Th cell will convert into Th1 when stimulated by fungi, bacteria, viruses, and cancer cells, and will release chemicals that make killer white blood cells deal with foreign substances more efficiently.

- Th cell will convert into Th2 when stimulated by allergens and it will release chemicals that stimulate the bone marrow to produce certain types of white blood cells which produces antibodies to deal with these foreign substances. However, the excessive amount will cause allergies and autoimmune diseases.
- Th cell can convert into Th17 and release chemicals that stimulate certain white blood cells to eliminate the residual foreign bodies that were left by Th1 and Th2.
- Th cell can convert into a T reg that regulates the activity of Th1, Th2, and Th17, preventing allergic reactions and autoimmune disease.

A well-balanced immune system depends on the balance between Th1, Th2, Th17, and T reg.

The research result shows that BIM increases Th1, Th9, and Th17, resulting in better coping with fungi, bacteria, viruses, and cancer cells. It also makes Th2 level slightly lower than Th1 level, which reduced allergic reactions and autoimmune conditions that was caused by excessive Th2. In addition, the increased Th17 level helps in dealing with foreign body substances that were not handled by Th1 and Th2.

In 2010, MD Cancer Center, University of Texas found that Th17 could prevent lung cancer and is effective in reducing lung cancer in mice. Such findings could explain that the improving conditions in cancer patients who consume BIM products is mainly due to the increase in Th17 by BIM products.

These findings have led to the innovation of the BIM formula mixed in many dietary supplements. The formula is adjusted to suit people with different autoimmune problems such as Diabenox for people with diabetes, Arthrinox for people with knee problems, Noriasis for people with psoriasis, Tumorid for people with cancer, and LIV for people infected with HIV, etc. The Company has patented the BIM formula and has organized a project to disseminate research results related to Operation "BIM" in an easy-to-understand formats to consumers. Therefore, the BIM100 project has invited people with imbalance immune system to share their problems and their experiences after using BIM products. This included people with end-stage cancer, AIDS, acne, diabetes, parkinson's disease, intestinal infections, liver degeneration, chronic stomach, psoriasis, eczema, rheumatoid arthritis, kneecap deteriorates, and etc. The Company has interviewed those who have such problems and broadcasted on Facebook Live, Social Media and the Company's website to inform consumers of the product experiences.

In addition, the Company's research on BIM mangosteen juice has found that it could reduce IL-1 β , IL-6, IL-17, TNF- α , and IFN- γ and increase IL-18, which could help eye degeneration conditions and preserve vision in people with age-related macular degeneration.

Subsequently, APCO's Operation BIM researchers conducted research on "Innovative Plant-Based HIV Immunotherapy" and have achieved immunosuppression to combat HIV by significantly increasing Th1 leukocyte up to 200% and Th17 up to 500%. The white blood cells Th1 and Th17 that stimulate Th17 have the ability to release substances that deal with HIV and various viruses, as well as in conjunction with stimulating another white blood cell in the body, namely the T cell destroyer or Killer T cells, which are primarily responsible for the management of counterfeit fragments that enter the body, by chasing virus-infected cells and decomposing them completely from the body and eventually HIV will continue to decline continuously until not detected in the long run. The body will become healthy and return to have the same level of CD4 as a normal person, approximately 600 cell / cu.mm. entering a Functional Cure or inactivated HIV, meaning that the HIV infection is not continuously detected. It is an innovation in eliminating HIV infection without the use of antiviral drugs that are safe and without side effects.

In 2021, the Company has developed a new product based on the existing product for better efficacy by combining the science of Telomere with the latest 21st century immunology to produce an effective formulation to increase the length of Telomere. As a result, there is a reverse aging/slowing down aging and longevity. Symptoms of the diseases caused by shortened telomeres, such as 1. Coronary artery disease, 2. Autoimmune diseases such as SLE, Rheumatoid arthritis, Psoriasis, and Diabetes, 3. Alzheimer's disease, 4. Chronic and Cirrhosis, 5. Chronic Kidney Disease, 6. Infection and Inflammation, 7. Osteoporosis, 8. high blood pressure, 9. Visceral Fat, Hyperlipidemia, and Obesity, 10. Insomnia will also be reduced.

For future research plans, the researchers believe that BIM still has many unique features. The research team thus focuses on conducting research projects to confirm the efficacy of BIM with immune science as well as improving the efficacy of BIM supplements to meet the needs of people with autoimmune problems in a more diverse and specific ways, including the development of dietary supplements for the elderly's good quality of life.

(2) Marketing and Competition

Marketing divided into:

- (A) Marketing strategy
- (B) Target customers
- (C) Distribution channels
- (D) Industry conditions and competition

(A) Marketing Strategy

The Company has established marketing strategies for the distribution of beauty cosmetics and dietary supplements, which is divided into 2 parts: product strategy and sales strategy as follows:

➤ Product Strategy

■ Maintain Product Reliability

The Company's main policy is to focus on distributing products that are developed by the research and development of scientific research faculties and the products must have a reliable scientific basis, are safe for consumers, and are backed by research to confirm the effectiveness of the products. This makes the products reliable in the eyes of consumers and differentiates them from the other products in the market. In addition, the production process focuses on cleanliness, safety, standardization, and is environmental-friendly. The Company has been certified to the standards related to manufacturing such as GMP (Good Manufacturing Practice), Halal, and the factory is located in the Northern Region Industrial Estate, which is certified by ISO 14001: 1996.

■ Disseminate Researches to Develop Consumer's Understanding of the Product

Building consumer's knowledge and understanding of product properties is an important factor in promoting product reliability. It also affects consumer's purchasing decisions. The Company, together with a team of researchers, has been involving in academic researches related to the effectiveness of the product and the properties of natural extracts that are the component of the product, with in-depth presentations in academic seminars. The Company has been educating dealers and customers about the product in a simple manner and also distributing the product through the media, including TV, website, and social media, in order to reach wider consumers.

▪ Continuously Improve the Quality of Existing Products and Create New Innovations

Since 2010, the company has been researching and developing products that contain ingredients from natural plant extracts (GM-1 substance in mangosteen mixed with other herbal extracts) that have the ability to balance the immune system to create a variety of innovative dietary supplements. Various formulas are used to increase immunity in people with insufficient immunity causing cancer, such as TUMORID and Bim C, MYLIFE for those who want to increase immunity or prevention of infection, LIV for people with HIV infection. Formulas to balance the immune system in people with hyperimmune conditions are such as DIABENOX for diabetes, ARTHRINOX for knee problems, NORIASIS for psoriasis, BIM O for people who have eye problems, etc.

According to consumers who use immune balancing products, all have good health, beautiful skin and clear face. Therefore, it is hypothesized that the formula may have anti-aging, and longevity effects. Further studies have shown that this formula can increase the length of telomeres, which are the ends of the chromosomes, responsible for protecting the chromosomes from destruction.

APCO researchers have modified this formula to be more effective in increasing the length of telomeres so that it can be a formula that helps consumers to have a better quality of life. At the same time, it will cause slow down aging, and longer life. In consumers who took an average of 5 capsules daily for 2 months, telomere length was 408 base pairs, equivalent to going back 5.8 years of age. Because October of every year is considered a day of International Longevity Day, so in 2021 APCO named this day as “Wattanachiwassakon Day”, and used this day to soft launch a new product “mylife100”.

To confirm the effectiveness of telomere lengthening with external institutions, APCO works in collaboration with the Institute of Nutrition of Mahidol University. It is expected that the study will be completed in 2022.

▪ Develop the Brand in Accordance with the Distribution Channel

With the business goal of expanding distribution channels to cover a wider customer base and increase profitability, the Company foresees the need to create new brands to be in line with the distribution channels and prevent competition of the products within different distribution channels. In addition, the Company will create promotional activities to build brand awareness widely.

➤ Sales Strategy

▪ Increase Marketing Channels in Domestic Market

The Company has the policy to increase the distribution through new channels and the Company greatly emphasizes on increasing the distribution percentage through Bim Health Center by promoting through various online media that could reach more target audience directly. When consumers have been informed through various media and are interested in the products, they can contact and/or order through Call Center 1154, which gives consumers a quick and easy access to the products.

Bim Health Center also provides consultation service for consumers who want to use health care products correctly and most efficiently by consulting with medical scientists or Operation BIM product specialists using the consumers' own physical examination results from the doctor. Bim Health Center is on the 3rd floor of Esplanade Department Store and the Ratchadapisek branch is on the 30th floor of AIA Building. There is also a joint service center at G Floor, Paradise Park Shopping Center, Srinakarin, for the interested consumers to come in for consultation.

In addition, the products from the research and development of the Company will be sold by sales agents, offering research products to consumers with reasonable and fair prices for manufacturers, distributors, and consumers. Therefore, product sales is continuously increased.

Apart from aforementioned channels, the Company has also opened a dropshipping service, an e-commerce system which dealers can accept orders immediately but do not need to keep products in stock. The dealers do not need much start-up capital but will be able to generate sales easily. In 2020, the Company joined the capital to set up Hisold Digital Co., Ltd. to develop online contents and expand product distribution channels through online media in order to reach more consumers.

■ Promote Domestic Sales

The Company organizes promotional activities in the country by promoting its products and research results through the website, including:

| | |
|--|---|
| www.apco.co.th | Information about APCO history, products, research, and distribution in all channels, both domestic and international. |
| www.asianlife.co.th | Promoting products distributed through the Sales Agent channel. |
| www.operationbim.com | Promotion of Operation "BIM" by presenting in-depth relevant research results. |
| www.bim100.com | Publishing product information, research, and innovation for immunotherapy, including the product user experiences. |
| www.mangosteenrd.com | Thai Mangosteen Research and Development Center website, presenting research information on natural substances in mangosteen by Professor Dr. Pichaet Wiriyachitra, the head of the research project. |

Moreover, the Company also encourages distributors to create their own websites to further promote the products.

- Promote, advertise, and sell products via the Company's Facebook page Hotline1154, LEARN HIV. The Company has also organized a live broadcast (Facebook live) to provide product information to consumers regularly, supporting the increase in the activity of consumer's social media behavior.
- Promote products, research results, and product user experience, as well as selling products through the Line application, including Line: @ bim100callcenter, Line: @apcocap, and Line: @asianlife. This will help the Company to interact with consumers who use Line in a two-way communication, which is convenient and quick.
- Added a channel to watch the past video programs and news announcement on the Company's website www.bim100.com or YouTube: [BIM100 channel](#) and [APCO Channel](#).

■ Build a Quality Dealer

Distribution through a Sales Agent, the dealer will contact consumers directly to recommend the products. The interaction and communication between dealers and consumers will play an important role in creating an image of the product as well as the Company itself. Therefore, the Company has the policy to create quality dealers, with a focus on organizing activities to educate the dealers, such as training on product qualifications and research training related to the products.

■ Maintain Dealer Base

Dealership business (Sales Agent) is highly competitive in the maintaining of dealer base because an efficient dealers can switch to selling another product without any obligation. The Company has the policy to maintain the dealer base by setting the level of compensation at a similar level within the same industry and also create a difference in the products that is unique from the competitors by using researchs to support the confidence of consumers.

■ Foreign Sales Promotion

The Company has the policy to focus more on overseas distribution in foreign markets in order to stimulate sales. In the past, the Company has appointed distributors in various countries intending to bring the products sell in their own countries. It is the duty of distributors to apply for permission to import the products for distribution in that country itself. The Company has an open policy to appoint foreign dealers to increase business opportunities, expand distribution channels and overseas customer base. We have established distributors in China, Hong Kong, Singapore, Malaysia, Indonesia, and USA, etc.

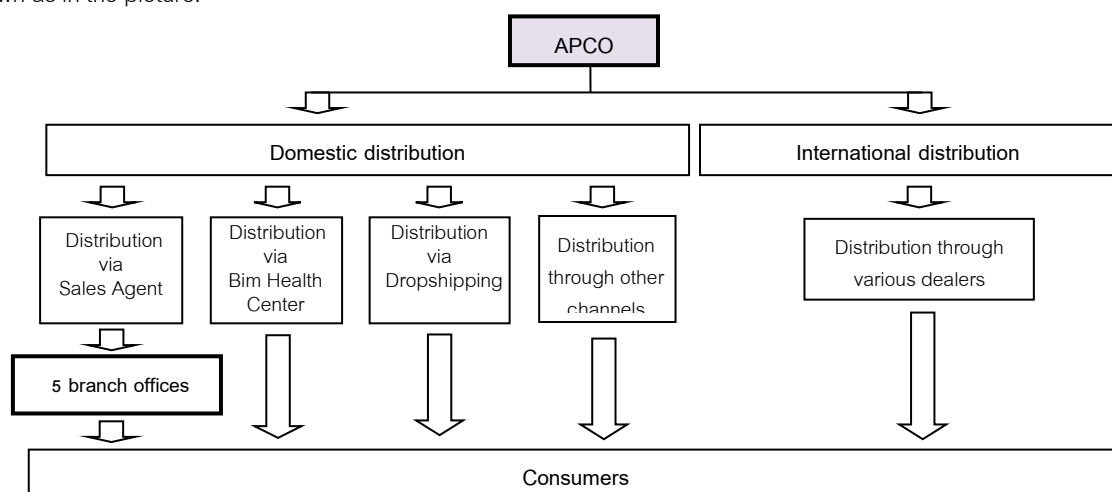
(B) Target Customers

The Company's products are categorized as consumer products and specialty products, which refers to unique products that have a brand. Therefore, the target customers of the Company refers to the end-user who tends to use the unique products, divided into 2 groups:

- (1) Target customers for slimming, skincare, cosmetic beauty products and dietary supplements. This group are adolescent to middle-aged people with moderate to high income and are interested in self-care.
- (2) Target customers for health care products. Most of which are products in the "Operation BIM" group, including concentrated mangosteen juice drinks. Target customers of the products in this group are working-age groups to elderly with moderate to high income and are interested in health care and also people with imbalance immunity problems, such as people with diabetes, bone disease, osteoarthritis, psoriasis, cancer, and etc. This is because the properties of BIM can help balance the imbalance immune system which causes symptoms of this group.

(C) Distribution Channels

Distribution channels of the products can be divided into domestic and international distribution, which it is shown as in the picture.



For domestic distribution can be divided into 4 channels which are:

- (1) Distribution via Sales Agent through branch offices.
- (2) Distribution via Bim Health Center.
- (3) Distribution via Dropshipping system.
- (4) Distribution through other channels.

■ **Distribution via Sales Agent**

The compensation structure

Sales Agents will receive a percentage compensation from the total sales each month as follows.

| <u>Sales per month</u> | <u>Compensation</u> |
|----------------------------|---------------------|
| Less than 100,000 Baht | 10.00% |
| 100,001 – 300,000 Baht | 20.00% |
| 300,001 – 500,000 Baht | 25.00% |
| 500,001 – 750,000 Baht | 27.50% |
| 750,001 – 1,000,000 Baht | 30.00% |
| 1,000,001 – 1,200,000 Baht | 32.00% |
| 1,200,001 – 1,500,000 Baht | 33.00% |
| More than 1,500,000 Baht | 35.00% |

Dealer Service Branch

The Company has 5 branches in 3 different provinces, Chiang Mai, Hat Yai, Chonburi, and 2 branches in Bangkok, in Ratchadaphisek and the Esplanade, to provide sales agent service. Each branch will provide services to dealers such as a shop display. There are stocks prepared to be distributed to dealers and also provide training to educate dealers. Dealers can also request to use the branch office for self-training.

Product replacement and return warranty policy

Changing or returning the products that are in perfect condition, can be done within 7 days from the date on the receipt. In addition, the Company offers a satisfaction guarantee on the products. If lesser than 20% of the product has been used within 10 days and the customer is not satisfied, it can be replaced with another product of the same value or a full refund. There is also a full refund and return of the product in the event of user allergic reactions with the certification of the cause of symptoms from the medical certificate and from the Company's pharmacist. In the past, there are very few customers (not more than 15 customers per year) who want to return the products. Most of the reasons for the return are individuals' allergies, not the defect of the product.

■ **Distribution via Bim Health Center**

Bim Health Center has a consultation service for consumers who want to use health care products correctly and most efficiently by consulting with medical scientists or Operation BIM product specialists using the consumers' own physical examination results by the doctor. Up until now, the distribution of this channel has been well received by the consumers.

At present, the Company has 2 branches of Bim Health Center available at Ratchadaphisek branch, AIA Building, 30th floor and on the 3rd floor of Esplanade Department Store. There will be a medical scientist or an expert

stationed at Bim Health Center, Ratchadaphisek branch to provide advice on product use to consumers every Saturday from 1:30PM to 4:30PM. At the Esplanade branch, there will be a medical scientist or a specialist every second and fourth Sundays of the month. There is also a service center by the joint venture Company at G Floor, Paradise Park Shopping Center, Srinakarin. In addition to the service provided by medical scientists or experts at the center, the Company has arranged for 10 call center staffs stationed at Bim Health Center, Ratchadaphisek Branch (AIA Building, 30th Floor) during 9:00 AM - 6:00 PM every day to take care and recommend products to the customers via phone call, another 2 staffs at the storefront of Bim Health Center, 3rd floor, Esplanade Department Store during 10:00 AM - 7:00 PM every day. All call center staffs are trained by the Company's pharmacist in order to be able to answer customers questions. Products ordered through the call center will be delivered to customers from the Company within 2 business days via Thai post office or a private delivery Company. Private delivery companies will have a cash on delivery service for customers' convenience.

Product replacement and return warranty policy

The Company has a return/exchange policy, whereby the Company will accept product returns in perfect condition with receipt within 7 days or exchange product within 15 days. In the event of the customer allergic reaction from product use, the Company will receive a return and full refund with the certification of the cause of symptoms from the medical certificate and by the Company's pharmacist.

■ Distribution via Dropshipping

BIM Dropship is the channel that Asian Phytoceuticals Public Company Limited or APCO wishes to create good health for consumers by our research work via dropshipping dealers or dropshipper.

The format of BIM Dropship



Dropshipper does not need to buy the products or keep the stock but they are able to sell the products to customers immediately. Once the customer purchases the product, dropshipper can place an order and transfer the cost price of the product to the Company by the online platform (www.bimdropship.com). After that, the Company will deliver the products to customers on behalf of dropshipper.

The return structure

Dropshipper will receive the following rewards:

Step 1: Receive 20% gratuity for every product purchase.

Step 2: Receive an additional 5-10% premium from all purchases of 50,000 baht or more except LIV products (as shown in the table below).

| Accumulated order amount per month (baht) | Gratuity add (%) | Gratuity total (%) |
|--|---------------------|-----------------------|
| 50,000 | 5% | 25% |
| 60,000 | 6% | 26% |
| 70,000 | 7% | 27% |
| 80,000 | 8% | 28% |
| 90,000 | 9% | 29% |
| 100,000 | 10% | 30% |

Note: The Company will pay a gratuity add according to the above table by transferring money to the Dropshipper bank account within the 15th of the following month.

Dropshipper member service

1. Ordering

Dropshipper can order products from the online platform by themselves 24 hours a day (www.bimdropship.com).

2. Shipping

The Company provides delivery service to customers via Kerry Express under the name of dropshipper on Monday - Friday (except public holidays). Dropshipper can check the status of the order and the parcel number online 24 hours a day.

3. Other services

The Company has made sales manuals in the form of documents and video clips for Dropshipper as a publicity tool and as a guide to give advice to customers on how to use the product. As well as providing online training to empower dropshipper in providing accurate information and education to users of the product.

■ International Distribution

For overseas market, the Company distributes the products through distributors in many countries including China, Hong Kong, Singapore, Malaysia, USA, and etc., almost all of which is distributed by APCO except for Jada products sold in Vietnam that is still needed to be distributed by the other Company that is a pioneer in the Vietnamese market from the beginning and still have a binding contract.

Summary of the Company's revenue proportion separated by distribution channels are as follows:

| Unit : Million Baht | 2021 | | 2020 | | 2019 | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | Value | Percent | Value | Percent | Value | Percent |
| Revenue from Domestic Sales | | | | | | |
| - Direct Sales | - | - | - | - | 66.54 | 26.16 |
| - Sales Agent | 73.52 | 30.74 | 87.19 | 32.88 | 61.46 | 24.17 |
| - Bim Health Center by Call Center | 115.82 | 48.42 | 124.50 | 46.95 | 77.77 | 30.58 |
| - Dropship | 18.61 | 7.78 | 22.87 | 8.63 | 28.60 | 11.25 |
| - TV and Cable TV | - | - | 0.15 | 0.06 | 1.14 | 0.42 |
| - Others | 9.88 | 4.13 | 9.08 | 3.42 | 6.69 | 2.63 |
| Total | 217.83 | 91.07 | 243.79 | 91.94 | 242.20 | 95.24 |
| Revenue from International Sales | 5.52 | 2.31 | 3.93 | 1.49 | 5.45 | 2.14 |
| Total Sales Revenue | 223.35 | 93.37 | 247.72 | 93.43 | 247.65 | 97.38 |
| Other Revenue | 3.03 | 1.27 | 5.41 | 2.04 | 0.69 | 0.27 |
| Finance Revenue | 12.82 | 5.36 | 12.02 | 4.53 | 5.99 | 2.36 |
| Total Revenue | 239.20 | 100.00 | 265.15 | 100.00 | 254.33 | 100.00 |

From the table above, in 2021, the Company has mainly distributed through Bim Health Center by Call Center, which had a slight decrease in sales from the year 2020 in the amount of 8.68 million baht, followed by sales agents which sold only Operation BIM products and distributed through dropshipping, distribution through other channels, and international distribution respectively.

Distribution via Bim Health Center by Call Center is a policy that the Company has been focusing on over the past 2-3 years to increase the sales percentage since it is a channel that doesn't have high cost of sales compared to direct sales channel that has approximately 70-75% of the total selling expenses. The Company has discontinued the direct sales channel at the end of the first quarter of 2019.

In the year 2019, 2020 and 2021, the Company has an income from foreign sales in the amount of 5.45 million baht, 3.93 million baht, and 5.52 million baht respectively.

(D) Industry and Competition

Beauty Cosmetics Industry

The covid-19 epidemic situation continues to affect the global economy and slow down the purchasing power of consumers but that hasn't stopped the beauty and body care products market. This is because consumers pay high attention to health and beauty care, especially cleaning products that prevent bacteria such as soaps or skin cleansers. In addition, consumers have to live at home and work from home, so they have time to take care of themselves.

According to market data analytics firm Statista, In 2021, the global market for beauty and personal care products is estimated at \$500 billion, growing 4.9% per year (from 2020 to 2023). The largest market will be the body care products, \$221,561 million, 4.5% per year (2020-2023), the skin care products \$135,104 million, 5.1% per year (2020-2023), The cosmetic products is estimated at \$89,670 million, growing 6.3% per year (during 2020 - 2023). (Source: Small and Medium Enterprises Development Institute)

Meanwhile, the Thai cosmetic market has grown steadily over the past 10 years and has been forecasted to grow by about 6% during 2020-2023.

The Thai Cosmetic Manufacturers Association has assessed the trend of the cosmetic market that there will be a recovery again. In particular, the volume of foreign purchases has grown significantly, reaching \$6 billion. While the domestic market, skin care and personal hygiene products continue to expand; this is a large market with a value of 80,000 million baht. This group also includes cleaning groups such as shower creams as well. The cosmetics segment continues to shrink, especially sunscreens as more consumers work from home or stay at home. Therefore, the use of such products has decreased. However, the Thai Cosmetic Manufacturers Association still believes that in 2022 the market will grow again. (Source: Bangkok Business Interview with Khun Ketmanee Lertkitcha (President of Thai Cosmetic Manufacturers Association))

This is consistent with the data from Euromonitor, one of the world's most famous market research companies who viewed that the problem from the COVID-19 crisis affect the whole market of Thailand, causing many businesses in Thailand to slow down. It is estimated that the group that is most affected will be make-up cosmetics, as the wearing of masks and Work From Home has reduced the number of the makeup people. But the group that is least affected in the market is Skin Care and Personal Care (Source: Euromonitor International), because consumers are aware and have a positive attitude towards health care, especially the problem of acne on the face caused by wearing a mask for a long time. This will enable APCO's products that focus on the skincare and personal hygiene such as Garcinia Acne Cream product containing GM-1 to increase the efficacy in reducing inflammation and infections in the sebaceous glands under the hair follicles which are the main cause of acne problems, along with healing the skin and tightening pores without leaving scars, Facial cleanser, "Garcinia Facial Cleansing Gel" and shower cream, "Garcinia Cleansing Cream" contain natural GME extracts to protect the skin's health from bacteria. This product group which is suitable for all genders and ages and designed especially for Thai skin, has a competitive advantage, as well as marketing public relations to reach the target group by emphasizing the use of online media channels according to the lifestyle of consumers that focus on online purchases, this will allow consumers to reach products even more easily.

Food Supplement and Health Drink Industry

While other industries have been affected by the COVID-19 pandemic, the health food supplement market has a bright outlook and growth rate is contrary to other business trends. Due to the COVID-19 epidemic situation, it has clearly awakened the health-loving trend, especially the herbal industry. The new generation has turned to use herbs as an alternative to health care. This makes many businesses in the Thai food supplement and herbal group produce more supplementary products by using the strengths of Thailand as a potential food supplement producer with herbal and natural raw materials. With more research and development, various their dietary supplements have expanded to international markets and meet the needs of consumers who want to enhance their health and focus on building immunity for the body to cope with the Covid-19 epidemic. Therefore, this is an important opportunity for the food supplement and health drink industry.

Euromonitor estimates that the COVID-19 epidemic will become a contributing factor to the long-term growth of health food and beverage supplements. It is estimated that between 2021 and 2026, the global dietary supplement market will grow at an average annual growth of 5.3%, which will increase its value from US\$120 billion in

2021 to US\$150 billion in 2026. If considering by country, it is also expected that during 2021-2026, Indonesia will have an average growth rate of 11%, Malaysia 10.1%, Vietnam 9.8%, while Thailand's dietary supplement market will grow at an average of 5.1% (Source: Base Digital Economy, 28 December 2021).

With the continued expansion of dietary supplements, APCO's dietary supplements that have the ability to strengthen the immune system in the body will provide protection against viral infections. This is the property of "APCO Immunotherapy" that Operation BIM researchers have developed and with proven clinical immunology to increase Th1 and Th17 lymphocyte. APCO Immunotherapy also stimulates white blood cells to produce immune-enhancing agents in the mucosal barrier and all parts of the body with high efficacy, safety, and no side effects to help prevent COVID-19 infection by adding IL17 and IL22. This is a product that can respond to the new generation's health-loving trend. APCO will use online marketing communications to reach the target audience, according to the lifestyle of consumers who focus on ordering products online. Including distributing through agents and focus on building alliances with both domestic and foreign countries for more distribution channels.

Department of Business Development also commented that the enter of fully aged society in 2022 will enhance the businesses in the health food supplement group. The use of modern tools and technologies to take care of the elderly's health, as well as the design of high-quality products with natural ingredients, will greatly increase. In addition, products that can help slow down aging, strengthen health, are highly popular. (Source: Department of Business Development) This is in line with APCO's market expansion in the release of new innovations, MYLIFE100, the formula to increase the efficiency and immune system, by combining the science of Telomere, (the longer end of the chromosome), which can cause and reverse aging/slow down aging and longer life. Soft launch has started in October 2021, and received a good response following the health-loving trend.

Competitive Conditions

Although the situation of the Covid-19 epidemic has affected the market and competition, the health and beauty market is highly competitive. Many entrepreneurs in the industry as well as new entrepreneurs are competing in the market, especially in the market of food supplements, where consumers turn to focus on herbal products and focus on building immunity to the body to fight against the current Covid-19 epidemic situation.

The company saw this business opportunity as well, because the company has a comprehensive range of health care products from research and development for more than 20 years. Therefore, it has an advantage over new entrepreneurs who have just entered into their business.

The company's product strengths are innovations based on research results that certify their efficacy. The main research team consists of Prof. Dr. Pichaet Wiriyaichitra, Chief Executive Officer of the Company, together with expert researchers from various fields. They conduct research to continuously improve product performance and to bring new innovations to the market. The company's products are Boosting Immunity innovations for cancer, tuberculosis, hepatitis, fungi, and drug-resistant bacteria. Including innovative Balancing Immunity for diabetes, joint/osteoarthritis, macular degeneration, SLE, rheumatoid arthritis, Parkinson's disease, psoriasis, and autoimmune diseases as well as other infected cells with maximum efficiency, safely without side effects. In addition, The Company's products can build enough immunity in the body to become "Immunotherapy" that can prevent viral infection, the property of "APCO Immunotherapy" (APCO Immunotherapy or A.I.) Operation BIM researchers have developed and proven in clinical immunology to be able

to increase Th1 and Th17 white blood cells. and can also help build immunity to people who have problems with COVID-19.

Moreover, the company has researched and developed products for people with HIV problems, and has a good test results and responses from the infected group, by stimulating more CD4 immune white cells, resulting in a continuous decrease in HIV infection, until undetectable in the long term and HIV becomes ineffective/calm without the need for antiviral drugs. In late 2021, the company continues to develop innovations that can help reverse aging, anti-aging, and longevity by combining scientific knowledge to come up with an effective formula to increase telomere length.

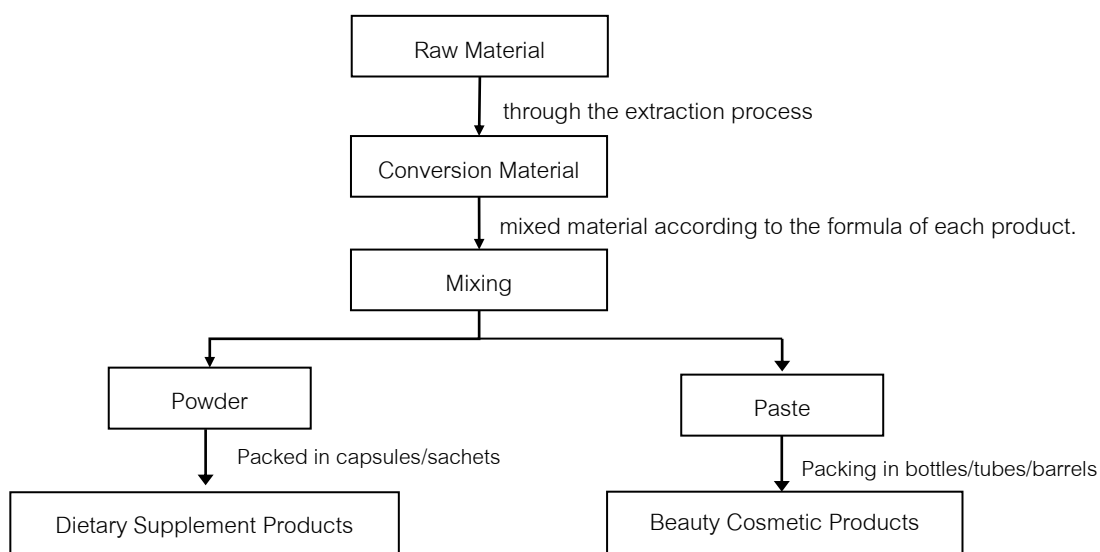
In addition to the product strengths, the company has a strong marketing point that has multiple distribution channels where consumers can contact and/or order products via the Call Center, which is convenient and fast. . In addition, the company also has a health service center or Bim Health Center, which has specialist doctors to provide advice on product usage. APCO also has various public relations channels organizing promotional activities, published on the website, Facebook & Facebook Live, as well as social media, to create communication with the target consumers.

In terms of international marketing, the company has partners in China to sell slimming products, immune boosting products for people suffering from HIV, COVID-19, cancer, diabetes, rheumatoid, SLE, joint/knee degeneration, and cosmetic products.

The growing trend of cosmetic, beauty, and health food industries with the increasing trend of the elderly, which is one of the APCO main target customers, make the management confident that APCO has the potential to compete and grow in a highly competitive business, due to the strength of the product and the distribution policy in many channels, especially through the Call Center under the service model of Bim Health Center, the increasing of sales in international markets especially China, as well as the appointed distributors in various countries. This creates a business advantage in a competitive economic environment; In addition, the management has the policy to focus on the development of innovations in the food supplement product category, because it has great market potential and believes that the consumer in the food supplements group with confidence in the product is more likely to continue to buy. This is expected to result in a more stable income base for the company.

(3) Procurement of Products and Services

Cosmetic and dietary supplement products of the Company uses the same raw materials, garcinia extract and mangosteen as the main component. Each product contains a difference mixture of herbs, grains, or other extracts according to the formula of each product. The production process is as follows:



Agricultural raw materials, such as garcinia and mangosteen, are purchased in dry state. As for other medicinal plants, such as asiatic leaves, they are purchased in both ways: either dried or fresh raw materials. The raw materials in dry condition with proper storage will not make the composition of important chemicals (active ingredients) in the raw materials degrade and they can be stored for more than 10 years. Then, the important chemicals in the dried raw materials will be extracted into their pure form, called the extraction process into converted raw materials. The resulted products will be used as the main ingredients in various products of the company. The converted raw materials can be stored for a long time as well. The company will estimate the sales and inform the production department to plan the production every quarter. Once manufactured, it will be delivered for distribution within 2 weeks, with all types of products last approximately 3 years.

For the concentrated mangosteen juice product, the company has hired 2 private companies in Nakhon Pathom Province and Samut Prakan Province as a manufacturer because the reduction in transportation cost of raw mangosteen flesh and finished products, mangosteen juice, which is heavy. The fresh mangosteen pulp is frozen in Chanthaburi province near the mangosteen cultivation area for production. The company controls the quality of mangosteen juice production by inspecting the Certification of Analysis received from the manufacturer as well as random checks from time to time.

Production capacity and utilization rate

APCO production is one shift per day, approximately 300 days per year. There are machines that are bottlenecks (Bottleneck), including cream filling machines, cream mixer for cosmetic beauty products and capsule compressors, and sachet packing machine for dietary supplements. These determine the plant's maximum capacity. The company has the production capacity and the utilization rate, classified by products as follows:

| Product type | | Packing size | | Annual production capacity per shift | | |
|--------------|--|---------------|--------------------------------------|--------------------------------------|------------|------------|
| | | | | 2021 | 2020 | 2019 |
| 1 | Beauty cosmetic products | | | | | |
| | - Cream / Lotion (Unit: bottle / tube / bucket) | 150 - 200 ml. | Maximum production capacity per year | 1,576,800 | 1,576,800 | 1,576,800 |
| | | | Actual production amount | 6,940 | 7,070 | 5,142 |
| | | | Utilization rate | 0.44% | 0.45% | 0.33% |
| | | 6 - 70 ml. | Maximum production capacity per year | 5,898,400 | 5,898,400 | 5,898,400 |
| | | | Actual production amount | 8,876 | 15,733 | 20,344 |
| | | | Utilization rate | 0.15% | 0.27% | 0.34% |
| | | 50 kg. | Maximum production capacity per year | 6,000 | 6,000 | 6,000 |
| | | | Actual production amount | 0 | 0 | 64 |
| | | | Utilization rate | 0.00% | 0.00% | 1.07% |
| 2 | Dietary supplement | | | | | |
| | - Capsule type (Unit: capsule) | 500 mg. | Maximum production capacity per year | 40,880,000 | 40,880,000 | 40,880,000 |
| | | | Actual production amount | 15,124,790 | 16,725,310 | 13,446,905 |
| | | | Utilization rate | 37.00% | 40.91% | 32.89% |
| | | 850 mg. | Maximum production capacity per year | 7,008,000 | 7,008,000 | 7,008,000 |
| | | | Actual production amount | 60,540 | - | - |
| | | | Utilization rate | 0.86% | - | - |
| | | 170 mg. | Maximum production capacity per year | 7,008,000 | 7,008,000 | 7,008,000 |
| | | | Actual production amount | 105,270 | 100,100 | 0 |
| | | | Utilization rate | 1.50% | 1.43% | 0.00% |
| | - Sachet type (Unit: sachet) | All sizes | Maximum production capacity per year | 14,716,800 | 14,716,800 | 14,716,800 |
| | | | Actual production amount | 302,284 | 742,592 | 371,256 |
| | | | Utilization rate | 2.05% | 5.05% | 2.52% |

From the table of production rates above, it was found that in 2021, the production rate of 150-200 ml cosmetic beauty products is close to the year 2020 and higher than the year 2019. The production rate of dietary supplements in both health supplement group and slimming product groups decreased, although people have turned to pay more attention to health and beauty but they are careful in spending due to the epidemic of COVID-19 that continues to spread.

Source of raw materials

The main raw material of the company is agricultural raw material. Most of the orders are from farmers in the area where the crops are grown with local intermediaries collecting them from small farmers. For example, garcinia is ordered from the southern region, while mangosteen can be ordered from areas in Rayong, Chanthaburi and Trat, asiatic leaves can be purchased from areas in the North, and etc. Some agricultural raw materials can be produced only once a year. Therefore, the company has a policy to purchase raw materials in sufficient quantities to be used in production for at least 2 years to prevent the shortage of raw materials and reduce transportation costs. This does not have any effect on raw materials since the dried raw materials can be stored for a long time with no deterioration of key ingredients.

Garcinia, an essential ingredient, is pre-ordered in large quantities. Therefore, the company is not affected by the fluctuation of the raw material prices. The amount of garcinia raw material stored by the company as of December 31, 2021, compared with the estimated production quantity, can still be used in continuous production for at least 2-3 years.

Garcinia raw materials are stored in dry condition in warehouse with appropriate temperature and humidity. The company will have an annual physical and chemical quality inspection. This ensures that the key components in garcinia or HCA (Hydroxy-citric acid) are still within the specified standards. Based on the test results from the company, it was found that the HCA content of garcinia stored more than 5 years was still within the standard set. However, the company has a policy to set aside allowance for deteriorated products for raw materials that are over 5 years old.

The company uses mangosteen, which is another important raw material in 2019, 2020 and 2021, for production valued at 3.86 million baht, 3.20 million baht, and 3.43 million baht respectively, accounting for 22.01%, 10.50%, and 13.38% of the total raw material value respectively.

Since the price of mangosteen in each year depends on the crop volume and the market demand in that year, the company has agreed to guarantee the mangosteen price with the farmers group. So, the price will not be affected with the total cost significantly by the fluctuation in the future. The quantity of mangosteen raw materials stored by the company as of December 31, 2021 compared with the estimated production quantity can still be used in continuous production for at least 2-3 years.

Mangosteen peels are stored in dry condition in warehouse with appropriate temperature and humidity and the mangosteen pulp is stored in a frozen state. The Company will have an annual physical and chemical quality inspection to ensure that the essential ingredients in mangosteen are still within the criteria set.

Other raw materials, such as chemicals used in production and product container, are commercially available materials, which the company orders from many distributors without relying on any particular suppliers. All raw materials of the company are purchased in Thailand, as a result, there is no foreign exchange risk in the purchasing side.

The value of the main raw materials used in each year is shown in the table.

| Raw Material | Raw materials used in production (Million Baht) | | | | | |
|--|---|----------------|--------------|---------------|--------------|----------------|
| | Year 2021 | | Year 2020 | | Year 2019 | |
| | volume | % | volume | % | Volume | % |
| Agricultural raw materials | | | | | | |
| - Garcinia Cambogia* | 0.00 | 0.00% | 0.03 | 0.11% | 0.00 | 0.00% |
| - Mangosteen | 3.43 | 13.38% | 3.20 | 10.5% | 3.86 | 22.01% |
| - Others such as Centella Asiatica, ginger, sesame, soybean. | 5.13*** | 20.01% | 5.81*** | 19.07% | 0.03** | 0.15% |
| | 8.56 | 33.39% | 9.04 | 29.68% | 3.89 | 22.16% |
| Chemicals used in production | 14.24 | 55.51% | 17.54 | 57.56% | 10.80 | 61.54% |
| Container | 2.85 | 11.11% | 3.89 | 12.76% | 2.86 | 16.30% |
| Total | 25.65 | 100.00% | 30.47 | 100% | 17.56 | 100.00% |

Note: * In 2019, 2021 there is no consumption rate of garcinia material and in 2020 there is a low utilization rate of garcinia material due to reduced sales of slimming products.

** In 2019 there is no drying of fresh asiatic leaves because the previously dried asiatic are still in sufficient quantity for a year-round production and this year the company has bought asiatic leaves in the dry state to prepare for use in the next year.

*** The usage rate of asiatic in 2020 and 2021 is the use of dried centella asiatica.

Environmental impact

The company is greatly concerned of the impact on the environment and the health of employees as well as every individuals involved in the production process and the accommodation nearby. Therefore, the company has a clear and concrete policy in providing training to educate employees on environmental protection. In addition, the company has the policy to provide workers dealing with production processes that may be exposed to chemicals or dust with appropriate protection, such as wearing rubber gloves, overcoats, masks, boots, and etc. The factory has a wastewater treatment system to treat wastewater that resulted from all the production processes, which has been inspected and passed the standards of the Department of Industrial Works, Ministry of Industry. The factory is located in the Northern Industrial Estate that has been certified with the environmental standard ISO 14001: 1996. As of present, the company has never been in any dispute or got any complaint about the environment.

(4) Business Assets

The assets used in business operations as of December 31, 2021, consist of:

(A) Main non-current assets

- Land and apartment ownership, Total net book value 8,199,852 Baht
- Other fixed assets, Total net book value 55,557,730 Baht
- Right-of-use assets, Total net book value 49,632,054 Baht

The land, ownership in the apartment, and other fixed assets are owned by the Company and are without any obligation.

(B) Trademark

(C) Patent

(D) Other important contracts involved in business operations.

Details are disclosed in attachment 4.

(5) The Work Not Yet Delivered

As the company business is the manufacturing and distributing of products without being made according to the order from the customer, therefore, there is no job that has not yet been delivered.

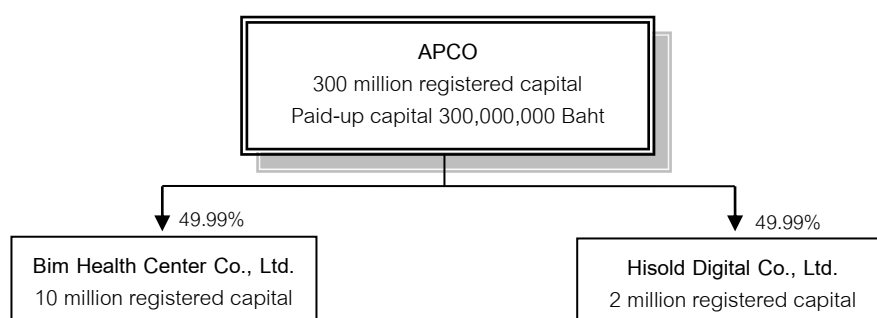
1.3 Shareholding Structure of the Company Group

1.3.1 Shareholding Structure of the Company Group

Business division policy of companies in the group

The company has a policy for each company in the group to have its own policy and management. Business transactions are subject to general commercial terms and the criteria is as agreed between companies, which is a normal business.

As of December 31, 2021, The company has 2 associated companies, with the shareholding structure of the group of companies as follows:



Associated Company Information

1. Bim Health Center Co., Ltd.

Business Category: Buy and sell dietary supplements and cosmetics which are produced from natural extracts.

Head Office: 61 Room GC078, G Floor, Srinakarin Road, Nong Bon Subdistrict, Prawet District, Bangkok.

Registered Capital: 10 Million Baht, divided into 1 Million ordinary shares, par value of 10 baht.

Paid-up Capital: 2.5 Million baht.

2. Hisold Digital Co., Ltd.

Business Category: Buy and sell dietary supplements and cosmetics which are produced from natural extracts.

Head Office: 89 AIA Capital Center Building, 30th Floor, Ratchadaphisek Rd., Dindaeng Subdistrict, Din Daeng District, Bangkok.

Registered Capital: 2 Million baht, divided into 200,000 ordinary shares, par value of 10 baht.

Paid-up Capital: 2 Million baht.

1.3.2 Relationship with Major Shareholder

-None-

1.3.3 Shareholders

(A) The top 10 major shareholders as of March 14, 2022 are as follows:

| List of Shareholders | As of March 14, 2022 | |
|-----------------------------------|----------------------|---------------|
| | Amount (Share) | Percent |
| 1. Wiriyachitra Family including | | |
| Mr. Pichaet Wiriyachitra | 295,560,500 | 49.26 |
| Mrs. Arunee Wiriyachitra | 92,204,144 | 15.37 |
| Mrs. Wilawan Wiriyachitra | 86,526 | 0.01 |
| Mrs. Wipa Witayawayroj | 569,000 | 0.10 |
| Mr. Sinart Wiriyachitra | 1,033,399 | 0.17 |
| Ms. Sirirat Wiriyachitra | 1,002,801 | 0.17 |
| Mrs. Sirithip Wiriyachitra | 221,695 | 0.04 |
| Mr. Nippon Wiriyachitra | 40,000 | 0.01 |
| Mr. Thitaphon Wiriyachitra | 5 | 0.00 |
| Mr. Sasis Wiriyachitra | 591,708 | 0.10 |
| Entire Wiriyachitra Family | 391,309,778 | 65.23 |
| 2. Mr. Somchai Pongsuriyanan | 18,817,200 | 3.14 |
| 3. Hanchanlash family including | | |
| Khunying Chamnongsri Hanchanlash | 12,818,169 | 2.14 |
| Mr. Jingjai Hanchanlash | 5,212,187 | 0.87 |
| Entire Hanchanlash Family | 18,030,356 | 3.01 |
| 4. Mr. Prasit Rakthaisangthawee | 12,555,300 | 2.09 |
| 5. Mr. Nattapat Rangsarn | 9,367,900 | 1.56 |
| 6. Mr. Sakda Sreesangkom | 8,000,000 | 1.33 |
| 7. Mr. Chan Wongchatcharn | 6,320,000 | 1.05 |
| 8. Thai NVDR Cp., Ltd. | 5,552,384 | 0.93 |
| 9. Mr. Noppasit Thanarongruk | 5,168,549 | 0.86 |
| 10. Mr. Parinya Phodaeng | 4,756,200 | 0.79 |
| Other minor shareholders | 120,122,333 | 20.02 |
| Total | 600,000,000 | 100.00 |

Source: Thailand Securities Depository Co.,Ltd. on March 14, 2022

* Minor shareholders holding in the name of Thai NVDR Company Limited will receive dividends as shareholders in a listed company

However, they have no right to vote at the shareholders' meeting. Information of investors in Thai NVDR Company Limited can be found on the website. www.set.or.th/nvdr

(B) Major shareholders with significant influence over planning and directing the Company's operations

Director representing the Wiriyachitra Group

- Mr. Pichaet Wiriyachitra Director, Chairman of the Executive Committee, CEO and
The director who has authorities to sign for the Company

1.4 Amount of Registered Capital and Paid-up Capital

The Company has registered capital of 300,000,000 Baht. There are 600,000,000 paid-up ordinary shares calculated at 600,000,000 shares, each of which is worth 0.50 Baht.

1.5 Issuance of Other Securities

-None-

1.6 Dividend Policy

The Company is required to pay shareholders dividend of not less than 40% of the net profit after deducting corporate income tax and legal reserve. The payment of dividend must take the following factors into consideration such as operation results and the Company's financial status, liquidity, business expansion and other relevant factors related to the Company's management. However, the Company may pay the lower rate of dividend in case the Company needs to spend the money from the net profit expanding the Company's business.

Similarly, subsidiaries and/or associated company are required to pay the Company dividend of 100% of the net profit after deducting corporate income tax and legal reserve. The payment of dividend must take the following factors into consideration such as operation results and the Company's financial status, liquidity, business expansion and other relevant factors related to the Company's management. However, the Company may pay the lower rate of dividend in case the Company needs to spend the money from the net profit expanding the Company's business.

Dividend Payment Information

| Particulars | Business Operation Result | | | |
|---|---------------------------|--------------------|--------------------|--------------------|
| | 2021 (Proposed) | 2020 (Adjusted) | 2019 (Adjusted) | 2018 (Adjusted) |
| 1. Net Profits (Baht) (Separate Financial Statements) | 69,786,579 | 71,881,232 | 57,115,000 | 93,851,479 |
| 2. Dividend Per Share (Baht/Share) | 0.1234 | 0.1200 | 0.0950 | 0.1549 |
| 3. Dividend Payout Ratio (Percentage) | 106.09 | 100.10 | 99.73 | 98.96 |

2. Risk management

2.1 Risk Management Policy

Asian Phytochemicals Public Company Limited realizes the importance of risk management, therefore, it applies risk management throughout the organization in accordance with the COSO Enterprise Risk Management Framework (COSO ERM) guidelines. Since it is a small company, the risk management committee has not yet been set up. The Board of Directors has established an adequate risk management system by establishing a risk management working group consisting of the executives of each department responsible for assessing risk factors, planning and determining risk management measures, assessing risk factors that may affect the Company's business operations as well as providing regular monitoring of the risk management of various departments within the organization of the Internal Audit Department and report the results to the Board of Directors and the Audit Committee of the Company. In this regard, risk management is assigned to be the responsibility of all executives. Including instilling risk management as part of the operation until it becomes a culture in the organization.

2.2 Risk Factors to the Company's Business Operation

Business Risk

- The risk of personnel with specific expertise

In terms of the academic respect, most of the products that the conglomerate produces and sales recently are from the research and development led by Professor Dr. Pichaet Wiriyachitra, this makes the risk of relying on the knowledge and expertise of the staff. In addition, Professor Dr. Pichaet Wiriyachitra also served as a Chief Executive Officer (CEO), who is directly responsible for determining the policies, directions and marketing of the Company. In the future, if the staff is changed it may affect to operations of the Company.

However, Professor Dr. Pichaet Wiriyachitra is the founder and major shareholder of the Company, thus it is expected that the Company may be able to persuade him to work in a long run. Besides, the Company has formed a research and development team which involves experts in various fields related to our products, and established Thai Mangosteen Research and Development Center. Also, the Company has cooperated with several of research agencies to jointly conduct research and further develop the products continuously without relying on only one person or agency. In addition, we have allocated budget to the research team to participate as an owner and motivated them to stay with the Company in a long period.

Besides, in case there is product research and development related to new raw materials of which the research team has no knowledge, the Company will hire other organizations with such expertise such as the university and other research departments to conduct the research. It was anticipated that it would take less time and fewer costs for the Company to conduct the research and development by itself while reducing the burdens of the personnel. However, all the formulas obtained from the research and developments of Professor Dr. Pichaet Wiriyachitra and other researchers as well as outside organizations which are in the present or will be in the future belong to the Company. Meanwhile, records of the

entire formulas are kept in the Company's safety box and two Executives hold one key each. At present, the Company has already applied for the patent registration for all the formulas and products.

As for the management, the Company has appointed the director as the one who sets up business policies and directions, and the Executive Committees as the administrator who is responsible for the policies from the Board and shareholders. Furthermore, the Company has prepared the adviser Board to consult such over fields as marketing, research and development, CSR (Corporate Social Responsibility), etc. Such Board consists of ones who have expertise in such fields. The Company has always considered those with additional talent to participate in the business management to give advice about management so that the business can go forward effectively.

■ The risk of the business channels

One part of the Company's income has been from direct marketing. However, due to direct sales channels on advertising, the Company has re-adjusted the distribution channels to a sales channel through a sales agent since the end of 2019.

In 2020, 2021 and 2022, the Company has sales revenue through sales agent at 24.17, 32.88 and 30.74 percent of the total revenue but such business is very competitive with several of entrepreneurs. In addition, many direct distributors or agents can work for any entrepreneurs depending on the structure and return on sales (ROS). So, the better offers can persuade the distributors and agents to change their mind

As mentioned, we have focused on the good structure of ROS for the agents. So, the policy of remuneration is in the same level as in other company. It has a remuneration structure that motivates sales Agent. There are also other types of returns such as giving special prizes to members who make sales up to a certain level and the Company believes that the credibility of the product can give consumers confidence and satisfaction to buy in the long time. The increase in sales revenue in this channel has continued to increase coupled with research and development is a variable that puts the risk of reliance on sales agent to become stable. It is a part of the Company's continued growth.

But for greater growth, the Company has a policy to increase the percentage of sales in other channels such as BIM Health Center, the Company has received an increase of sales proportion through BIM Health Center around 30.58 percent of the total revenues in 2019, is 46.95 and 48.42 percent in 2020 and 2021 respectively. Dropship channels around 11.25, 8.62 and 7.78 percent of total revenue in 2019, 2020 and 2021 respectively. Moreover, the Company has establishing a joint venture, Bim Health Center Co.,Ltd. to set up a BIM Health Center for consumers who need advice on how to use BIM health care products correctly and effectively by medical scientists, which has the proportion of distribution of 2.34 percent, 3.01, 3.63 and 4.06 percent of total revenue in 2019, 2020 and 2021 respectively.

It also strengthened its growth by jointly investing in joint companies, Hisold Digital Co., Ltd. to expand distribution channels through digital media

■ The risk of product replacement

Beauty products, cosmetics and dietary supplements are the replaceable products with similar features, for example, slimming products are now available numerously. Most of them have similar properties; help consumers lose weight and keep in good shape. Therefore, there are choices for the consumers.

The Company realizes the similar properties of the products in beauty, cosmetics and dietary supplements industry. So, we aim to clarify the differences of the products to the consumers, beginning from publication of research to

show that our products are more effective than others, as well as the shared experience and satisfaction of the users. Moreover, the Company focuses on training our sales agent to have better understanding about the properties of products so that they are able to help consumers comprehend the differences between our products and other products.

- The risk from the impact of other non-standard products on the market

There are manufacturers and distributors of cosmetic products and dietary supplements that have less quality, causing consumers to get less benefit from the product as claimed, or suffer from the harmful effects of using such non-standard and ineffective products. This caused, the Food and Drug Administration to have strict inspection and detection, which resulted in consumers panicking. Some consumers did not trust the products on the market. APCO is also affected by the panic and this strict regulation in advertising and public relations. Therefore, the company focuses on public relations to make consumers understand, that its products are of high quality, made from reliable sources, with research results that show its effectiveness and share experiences from real users to confirm the effectiveness of the product to build trust in the product and continue to use the product repeatedly.

The Risk of Climate Change

- The risk of supplying raw materials

The main raw materials of the Company are Garcinia and mangosteen. These are agricultural materials which bear fruits once a year and yield depending on climatic conditions of the year. So, if climate is unusual like floods or drought, we may face a shortage of raw materials. Garcinia is a plant cultivated in the south, including 3 southern provinces which may cause problem for logistic.

The Company realizes that the natural condition cannot be controlled and it affects the supply of raw materials. Therefore, we decide to purchase them in a large quantity, and each production and purchase will cover the sales of least two years. As they are dry-processed and maintained in suitable conditions, they can be stored for longer than 10 years whereas their essential compounds do not decay. For the procurement of such raw materials, the Company also has local agents who supply mangosteen and garcinia in the eastern and southern part of Thailand.

The Risk from the Epidemic Situation of the Coronavirus (COVID-19)

The epidemic situation of the coronavirus 2019 (Covid-19) that has spreaded all over the world has caused a heavy impact on all sectors around the world. Every country has taken strict measures to contain the outbreak. Many businesses have had to suspend operations temporarily, causing APCO to be affected by the supplier's slightly delayed of the product.

Regarding the safety and occupational health risks of employees, the company has provided measures and guidelines to prevent the spread of COVID-19, by checking the temperature before entering the company area, suggesting and educating employees on how to prevent infection through internal communication channels, including enhancing the immunity of employees with the company's products.

However, as consumers have taken more care of their health in the epidemic situation, and have time from work from home, as a result, businesses in health and beauty care products have not been affected much by the situation.

The Risk of a Shareholder with more than 50 percent of the Company's Shares.

As of March 14, 2022, the Wiriyachitra family has 391,309,778 company shares, representing 65.23 percent of the shares sold by the Company. The Wiriyachitra family became the major shareholder that controls the majority in the shareholders meeting. Unless the law or the Articles of Association requires a resolution of no less than three in four of the general meeting of shareholders, such as increasing cost of capital to sell or transfer all or part of such a shareholder, the Company may not be able to gather the votes to determine the balance of the shareholders present.

The Company is aware of such risks. So, the Company has established in accordance with the principles of good corporate governance by arranging for the Board of Directors who are third parties to hold the position of Independent Directors and Audit Committee 3 persons from the total number of 6 persons and 1 Independent Director acting as the Chairperson of the Board of Directors to serve as checks and balances of the Board of Directors and Executives of the Company. Moreover, the Executive and the Board of Directors have a policy by taking into account the shareholders' best interests, the scope of authority of the Board of Directors, the Executive Committee and the Audit Committee clearly. If the Company is required to make transactions with persons who may have conflicts of interest, we will take steps to approve the transaction and the rules of the Stock Exchange of Thailand regulations. The person who may have a conflict will be excluded from voting on the transaction.

3. Sustainability

3.1 Sustainable Development Policy

Asian Phytoceuticals Public Company Limited is committed to drive the organization and operate the business with social responsibility by focusing on sustainable development and adding value to society and all stakeholders. The Board of Directors has developed a sustainable business operating framework for the concept, practice, and operating guidelines in a direction that is in line with the corporate sustainability policy and goals as follows:

- 1. Conduct business with a balanced economy, society, and environment, within the framework of good corporate governance, legal compliance, business ethics, anti-corruption, and promoting compliance with human rights principles. To create sustainable business growth and for the utmost benefit that is fair to all groups of stakeholders.*
- 2. Increase positive impact and reduce the negative impact of operations along with business growth by covering economic, social, and environmental aspects, including creating a sense of performance with social and environmental responsibility.*
- 3. Grow business through the creation of environmentally friendly innovations with an emphasis on the economy and sustainable environment.*
- 4. Disclose transparent sustainability performance in line with the accepted international standard guidelines for continuous development.*

The Board of Directors, the Executives, and all APCO employees are responsible for supporting, advocating, and operating in accordance with the established sustainability management policies and framework.

3.2 Managing Stakeholder Impacts in the Business Value Chain

APCO identifies direct and indirect stakeholders from the impact of the Company's operations throughout the value chain, including purchasing, production, quality inspection, marketing and sales. In 2021, the Company has reviewed and classifies stakeholders into 8 groups: shareholders and investors, employees, customers, joint venture, partners and creditors, competitor, community and society, government agencies. The Company then communicates with stakeholders from various channel of participation in order to hear their opinions and expectations on the key issues of interest to each stakeholder group and integrate with decision-making processes, plan sustainable business operations and find ways to respond appropriately to the expectations of stakeholders.

Stakeholder Engagement

| Stakeholders | Method of Engagement | Expectations / Requirements | Our Responses |
|-----------------------------------|---|--|--|
| Partners and Creditors | <ul style="list-style-type: none"> ➤ Contract which is legally binding by law ➤ Follow-up on progress in the ongoing work plan as well as listening and solving problems in working together | <ul style="list-style-type: none"> ➤ Compliance with the terms and conditions of the obligation ➤ Being a good business partner and having a long term relationship ➤ Financial discipline and competence to pay off debt on time ➤ Fair and transparent business operations | <ul style="list-style-type: none"> ➤ Fairly comply with the business terms of the agreed parties and have good ethics ➤ Build a good relationship with suppliers ➤ Pay the debt on schedule ➤ Comply with laws and regulations related |
| Employees | <ul style="list-style-type: none"> ➤ Employee meetings ➤ Executives VS employees meeting ➤ Line : Communication within APCO ➤ Announcement ➤ Message from CEO to Employee ➤ Comment box | <ul style="list-style-type: none"> ➤ Equitable and fair compensation and welfare ➤ Employee development ➤ Career advancement and security ➤ Compliance with the terms and conditions of the employment contract ➤ Good environment and work safety | <ul style="list-style-type: none"> ➤ Establish a policy to comply with labor laws and pay fair compensation. ➤ Provide appropriate training for knowledge and skills. ➤ Promote training / seminars ➤ Take care of safety and Good hygiene at work |
| Customers | <ul style="list-style-type: none"> ➤ Newsletter ➤ Counseling by Medical Scientist ➤ Factory visit ➤ Meet with customers ➤ Website : http://www.apco.co.th ➤ APCO Contact Center 1154 ➤ Comment box | <ul style="list-style-type: none"> ➤ Product quality ➤ Consultation on the use of the product ➤ Right product price ➤ Ability to respond to customer needs ➤ Accurate disclosure ➤ Security and privacy of customer data | <ul style="list-style-type: none"> ➤ Develop products and services to be able to standards for both quality and safety ➤ Set product prices appropriately ➤ Increase communication channels promotion ➤ Train staff for serving and solve problems for customers appropriately ➤ Business operations with transparency and have a code of conduct |
| Joint Ventures | <ul style="list-style-type: none"> ➤ Integrative negotiation (win-win) ➤ Meeting | <ul style="list-style-type: none"> ➤ Fair and transparent business operation ➤ Risk Management and Good Corporate Governance ➤ Accurate, complete, timely, and transparent information | <ul style="list-style-type: none"> ➤ Conduct business fairly and transparently ➤ Disclosure of correct, complete, timely and transparent information |
| Shareholders and Investors | <ul style="list-style-type: none"> ➤ Annual General Meeting ➤ Annual Report and Suitability Report ➤ Investor Relations ➤ Website : http://www.apco.co.th ➤ Shareholders & investors meeting through various activities ➤ Opportunity day | <ul style="list-style-type: none"> ➤ Return on performance ➤ Risk Management and Good Corporate Governance ➤ Equal and fair treatment ➤ Accurate, complete, timely, and transparent information | <ul style="list-style-type: none"> ➤ Proper dividend payment to shareholders ➤ Managing the organization according to the principles of good governance effectively. ➤ Disclosure of correct, complete, timely and transparent information |

| | | | |
|------------------------------|---|---|--|
| Competitors | <ul style="list-style-type: none"> ➤ Website : http://www.apco.co.th ➤ Company news | <ul style="list-style-type: none"> ➤ Ethical business operation ➤ Free and fair trade policy ➤ No policy in trade competition to obtain illegal and unethical information from competitors | <ul style="list-style-type: none"> ➤ Treat competitors fairly and transparently. ➤ Behave within the framework of fair competition. |
| Community and Society | <ul style="list-style-type: none"> ➤ Social activities and campaigns ➤ Visiting of community representatives | <ul style="list-style-type: none"> ➤ Potential impact of the Company's operations ➤ Promotion of the quality of life and the creation of the community ➤ Environmental Stewardship | <ul style="list-style-type: none"> ➤ Follow the law and various regulations related to the environment ➤ Job creation, career promotion for the community and community economic development ➤ Cultivating consciousness and educating employees to maintain and care for the environment |
| Government Agencies | <ul style="list-style-type: none"> ➤ Monitoring government policies from various channels ➤ Meetings with government agencies | <ul style="list-style-type: none"> ➤ Compliance with government rules, regulations and laws ➤ Product quality and safety ➤ Advertising/Packaging Labels and Consumer Protection ➤ Social and Environmental Responsibility | <ul style="list-style-type: none"> ➤ Strict compliance with rules, regulations and laws ➤ Policy acceptance and cooperation |

The Company discloses additional information and operating results in the Sustainability Report 2021, which uses the GRI Sustainability Reporting Standards (GRI Standards), at CORE level and has shown links to the Sustainable Development Goals (SDGs) of the United Nations, on the Company's website. www.apco.co.th

4. Management Discussion and Analysis : MD&A

4.1 Audit Report Summary

Financial Statements for the Fiscal Year 2019

Audited by Miss Nongram Laohaareedilok, Certified Public Accountant No. 4344 from AST Master Company Ltd., whose opinion is that the abovementioned financial statement has shown the financial position as of December 31, 2019. Its performances and cash flow of Asian Phytoceuticals Public Company Limited for the end of its fiscal year are accurate in accordance with the auditing standards.

Financial Statements for the Fiscal Year 2020

Audited by Miss Nongram Laohaareedilok, Certified Public Accountant No. 4344 from AST Master Company Ltd., whose opinion is that the abovementioned financial statement has shown the financial position as of December 31, 2020. Its performances and cash flow of Asian Phytoceuticals Public Company Limited for the end of its fiscal year are accurate in accordance with the auditing standards.

Financial Statements for the Fiscal Year 2021

Audited by Miss Sunanta Kumsuk, Certified Public Accountant No. 8207 from AST Master Company Ltd., whose opinion is that the abovementioned financial statement has shown the financial position as of December 31, 2021. Its performances and cash flow of Asian Phytoceuticals Public Company Limited for the end of its fiscal year are accurate in accordance with the auditing standards.

4.2 Summary of Financial Statements of Asian Phytoceuticals Public Company Limited.

Statement of Financial Position

As at December 31, 2019, 2020 and 2021

Unit: Baht

| Statement of Financial Position | Financial Statements in which the equity method is applied | | | | | |
|--|--|---------------|-------------------------|---------------|-------------------------|---------------|
| | As of December 31, 2021 | | As of December 31, 2020 | | As of December 31, 2019 | |
| | Amount | Percent | Amount | Percent | Amount | Percent |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 98,593,152 | 14.49 | 100,201,386 | 14.38 | 160,282,023 | 25.45 |
| Short - term investments | - | - | - | - | 319,512,353 | 50.74 |
| Trade and other receivables | 5,279,577 | 0.78 | 8,064,368 | 1.16 | 3,357,774 | 0.53 |
| Inventories | 58,614,249 | 8.61 | 60,269,001 | 8.65 | 61,022,700 | 9.69 |
| Other current financial assets | 68,323,294 | 10.04 | 71,834,714 | 10.31 | - | - |
| Other current assets | 302,224 | 0.04 | 347,537 | 0.05 | 347,244 | 0.06 |
| Total current assets | 231,112,496 | 33.96 | 240,717,006 | 34.55 | 544,522,094 | 86.47 |
| Non - Current Assets | | | | | | |
| Deposits pledged as collateral | 528,867 | 0.08 | 527,822 | 0.08 | 523,708 | 0.08 |
| Investment in associates | 1,815,062 | 2.07 | 3,702,439 | 0.53 | 3,608,575 | 0.57 |
| Property, plant and equipment | 56,832,728 | 8.35 | 63,757,582 | 9.15 | 71,355,418 | 11.33 |
| Right-of-use assets | 34,375,275 | 5.05 | 49,632,054 | 7.12 | - | - |
| Intangible assets | 356,280 | 0.05 | 502,647 | 0.07 | 658,002 | 0.10 |
| Deferred tax assets ^{/1} | 5,053,219 | 0.74 | 4,164,146 | 0.60 | 4,033,291 | 0.64 |
| Other non - current financial assets | 344,918,297 | 50.68 | 328,225,884 | 47.11 | - | - |
| Other non - current assets | 5,540,657 | 0.81 | 5,548,057 | 0.80 | 5,057,115 | 0.80 |
| Total non - current assets | 449,420,385 | 66.04 | 456,060,631 | 65.45 | 85,236,109 | 13.53 |
| Total Assets | 680,532,881 | 100.00 | 696,777,637 | 100.00 | 629,758,203 | 100.00 |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Trade and other payables | 17,014,838 | 2.50 | 18,867,197 | 2.71 | 20,980,966 | 3.33 |
| Current portion of lease liabilities | 18,743,898 | 2.75 | 18,421,137 | 2.64 | - | - |
| Accrued income tax | 9,639,942 | 1.42 | 9,009,260 | 1.29 | 7,858,187 | 1.25 |
| Other current liabilities | 2,352,633 | 0.35 | 2,576,535 | 0.37 | 2,356,843 | 0.37 |
| Total current liabilities | 47,751,311 | 7.02 | 48,874,129 | 7.01 | 31,195,996 | 4.95 |
| Non - Current Liabilities | | | | | | |
| Lease liabilities | 15,485,954 | 2.28 | 31,592,061 | 4.53 | - | - |
| Employee benefit obligations | 17,288,546 | 2.54 | 17,452,616 | 2.50 | 15,976,021 | 2.54 |
| Provision for dismantling cost of rental buildings | 5,012,125 | 0.74 | 3,395,316 | 0.49 | 3,395,316 | 0.54 |
| Total non - current liabilities | 37,786,625 | 5.55 | 52,439,993 | 7.53 | 19,371,337 | 3.08 |
| Total liabilities | 85,537,936 | 12.57 | 101,314,122 | 14.54 | 50,567,333 | 8.03 |

| Statement of Financial Position | Financial Statement in which the equity method is applied | | | | | |
|---|---|---------------|-------------------------|---------------|-------------------------|---------------|
| | As of December 31, 2021 | | As of December 31, 2020 | | As of December 31, 2019 | |
| | Amount | Percent | Amount | Percent | Amount | Percent |
| Shareholders' Equity | | | | | | |
| Registered capital | 300,000,000 | 44.08 | 300,000,000 | 43.06 | 300,000,000 | 47.64 |
| Issued and paid-up | 300,000,000 | 44.08 | 300,000,000 | 43.06 | 300,000,000 | 47.64 |
| Premium on share capital | 166,944,654 | 24.53 | 166,944,654 | 23.96 | 166,944,654 | 26.51 |
| Surplus from business combinations under common control ^{/2} | 22,666,575 | 3.33 | 22,666,575 | 3.25 | 22,666,575 | 3.60 |
| Retained earnings – | | | | | | |
| Appropriated for legal reserve | 30,000,000 | 4.41 | 30,000,000 | 4.31 | 30,000,000 | 4.76 |
| Unappropriated | 74,084,448 | 10.89 | 72,593,907 | 10.72 | 59,579,641 | 9.46 |
| Other components of equity | 1,299,268 | 0.19 | 3,258,379 | 0.47 | - | - |
| Total shareholders' equity | 594,994,945 | 87.43 | 595,463,515 | 85.46 | 579,190,870 | 91.97 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 680,532,881 | 100.00 | 696,777,637 | 100.00 | 629,758,203 | 100.00 |

Note : ^{/1} The Accounting Standards No.12 regarding income tax, which has been effective since January 1, 2013, requires the Company to specify the temporary results caused by differences of the asset values and liabilities between the basis of accounting and taxation to acknowledge the taxation impact as the asset or liability for deferred tax based on the applicable regulations. The Company has changed the accounting policy since 2013 as shown in the financial statement and already audited.

^{/2} Capital surplus on business combinations under the same control is a result of business combinations under the same control whereas the book value of assets is higher than the cost price of exchanges among the subsidiaries under the same control.

Statement of Comprehensive Income

For the year ended December 31, 2019, 2020 and 2021

Unit: Baht

| Statement of Comprehensive Income | Financial Statements in which the equity method is applied | | | | | |
|--|--|---------|-------------|---------|-------------|---------|
| | 2021 | | 2020 | | 2019 | |
| | Amount | Percent | Amount | Percent | Amount | Percent |
| Total Income | 239,195,680 | 100.00 | 265,154,232 | 100.00 | 254,332,409 | 100.00 |
| Sales | 223,351,527 | 93.38 | 247,726,069 | 93.43 | 247,654,452 | 97.37 |
| Costs of sales | 46,263,802 | 19.34 | 52,873,611 | 19.94 | 51,805,199 | 20.37 |
| Gross Profit ^{/1} | 177,087,725 | 79.29 | 194,852,458 | 78.66 | 195,849,253 | 79.08 |
| Other income | 3,025,166 | 1.26 | 5,408,947 | 2.04 | 690,651 | 0.27 |
| Profit before expenses | 180,112,891 | 75.30 | 200,261,405 | 75.53 | 196,539,904 | 77.28 |
| Selling expenses | 35,883,737 | 15.00 | 48,823,284 | 18.41 | 52,787,655 | 20.76 |
| Administrative expenses | 70,409,300 | 29.44 | 75,903,620 | 28.63 | 78,172,493 | 30.74 |
| Profit from operating activities | 73,819,854 | 30.86 | 75,534,501 | 28.49 | 65,579,756 | 25.79 |
| Finance income | 12,818,988 | 5.36 | 12,019,216 | 4.53 | 5,987,306 | 2.35 |
| Finance costs | (864,257) | 0.36 | (476,540) | 0.18 | - | - |
| Share of gain (loss) from investment in associates | (284,734) | 0.12 | (10,672) | 0.00 | 789,155 | 0.31 |
| Profit before tax expenses | 85,489,851 | 35.74 | 87,066,503 | 32.84 | 72,356,217 | 28.45 |
| Tax expenses | 16,790,809 | 7.02 | 17,091,187 | 6.45 | 14,452,062 | 5.68 |
| Profit for the year | 68,699,042 | 28.72 | 69,975,316 | 26.39 | 57,904,155 | 22.77 |
| Other comprehensive income | | | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | | | | |
| Gain (loss) on change in value of financial assets | (1,313,846) | 0.55 | 4,128,313 | 1.56 | - | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | | | | |
| Actuarial loss | (850,270) | 0.36 | - | - | - | - |
| Gain (loss) on investments in equity designated at fair value through other comprehensive income | 4,948,504 | 2.07 | (869,934) | (0.33) | - | - |
| Other comprehensive income for the year | 2,784,388 | 1.16 | 3,258,379 | 1.23 | - | - |
| Total comprehensive income for the year | 71,483,430 | 29.88 | 73,233,695 | 27.62 | 57,904,155 | 22.77 |

Note : ^{/1} Percentage of gross profit is calculated from the value of gross profit divided by the main income from product sales (excluding other income) which is consistent with the gross profit ratio disclosed in the key financial ratios.

Statement of Cash Flows

For the year ended December 31, 2019, 2020 and 2021

Unit: Baht

| Statement of Cash Flows | Financial Statements in which equity method is applied | | |
|--|--|-------------------|-------------------|
| | 2021 | 2020 | 2019 |
| Cash Flows from Operating Activities | | | |
| Profit before tax expenses | 85,489,851 | 87,066,503 | 72,356,217 |
| Adjustments to reconcile profit to net cash provided by operating activities : | | | |
| Gain on sale of other financial assets | (2,484,332) | (8,334,402) | - |
| Unrealized loss (gain) from changes in fair value of other financial assets | (23,813) | 721,256 | (1,347,895) |
| Allowance for write-down and obsolescence of inventories | 579,862 | 648,105 | 746,926 |
| Gain on disposal of equipment | (177,981) | (4,581) | 1,496 |
| Depreciation | 7,655,701 | 11,971,913 | 13,456,660 |
| Depreciation of right-of-use assets | 19,155,577 | 19,116,357 | - |
| Amortization of intangible assets | 146,367 | 155,355 | 156,804 |
| Share of loss from investment in associates | 284,734 | 10,674 | (789,155) |
| Employee benefit obligations | 1,656,004 | 1,618,774 | 4,732,093 |
| Revenue from is recognised accrued commission | (1,518,747) | (4,396,363) | - |
| Dismantling cost of rental buildings expenses | 1,044,418 | - | - |
| Dividends income from financial assets | (2,688,845) | (1,249,905) | - |
| Interest income | (7,621,998) | (3,156,165) | (4,639,411) |
| Finance costs | 864,257 | 476,540 | - |
| Profit from operating activities before change in operational assets and liabilities | 102,361,055 | 104,644,061 | 84,673,735 |
| Decrease (Increase) in operating assets | | | |
| Trade and other receivables | 2,865,866 | (2,784,113) | 3,788,095 |
| Inventories | 1,074,890 | 105,594 | 3,702,713 |
| Other current assets | 45,313 | (293) | 275,901 |
| Other non - current assets | 7,400 | (490,942) | 397,121 |
| Operating Asset (Increase) Decrease | 3,993,469 | (3,169,754) | 8,163,830 |
| Increase (Decrease) in operating liabilities | | | |
| Trade and other payables | (133,612) | 2,082,594 | (1,015,046) |
| Employee benefit obligations | (2,882,911) | (142,179) | - |
| Provision for dismantling cost of rental buildings | (972,275) | - | - |
| Other current liabilities | (223,902) | 219,692 | (392,647) |
| Operating Liabilities; increase (decrease) | (4,212,700) | (2,160,107) | (1,407,693) |
| Cash received from operations | 102,141,824 | 103,634,414 | 91,429,872 |
| Income tax paid | (17,745,297) | (16,885,564) | (19,709,485) |
| Net cash provided by operating activities | 84,396,527 | 86,748,850 | 71,720,387 |

| Statement of Cash Flows | Financial Statements in which equity method is applied | | |
|--|--|---------------------|---------------------|
| | 2021 | 2020 | 2019 |
| Cash Flows from Investing Activities | | | |
| Interest income | 7,540,923 | 1,233,684 | 5,063,512 |
| Proceeds from disposal of other financial assets | 327,438,050 | 1,416,678,204 | - |
| Cash paid for acquisition of other financial assets | (333,567,576) | (1,485,540,329) | - |
| Increase in fixed deposits pledged as collateral | (1,045) | (4,114) | (4,624) |
| Cash paid for investment in associate | - | (1,999,780) | - |
| Dividends income from investment in associate | 1,602,643 | 1,895,242 | - |
| Dividends income from financial assets | 2,688,845 | 1,249,905 | - |
| Proceeds from disposal of equipment | 421,610 | 5,860 | - |
| Cash paid for acquisition of machinery and equipment | (1,174,476) | (4,175,356) | (1,206,576) |
| Net cash provided by (used in) investing activities | 4,948,974 | (70,656,684) | (918,040) |
| Cash Flows from Financing Activity | | | |
| Dividends paid | (71,952,000) | (56,961,050) | (92,876,491) |
| Interest paid | (864,257) | (476,540) | - |
| Repayment of liabilities under lease agreements | (18,137,478) | (18,735,213) | - |
| Net cash used in financing activity | (90,953,735) | (76,172,803) | (92,876,491) |
| Net decrease in cash and cash equivalents | (1,608,234) | (60,080,637) | (22,074,144) |
| Cash and cash equivalents, beginning of year | 100,201,386 | 160,282,023 | 182,356,167 |
| Cash and cash equivalents, end of year | 98,593,152 | 100,201,386 | 160,282,023 |

Important Financial Ratio
For the year ended December 31, 2018, 2019 and 2020

| Financial Ratio | | 2021 | 2020 | 2019 |
|---|--------|--------|--------|-------|
| Current Ratio | | | | |
| Current Ratio | (Time) | 4.84 | 4.93 | 17.45 |
| Quick Ratio | (Time) | 2.18 | 3.68 | 15.49 |
| Current Cash Flow Ratio | (Time) | 1.75 | 2.17 | 2.11 |
| Account Receivable Turnover | (Time) | 194.32 | 185.87 | 95.88 |
| Average Collection Period | (Days) | 2 | 2 | 4 |
| Inventory Turnover | (Time) | 0.78 | 0.87 | 0.82 |
| Average Sale(Inventory)Period ^{/1} | (Days) | 469 | 413 | 440 |
| Account Payable Turnover | (Time) | 35.28 | 80.05 | 42.72 |
| Payment Period | (Days) | 10 | 5 | 8.54 |
| Cash Cycle | (Days) | 462 | 408 | 431 |
| Profitability Ratio | | | | |
| Gross Profit Margin | (%) | 79.29 | 78.66 | 79.08 |
| Operating Profit Margin | (%) | 35.74 | 32.84 | 28.45 |
| Cash Per Profitability Ratio | (%) | 98.72 | 99.64 | 99.12 |
| Net Profit Margin | (%) | 28.72 | 26.39 | 22.77 |
| Return On Equity | (%) | 11.54 | 11.91 | 9.70 |
| Efficiency Ratio | | | | |
| Return on Assets | (%) | 9.98 | 10.55 | 8.94 |
| Return on Fixed Assets | (%) | 126.63 | 121.30 | 92.10 |
| Total Asset Turnover | (Time) | 0.35 | 0.40 | 0.39 |
| Financial Ratio | | | | |
| Debt/Equity Ratio | (Time) | 0.14 | 0.17 | 0.09 |
| Rate of Commitment Payment Efficiency | (Time) | 0.92 | 1.08 | 0.76 |
| Dividend Payout ratio | (%) | 107.77 | 102.89 | 98.44 |
| Rate of Fully Diluted Net Profit per Share | (Baht) | 0.11 | 0.12 | 0.097 |

Note : ^{/1} The average goods selling time is high, since the inventories consist of some raw materials, such as garcinia, which is seasonally produced and is rare in some years, and it takes time to gather and transport from the areas in the three southern border provinces. Therefore, a large amount of raw material has to be reserved for production.

The average goods selling time for **finished goods** in 2021 is 75 days, 2020 is 66 days, and 2019 is 81 days.

4.3 Financial Status and Performance Description and Analysis

4.3.1 Overall of previous performance

APCO manufactures and sells beauty cosmetics and dietary supplements products developed and researched by the Company itself. The products are distributed domestically through Bim Health Center by Call Center, Distributors (Sales Agents) and Dropship and are distributed in many countries such as America, East Asia and Southeast Asia. The important factor to the growth in APCO's revenue is due to the innovative products from the Company's research that are in demand of the market.

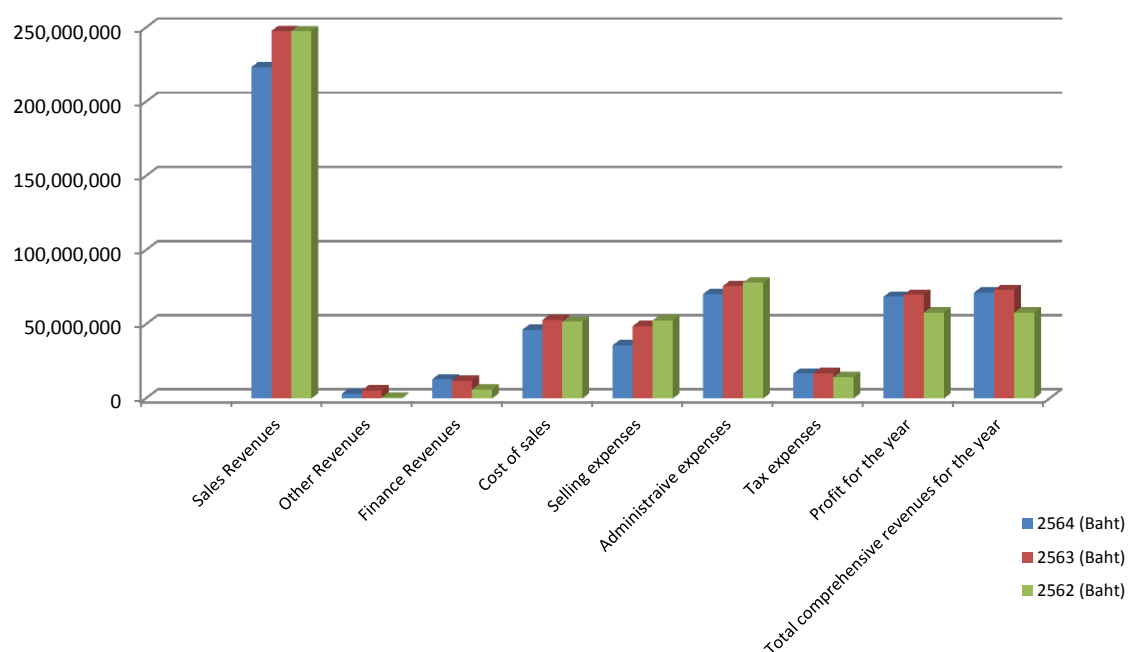
In the year 2019, the total revenue was 254.33 million Baht, 32.44% lower than that of the year 2018 as a result of the decreased of the sales of domestic beauty cosmetics and dietary supplements products and the adjusted sales expenses in the financial statements for the year 2019 in accordance with Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers (TFRS15)" by showing the net amount in sales revenue. This results in a drop in sales revenue and gross profit by 21.78 million baht. The year 2020, the total revenue was 265.15 million Baht, an increased of 4.25% from the year 2019 as a result of the increased sales of domestic dietary supplements and financial income from the gain from the sale of financial assets of 8.33 million Baht, dividend income from investments in stocks of 1.25 million Baht, interest revenue from private funds of 2.92 million Baht. In the year 2021, the total revenue was 239.20 million baht, a decrease of 9.79% from the year 2020 as a result of the decreased of the sales of domestic beauty cosmetics products and food supplements.

In 2019 to 2020, and 2021, the Company had gained the net profit in sum of 57.90 million Baht, 69.98 million Baht, and 68.70 million Baht respectively, or 22.77%, 26.39%, and 28.72% of the total revenue of each year, respectively. The factors influencing the net profit rate is a distribution channel that has a commission. In 2019, the Company has adjusted its distribution channel strategy. It is distributed through the sales agent channel, where the dealer will receive a percentage of the sales revenue, including giving importance of increasing the proportion of distribution channels through Bim Health Center by Call Center, which is a channel that has no commission, resulting the Company has increased net profit rate in the year 2020 and 2021.

Currently, the dietary supplement industry is growing steadily due to the situation of the epidemic of the Covid-19 virus. Consumers have clearly increased their interest in health care. APCO is focusing on research and development of its dietary supplement products. The executives are convinced that the customers who are confident in the products will repeat the purchase. This angle could potentially enhance the security of the revenue base. Moreover, the Operation "BIM" line has been continuously increasing its popularity since it was launched in 2008 and can be expanded into several new products.

4.3.2 Performance analysis

Comparison of Statement of Comprehensive Income



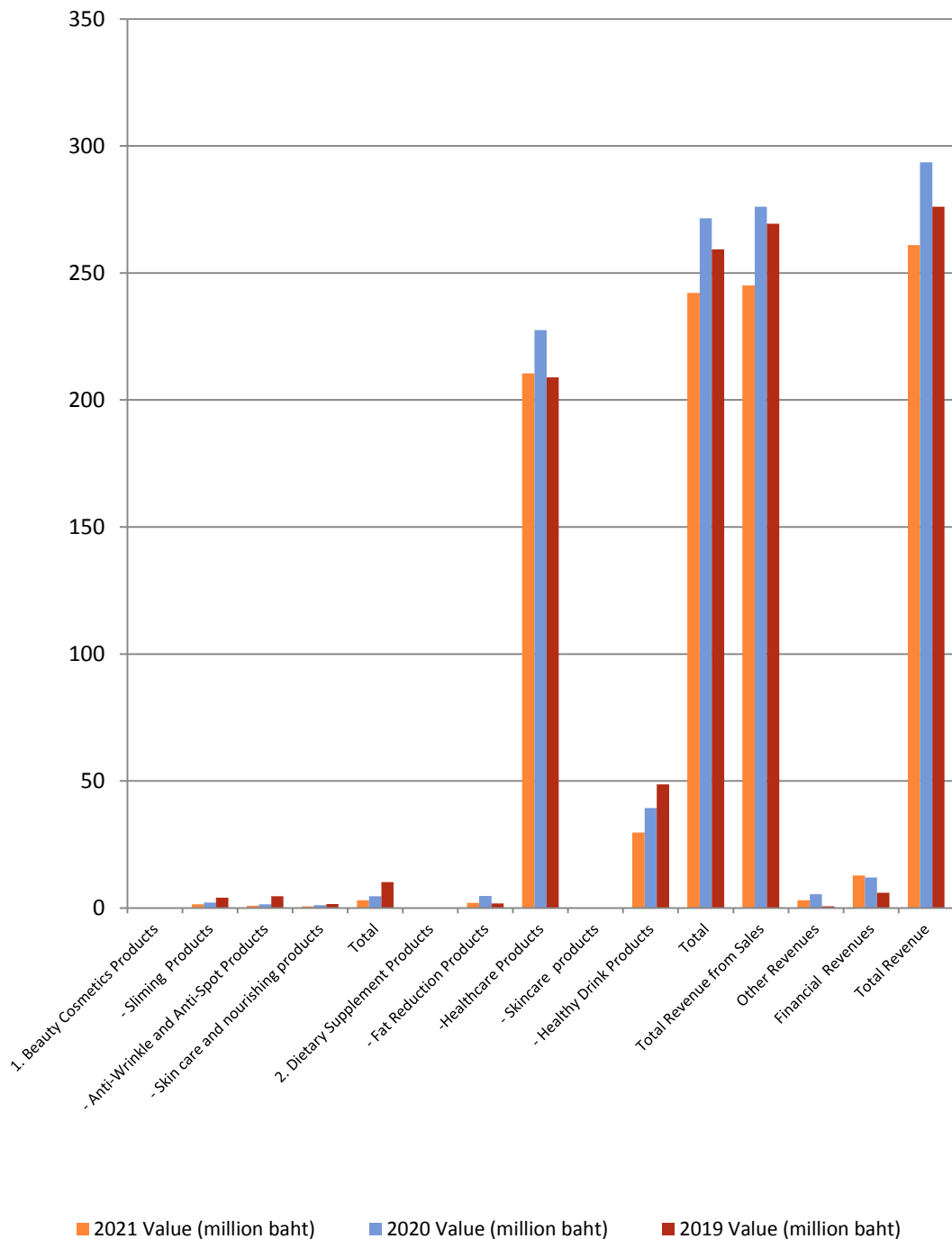
Revenue

The total revenue of APCO from 2019 - 2021 amounted to 254.33 Million Baht, 265.15 Million Baht, and 239.20 Million Baht respectively, as shown in the revenue structure below.

Unit: million baht

| Revenue Structure | 2021 | | 2020 | | 2019 | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Value | Percent | Value | Percent | Value | Percent |
| Beauty Cosmetics Products | | | | | | |
| - Sliming Products | 1.49 | 0.72 | 2.10 | 0.72 | 4.07 | 1.47 |
| - Anti-Wrinkle and Anti-Spot Products | 0.89 | 0.48 | 1.41 | 0.48 | 4.57 | 1.66 |
| - Skin care and nourishing products | 0.62 | 0.37 | 1.10 | 0.37 | 1.52 | 0.55 |
| Total | 3.00 | 1.57 | 4.61 | 1.57 | 10.16 | 3.68 |
| Dietary Supplement Products | | | | | | |
| - Fat Reduction Products | 1.98 | 1.60 | 4.69 | 1.60 | 1.72 | 0.62 |
| - Skincare Products | 0.00 | 0.00 | 0.01 | 0.00 | 0.04 | 0.01 |
| - Healthcare Products | 210.49 | 77.50 | 227.49 | 77.50 | 208.87 | 75.65 |
| - Healthy Drink Products | 29.69 | 13.39 | 39.32 | 13.39 | 48.64 | 17.62 |
| Total | 242.16 | 92.49 | 271.51 | 92.49 | 259.27 | 93.90 |
| Total Revenue from Sales | 245.16 | 94.06 | 276.12 | 94.06 | 269.43 | 97.58 |
| Other Revenues | 3.03 | 1.85 | 5.41 | 1.85 | 0.69 | 0.25 |
| Financial Revenues | 12.82 | 4.09 | 12.02 | 4.09 | 5.99 | 2.17 |
| Total Revenue | 261.01 | 100.00 | 293.55 | 100.00 | 276.11 | 100.00 |

Unit : Million Baht



- Sales Revenue

The sales revenue of the Company from 2019-2021 was 269.43 million baht, 276.12 million baht, and 245.16 million baht respectively, representing the growth rate a decrease of 27.15 % for the year 2019, an increase of 2.48% for the year 2020 and a decrease of 11.21% for the year 2021 compared to the same period of the previous year. (Sales revenue shown in the 2019-2021 financial statements in the amount of 247.65 million baht , 247.73 million baht and 223.35 million baht is because the commission of 21.78 million baht, 28.39 million baht and 21.81 million baht paid to the

customer was deducted from the sales revenue, according to the classification in accordance with Thai Financial Reporting Standard No. 15 Revenue from Contracts with customers)

The Company obtained the revenues from the production and product distribution in two parts as follow.

(1) **Revenue from cosmetics products;** between 2019 - 2021, the Company gained the sales revenues from cosmetics products amounted to 10.16 million baht, 4.61 million baht and 3.00 million baht, respectively, representing the growth rate a decrease of 66.26%, 54.63%, and 34.92% in 2019, 2020 and 2021, compared to the same period of the previous year. The cosmetic products have a tendency to continually decline in sales, because the cosmetic product market is highly competitive.

Most of the revenues from cosmetics products were slimming products and anti-wrinkle and anti-spot products. The revenue from the cosmetics products (year 2019 - 2021) was averagely at 43.05%, 38.70% and 11.88% of the total revenues gained in the cosmetics products respectively. In the year 2019, most of the revenue were from the anti-aging and dark spots products, next is revenue from slimming products and the revenue from the skin care product. The proportion is 45.00%, 40.03% and 14.98% respectively. In 2020 - 2021, most of the revenues were from the slimming products, followed by the anti-wrinkle and dark spot products and skin care products. The proportion is approximately 45.55%, 30.68%, 23.77% respectively in 2020 and approximately 49.66%, 29.67% and 20.87% respectively in 2021.

(2) **Revenue from dietary supplement products;** between 2019 - 2021, the Company generated the sales revenues from dietary supplements amounted to 259.27 million baht, 271.51 million baht and 242.17 million baht, respectively, representing the growth rate a decrease of 23.68 % in 2019, an increase of 4.72% in 2020 and a decrease of 10.81% in 2021 compared to the same periods of the previous year. For the year 2021, the revenue from the overall dietary supplements decreased from the year 2020 due to lower sales resulting from the overall recession of the economy. Consumers are more cautious in their spending from the situation of the epidemic of the Covid-19 virus.

Most of the revenue comes from healthcare products, healthy drink products, fat reduction products and skincare products, The average proportion (2019 - 2021) is 83.69%, 15.22%, 1.09% and 0.01% of the total revenues from the dietary supplement products respectively. In 2019 - 2021, most of the revenue from dietary supplements are from health care products followed by healthy drink products, fat reduction products and skin care products accounted for 80.56%, 18.76%, 0.66% and 0.02%, respectively in 2019, accounted for 83.79%, 14.48%, 1.73% and 0.00%, respectively in 2020, and accounted for 86.92%, 12.26%, 0.82% and 0.00% respectively in 2021.

(3) The Company has revenue from sales from both domestic and international customers. The sales revenue for the years 2019 – 2021 is approximately 97.37%, 93.43% and 93.38% of the total revenue, respectively. For the year 2019-2020 and 2021, the Company has revenue from sales to domestic customers accounted for approximately 95.23%, 91.95% and 91.07% of the total revenue respectively, as summarized in the table.

Unit: million baht

| Revenue Structure | 2021 | | 2020 | | 2019 | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Value | Percent | Value | Percent | Value | Percent |
| Domestic sales revenue | 217.83 | 91.07 | 243.79 | 91.95 | 242.20 | 95.23 |
| Foreign sales Revenue | 5.52 | 2.31 | 3.93 | 1.48 | 5.45 | 2.14 |
| Total Sales Revenue | 223.35 | 93.38 | 247.72 | 93.43 | 247.65 | 97.37 |
| Other Revenues | 3.03 | 1.26 | 5.41 | 2.04 | 0.69 | 0.27 |
| Financial revenues | 12.82 | 5.36 | 12.02 | 4.53 | 5.99 | 2.36 |
| Total Revenue | 239.20 | 100.00 | 265.15 | 100.00 | 254.33 | 100.00 |

The decreased sales volumes of dietary supplement products and cosmetics products , resulting in a decrease in revenue from domestic sales by 26.03% in 2019 compared to 2018. In 2020, domestic sales revenue increased by 0.66% compared to 2019 due to an increase in sales of dietary supplements from 2019. In 2021, revenue from domestic sales decreased by 10.65 % compared to the previous year.

In 2019, revenue from foreign sales amounted to 5.45 million baht, or 2.14% of total revenue. For the year 2020, revenue from foreign sales amounted to 3.93 million baht, or 1.48% of total revenue. In 2021, revenue from foreign sales amounted to 5.52 million baht, or 2.31% of total revenue.

- Other Revenues

Other revenues of the Company for the years 2019 - 2021 were equal to 0.69 million Baht, 5.41 million Baht and 3.03 million Baht, or 0.27%, 2.24% 1.26% of total revenues, respectively. In fact, it was regarded as a small amount of the Company's revenues. Other revenues included the accrued commissions revenues, service revenues, profit from asset sales, and profit from the currency exchange. The year 2020 have other revenues from accrued commission revenues of 4.40 million Baht, service revenues of 0.69 million Baht. In the year 2021, there are other revenues from the project to promote and maintain employment in SMEs. The Department of Employment amounting to 0.61 million baht and other revenues from the recognition of accrued commissions of 1.52 million baht.

- Financial revenues

In the year 2020, financial revenues consists of profit from the sales of financial assets of 8.33 million Baht, other revenues from dividends received from investments in stocks of 1.25 million Baht and other revenues from interest income of 3.16 million Baht, profit & loss that have not yet occurred from change in fair value amount (0.72) million Baht.

In the year 2021, financial revenues consists of other revenues from interest income of 7.62 million baht, dividend received from investments in shares of 2.69 million baht, profit from selling financial assets of 2.48 million baht, and profit & loss that have not yet occurred from changes in fair value of 0.02 million baht.

Cost of sales and gross profit

Cost of sales of the Company for the year 2019 - 2021 was 51.81 million baht, 52.87 million baht, and 46.26 million baht, respectively. The gross profit margin was 79.08%, 78.66%, and 79.29% respectively. The annual gross profit margin of the Company was nearly equivalent.

The main components of the cost of sales comes from the cost of raw materials such as agricultural raw materials, chemicals, and packages. The Company has a policy to purchase only sufficient amounts of raw materials for its production at least two years to prevent a shortage of raw materials and to reduce the transportation costs as well as to avoid the risk from any fluctuation of raw material prices. Moreover, other important cost of sales included the labor cost, compensation for the research and development, depreciation cost, and the production cost of mangosteen juice. In 2017, the Company has the cost of production mangosteen juice of about 6.66 million baht, which is to produce all BIM Formula mangosteen juice.

Selling and Administrative Expenses

Selling expenses in 2019 – 2021 amounted to 52.79 million baht, 48.82 million baht and 35.88 million baht respectively, accounting for 20.76%, 18.41% and 15.00% of the total revenues respectively. The important factor that affected the proportion of selling expenses to the total revenue of the Company was the distribution channel. Direct sales require high commissions compared to other channels. In 2019, the Company has adjusted its distribution channel strategy to be a distribution channel through dealers (Sales Agent) as well as giving more importance to product distribution through Bim Health center by Call Center. As a result, the proportion of distribution through Bim Health center by Call Center to total revenue was gradually incrementally from 30.58% in 2019 to 46.95% in 2020 and 48.42% in 2021, thus resulting in a proportion of selling expenses to total revenues in 2019 - 2021 continuous decline.

Besides, another essential expense is the advertising and marketing campaign, averagely proportioned in 2019 - 2020, about 29.67% of the selling expense. In the year 2019, the Company has reduced advertising and sales expenses to 5.89% of the total revenue, as less product information was disseminated via TV, making advertising expenses decrease. In the year 2020, the Company had advertising and promotion expenses of 30.18 million baht, or 61.82% of selling expenses increased compared to the previous year, due to increased advertising paid. In 2021, the Company had advertising and promotion expenses of 18.93 million baht or 52.76% of selling expenses decrease compared to the previous year by 11.25 million baht or 37.25%.

Administrative expenses for 2019 to 2021 amounted to 78.17 million baht, 75.90 million baht, and 70.41 million baht respectively, accounted for 30.74%, 28.63%, and 29.44% of the total revenue respectively. As for 2019, the proportion of the administrative expenses increased as the Company moved its Bangkok office to AIA Building, incurring in increased rental and utilities expenses. The important administrative expenses included expenses on executives and employees such as salary, bonus and contributions to funds. These expenditures from 2019 were averagely at 34%, 2020 38.73%, and 2021 40.72% of administrative expenses. Other administrative expenses are depreciation, rental, banking fees, and utilities expenses of the year 2019 - 2021 accounted for 57.89%, 49.83% and 46.25% of the administrative expenditures respectively.

Share of profits from investment in Associated Company

In February 2017, the Company invested in 499,998 ordinary shares of BIM Health Center Co., Ltd., with a par value of 10 Baht per share (paid-up 2.50 Baht per share) totaling 1.2 million Baht, The shareholding of these 49.99 associates was incorporated on February 2, 2017.

In April 2020, the Company invested in 9,998 ordinary shares of Apco China Co., Ltd., with a par value of 100 Baht per share (paid-up 100 Baht per share) totaling 1.0 million Baht, the shareholding of these 49.99% associates was incorporated on April 9, 2020.

In October 2020, the Company invested in 99,998 ordinary shares of Hisol Digital Co., Ltd., with a par value of 10 Baht per share (paid-up 10 Baht per share) totaling 1.0 million Baht, the shareholding of these 49.99% associates was incorporated on October 28, 2020.

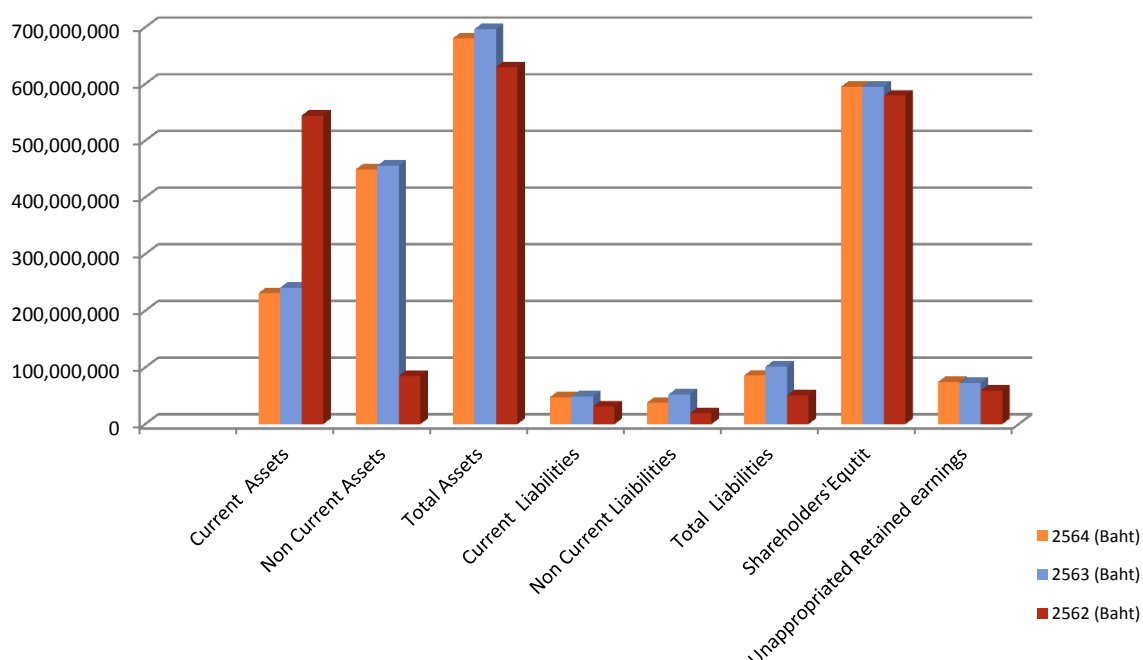
The Company recognized the share of profit (loss) from investments in associated companies. The said amount was 0.79 million baht, (0.01) million baht and (0.28) million baht in 2019, 2020 and 2021 respectively.

Net Profits

APCO received the net profits for 2019 - 2021 in the amount of 57.90 million baht, 69.98 million baht, and 68.70 million baht respectively, with an increase in net profit rate in 2019 - 2021, accounted for 22.77%, 26.39%, 28.72%

respectively. This was partly due to the financial revenues of 5.99 million baht, 12.02 million baht and 12.82 million baht each year respectively.

4.3.3 Financial status analysis



Assets

At the end of the years 2019 to 2021, APCO's total assets amounted to 629.76 million baht, 696.78 million baht, and 680.53 million baht respectively, representing the decrease of 5.40%, an increase of 10.64%, and a decrease of 2.33% respectively. Details are as follows:

The current assets at the end of the years 2019 to 2021 amounted to 544.52 million baht, 240.72 million baht and 231.11 million baht respectively, accounted for 86.47%, 34.55% %, and 33.96% of the total assets respectively. The Company's current assets include the following important assets:

- (1) Cash and the equivalent at the end of 2019 to 2021 amounted to 160.28 million baht, 100.20 million baht, and 98.59 million baht respectively, accounted for 25.45%, 14.38% and 14.49% of the total assets respectively.
- (2) Temporary invested capital at the end of 2019 and 2021 was equivalent to 319.51 million baht, 0.00 million baht and 0.00 million baht, or 50.74%, 0.00% and 0.00 of the total assets. In the year 2019, this temporary invested capital was investment in the TMB Thana Plus Open Fund in the amount of 196.02 million baht and investment in the Thana Permpoon Open Fund of 122.97 million baht. In the year 2020 and 2021, temporary invested capital amounted to zero, because the Company switched to investing in financial assets of 400.06 million baht, and 413.24 million baht, part of which would be other current financial assets of 71.83 million baht, and 68.32 million baht, respectively.
- (3) The net number of account receivable and others at the end of 2019 to 2021 amounted to 3.36 million baht, 8.06 million baht, and 5.28 million baht respectively, accounted for 0.53%, 1.16%, and 0.78% of the total assets respectively. The amounts of the account receivable on relevant business, the account receivable on irrelevant business and others are as follows

The amount of trade accounts receivable from related parties at the end of 2019 to 2021 was equivalent to 0.25 million baht, 1.16 million baht, and 0.51 million baht respectively. At the end of 2019-2021, the receivables from the sale of goods are through its associate BIM Health Center Co., Ltd. and Hisold Digital Co., Ltd.

Accounts receivable unrelated parties at the end of 2019 - at the end of 2021 amounted to 0.66 million Baht, 0.14 million Baht and 0.04 million Baht, respectively. Classified by age of outstanding debt is summarized in the following table.

| Account receivable details (Not including related parties) | Value (Baht) | | |
|---|--------------------|--------------------|--------------------|
| | As of Dec 31, 2021 | As of Dec 31, 2020 | As of Dec 31, 2019 |
| Not yet due | - | - | 92,800 |
| Overdue less than 3 months | | 142,800 | 142,800 |
| Overdue 3 - 6 months | - | - | - |
| Overdue 6 - 9 months | 36,400 | - | - |
| Overdue 9 - 12 months | - | - | 118,600 |
| Overdue for more than 12 months | - | - | 445,558 |
| Total | 36,400 | 142,800 | 662,733 |
| <u>Less allowance for doubtful</u> | - | - | - |
| Net | 36,400 | 142,800 | 662,733 |

The Company distributes products through Bim Health Center by Call Center channels and Sales Agent, which are sold mainly by cash. Therefore, there are relatively few trade receivables. The short-term collection period is approximately 4 days, 2 days and 2 days for 2019, 2020 and 2021, respectively, reflecting the Company's liquidity. Customers shop directly with the Company without direct sales representative has the credit term of 30-60 days.

As of December 31, 2019, the Company has accounts receivables from unrelated parties that are overdue for more than 9 months in the amount of 0.56 million baht from 1 debtor, which is in the process of payment gradually. And will be fully settled within the first quarter of 2020. Therefore, the Company has not set up any allowance for doubtful accounts.

As of December 31, 2021, the Company has accounts receivables from unrelated parties that are overdue for more than 6-9 months in the amount of 0.04 million baht from 1 debtor, which has been fully paid in January 2022. Therefore, the Company has not set up any allowance for doubtful accounts.

Moreover, the amount of other receivables at the end of 2019 - 2021 was equivalent to 2.45 million baht, 6.31 million baht, and 4.73 million baht respectively. The important other receivables were advance payments for goods, prepaid expenses and accrued interest receivable, etc. As of December 31, 2019, other receivables decreased due to the decrease in accrued interest receivables. On December 31, 2020, other receivables increased due to an increase in advance payments for goods and accrued interest receivables. And as of December 31, 2021, other receivables decreased due to advance payments for goods, revenue receivable and other receivables decreased.

(4) Net inventory as of 2019 through 2021 was equivalent to 61.02 million baht, 60.27 million baht, and 58.61 million baht respectively, accounted for 9.69%, 8.65%, and 8.61% of the total assets respectively. The Company's inventory was divided into finished goods, work in process, convertible raw materials, raw materials, packages, and factory supplies as shown in the table below.

| Inventory details | Value (Baht) | | |
|--|--------------------|-------------------|-------------------|
| | As of Dec 31, 2021 | As of Dec 31,2020 | As of Dec 31,2019 |
| Inventory | | | |
| - Finished goods | 8,829,898 | 10,250,305 | 9,157,575 |
| - Work in process | 491,277 | - | 494,052 |
| - Convertible raw materials | 23,234,646 | 21,310,918 | 20,761,003 |
| - Raw materials | 19,275,411 | 21,269,024 | 23,171,655 |
| - Packages, and factory supplies | 10,608,109 | 10,683,984 | 10,035,540 |
| Total Inventory | 62,439,341 | 63,514,231 | 63,619,825 |
| <u>Less allowance for diminution in value of</u> | | | |
| - Finished goods | 733,579 | 668,288 | 491,953 |
| - Work in process | - | - | - |
| - Convertible raw materials | 51,796 | 57,553 | 35,504 |
| - Raw materials | 421,336 | 416,324 | 419,668 |
| - Packages, and factory supplies | 2,618,381 | 2,103,065 | 1,650,000 |
| Total | 3,825,092 | 3,245,230 | 2,597,125 |
| Inventory - net | 58,614,249 | 60,269,001 | 61,022,700 |

Most of the inventory was stored in the form of raw materials, more importantly the agricultural ones and finished goods. From 2019-2021, these raw materials were averaged at 33.61% of the total values of inventory. The Company also has the policy to purchase the agricultural products in a large sum for each time to prevent a shortage of raw materials and uncertainty of the supply cultivated each year. In fact, agricultural products can be stored for a long period of time after being extracted into transformation raw materials.

As of December 31,2019, raw materials decreased by 17.40% from 2018, as there was no additional purchase of mangosteen in 2019, and as of December 31, 2020, the raw material decreased by 8.21% from the end of 2019. And as of December 31, 2021, raw materials decreased 9.37% from the end of 2020.

Other inventory included finished goods. During 2019 – 2021, it valued averagely at 14.90% of the total values of inventory. As of December 31, 2019, finished goods decreased 35.62% from the end of 2018, as of December 31, 2020, finished goods inventory increased 11.93% from the end of 2019. And at the end of 2021, finished goods inventory decreased by13.86 %from the end of 2020.

The Company has arranged the allowance for the lower prices of goods and deterioration of quality products, mainly caused by a slow flow of finished goods, raw materials and packaging but not by defects. In fact, these were caused by a slow flow of most Garnicia whereas the amount of Garnicia stored at 31st December 2021, compared to an estimation of the annual production, could be used for about 5 years in a row since it was projected that Garnicia would be used for more production. Garnicia raw materials would be stored in the form of dried products in the warehouse with proper temperature and humidity. The Company would annually check the physical and chemical properties to ensure that essential components or Hydroxy-citric acids (HCA) were to accord with the standard criteria. According to the Company's tests, the amount of HCA in Garnicia stored more than 5 years was still in compliance with the set standards. The policy regarding allowance for deterioration of quality raw materials is shown below.

Raw materials aged over 5-10 years – Allowance for deterioration of quality products made at 20%

Raw materials aged over 10-11 years – Allowance for deterioration of quality products made at 40%

Raw materials aged over 11-12 years – Allowance for deterioration of quality products made at 60%

Raw materials aged over 12-13 years – Allowance for deterioration of quality products made at 80%

Raw materials aged over 13 years – Allowance for deterioration of quality products made at 100%

In the year 2019, the Company has revised the policy to set allowance for diminution in value of products and deteriorated Garcinia products appropriately. To reflect the book value of Garcinia Remaining in the Company's financial statements as accurately as possible. The Company has therefore adjusted the policy to reserve the deterioration of Garcinia as follows:

Garcinia aged over 5 - 10 years - Allowance for deterioration of quality products made at 5%

Garcinia, aged over 10 - 11 years -Allowance for deterioration of quality products made at 20 %

Garcinia, aged over 11 - 12 years- Allowance for deterioration of quality products made at 40 %

Garcinia, aged over 12 - 13 years- Allowance for deterioration of quality products made at 60 %

Garcinia, over the age of 13 - 14 years- Allowance for deterioration of quality products made at 80 %

Garcinia, aged over 14 years– Allowance for deterioration of quality products made at 100%

As of December 31,2021, the Company had 7 years 4 months Garcinia valued at 5.65 million baht, with allowance for deterioration of quality products made at 5% of the remaining value for Garcinia aged over 5-10 years. The Company did not have any Garcinia aged over 10 years in its stock. The Company has a policy to buy a lot of Garcinia, since it is a seasonally rare fruit and it is rare in some years. It takes time to gather and transport from the southern border provinces. Therefore, the stock has been reserved for sufficient production.

As of 31st December 2019, 2020 and 2021, the amount of stored mangosteen peel aged over 1 year but not over 5 years was worth 0.46 million Baht, 3.03 million Baht and 5.47 million Baht respectively. The Company did not need the allowance for deterioration of quality products regarding the mangosteen peel. Moreover, the mangosteen peel was already under the policy for allowance for deterioration of quality products regarding raw materials. The Company would make its reservation for raw materials aged over 5 years. However, the mangosteen peel contained stable molecular substances with a slim chance of value deterioration. Even though it was stored under humidity, this would not decrease Mangostin (GM-1) obtained from the mangosteen peel.

As of 31st December 2019, 2020 and 2021, the amount of stored mangosteen flesh aged over 1 year was worth 5.34 million Baht, 2.15 million Baht and 0.82 million Baht, respectively. There was no mangosteen flesh aged over 2 year left in the stock. Therefore, the Company has not arranged the allowance for deterioration of quality products as the mangosteen flesh would be stored in a controlled room with its temperature below -18 C. This would help preserve the physical and chemical properties of mangosteen flesh. According to the Auditing Committee Meeting no.4/2014 dated 10th November 2014, the policy for allowance for deterioration of quality products regarding fresh raw materials aged over 3 years was made at 20%.

Non-current assets at the end of 2019 through 2021 were equivalent to 85.24 million Baht, 456.06 million Baht, and 449.42 million Baht respectively, accounted for 13.53%, 65.45%, and 66.04% of the total assets respectively. Main non-current assets were other non-current financial assets totaling 328.23 million baht at the end of 2020, consisting of Debt securities (in private funds) of 255.49 million baht and equity securities of listed companies 72.73 million baht, followed by land plots, buildings, and instruments worth at 71.36 million Baht, 63.76 million Baht, and 56.83 million Baht at the end of 2019-2021 or 19.37% of non-current assets. At the end of 2019, a decreased of 14.65% from 2018 and at the end of 2020, a decreased of 10.65% from 2019. And at the end of 2021, a decrease of 10.86 % from 2020. Other non-current assets consists of insurance money and various deposits. At the end of 2021, other non-current financial assets amounted to 344.92 million baht, consisting of Debt securities (in private funds) of 269.19 million baht, equity securities of listed companies of 65.75 million baht and debt securities of 9.98 million baht.

Liabilities

Total liabilities of the Company as at the end of 2019 - 2021 amounted to 50.57 million Baht, 101.31 million Baht and 85.54 million Baht respectively. The Company did not use any source of funds from financial institution loans. Therefore, most of its liabilities are considered the Total current liabilities, amounted to 31.20 million Baht, 48.87 million Baht and 47.75 million Baht, respectively, or 4.95%, 7.01% and 7.02% of total assets respectively. As of the end of 2020, the total debt amount has grown as a result of the first implementation of TFRS 16, there is an increase in lease liabilities in 2020 by 50.01 million baht. Main current liabilities are indicated below.

(1) Accounts payable and other payables at the end of 2019 - 2021, amounted to 20.98 million Baht, 18.87 million Baht and 17.01 million Baht, respectively, or 3.33%, 2.71% and 2.50% of total assets, respectively. Classified as trade accounts payable at the end of 2019 - 2021 amounted to 0.69 million Baht, 0.63 million Baht and 1.99 million Baht, respectively. With the payment period of 9 days, 5 days and 10 days, respectively. Other payables include other payables - related companies and accrued expenses. The creditor-relevant company refers to the creditor subject to compensations for the research and development the Company must pay to ArunPittaya Co.,Ltd. Accrued expenses hereby consist of accrued commissions, accrued rental expense, accrued services and public utilities, and accrued advertisement expenses. As of December 31, 2019, trade and other payables decreased by 1.02 million baht from the end of 2018, as of December 31, 2020, trade and other payables decreased by 2.11 million baht from the end of 2019. And as of December 31, 2021, trade and other payables decreased by 1.85 million baht from the end of 2020.

(2) Accrued income tax at the end of 2019 - 2021 amounted to 7.86 million Baht, 9.01 million Baht and 9.64 million Baht, respectively. As at December 31, 2019-2021, Accrued income tax accounted for 25.19.96%, 18.43% and 20.19% of current liabilities respectively, or 1.25%, 1.29% and 1.42% of total assets, respectively.

Non-current liabilities of the Company as at the end of 2019 - 2021, amounted to 19.37 million Baht, 52.44 million Baht and 37.79 million Baht, respectively, accounted for 3.08%, 7.53% and 5.55% of the total assets respectively. Non-current liabilities of the Company included:

(1) The lease liability at the end of 2020-2021 amounted to 31.59 million baht, and 15.49 million baht, or 4.53% and 2.28% of the total revenues which was the liability from building lease agreements for the operation of the business.

(2) Employee benefit obligations at the end of 2019- 2021, amounted to 15.98 million Baht, 17.45 million Baht and 17.29 million Baht, respectively, accounted for 2.54%, 2.50% and 2.54% of total assets respectively. Segmentation is an estimate of post-employment benefits and gratuity benefits in accordance with the provisions of the Labor Protection Act BE 2541 providing retirement benefits and other long-term benefits to employees based on their rights and working time according to TAS 19, which entered into force in 2011.

(3) Estimated cost in demolishing the rental building, at the end of 2019-2021 amounted to 3.40 million baht, 3.40 million baht and 5.01 million baht, or 0.54%, 0.49% and 0.74% of the total assets, respectively. The estimated cost of demolition at the end of the 3-year rental contract (starting from 1st October 2014) of the AIA Building Capital Center (30th floor), the new branch at Ratchada. The Company has renewed the lease for another 3 years in 2017. The Company has renewed the lease every 3 years.

Shareholder's Equity

At the end of 2019 – 2021, Shareholders' equity was equivalent to 579.19 million Baht, 595.46 million Baht and 594.99 million Baht respectively. Retained earnings of the Company as at the end of 2019 - 2021 was equivalent to 89.58million Baht, 102.59 million Baht and 104.08 million Baht respectively. The Company also paid the dividend from 2019-2021 in sum of 92.88 million Baht 56.96 million Baht and 71.95 million Baht respectively.

In 2014, the Company increased the registered capital from 200.00 million Baht to 300.00 million Baht to comply with the resolution made by the 2014 Annual Shareholder Meeting on 31st March 2014 to pay the stock dividend worth 40 million Baht and to decide on the right offering in a total of 32.00 million shares whereas the remaining 28 million shares is subject to the private placement. The Company processed the stock dividend and the right offering in April as well as registration for changing the paid-up capital to 272 million Baht on 20th May 2014. According to the Extraordinary Shareholder Meeting No.1/2014 dated 23rd September 2014, the capital decrease in sum of 28 million shares was approved whereas the equivalent capital increase was also approved for the public offering in response of their supports.

The 2015 Annual Shareholder Meeting on 26th March 2015 approved the change of par value from 1.00 Baht per share to 0.10 Baht per share, which changed a total of 300,000,000 ordinary shares worth 1.00 Baht per share to a total of 3,000,000,000 ordinary shares worth 0.10 Baht. Upon being approved by the shareholders, the public offering will be processed, from a sum of 28,000,018 ordinary shares worth 1.00 Baht per share to 280,000,018 ordinary shares worth 0.10 Baht. On 24th, 27th – 30th April 2015, the Company sold the newly issued ordinary shares in the public offering process in response of their supports in a total of 25,374,825 ordinary shares worth 0.10 Baht each, at the proposed price of 2.7714 Baht per share (The actual sales price was 2.91 Baht per share as when summing up with the complimentary shares of 5% of the total purchased shares, the net price per share that investors paid was equivalent to 2.7714 Baht). The total newly issued ordinary shares offered were worth 70.32 million Baht, shown in the paid new ordinary shares at 2.54 million Baht and the share premium at 65.57 million Baht (Net value after deducting share offering expenses of 2.2 million Baht). As a result, the proportion of shareholders at the end of the year 2015 increased. In this regard, the Company has registered the paid-up capital of 274.54 million Baht to the Ministry of Commerce on 20th May 2015.

On April 8, 2016, the Annual General Meeting of Shareholders passed the following resolutions:

1. Approval of the capital reduction by canceling total amount 254,625,355 registered ordinary shares, the par value of 0.10 Baht per share, totaling 25,462,535.50 Baht, from the existing registered capital of Baht 300,000,000, to the registered capital of 274,537,464.50 Baht.

2. Approved the increase of the registered capital 25,462,535.50 Baht divided into 254,625,355 common shares with a par value of 0.10 Baht per share from the existing registered capital. Baht 274,537,464.50 to a registered share capital of Baht 300,000,000 divided into 3,000,000,000 common shares with a par value of 0.10 Baht each.

3. Approved the allocation of up to 254,625,355 new ordinary shares with a par value of 0.10 Baht per share, for Public offering. The offering price is determined by the average market price of the common shares of the Company. In the case of the remaining capital from the public offering, the Company will allocate them to the existing shareholders in proportion (Right Offering) at 0.10 Baht.

The Company has offered for sale to public offering of 254,625,355 shares on October 7th and October 10th - 13th, 2016 whereas the supporters of the Company have subscribed of 16,252,060 newly issued ordinary shares at the price of 1.3455 Baht per share (the selling price of 1.48 Baht per share, including 10% of the paid-up shares, The net price per share paid by the investor is 1.3455 Baht per share), totaling 21.9 million Baht. On October 14, 2016, the Company received the entire paid-up capital. The Company registered the increase of its paid-up capital to the Ministry of Commerce on 18 October 2016, resulting in 238,373,295 new ordinary shares. The Board of Directors' Meeting No. 5/2016 held on 18 October 2016 passed a resolution to approve Allotment of 238,373,295 newly issued ordinary shares to existing shareholders at the offering price of 0.10 Baht, with the allocation ratio of 11.5854 existing shares for 1 new share, On 18 and 21-24 November 2016 has new ordinary shares have been subscribed and paid up shares for the existing shareholders. On November 28, 2016, the Company received the payment of share capital of 23.8 million Baht. The Company registered the increase of its paid-up capital to the Ministry of Commerce on 29 November 2016. The direct

expenses associated with the share offering of Baht 2.2 million (net of income tax of Baht 0.4 million) are presented net of share premium.

Later, the Annual General Meeting of Shareholders for the year 2018 on April 9, 2018 passed a resolution to approve the change of the par value from 0.10 baht per share to 0.50 baht per share, which will make the number of ordinary shares from the original 3,000,000,000 Shares at 0.10 baht per share, 600,000,000 ordinary shares at a price of 0.50 baht per share.

The liability ratio per shareholder's equity at the end of 2019 through 2021 was equivalent to 0.09 times, 0.17 times, and 0.14 times respectively. This ratio is quite a low level in line with the facts that the capital sources for business operations in the Company derive from the shareholder's equity and cash flow from its operation. Positively, it also leads to a low level of financial risks and more flexibility for business operations.

Liquidity

(1) Cash Flow

Cash flow from the Company's operations in 2019 - 2021 remained constantly positive, amounting to 71.72 million Baht, 86.75 million Baht, and 84.40 million Baht respectively. This stemmed from continuous net profits of the Company. The cash flow from investments in 2019 - 2021 amounted to (0.92) million Baht, (70.66) million Baht, and (4.95) million Baht respectively.

For the year 2019, the Company had negative cash flows from investing activities because of the temporary increase in investment from the TMB Thanaplus Fund, and Thanaperm Pool.

For the year 2020, the Company had negative cash flow from investing activities due to an increase in financial assets from investing in debt instruments (private funds) and listed company equity instruments.

For the year 2021, the Company had positive cash flow from investing activities due to an increase in interest revenue from private funds from 2020 by 4.26 million baht, 0.36 million baht from debenture interest revenue, and cash paid for the purchase of machinery and equipment decreased.

The Company had cash flow from financing activities in 2019 – 2021 equal to (92.88) million baht and (76.17) and (90.95) million baht, respectively. As the Company annually paid the dividend to shareholders at the proportion higher than 95% of the net profit, cash flow from financial events was negative. In 2019 the Company had a negative cash flow from financing activities due to dividend payment of 92.88 million baht. In 2020 the Company had a negative cash flow from financing activities due to dividend payment of 56.96 million baht. And in 2021, the Company had a negative cash flow from financing activities increased due to dividend payment of 71.95 million baht.

(2) Liquidity Ratio

In the year 2019 – 2021, APCO's liquidity amounted to 17.45 times, 4.93 times and 4.84 times respectively, regarded as a high level since the Company maintained a huge amount of cash from its operation. However, with respect to the cash flow of the Company, it was deemed a long period. From 2019 to 2021, the Company's cash flow was 431, 408, and 462 days respectively. The main cause was the storage of agricultural raw materials and processed materials in a large amount for production exceeding 2 years. In addition, sales of excess fat reduction products decreased. Therefore, there are still finished goods. As a result, the cash cycle in 2019 and 2021 increased from the previous year. However, the Company still has sufficient liquidity to manage such long-term cash cycle. Therefore, the Company does not rely on loans from financial institutions.

5. General and Other Important Information

5.1 General Information

| | |
|--------------------------|--|
| Company Name in Thai | : บริษัท เอเชียัน ไฟytoceuticals จำกัด (มหาชน) (“บริษัทฯ”) |
| Company Name in English | : ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED |
| Business Category | : Manufacture and distribute health and beauty products from natural extracts based on the researches and developments of Thai scientists. |
| Registered Capital | : THB 300 Million, comprising 600 million common shares, each of which is worth THB 0.5 per share (December 31, 2021) |
| Issued and Paid-up Share | : THB 300 Million, comprising 600 million common shares, each of which is worth THB 0.5 per share (December 31, 2021) |
| Head Office | : 84/3 Moo 4 Northern Region Industrial Estate (West side) Super Highway No.11 Rd., Banklang, Muang Lamphun, Lamphun 51000 Tel. 053 581 374 Fax. 053 581 375 |
| Branch Office | : <u>Ratchadapisek Branch</u> 89, 30 th Floor, AIA Capital Center Building, Ratchadapisek Rd., Dindaeng, Bangkok 10400 Tel. 0-2646-4800 : <u>Chiang Mai Branch</u> 61/5 Intawarorot Rd., Sripum Sub-district, Muang, Chiang Mai 50200 Tel. 0-5335-8276 : <u>Hat Yai Branch</u> 20,22 Choti Wittayakul 5 Rd., Hat Yai Sub-district, Hat Yai, Songkhla 90110 Tel. 0-7455-9464-5 : <u>Chonburi Branch</u> 170/126-128 Moo 3, Samet Sub-district, Muang, Chonburi 20000 Tel. 0-3845-5025 : <u>Esplanade Branch</u> Esplanade Building, Room No. 317, 3 rd Floor, 99 Ratchadapisek Rd., Dindaeng, Bangkok 10400 Tel. 0-2660-9011 |
| Registration Number | : 0107548000480 |
| Home Page | : www.apco.co.th |
| Associated Company (1) | : Bim Health Center Co., Ltd. Paradise Park Building, Room No.GC078, G Floor, 61 Srinakarin Road, Nongbon, Prawet, Bangkok 10250 |
| Business Category | : Buy and sell dietary supplements and cosmetics which are produced from natural extracts. |
| Registered Capital | : 10 Million Baht (APCO holds 49.99% of shares) |
| Associated Company (2) | : Hisold Digital Co., Ltd. 89, 30 th Floor, AIA Capital Center Building, Ratchadapisek Rd., Dindaeng, Bangkok 10400 |
| Business Category | : Buy and sell dietary supplements and cosmetics which are produced from natural extracts. |
| Registered Capital | : 2 Million Baht (APCO holds 49.99% of shares) |

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|----------------------|---|
| References | : Thailand Securities Depository Co.,Ltd. |
| Securities Registrar | 93 The Stock Exchange of Thailand Building, Ratchadapisek Road, Dindaeng, Bangkok 10400 Tel. 0-2009-9999 Fax.0-2009-9991 |
| Auditor | : Ms. Sunanta Kumsuk, CPA License No.8207 AST Master Co.,Ltd. 790/12 Thonglor Tower Building, Thonglor Soi 18, Sukhumvit Rd., 55 Klongtan, Wattana, Bangkok Tel. 0-2714-8842 Fax. 0-2185-0225 |

5.2 Other Important Information

-None-

5.3 Legal Dispute

-None-

Part 2

Corporate Governance

6. Corporate Governance Policy

The Company realizes the importance of adhering to the principles of corporate governance in business operations. Therefore, the Board of Directors has the policy to comply with the law, objectives, regulations, and resolutions of the shareholders' meeting of the Company. It also adheres to and follows good corporate governance principles such as the Code of Best Practices for Directors of Listed Company in accordance with the guidelines of the Stock Exchange of Thailand, the criteria under the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD), as well as the Good Corporate Governance Code for listed companies 2017 promulgated by the Securities and Exchange Commission (SEC), which the Company has adopted as a guideline for developing policies that include the rights and equality of the shareholders and stakeholders, structure, roles, responsibilities and independence of the Board of Directors, disclosure and transparency, control and risk management, and business ethics. All of these are for promoting the efficiency and transparency of the management and business. The content is reviewed annually, along with preparing a manual on the principles of good corporate governance and business ethics to guide all Directors, Executives and Employees to abide by and published on the Company's website for public to be informed.

The Corporate Governance Code (CG Code) consists of 8 principles as follows:

- Principle 1 Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2 Define Objectives that Promote Sustainable Value Creation
- Principle 3 Strengthen Board Effectiveness
- Principle 4 Ensure Effective CEO and People Management
- Principle 5 Nurture Innovation and Responsible Business
- Principle 6 Strengthen Effective Risk Management and Internal Control
- Principle 7 Ensure Disclosure and Financial Integrity
- Principle 8 Ensure Engagement and Communication with Shareholders

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

The Board should demonstrate a thorough understanding of leadership role, assume responsibilities in overseeing the Company, and strengthen good governance, including defining objectives, determining means to attain the objectives, and monitoring, evaluating and reporting on performance for the Company competitiveness and performance with a long-term perspective. Also overseeing having an ethical and responsible business, good corporate citizenship, and corporate resilience. The Board should ensure that all Directors and Executives perform their responsibilities in compliance with their fiduciary duties and that the Company operates in accordance with applicable law and standards.

The Board of Directors has set the duties and responsibilities of the Board of Directors Sub-Committees are clearly separated from management duties and responsibilities in order to achieve a counterbalance. The Company has established roles and duties among the Board of Directors. The management is separated into 3 groups: (1) matters that the Board of Directors should do (2) matters that the Board of Directors should work with the management, and (3) matters that the Board of Directors should not do as follows

Matters that the Board of Directors should perform include:

- 1) Defining vision, mission, and main goals in business operation
- 2) Creating an ethical corporate culture Including behaving as a model
- 3) Work plan and annual budget
- 4) Investment in various projects Make important contracts of the Company and companies in the group
- 5) Management restructuring
- 6) Dividend Policy
- 7) self-assessment of performance and Chief Executive Officer
- 8) Determination of Chief Executive Officer Remuneration
- 9) Appointment of directors issued during the year Appointment of Sub-Committees
- 10) Determination of names of directors who are authorized to bind the Company
- 11) Appointment of employees from the level of Assistant Chief Executive Officer up.

Matters that the Board of Directors should work with the management are:

- 1) Formulation and review of strategies, goals and annual work plans
- 2) Overseeing the adequacy of the risk management system and internal control
- 3) determination of authority that is appropriate to the responsibility of the management
- 4) Establishing a framework for resource allocation, development and budget such as human resource management policies and plans and information technology policies
- 5) Performance monitoring and evaluation
- 6) Ensuring reliable disclosure of financial and non-financial information

Matters that the Board of Directors should not do include:

- 1) Matters that the Board of Directors assigns the management to be the main responsible for performing operations, that is, management (Execution) in accordance with the strategy, policy or plan approved by the Board of Directors in Established policy framework and monitor the results without interfering with the decision or the work of the management unless there is a need
- 2) Matters that have prohibitions such as approving transactions that directors have interests, etc.

The Chief Executive Officer with duties for business operations and daily operation management as assigned and manages business in accordance with the policies, plans, budgets approved by the Board, and accurately and thoroughly safeguards the interests of the Company and shareholders.

Principle 2 Define Objectives that Promote Sustainable Value Creation

The Board should define objectives that promote sustainable value creation and governance outcomes as a framework for the operation of the Company and the Board should ensure that the Company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilising innovation and technology effectively.

Principle 3 Strengthen Board Effectiveness

Structure of the Board of Directors

The Board of Directors consists of diverse directors in both sex and knowledge, competency, and business experience that are beneficial to the Company. The Company's Board of Directors is appointed by the general meeting of shareholders. The Company regulates that at least one-third of the Board, but not fewer than 3 persons, is to be Independent Directors representing the minority of shareholders. They have to check and balance the Company's administration of the affairs to provide the best, fairest and most accurate interest to the shareholders. At present, the Board of Directors has a total of 6 directors, three of whom are Independent Directors, one serving as the Chairperson of the Audit Committee (female) and 2 members of the Audit Committee (male). The Chairperson of the Audit Committee has sufficient knowledge in accounting to be able to audit and ensure the reliability of financial statements.

The Company is composed of an Executive Committee, which is the Chief Executive Officer (CEO), and 5 Non-Executive Directors, most of whom have prior experience related to the Company's main business, the industrial sector, or the management of a large organization beneficial to the directing of the Company.

Independence of the Chairperson of the Board

The Chairperson of the Board is an Independent Director and must not be the same person as the Chief Executive Officer to achieve the balance and the review of the management. To achieve this, the Company has clearly set the scopes of power, duties and responsibilities of the Chairperson of the Board and the Chairman of the Executive Committee with the scope of power as described below:

Scopes of Power for the Chairperson of the Board

1. Act as the leader in monitoring and supervising the management of the Board of Directors and Sub-Committees to achieve the objectives a planned.
2. Act as the Chairperson for Board meetings and shareholder meetings.
3. Make a final decision in the event of equal votes among the Board of Directors.

Scopes of Power for the Chief Executive Officer

1. Manage and supervise the operation relating to the Company's general affairs to accord with the objectives, policy, rules and regulations of the Company.
2. Plan about the investment in businesses and propose to the Executive Committee and the Board of Directors for any further approval.
3. Have the power to enter into the agreements to bind the Company under the scopes as stipulated in the policy and operation guidelines of the Company with respect to the power of approval.
4. Perform any operation as assigned by the resolutions of the Board meeting and/or the resolutions of the shareholder's meeting.

In addition, the Company has clearly set out the scope, power, duty and responsibility of the Board of Directors, the Executive Committee and the Chief Executive Officer to prevent the Executive Committee and the Chief Executive Officer from overpower and approval for unlimited financial credits.

Directorship in Other Companies of the Directors

The Company also has the policy to limit a number of listed companies for each Board member to serve as their Board of Directors; not more than 3 for listed companies and not more than 5 for subsidiaries which are not the registered companies.

For any of the Company's Board working as its Executive, they are not able to serve in other companies as the Board member exceeding the limit of two companies. As the Chief Executive Officer has his duties to administer the routines, taking a position of a Board member in other companies may disturb the working hours. The Board of Directors has no policy to support the Chief Executive Officer to take any positions in other businesses.

Sub-Committees

The Board of Directors has appointed the following Sub-Committees to assist in the Company's operations:

- 3 Executive Committees who help facilitate operations with the powers and duties assigned by the Board of Directors.
- The Audit Committee has at least 3 persons to monitor and assist in overseeing the operations of the Company's scope of duties as assigned by the Board of Directors. All members have qualifications stated in the Securities and Exchange Act or in the rules and regulations of the Securities and Exchange Commission or the Securities and Exchange Commission or the Stock Exchange of Thailand.

However, the Company may recruit other Sub-Committees to perform their assigned tasks to alleviate the administrative burden of the Board of Directors in the future.

The Board of Directors' Meeting

According to the official meeting schedules for the Board throughout the year, the Board of Directors held at least one meeting every three months as well as other special meetings if necessary. A monthly report is also expected to be compiled and distributed among the Board of the Directors to help them direct, control and supervise the operation of the management section promptly and continuously. A meeting invitation has to be sent to the Board of Directors for consideration at least seven days before a meeting is held, except in urgent cases to protect the Company's rights or profits. The Board of Directors can ask for any extra information from the Company Secretary if needed.

The Chairperson and Chief Executive Officer will consider the agenda, and each member of the Board can also propose an agenda. The Chief Executive Officer may join the meeting in order to give extra information in certain occasions.

Prior to the resolution at the Board meeting, the Company has the policy of the minimum quorum at the time of voting not less than 2 out of 3 of the whole Board of Director.

The Company has a policy for Non-Executive Directors to hold a meeting meetings among themselves with the auditors without the management to attend at least once a year in order to discuss about the management-related problems of their interest and inform the Chief Executive Officer of the meeting's result.

Directors' Remuneration

The remuneration of the Company's Board of Directors is at the level which can motivate them retain the quality directors required and lead the organization to achieve both short-term and long-term. The remuneration will be at the same level as that of other groups in the same industry, and is linked to the Company's performance. The remuneration of the Board of Directors must be presented and approved by the shareholders' meeting.

Orientation for New Directors and Development of the Board of Directors and Executives

Every time there is a new director, the company secretary will provide information that is useful for the performance of the new director's duties and provide an introduction to the nature of the business and the company's business guidelines for the new director, including encouraging new directors to attend training courses for directors.

In addition, the Board of Directors has the policy to support and provide trainings and workshops to all involved employees in the corporate governance system, such as the Boards, Audit Committee and Managing Directors, in order to continuously help improve their performance. Training and workshops may be arranged in the office or at other external institutes.

Assessment of the Board's Performance

The Board Self-Assessment is required once a year to serve as the framework for assessing the Board's performance during the previous year and to improve as well as to enhance work efficiency of the Board of Directors. The result of this assessment will be further considered for setting up the working guideline. The Company Secretary should deliver the performance assessment of the Board of Directors for performing self-assessment in 6 headings: (1) Board structure and qualifications (2) Roles, duties and responsibilities of the Board (3) The Board meeting (4) Duties of directors (5) Relationship with management (6) Director's self improvement and management training. The results will be presented to the Board for consideration for further development of the performance of duties.

Assessment of the Sub-Committees's Performance

The Board has assigned the Audit Committee to perform Self-Assessment once a year to serve as the framework for assessing performance during the previous year for improvement as well as enhancing work efficiency of the Audit Committee. The result of this assessment will be further considered for setting up the working guideline. The Company Secretary should deliver a performance assessment for the Audit Committee to self-assess in 3 headings: (1) The appropriateness of the Board structure and qualifications to do effective work (2) The effectiveness of the committee in performing the meetings (3) The roles and responsibilities of the committee in recognizing the importance and to spend the time to consider, review and abide sufficiently. The results will be presented to the Board for consideration.

Principle 4 Ensure Effective CEO and People Management

The Company places great importance on recruiting and developing top executives and personnel management. This is part of driving the organization in accordance with the policy and strategy set by the Board of Directors. In recruiting top management, the Board of Directors will consider the knowledge, skills, experience, and necessary qualifications.

Assessment of the Chief Executive Officer

The Board of Directors requires an annual assessment of the performance of the Chief Executive Officer by using evaluation criteria suitable to the Company as suggested by the Stock Exchange of Thailand. The Company Secretary should deliver a performance assessment of the top management to the Board of Directors to evaluate in 10 headings: (1) leadership (2) the strategic plan (3) the execution of the strategy (4) the planning and executing of debt (5) the relationship with the Board (6) the relationship with the outsiders (7) management and relationships with staff (8) the succession (9) the knowledge of products and services (10) the personal characteristic. The results will be presented to the Board for consideration.

Executive Remuneration

The Board of Directors has a policy of remunerating the Chief Executive Officer and senior management. This is in accordance with the fair policy and criteria set by the Board of Directors. Long-term salary, bonus, and incentive compensation levels are appropriately linked to the Company's performance, operations of each senior management and the workload that has increased from the expansion of the company comparing with the compensation of companies in the same industry. The Board of Directors considers the performance and remuneration of the Executive Directors and the Chief Executive Officer while the Chief Executive Officer considers the performance and compensation of the Chief Operating Officer (COO) and the Assistant to Chief Executive Officer of various divisions.

Succession Planning

The Board of Directors prioritizes and supports the development of succession planning in the position of Chief Executive Officer and/or important management positions regarded as a part of human resource strategies by taking into account the person suited to the succession plan. Meanwhile, the second Chief Executive will temporarily act for such a position. However, the permanent one must be approved by the Board of Directors to assure that such a person is professional and capable of managing the Company freely from the influence of the major shareholders or any other person.

Personnel Management

The Board of Directors has a policy to develop human resources to have knowledge and skills at all times, details are disclosed in Clause 7.5 Information about employees under the topic "Employee Training and Development Policy".

Principle 5 Nurture Innovation and Responsible Business

Business Code of Conduct

The Company has written a guidelines on the business code of conduct for the Board of Directors, Executives and all Employees to observe. Its key issues are the discretion of the Company's confidentiality, honest and law-abiding operations, respect of the legitimate rights of each other and caution of the resources, both internal and external environment. This important focus of ethics in business will bring integrity in performances and the efficiency of an internal control, resulting in faith in capital markets and confidence to establish credibility with investors.

The Company has publicized the business codes of conduct through several channels and assigned all the heads to monitor and observe an implementation of the business codes of conduct, including suggestions and consultations in the event of the arising problems beyond the stipulated business codes of conduct. Those suggestions

must comply with the law without any conflict against the Company's policy or business codes of conduct. Besides, they must not damage the Company's image and other relevant stakeholders.

In case of any violation to the business codes of conduct, the heads must undertake proper measures to correct the misconduct or give any warning. The wrongdoer is subject to any disciplinary penalty or legal punishment if such misconduct is against the laws.

The Company gives importance to the rights of all groups of stakeholders and has a policy to treat each group of stakeholders as follows:

- Shareholders: In addition to the fundamental rights, the rights specified by the laws and company's regulations include the right to attend the shareholder's meeting and vote, the right to express their opinion freely and others. The Company is committed to dealing businesses with the knowledge and management skills as best as possible in all cases with the honesty and fairness to both major and minor shareholders for the best interest of shareholders as a whole. This includes disclosure of information on a regular basis with completeness and accuracy.
- Employees: The Company will provide fair remuneration to employees, set up the provident fund, maintain good health and safety, maintain the working environment that is safe for life and property through welfare policy, privilege, safety, health and environment in the workplace, the sanitary conditions and working environment, make the rules for work safety for employees along with an appointment of the security officer in charge of monitoring it to ensure the work safety, and give an emphasis on the development of employees' potential thoroughly and consistently. It will also strictly comply with laws and regulations that are employee-related and avoid any action that is deemed unfair which may affect the career integrity of the employees as well as treat the employees with courtesy and respect to their dignity as human beings. In last year, records of accidents, absence, and ailments from work were empty.
- Clients: The Company is committed to produce products and services with quality and standards at a reasonable price while promoting the sustainable relationship by setting up its department in term of recommending the products and giving relevant suggestions to maximize the customers' satisfaction. Moreover, it is committed to very strictly and consistently maintain confidentiality of customers, relentlessly in pursuit of opportunities that will continuously benefit the customers and strictly in compliance with conditions prescribed to its clients.
- Joint Ventures: The Company respects the rights of all joint ventures, will not infringe any intellectual property and performs under the ethics as well as provides good cooperation in order to promote the success in compliance with the joint venture's objectives.
- Partners and creditors: The Company will not practice corruption in dealing businesses with its partners and creditors and is committed to comply with the terms of trade and abide by its commitment strictly prescribed with business partners and creditors, e.g. the purposes of payment, reimbursement, the regulations of the quality of collateral and any other agreements with creditors to achieve mutual benefits. In addition, The Company will manage its finance to create an appropriate financial structure to support the business and maintain the creditors' confidence. In the event that one of the terms is not fulfilled or there arises a

cause for a default, the Company must notify the creditor without concealing facts so as to jointly find solutions on a reasonable basis. In the selection of partners, the Company will consider the reasonableness of the price, quality and service received, a condition to look for and to implement is precise and do not call for money or benefits of any kind support from the partners, support the product that are environmentally friendly, avoid buying products from partners with human rights violations or intellectual property violations, not do business with suppliers that do unlawful business.

Competitors: The Company will conduct operations under the rules of good competition, will not seek competitors' confidential information by dishonest or improper means, will not infringe any intellectual property or copy right, will act against any corruption and bribe for the Company's benefit, and will not damage the reputation of its alleged competitors without unfounded grounds.

Community and Society: The Company will focus on an operation using the resources efficiently and will not take any action that may result in damage to the natural and social environment. Instead, it seeks opportunities to support creative social activities, knowledge training, and social responsibility among employees at all levels continuously and seriously as well as to promote the principle of a good citizen for the community and society in a sustainable way. Moreover, it is to control the practices or performances strictly in accordance with the spirit of the law and regulations issued by regulatory agencies and will not infringe any intellectual property.

Human Rights

The Company has established a policy for all Directors, Executives, and Employees to respect the principles of universal human rights by encouraging employees to exercise their rights as legitimate, constitutional, and legal by adhering to the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights ("UNGPs"). The Company has principles for not disclosing or transferring employees personal information such as biography, health history, work history, etc. to the public without the consent of that employee. It also emphasizes fair, equitable, and non-discriminatory labor practices and respect for human rights, both in terms of employment, compensation promotion, employee training, and development without discrimination differences in gender, age, educational institution, race, and religion and to support the employment of disadvantaged groups, such as the disabled, the elderly, to create opportunities, careers, and stable income and is part of the achievement of the Sustainable Development Goals (SDGs) of the country and the world. Violation is a disciplinary offense unless done in accordance with the Company's regulations or by law. This includes not supporting activities that violate international human rights principles and corruption, cultivate all employees not to be offensive or threatening, be it verbal or acts against others on the basis of race, gender, religion, age, physical and mental disability.

Intellectual Property or Copyright

The Company has a policy not to take any action to infringe intellectual property rights whether it is the copyright, patent, or trademark. The Company has complied with the legal requirements on intellectual property. Careful checking is required before using the work or information that belongs to the third party so as to prevent the violation of intellectual property.

Principle 6 Strengthen Effective Risk Management and Internal Control

Risk Management

The Company has realized the importance of risk management, the sufficient risk management system is then created by the Board of Directors through a working group of risk management consisting of Executives of each division. They need to take charge of risk assessment, plan and creation of risk management measures, risk assessment which might put an impact on the Company's business, and monitoring activities of risk management performed by other internal divisions. They are also required to report to the Board of Directors and Audit Committee. Indeed, risk management is the responsibility of all Executives including the installation of risk management as a part of the a culture in the organization.

Internal Control and Internal Audit

The Company has placed much importance on internal control system so that all the management and the performance level will be effective. The duties and authority of Executives and performers are defined clearly in writing. The Company's resources are controlled to be used efficiently for maximum benefits, restructuring is formed to segregate duties with checks and balances so as to give the investors' confidence that the Company operates efficiently and to increase the credibility of the financial budget.

Moreover, the Company has set up an internal audit division, under the Audit Committee and appointed the person who has thorough training from the Institute of Internal Auditors of Thailand to be responsible. The duty is to independently audit and evaluate according to the annual audit plan of the internal audit division and directly report to the Audit Committee at least once every three months.

Conflicts of Interest

The Company's policy on conflict of interest is based on a principle that the Board and all employees are required to act only in the best interest of the Company. Any actions or decisions must be free from influences of the needs of themselves, their family, relatives, siblings, or other parties of their own acquaintances. The company has established guidelines for reporting the interests of oneself and related persons to avoid taking the opportunity of being a director, executive, or employee of the Company for personal gain by establishing a policy that covers 2 matters:

- Transactions: The Company will consider the appropriateness before carefully making any transaction item or determining the price and condition of any transaction as if the Company is making a transaction with a third party (Arm's Length Basis). Also, the Audit Committee will consider and verify the necessity and reasonability of the transaction. If the Company or the subsidiary company make any transaction which is listed in the announcement of the Securities and Exchange Commission Thailand's "Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions 2003," the Company will follow the regulations, conditions, and procedures of the aforementioned announcement and reveal the said item in its annual report and registration statement (Type 56-1). This is done for the transparency of any transaction and to eliminate the problems of conflict of interest and other related situations.

- Other situations that can lead to conflicts of interest can be categorized as follows:

1. General investment: The Company will not allow its employees who are also shareholders, or those who benefit from its competitors, or vendors/suppliers who are in business contact with the Company to take part in any decision making regarding a business relationship, unless approved by the Board of Directors.

2. Receiving gifts: Personnel of all levels should not receive gifts, transportation tickets, sports tickets, travel offers, accommodation or personal offers, etc., if such action can lead the Company to any binding conditions or make the Company lose profit.

3. Accepting work in academia or public service, a lecturer post, or any position: Personnel of all levels can ask the head of their department to approve the acceptance of work in academic institutions or public service, or a lecturer post or any position such as company director or adviser that will help broaden their vision and offer them experience. However, all personnel are not allowed to involve the Company or their position in the Company with any external activity, unless approved by the Board of Directors.

Control of the Use of Insider Trading in Securities

The Company has established the policy and auditing procedure against the Company's Board members and Executives in using the undisclosed information to the public for their own trading in securities as follows.

1. The Board of Directors and Executives in charge of any duties in the Company must report their own possessions of securities to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (SET) under Section 59 and its Announcement of Sor.Chor.12/2009 on Reports and Disclosure of Securities Possessions of the Board, Executives, and Auditors as well as punishments under Section 275 of The Securities and Exchange Act 1992. These also apply to their wives and minors.

2. The Company requires its the Board of Directors and Executives to report any changes of their possessions of securities to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (SET) under Section 39 of The Securities and Exchange Act 1992 and its Announcement of Sor.Chor. 12/2009 on Reports and Disclosure of Securities Possessions of the Board, Executives and Auditors to allow the Company to detect the sales and purchases of its all the Board of Directors and Executives subject to inform the Company Secretary at least 1 day prior to trading and to the reports to the Board meeting in the following meetings to acknowledge of such matters.

3. Directors, executives and employees (including spouses and underage children) who acknowledging the essential inside information which may affect the changes of its securities must suspend their trading in securities within one month prior to the disclosure of such financial statements or information to be disclosed in public. In addition, information seen as essential cannot be disclosed to any other person. For any use of inside information which may damage the Company or its shareholders by any of the Board of Executive Committee, proper punishments will be considered by the Board of Directors. Any wrongdoers of Executives in other levels will be punished by the Board of Executive Committee.

Anti-Corruption

The Company renewed its participation in the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on August 4, 2017. because the Company has realized that this is very important. The Board of Directors has also jointly consider policies against corruption. The practical guide for good corporate governance and code of conduct has been written for the Board of Directors, Executive team and all employees to adhere to the practice. The Company prohibit the Board of Directors, Executive team and employees of the Company to perform any activities related to corruption and corrupt for direct or indirect benefits for themselves, their families, friends or acquaintances, whether they be in a position to receive or offer bribes in terms of monetary or non-monetary form to the government

agency or private company that has been doing business with the Company. Everybody needs to comply with the anti-corruption policies and corrupt strictly.

All the stakeholders including employees can directly contact or file a complaint or whistle-blowing regarding the offence, fraudulent act, or suspicion of misconducts or any matter which may directly damage the Company by the following methods

- Self-filing with the Audit Committee or Company Secretary or
- Mailing to the Audit Committee of
Asian Phytoceuticals Public Company Limited
84/3 Moo 4, Superhighway 11 Road, Ban Klang, Muang, Lamphun 51000 or
- Sending electronic mail to www.apco.co.th under the heading "Whistleblowing and Complaints"

The informant will be protected without any disclosure of his personal information to any person. The questions, complaints, and suggestions will be forwarded to the relevant authorities to detect and find out the further solutions.

Principle 7 Ensure Disclosure and Financial Integrity

The Company recognizes the importance of disclosure of accurate, complete and timely information and meets the standards of the Stock Exchange of Thailand in terms of financial reports and general information as well as other important information affecting stock prices and the decision-making process of investors and stakeholders of the Company. Moreover, to provide all the relevant information equally. The main channels for disclosing information of the Company are: The Stock Exchange of Thailand and the Company's website www.apco.co.th

The Board of Directors is responsibly aware of the significance of the accurate and reasonable financial report. The statement of the Company was prepared in accordance with the well-accepted accounting standard by the selection of appropriate accounting policies and accounting records which have enough accuracy to maintain the property. This is to identify the weaknesses in order to prevent fraud or irregularities of the material which is consistently implemented and to make sure that the financial statements are adequately disclosed. Furthermore, the Board has appointed a committee to monitor financial reports, transactions and internal control system. The Audit Committee will report the audit results to the Board in every meeting. The Board of Directors, the Audit Committee and the auditor's reports are detailed in the annual report. As for the investor relations, it is assigned to Professor Dr.Pichaet Wiriyachitra, Chief Executive Officer and Ms.Pawatsawan Niyomkrew to be responsible for communicating with shareholders, analysts and those involved

Principle 8 Ensure Engagement and Communication with Shareholders

The Rights of the Shareholders

The Company realizes and respects the rights of the shareholders by not proceeding in any action that violates the right of shareholders. Moreover, it will support the shareholders to exercise their basic rights, e.g. sale or transfer of shares, sharing of the Company's profits, receiving adequate information of the Company, attending the shareholder meetings to exercise the right to vote in the removal of directors, selecting auditors and making decisions on matters that affect the Company such as the allocation of the dividend, the provision or amendment of regulations and memorandum of association, the reduction or increase of capital, and the approval of special items.

The Company will support any matter that encourages and facilitates the exercise of rights of the shareholders as follows:

- The Company will assign the Board of Directors to provide a written appointment both in Thai and in English for shareholder meetings with adequate information for the shareholders to be notified about 30 days prior to the date of the meeting on the Company's website at www.apco.co.th before sending the document to the shareholders not less than 21 days prior to the date of the meeting or to follow the prescription of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- The shareholders have the right to propose an agenda for the shareholder meetings in advance during October- December of each year and are given opportunities to raise questions with regard to the shareholder meeting's agendas in advance until January 31 of each year. They are informed through the information system of the Stock Exchange of Thailand whereas the clear criteria and procedures are posted on the Company's website at www.apco.co.th.
- The Company used a barcode system for registration based on the reference number already included in the registration form to ensure convenience for shareholders and facilitate the registration. Registration for the Meeting started no less than 2 hours prior to the Meeting.
- In each shareholder meeting, the Chairperson will clarify the rules for the meeting including voting procedures and allocate time sufficiently for the meeting.
- The shareholders will annually approve the remuneration for the Board of Directors including meeting fees and bonus. The policies and clear criteria for such remuneration will also be informed to the shareholders.
- The Company assigned shareholders to vote for an individual director. Each director will be nominated to shareholders to vote.
- The shareholders will be given extreme opportunities to raise questions and give comments and suggestions in any meeting with the presence of the Board members and directors. After the meeting is adjourned, the Company will produce the meeting minutes by showing accurate and complete information for the scrutiny of the shareholders.
- In the case that any shareholder cannot attend the meeting by him- or herself, the Company grants an opportunity to these shareholders the privilege of authorizing any Independent Director or person to attend the meeting in his or her name by using any type of the proxy (The Company has identified recommendations for shareholders to use proxy type B This is where the shareholders can specify their vote) enclosed with the written appointment specifying the document/evidence including suggestions on how to authorize any other person without any difficulty for the shareholders.
- To facilitate the attendance of institutional investors, the Company specifies the documents and evidence to be presented on the meeting date in the letter in details. It is aimed to facilitate the meeting registration of shareholders.
- The Company had the minutes of the Shareholders' Meeting both in Thai and English. The summary of the questions of shareholders, the Board's explanation, the resolution of the Meeting and vote has been clearly explained and submitted to The Securities and Exchange Commission and the Stock Exchange of Thailand within 14 days from the date of the meeting as stipulated by law, including disseminated on the Company's website.
- The Company has no policy to block or interrupt any communication among the shareholders.

The Equal Treatment of the Shareholders

The Company will treat all shareholders equally and fairly including shareholders who are in the position of director, shareholders who are not in the position of director, foreign shareholders as well as minor shareholders with the following principles:

- The shareholders have the right to nominate any other person to be considered for the Board of Director in advance during October-December of each year. They are informed through the information system of the Stock Exchange of Thailand whereas the clear criteria and procedures are posted on the Company's website at www.apco.co.th.
- The Board of Directors will not raise an additional agenda without informing the shareholders in advance if it is not necessary, especially an important agenda that requires the shareholders time to study before making any decision.
- Even after registration time has expired, the Company also provides opportunities for shareholders who wish to attend the meeting to register and vote on agendas that have not been considered without losing their rights.
- The Company has set up a policy to prevent any unauthorized use of information by prohibiting agencies that were exposed to the information from revealing it to other agencies or non-related personals. In the event that any employee or director reveals the information or use it to benefit themselves or their accomplices, it will be considered a serious offense and will receive a disciplinary punishment.
- In a shareholder meeting, Board members and Chief Executive Officer will share information about their interests in each agenda in order for the Board of Directors to consider any transaction that may be in conflict with the interests. This will allow them to make decisions for the benefit of the Company as a whole. The Board members and the Chief Executive Officer whose interests are in conflict with the Company's will be revoked the right to vote in that agenda.
- The Company has a clear and transparent structure of stockholders without any cross holding with the major stockholders and without the pyramid structure of stockholding among the subsidiaries. This can result in no conflict of interest to any party. In fact, the stockholding structure of the Company and its subsidiaries including a complete list of securities owned by the Board of Directors are publicly revealed in the annual report.

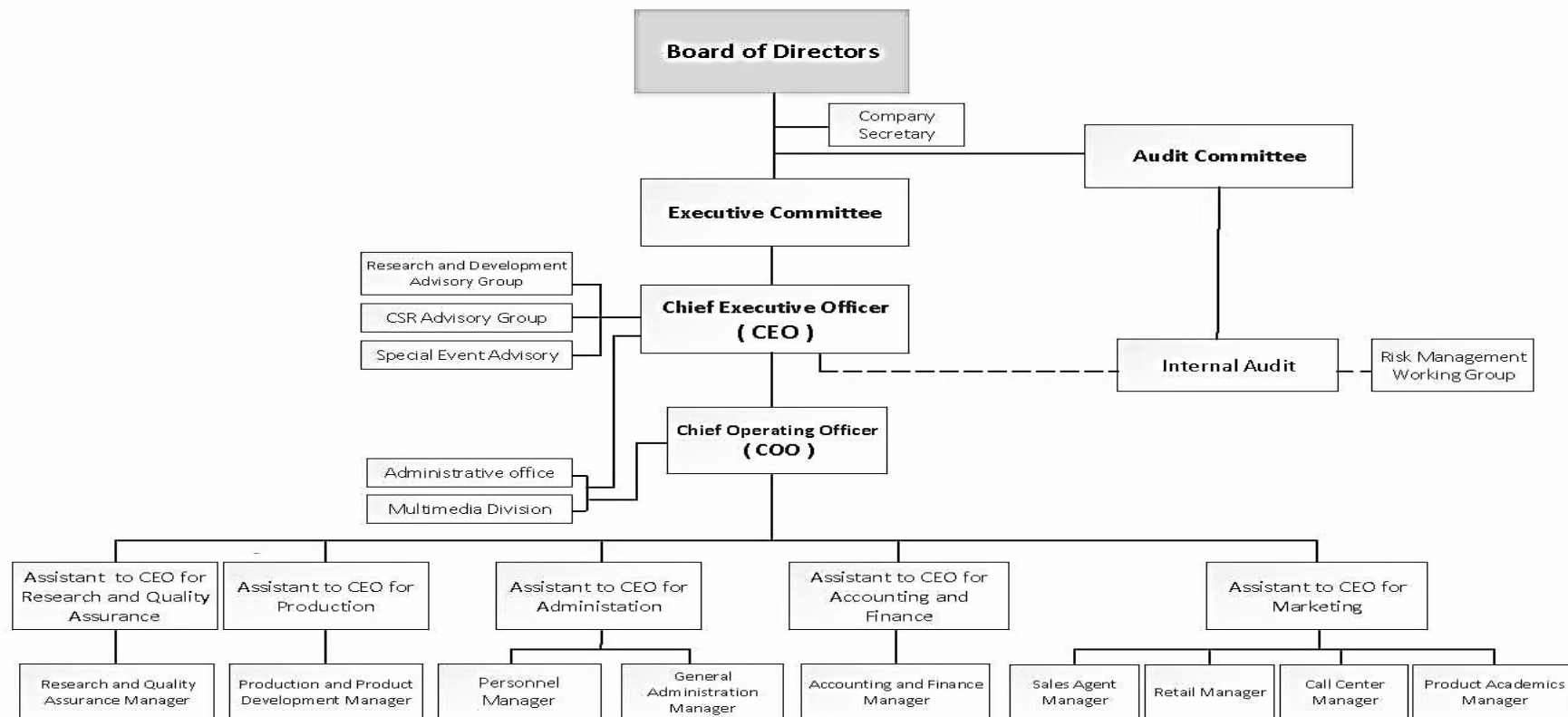
Strict and consistent implementation of the good corporate governance policy resulted in the year 2021, where the Company received awards and passed various assessments as follows:

- The Corporate Governance Report of Thai Listed Companies (CGR) for the year 2021 from the Thai Institute of Directors Association (IOD) with an overall score of 85.
- The quality assessment of the 2021 Annual General Meeting of Shareholders (AGM Checklist) by the Thai Investors Association, with an overall score of 99.
- An honorary award as a model establishment for outstanding contributions to the Social Security Fund, (making contributions in full and on time) from the Social Security Office, Ministry of Labor.

7. Corporate Governance Structure and Important Information about the Board, Sub-Committees, Management, Employees and Others

7.1 Corporate Governance Structure

As of December 31, 2021



The Corporate Governance structure of Asian Phytoceuticals Public Company Limited consists of:

- Board of Directors
- Two Sub-Committees assigned by the Board of Directors, namely the Audit Committee and the Executive Committee.
- Management team with Chief Executive Officer as the highest Executive of the Company.

7.2 Board Information

Board of Directors

As of December 31, 2021, the Company has 6 directors, consisting of

- 5 Non-Executive Directors (83.33% of the total number of directors)

These consist of 3 Independent Directors who hold the position of Audit Committee, representing 50% of the total number of directors, which is more than one-third of the total number of directors in accordance with the regulations of the Securities and Exchange Commission (SEC) and good corporate governance principles

- One Executive Director as Chief Executive Officer (16.67% of the total number of directors)

The Board of Directors has gender diversity, individual's skills and experiences that would contribute to the balance of the Board composition and benefit to the Company's business as follows:

- Diversity of gender

| | Director | Audit Committee | Total | % |
|--------|----------|-----------------|-------|-------|
| Male | 2 | 2 | 4 | 66.67 |
| Female | 1 | 1 | 2 | 33.33 |

- Diversity of expertise and experiences

| | Ms. Maleeratna Plunchitchom | Prof. Dr.Pichaet Wiriyachitra | Dr.Jingjal Hanchanlath | Assoc. Prof.Arune Wiriyachitra | Assoc. Prof. Dr.Varakorn Samakoses | Prof. Dr.Praipol Koomsup |
|--|-----------------------------|-------------------------------|------------------------|--------------------------------|------------------------------------|--------------------------|
| Science / Chemistry | | ✓ | | | | |
| Accounting / Finance / Business Administration | ✓ | | ✓ | | ✓ | ✓ |
| Economics | | | | | ✓ | ✓ |
| Law / Political Science | | | ✓ | | | |
| Humanities | | | | ✓ | | |
| Strategy and Business Plan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | Ms. Maleeratna Plumchitchom | Prof. Dr.PichaetWiriyaichitra | Dr.Jingjai Hanchanlash | Assoc. Prof.Arunee Wiriyaichitra | Assoc. Prof. Dr.Varakorn Samakoses | Prof. Dr.Praipol Koomsup |
|----------------------------|-----------------------------|-------------------------------|------------------------|----------------------------------|------------------------------------|--------------------------|
| Corporate Governance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Audit | ✓ | | | | ✓ | ✓ |
| Internal control | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Risk Management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Human Resource Development | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Innovation | | ✓ | | | | |

The list of the Board of Directors of the Company is as follows:



| First-Last Name | Tittle |
|---------------------------------------|---|
| 1. Ms. Maleeratna Plumchitchom | Independent Director / Chairperson of the Board / Chairperson of the Audit Committee |
| 2. Prof. Dr.Pichaet Wiriyaichitra | Director / Chairman of Executive Committee / Chief Executive Officer |
| 3. Dr.Jingjai Hanchanlash | Director / Executive Committee |
| 4. Assoc. Prof. Arunee Wiriyaichitra | Director / Executive Committee |
| 5. Assoc. Prof. Dr.Varakorn Samakoses | Independent Director / Audit Committee |
| 6. Prof. Dr.Praipol Koomsup | Independent Director / Audit Committee |

Assoc.Prof. Arunee Wiriyaichitra and Mr.Jutirat Promchotchai serve as Company Secretary.

The director who has authorities to sign for the Company are

- (1) Mr.Pichaet Wiriyaichitra or Ms.Arunee Wiriyaichitra signs jointly with Mr.Jingjai Hanchanlash with the Company's seal affixed
- (2) Mr.Pichaet Wiriyaichitra or Ms.Arunee Wiriyaichitra or Mr.Jingjai Hanchanlash signs with the Company's seal affixed only when requests or contacts with the government agencies or state enterprises to obtain the license, certificate

and rights, as well as doing business with private companies for normal transactions of the Company and authentication of documents and / or copies of company documents.

Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors hold the authority and responsibility to manage the Company in accordance with the law. The duties and responsibilities can be concluded as follows;

1. Arrange the annual shareholders' meeting within 4 months after the end of the Company's accounting period.
2. Arrange the Board of Directors meeting at least once every three months
3. Prepare the Company's balance sheet and income statement at the end of the Company's accounting period, have them audited by auditors and present them to the shareholders for consideration and approval.
4. The Board of Directors may authorize one director or more or other parties to perform a task under the Board of Directors' supervision, or the Board may delegate authorities to the person in a certain period of time as seen appropriate. The Board has a right to revoke the authority or change the person at any time as seen appropriate.

In addition, the Board gives authority to the managing committees to perform different tasks but the authority is limited by the Board's rights and duties. However, this authority must not give any power to the Board of Directors or the authorized person that will allow them to consider or approve the list of items that they are personally involved in, have profit or loss or have a conflict of interest with the Company or its subsidiaries. An exception is made if the approved list goes along with the Company's policy already considered and approved by the Board. All of this will be according to the law.

5. Set the Company's goals, directions, policies, plans, and budgets. Supervise the Executive Committees' administration and management as agreed in the policy. However, there are some issues that need to be approved by the shareholders first. They are the issues required by law such as the increase or decrease of capital share, the issuance of share, the sales or transfer of the Company's business, whole or partial, to other parties or the purchase or transfer receipt of other parties' business, the amendment of memorandum of association or regulations and etc.

Moreover, the Board of Directors is also responsible for ensuring that the Company complies with the laws and regulations from the Securities and Exchange Act. The regulations of the stock exchange include transactions and trades of assets in accordance with the regulations of the Stock Exchange of Thailand or other laws concerning the Company's business.

6. Examine the management structure and appoint members of Board of Directors, Chief Executive Officer and other committees as appropriate.
7. Continuously monitor the Company's performance to follow plans and budgets.
8. Unless the matter is brought to the Board of Directors prior to appointment, directors shall not engage in any business of the same type or business that is a competition of the Company, become a partner in any ordinary partnership or unlimited liability in any ordinary partnership or be a director of any private company doing the same business, whether it is done for their own or others' benefits.
9. Directors are required to immediately notify the Company in case they benefit or lose profits from, either directly or indirectly, the Company's contract, shares or the increase or decrease of other securities in the Company or subsidiaries.

Authority of Board of Directors

1. Approve the annual budget and the Company's business plan.
2. Approve the obligations regarding the Company's financial burdens such as loan agreements or guarantee.
3. Approve the investment project in a large-scale business.
4. Approve an establishment of the new company
5. Approve the purchase or sales of company's assets based on the regulations of the Stock Exchange of Thailand.
6. Approve the Company's transactions based on the regulations of the Stock Exchange of Thailand.
7. Approve the policy to increase the payment and annual bonus rates.
8. Approve the Company's financial sheets.
9. Approve the appointment of Sub-Committees.
10. Approve the new Board of Directors to substitute for those periodically retired.

The Board of Directors also takes charge of approving the transactions to comply with the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other applicable laws.

Appointment and term of the Board of Directors.

1. At every annual general meeting, one-third of all directors will retire. If the number of directors to vacate office cannot be exactly divided into three parts, the closest number to one-third shall be used.

The vacation of the directors under paragraph one, in the first and second years, shall be drawn by drawing lots. In the following years, the directors who have been in office the longest shall retire from office.

If at any given time there are many directors who have been in office for the same length of time, which is more than the number of directors who have to vacate the office at that time, such directors shall vacate their office by drawing lots.

A director who vacates the office may be re-elected to resume his office.

2. In addition to the termination of the office above. Directors retire when:

- (1) Dead.
- (2) Resigned by submitting a letter to the Company.
- (3) Disqualified or prohibited by law.
- (4) The shareholders' meeting resolves to leave with a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, and having shares amounting to not less than one-half of the number of shares held by the shareholders attending the meeting and having the right to vote.
- (5) The court ordered the removal.

3. If the director's position is vacant for any reason other than the expiration of the term, the Board of Directors shall select a person who has qualifications and does not have any prohibited characteristics by law, to be appointed as the director at the next meeting with a vote of not less than three-fourths of the remaining directors, unless the vacant agenda of the directors is less than two months.

4. In the event that the director's position becomes vacant, less than the number required to constitute a quorum, The remaining directors can act on behalf of the Board of Directors only to hold a shareholders' meeting to elect company directors to replace all vacant positions.

5. The director who has been elected to hold office according to item 3 and item 4 shall hold office only for the remaining term of the director whom he or she replaces.

Term of Office of Independent Directors

Each Independent Director has a term of 3 years with no more than 3 consecutive terms of office, unless it is unanimously approved by the Board of Directors that the extended term of office does not impair the independence of the said Independent Director.

7.3 Sub-Committees Information

The Company's Sub-Committees consist of

1. Audit Committee

As of December 31, 2021, the Company has 3 Audit Committee members consisting of Independent Directors as follows:

| First-Last Name | Title |
|---------------------------------------|---|
| 1. Ms .Maleeratna Plumchitchom | Chairperson of the Audit Committee / Independent Director |
| 2. Assoc. Prof. Dr.Varakorn Samakoses | Audit Committee / Independent Director |
| 3. Prof. Dr.Praipol Koomsup | Audit Committee / Independent Director |

Mrs. Maleerata Pluemjitchom graduated in accounting and is, therefore, knowledgeable and experienced in reviewing the accountability of the Company's financial statements and two other members of the Audit Committee, Assoc. Prof. Dr.Varakorn Samakoses and Prof. Dr.Praipol Koomsup have knowledge and experiences in economics and business administration. Ms.Jutirat Promchotchai serves as secretary of Audit Committee

Scope of Duties and Responsibilities of Audit Committee

The shareholders' annual meeting agreed to give the Audit Committee the following authorities and responsibilities:

1. Ensure that the Company has an adequately accurate and transparent financial statement by coordinating with external auditors and Executives responsible for preparing quarterly and annual financial reports. The Audit Committee may recommend auditors to review or check any items as seen necessary for the Company's auditing;
2. Ensure that the Company has an internal control and an internal audit system that is appropriate and effective;
3. Monitor the Company's compliance with existing laws and regulations governing the operation of public companies, e.g. Securities Act and Stock Exchange's regulations and other relevant commercial laws;
4. Screen, select and nominate an auditor for the Company. Propose auditing fees after considering the reliability, resource sufficiency, the amount of existing auditing work of an auditing company as well as the experiences of an appointed auditor;
5. Review the disclosure of information in case there are connected transactions or any other transactions that may be the cause of conflict of interest to ensure the accuracy and completion. Also, approve such transactions before presenting them to the Board of Directors and shareholder of the Company;
6. Review the Company's policies of financial management and risk management according to the approval of Board of Directors and Audit Committee;

7. Prepare a report on the Audit Committee's affairs as part of the Company's Annual Report, certified and signed by the Chairperson;
8. Perform and carry out any other duties and tasks as assigned by the Audit Committee.
9. Report to the Board of Directors when finding out or suspecting any of the following items or actions that could have an impact on the Company's financial standing and operation results:
 - A. Items containing a conflict of interest
 - B. Corruption or irregularity or any significant defect of internal control
 - C. Violation of laws and regulations of the Securities Act, the Stock Exchange and other relevant commercial laws.

Term of office of the Audit Committee

Each member of the Audit Committee will hold office for a term of 3 years, unless it is unanimously approved by the Board of Directors that the over-term of the office does not impair the independence of the said Audit Committee.

2. Executive Committee

As of December 31, 2021, the Company has 4 Executive Committee as follows:

| First-Last Name | Title |
|-------------------------------------|---|
| 1. Prof. Dr.Pichaet Wiriyachitra | Chairman of the Executive Committee and Chief Executive Officer |
| 2. Dr.Jingjai Hanchanlash | Executive Committee |
| 3. Assoc. Prof.Aruneer Wiriyachitra | Executive Committee |
| 4. Mr.Sakda Sreesangkom | Executive Committee |

Scope of Duties and Responsibilities of Executive Committee

The authority and responsibility to manage the ordinary business operation and management, policies, business plans, budgets, management structure, and other relevant business matters of the Company to suit the economic situations. The scope includes monitoring and following the Company's business operations in accordance with the approved policy. The duties and responsibilities can be summed up as follows:

1. Ensure that the Company operates and manages the business in compliance with the objectives, regulations, policies, orders, and resolutions of the Board of Directors and/or shareholders in all aspects.
2. Set the Company policies, strategies goals, company directions, budget plans, human resource management, investment plans, and public relations in compliance with the Board's approval. Control and supervise the appointed operation team to achieve the Company's goals.
3. Prepare annual budgets proposed by the management team and present them to the Board of Directors for consideration and approval. Furthermore, consider and approve changes and increases in annual budgets when there is no Board meeting and present them to the Board of Directors in the next meeting for approval or oath.
4. Set the organization's structure and administrative power including appointment, employment, transfer, salary structure, remuneration, bonus payment policy for directors and layoff.
5. Have a power to authorize one or more committees or any other person to operate one or more task under the supervision of the Board of Directors. Or they may delegate their authority to such a person with power in a period of time as seen appropriate. The Board has a right to revoke, withdraw or change such a person or

authority at any time when appropriate. However, they will not authorize any person who may have conflicts of interest in the operation.

6. Have the authority to approve the following financial transactions:

- A. Approval of reimbursement for normal operation expenses and procurement of properties or other services that benefit the Company in the amount of not exceeding 30 Million Baht per time, not more than 100 Million Baht per quarter. If the budget exceeds this amount, permission needs to be given by the Board of Directors.
- B. Approval of loan or open credit of the Company, including requests for bank guarantee statements for both normal business conditions and investment expenditures such as investment or property trades and loans to subsidiaries with the amount of not exceeding 20 Million Baht per time and not more than 40 Million per quarter. Permission is required from the Board of Directors if the amount exceeds 40 Million Baht.
- C. Approval of ordinary sales or services of the Company such as products sales approval and approval of contract of ordinary business operations. The amount of each transaction is not over 50 Million Baht, not over 400 Million Baht per quarter. Permission is required from the Board of Directors if the amount exceeds 40 Million Baht.
- D. Approval to pledge or mortgage the Company's assets as collateral to the Company's existing or future debt. The amount is not over 20 Million Baht per time, not over 40 Million Baht per quarter. Permission is required from the Board of Directors if the amount exceeds 40 Million Baht.
- E. Approval of opening and closing all types of accounts with banks or financial institutions with a right to set conditions of the withdrawal or other relevant legal transactions of such account.
- F. Approval of significant capital expenditures in the annual budget expenditure as specified by the Board of Directors or by the principles approved by the Board of Directors or by the temporary appointment of the Board of Directors.

Nevertheless, the Executive Committee has no authority to consider or approve transactions from which the Executive Committee gain or lose profits or transactions that have a conflict of interest with other companies or subsidiaries unless those transactions are approved and comply with the policies and regulations mutually agreed by the Board of Directors and shareholders as well as the law. However, this can be cancelled, revoked or amended through the agreement of the Board of Directors.

Term of Office of Executive Directors

According to the term of office of director.

7.4 Management Information

Management Team

As of December 31, 2021, the Company has 7 Executives according to the definition of the Securities and Exchange Commission as follows:

| First-Last Name | Title |
|-----------------------------------|---|
| 1. Prof. Dr.Pichaet Wiriyaichitra | Chief Executive Officer |
| 2. Mr. Sakda Sreesangkom | Chief Operating Officer |
| 3. Mrs. Jannatthabhorn Janprasert | Assistant to Chief Executive Officer for Production |
| 4. Ms. Sureeporn Teeyaprechaya | Assistant to Chief Executive Officer for Management |
| 5. Mrs. Apinya Ulumpanon | Assistant to Chief Executive Officer for Accounting and Finance |
| 6. Mrs. Sirithip Wiriyaichitra | Assistant to Chief Executive Officer for Research and Quality Assurance |
| 7. Ms. Ornphimol Prasertwit | Assistant to Chief Executive Officer for Marketing |

Scope of Duties and Responsibilities of Chief Executive Officer

1. Have an authority as administrator to manage, control, and operate the Company's business;
2. Implement duties assigned by the Board of Directors and/or the Executive Committee and be able to delegate power and task to other individuals as seen appropriate by Chief Executive Officer. However, no authority shall be delegated to those who may have a conflict of interest in the operation;
3. Have power to issue orders, regulations, announcements and memos to ensure that the operation complies with the Company's policies and benefits as well as to maintain the disciplines in the organization;
4. Act on behalf of the Company or be a representative to external parties in issues related to the Company and its benefits.
5. Investigate investment opportunities in order to present them to the Board of Directors and/or the Executive Committee;
6. Consider appointing consultants necessary to the operation of company business to present them to the Board of Directors and/or the Executive Committee;
7. Have authority to approve the following financial transactions:
 - A. Approval of reimbursement for normal operation expenses and procurement of properties or other services that benefit the Company in the amount of not exceeding 10 Million Baht per time, not more than 30 Million Baht per quarter. However, the amount does not include operations such as the Company's loan or trust approval or approval of investment expenditures such as investment capital trades or permanent assets. The above operations require permission from the Board of Directors and/or the Executive Committee.
 - B. Approval of ordinary sales or services of the Company such as products sales approval and approval of contract of ordinary business operations. The amount of each transaction is not over 30 Million Baht, not over 100 Million Baht per quarter. Permission is required from the Board of Directors if the amount exceeds 100 Million Baht.
8. Perform and carry out any other duties and tasks as assigned by the Company's Board of Directors and/or the Executive Committee.

In this regard, the Chief Executive Officer has no authority to consider or approve transactions from which he/she gains or loses profits or transactions that have a conflict of interest with other companies or subsidiaries unless those transactions are approved and comply with the policies and regulations mutually agreed by the Board of Directors and shareholders as well as the law. However, the Chief Executive Officer's decision can be cancelled, revoked or amended through the agreement of the Board of Directors.

Remuneration policy for the Executive Committees and top management

Remuneration for the Executive Committees and top management is in accordance with the fair policies and criteria set by the Board of Directors. Long-term salary, bonus, and incentive compensation levels are appropriately linked to the Company's performance, operations of each senior management, and the workload that has increased from the expansion of the Company. Including comparing with the compensation of companies in the same industry. The Board of Directors considers the performance and remuneration of the Executive Committees and the Chief Executive Officer. While the Chief Executive Officer considers the performance and compensation of the Chief Operating Officer (COO) and the Assistant to Chief Executive Officer of various divisions.

Remuneration for the Executive Committees and management team

| | 2021 | 2020 | 2019 |
|---------------------------|----------------------|------------|------------|
| Number of Management Team | 8 persons | 8 persons | 7 persons |
| Total remuneration (Baht) | 17,702,751 | 18,246,852 | 17,086,174 |
| Form of Compensation | Salaries and Bonuses | | |

The remuneration for the Chief Executive Officer is 4,944,000 baht per year, the same for all 3 years.

Additional Compensation

The Company has established the Retirement Mutual Fund for management team which requires each member to contribute at the rate of 3 percent of their salaries. In 2021, the Company has made contributions to the provident fund for the Executives totaling 498,378 baht.

7.5 Employees Information

Number of Employees

The Company's employees can be classified as follows.

| No. | Main Departments | Number of Employee (Person) on December 31, 2021 |
|-------|------------------------------------|--|
| 1. | Production and Product Development | 34 |
| 2. | Sales and Marketing | 34 |
| 3. | Office Administration | 23 |
| 4. | Account and Finance | 12 |
| 5. | Research and Development | 3 |
| Total | | 106 |

Employee Remuneration

The Company has set out the remuneration, privileges, and welfares based on the position and ability of all-level employees in the Company subject to the review of work performance suitable for the Company's business operations and economy compared to the business in the same industry. It is therefore to ensure that all the employees obtain the proper remuneration, privileges, and welfares. Throughout the period, the Company has no labor disputes.

The payments paid to its employees include the salary, bonus, and others applicable e.g. provident fund contributions, social security fund contributions, overtime pay, allowance totally calculated as follows.

| | 2021 | 2020 | 2019 |
|------------------------------|------------|------------|------------|
| Number of employees (Person) | 106 | 110 | 114 |
| Remuneration (Baht)* | 32,264,630 | 36,061,497 | 35,943,543 |

* excluding the remuneration paid to the Executives

Provident Fund

The Company has established the Retirement Mutual Fund for management team and employees since 2005 which requires each member to contribute at the rate of 3 percent of their salaries and the same amount will be contributed by the employers which has the proportion of the number of employees participating as follows:

| | 2021 | 2020 | 2019 |
|---|--------|--------|--------|
| Number of employees participating in the provident fund (person)* | 71 | 76 | 82 |
| The proportion of employees participating in the provident fund / Total Employees | 61.74% | 69.09% | 71.93% |

* Provident fund members give the right to only monthly employees.

The Company has the policy to support the provident fund committee to select fund managers who comply with the Investment Governance Code ("I Code") for institutional investors and is a fund manager who manages investments responsibly taking into account Environmental, Social, and Governance: "ESG". Good compliance with investment governance principles and disclose the guidelines for selecting fund managers to members. This will lead to investment management that takes into account the best interests of the provident fund members over the long term.

Significant change in the number of employees in the past 3 years

-None-

Significant labor disputes over the past 3 years

-None-

Policy on employee training and development

The Company has its policy on personnel developments mainly aimed at developing and promoting the human resources with better knowledge and understanding on their effective performance, promoting their advancements of career path, and enhancing the Company's competitiveness in its core businesses.

Therefore, the training plans for developing its human resources are divided into three sessions. Developing the Company's key potential whereas all employees are educated about its core businesses, acknowledgement of the targets and goals, and awareness of the Company's changes as well as adjustment for the future change

Developing the employee's efficacy for better knowledge and expertise by allowing them to take courses relating to their duties in order to master their work skills while providing useful books and reading materials to help promote their knowledge

Developing the leadership especially the departmental heads and other higher positions to lead the roles and teamwork to prepare for the business targets and changes

In 2021, the Employees of Asian Phytoceuticals Public Co., Ltd. have attended training courses such as:

- Calculation of employee benefits using actuarial principles 2021
- Including tax issues that need to be solved in the business of selling goods and services
- TAX ACCOUNTING, tax accounting for accurate closing of accounts
- Optimizing work for professional results.
- Fundamental accounting and financial statement analysis.
- Summary of TFRS for PAEs need to be known and changed in 2021.
- Engagement Working Program Development
- Implementation of Skill Development Promotion Act 2545 and its amendments
- Training in fire prevention and first aid knowledge.

7.6 Other Important Information

Advisory Group

The Company has two advisory groups giving advice on various aspects of operations to the Company:

Advisory Group for Research and Development consists of

1. Assoc. Prof. Dr.Ampai Panthong
2. Assoc. Prof. Dr.Souwaluk Phongpaichit
3. Assoc. Prof. Dr.Wilawan Mahabusarakam
4. Assoc. Prof. Dr.Siriwan Ong-chai
5. Assoc. Prof. Dr.Preeya Leelahagul

Their roles are to give advice on product research and development and to be a part of the research and development team in order to further improve and develop the Company's products. All the members are professors who specialize in different research fields from Chiang Mai University and Prince of Songkla University and Mahidol University

Advisory Group for CSR (Corporate Social Responsibility) consists of

1. Assoc. Prof.Arune Wiriyaichitra
2. Dr.Jingjai Hanchanlash

Their roles are to give advice on arranging activities for the society and environment such as budget sponsoring events for research and development in government-owned institutions, money and item donations for the underprivileged and victims of natural disasters and etc. Those activities are part of the Company's continuous policies to pay back to the society and environment.

and Advisor for Special Events consists of

1. Miss Natchapat Tantiwawat

In charge of developing the marketing strategies as well as directing the project's sales team of BIM Health Center.

Company Secretary

The Board of Directors has resolved to appoint Assoc. Prof.Arune Wiriyaichitra to be the Company Secretary since July 2, 2011 and on February 22, 2021, Miss Jutirat Promchotichai has been appointed as an additional company secretary (Details of the person holding the position of the Company Secretary appears in Attachment 1).

The Person taking the Highest Responsibility in Finance and Accounting and the Person Supervising Accounting

The Board of Directors has resolved to appoint Mrs. Apinya Ulumpanont as Chief Financial Officer and Ms. Jareerat Jintana as Chief Accountant from November 11, 2011. Details of the person holding the position of Chief Financial Officer and Chief Accountant appears in Attachment 1.

Head of Internal Audit

The Board of Directors has approved the appointment of Ms. Jutirat Promchotchai as the Head of Internal Audit, from April 21, 2011, details of the person holding the position as the Head of Internal Audit appears in Attachment 3.

Head of Compliance Department

The Company has not set up the compliance department. Compliance to supervise operations in order to comply with the laws, rules, regulations, policies and requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand of Thailand and other relevant government agencies under the supervision of the Company Secretary department.

Investor Relations Supervisor

The Company assigns Prof. Dr. Pichet Wiriyajitra, Chief Executive Officer and Ms. Pawatsawan Niyomkaew to deal with shareholders, analysts and related persons.

The Auditors' Remuneration

1. Audit fee: In the fiscal year 2021, the Company paid audit fees to

- The auditor's office (AST Master Co., Ltd.), the total amount is 1,200,000 baht. No other audit fee had been paid to the auditors or related parties to the auditors and the auditor's office.

2. Non-audit fee

-None-

8. Performance of Corporate Governance Report

8.1 Summary of the Performance of the Committee for the Past Year

8.1.1 Recruiting, Developing, and Evaluating Board Performance

The Company has not appointed a Nomination Committee for Directors and Executives because the Company is still small.

Factors and appointment of the Board of Directors

To elect individuals to be the Board of Directors according to the policies, the Board of APCO has considered candidates based on their gender, knowledge, competency, experiences, expertise, essential skills, and their constant participation in the Board meeting as well as qualifications specified by law. The Board of Directors must consist of at least 5 directors as specified in the Company's Articles of Association and the Board of Directors must consist of no less than half (1/2) of the total number of directors whose residency is in the Kingdom of Thailand.

Also during October to December each year, the Company has allowed shareholders the right to nominate persons to be appointed to the Board at the General Meeting of Shareholders on the basis of the Company regulation. The Board of Directors will then consider the appropriate person. After the Board has selected and been approved by the Board of Directors, the Company will propose the name to be approved by the AGM. The election of directors by the shareholders' meeting shall be in accordance with the following rules and procedures:

1. A shareholder shall have one vote for one share according to the number of shares they possess.
2. Each shareholder shall use all his or her votes under (1) to elect one or several persons as a director. However, he or she may not divide his or her votes among the candidates.
3. The persons who receive the most votes in ranking order will be elected as directors. In case the persons elected in subsequent order have equal votes, the Chairperson of the meeting shall have a casting vote.

At each annual general meeting of shareholders, one-third of the Company's directors shall retire in rotation. Should the number of directors to retire in rotation not be divisible by three, the number of directors nearest to one-third (1/3) of all directors shall retire. In the first and second year of the registration of the Company, directors shall draw lots to decide who shall retire the longest-serving directors shall retire in the third and subsequent years. Directors who retire may be re-elected.

Factors and appointment of Independent Directors

The Board of Directors considers the primary qualifications of the persons who will be Independent Directors. The qualifications of Independent Directors are considered along with the Public Companies Act, Laws on Securities and Stock Exchange, Notification of the Capital Market Supervisory Board, the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other relevant announcements and/or regulations. Other qualifications are also considered such as work experiences and competency. The selected persons shall be presented to the shareholders for formal appointment. Independent Directors shall consist of one-third (1/3) of all directors and no less than 3 persons.

Qualifications of Independent Directors

1. Holding not more than 1% of the total shares with voting rights of the Company, a subsidiary or associated company thereof, a person with controlling interest or a juristic person with a potential conflict of interest. The amount of shares includes those held by related parties.
2. Not or never being a director involved in management, an employee, staff or consultant with a regular salary or a person with controlling interest in the Company, a subsidiary, associated company or affiliate thereof, a major shareholder or a juristic person with a potential conflict of interest, except that such characteristics have lapsed for at least two years. Furthermore, the above prohibited qualifications do not include cases where individuals were government officials or consultants to government institutions that are major shareholders or have a controlling authority over the Company.
3. Not having a relation by blood or lawful registration as father, mother, spouse, sibling, offspring, including spouse of the offspring of an Executive, a major shareholder, a person with controlling interest or a person being nominated as an Executive or a person with controlling interest of the Company and a subsidiary thereof.
4. Not having or never having a business relationship with the Company, a subsidiary or associated company thereof, or a juristic person with a potential conflict of interest in a manner that may impede the exercise of his/her independent judgment, including a person being or having been a major shareholder, a Non-Independent Director, or an Executive with a business relationship with the Company, a subsidiary or associated company thereof, or a juristic person with a potential conflict of interest, except that such characteristics have lapsed for at least two years prior to the appointment.

The business relationship above includes normal transactions of business, rent or lease of real property, transactions related to assets or services, or a provision or receipt of financial assistance by receiving or granting a loan, guarantee, allowing the use of an asset as collateral for a debt, including other similar acts that result in the Company or its party being liable to the other party from three percent of a tangible asset or 20 Million Baht, whichever is smaller. The calculation of such obligation shall comply, mutatis mutandis, with the method used in the calculation of connected transactions under the Office of the Securities and Exchange Commission's Notification Re: Information Disclosure and Practices of Listed Companies on Connected Transactions. The amount of the obligation shall include the amount incurred one year prior to the date of business relationship with the same person.

5. Not or never being an auditor of the Company, a subsidiary or associated company thereof, or a juristic person with a potential conflict of interest and not being a major shareholder, Non-Independent Director or managing partner of an audit firm which has its auditor as an auditor of the Company, a subsidiary or associated company thereof, or a juristic person with a potential conflict of interest, except that such characteristics have lapsed for at least two years.
6. Not or never being a provider of any professional service including legal service or financial advisor service with a service fee amounting to over two Million Baht per year from the Company, a subsidiary or associated company thereof, or a juristic person with a potential conflict of interest. In case the professional service provider is a juristic person, a major shareholder, Non-Independent Director, Executive, or managing partner of the professional service provider is included, except that such characteristics have lapsed for at least two years prior to the appointment.
7. Not being appointed to represent a director, major shareholder or related person of a major shareholder of the Company such as having a shareholders agreement on the election of the directors to represent and look after the benefit of a particular group of shareholders.

8. Not being a director of other listed companies, which is the parent company, subsidiary or same level subsidiary. Not being a director who participates in administration, service and staff section or a permanent consultant with a regular salary. Not being a shareholder of more than 1 percentage of all voting shareholders belonging to other listed companies that are the competitors of the Company and subsidiaries.
9. Being able to perform duties, or express opinions or reports as assigned by the Board of Directors without any characteristics, which render him/her incapable of expressing independent opinions with regard to the Company's business affairs. Being free from influences of a particular individual or group of people or circumstances that may affect his/her explicit opinion expression.

Factors and appointment of Audit Committee

The Board of Directors will appoint the Audit Committee, consisting of at least 3 members from the Independent Directors. The extended qualifications of Audit Committee are as follows:

1. Not being a director appointed to by the Board of Directors, where he or she is allowed to make any decision on company business, parent company, subsidiaries, associate company or same level subsidiary, major holders or persons with controlling power of the Company.
2. Not being a director in any registered parent company, subsidiaries or same level subsidiary.
3. Having enough knowledge and experiences to perform as Audit Committee. The Audit Committee must be able to devote sufficient time to perform the duties of Audit Committee.
4. Not being a director of over 5 listed companies since it might influence the performance of one company unless he/she is an important part in providing advice to companies and able to allocate appropriate time for the Company.
5. At least one Audit Committee shall have enough knowledge, comprehension or experience in accounting to perform a reliable audit of financial report.

8.1.2 Meeting attendance and remuneration for individual directors

In the year 2021, details of the Annual General Meeting of Shareholders, Board of Directors' meetings and the number of directors' meetings attendance will be 100 percent of the whole meeting as follows:

| First-Last Name | Title | Record of Meeting Attendance (Times) | | |
|---------------------------------------|--|--------------------------------------|--------------------|------------------|
| | | AGM | Board of Directors | |
| | | (Physical Meeting) | (Physical Meeting) | (Hybrid Meeting) |
| 1. Ms. Maleeratna Plumchitchom | Independent Director / Chairperson of the Board / Chairperson of the Audit Committee | 1/1 | 1/1 | 4/4 |
| 2. Prof. Dr.Pichaet Wiriyaichitra | Director / Chairman of the Executive Committee / CEO | 1/1 | 1/1 | 4/4 |
| 3. Dr.Jingjai Hanchanlash | Director / Executive Committee | 1/1 | 1/1 | 4/4 |
| 4. Assoc. Prof. Arunee Wiriyaichitra | Director / Executive Committee | 1/1 | 1/1 | 4/4 |
| 5. Assoc. Prof. Dr.Varakorn Samakoses | Independent Director / Audit Committee | 1/1 | 1/1 | 4/4 |
| 6. Prof. Dr.Praipol Koomsup | Independent Director / Audit Committee | 1/1 | 1/1 | 4/4 |

Directors' Remuneration

The Company has determined the remuneration for the directors at the same level with the same type of industry with regard to the appropriateness and consistency with the responsibilities of the Board, which can motivate the organization to operate both short and long term goals, before presenting to the shareholders' meeting for final approval.

(1) Monetary Remuneration

The 2021 annual general meeting of shareholders which was held on April 19, 2021 has specified the remuneration for Board members, Audit Committee and Executive Committee in the form of Board meeting allowance and Independent Directors' bonus as displayed in the following table

| Title | Meeting Allowance |
|---------------------------------------|-------------------|
| <i>The Board of Directors meeting</i> | |
| Chairperson of the Board | 20,000 Baht/time |
| Director | 15,000 Baht/time |
| <i>Audit Committee meeting</i> | |
| Chairperson of the Audit Committee | 20,000 Baht/time |
| Audit Committee | 15,000 Baht/time |
| <i>Executive Committee meeting</i> | |
| Executive Committee | 12,000 Baht/time |

Note: Directors participating in the administration will not receive meeting allowances because they have received remuneration in the form of salary.

The bonus of the Independent Directors for the year 2021 which is the bonus from the revenue from sales of 2020 is at the rate of 0.125 percent. The said bonus shall be averaged by the number of the Independent Directors.

Remuneration for directors regarding the meeting allowance and Independent Directors' bonus is summarized in the following table

| First-Last Name | 2021 | | | |
|--|--|--|---|--------------|
| | Meeting Allowance as Company's Board | Meeting Allowance as Audit Committee | Annual Independent Directors' bonus | Total (Baht) |
| 1. Ms. Maleeratna Plumchitchom ^{/1, /2, /4} | 100,000 | 80,000 | 103,219 | 283,219 |
| 2. Prof. Dr.Pichaet Wiriyachitra | - | - | - | - |
| 3. Dr.Jingjai Hanchanlash ^{/3} | 75,000 | - | - | 75,000 |
| 4. Assoc. Prof.Arune Wiriyachitra | - | - | - | - |
| 5. Assoc. Dr.Varakorn Samakoses ^{/4} | 75,000 | 60,000 | 103,219 | 238,219 |
| 6. Prof. Dr.Praipol Koomsup ^{/4} | 75,000 | 60,000 | 103,219 | 238,219 |

Note : ^{/1} Chairperson of the Board

^{/2} Chairperson of the Audit Committee

^{/3} Executive Committee

^{/4} 2021 Bonus for the Board is paid to the Independent Directors, calculated from the 2020 sales

(2) Additional Remuneration

-None-

8.1.3 Supervision of Subsidiaries and Associated Companies

Policy on Supervision of Operations of Subsidiaries and Associated Companies

The Company has the policy to nominate and exercise voting rights to appoint persons to be directors of subsidiaries or affiliated companies subject to the approval of the Board of Directors. The persons who are appointed as directors in subsidiaries or affiliated companies are responsible for action in the best interests of that subsidiary or associated company. The Company assigned the appointed person to be approved by the Board of Directors, before going to vote or exercise the right to vote on important matters at the same level that it requires approval from the Board of Directors, if it is operated by the Company itself.

In addition, in the case of a subsidiary, the person appointed by the Company must ensure that the subsidiary has regulations on connected transactions that are consistent with the Company acquisition or disposition of assets or any other significant transaction to be completed and correct and to apply the above disclosure and transaction rules in the same manner as the Company's criteria, including the needs to supervise the storage of information and accounting records of subsidiaries so that the Company can check and compile to prepare the consolidated financial statements on time as well.

8.1.4 Following up to Ensure Compliance with Corporate Governance Policies and Practices

The Company realizes the importance of good corporate governance by establishing policies and guidelines related to the corporate governance policy of the Company and business ethics, along with promoting real action to build confidence among all groups of stakeholders.

Over the past year, the Company has followed up to ensure compliance with good corporate governance, covering the following matters:

| Code of conduct according to CG Code | Performance in the past year |
|--|---|
| 1. Reviewing the vision, mission, goals in business operations | In 2021, the Board of Directors has jointly reviewed the Company's vision, mission, business goals as disclosed in the topic "Vision, Objectives, and Operating Objectives of the Company as a whole". |
| 2. Violation of regulations by regulators | In 2021, the Company has not acted in violation of regulations of regulatory agencies such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). |
| 3. Directorship in other companies of the directors | In 2021, none of the 6 directors of the Company holds director positions in more than 3 listed companies, or more than 5 listed companies and non-listed subsidiaries. |
| 4. Board meeting | In 2021, there were a total of 5 Board of Directors meetings (Physical 1 time, Hybrid 4 time), 4 Audit Committee meetings (Physical 1 time, Hybrid 3 times), with an attendance rate of both individual directors at 100 percent of the entire meeting of the year. |

| | |
|---|--|
| 5. Director development | <p>Currently, all 6 directors (100%) have attended training courses related to their roles and duties. Organized by the Thai Institute of Directors Association (IOD) : The Director Certificate Program (DAP) and the Director Accreditation Program (DCP), totaling 4 and 3 persons, respectively.</p> <p>In 2021 the directors shared their knowledge by being a lecturer who provides knowledge in various courses as follows:</p> <ul style="list-style-type: none"> ● Public Economy Administration for Executives, Class 19 and 20, King Prajadhipok's Institute |
| 6. Performance evaluation of the Board of Directors | Board of Directors' performance assessment for the Year 2021 was assessed by self-assessment 6 out of 6 directors have overall average score of 3.95% (good-excellent). |
| 7. Performance evaluation of the Sub-committees | By self-assessment of the Audit Committee totaling 3 out of 3 persons with the overall average score is 4.00% (excellent) and the self-assessment of the Executive Committee totaling 3 out of 3 persons with the overall average score of 3.93% (good – excellent) |
| 8. Performance evaluation of the top management | Annual performance assessment results in 2021 of Chief Executive Officer by the assessment of the Board of Directors has overall average score of 3.93% (good – excellent) |
| 9. Important disclosures | <p>In 2021, Chief Executive Officer including the investor relations section have disclosed both financial reports and general information accurately, completely, transparently, and on time through the following channels:</p> <ul style="list-style-type: none"> ● The Stock Exchange of Thailand, 9 times. ● Newsletters via LINE application and e-mail to shareholders 38 times. ● Meeting with Investors Opportunity day 3 time. ● Mass media, newspaper, magazine, journal, television. ● The Company's website (www.apco.co.th) and various social media. |
| 10. Corruption offenses | In 2021, there were no cases where the Board of Directors committed fraud (Fraud). There is no news or cases of fines, accusations, or civil cases by regulators or the National Anti-Corruption Commission (NACC). |
| 11. Resignation due to corporate governance issues | In 2021, there was no case of the non-executive board of directors resigning due to corporate governance issues of the Company. |
| 12. The offense comes from ethical issues. | In 2021, there were no cases that Company's directors commit a crime on ethical issues. |

In addition, the Company has followed up to achieve the following 4 issues of good corporate governance as follows:

(1) Prevention of Conflicts of Interest

The Company has established a policy that the Board of Directors, Executives, and Employees must perform their duties for the best interests of the Company only. In the event that any person has a conflicts of interest or is involved in a transaction, such person must notify the Board of Directors meeting and do not take part in the consideration of such transactions.

In the past year, the Company has investigated cases that may cause conflicts of interest and no transactions that may cause a conflict of interest were found.

(2) Using inside information for profit

The Company has established a policy to govern the use of inside information for benefits to prevent the use of the information for the trading of the Company's securities. In this way, the Board of Directors and the Executives, including the departments involved with important information, do not trade in the Company's securities during one month before the financial statements or inside information are disclosed to the public and requiring Directors and Executives to notify the Company at least 1 day before trading securities. In addition, the Board of Directors and the Executives are required to report changes in their securities holding to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the date of change holding of securities and to notify the Company secretary in order to record the changes and summarize the number of securities of individual Directors and Executives to present to the Board of Directors in the next meeting.

In recent years, the Board of Directors and the Executives were not found trading securities during the period specified to stop trading. This is the use of inside information that is implied in a way that makes the Company or the shareholders have been damaged or to find wrongful benefits for oneself or others.

Possessions of securities owned by Board of Directors and Executive Committee

| First-Last Name | Title | Balance as of | | Increase (Decrease) during the year |
|---|--|-------------------------|-------------------------|---|
| | | Jan.1, 2021 | Dec. 31, 2021 | |
| 1. Ms. Maleeratna Plumchitchom | Independent Director / Chairperson of the Board / Chairperson of the Audit Committee | - | - | - |
| 2. Prof. Dr.Pichaet Wiriyaichitra | Director / Chairman of the Executive Committee / CEO | 295,560,500 | 295,560,500 | - |
| 3. Dr.Jingjai Hanchanlash - Spouse | Director / Executive Committee | 5,212,187 12,818,169 | 5,212,187 12,818,169 | - - |
| 4. Assoc. Prof. Arunee Wiriyaichitra | Director / Executive Committee | 92,204,144 | 92,204,144 | - |
| 5. Assoc. Prof. Dr.Varakorn Samakoses - Spouse | Independent Director / Audit Committee | - 29,754 | - 29,754 | - - |
| 6. Prof. Dr.Praipol Koomsup | Independent Director / Audit Committee | - | - | - |
| 7. Mr. Sakda Sreesangkom | Chief Operating Officer | 8,000,000 | 8,000,000 | - |
| 8. Ms. Jannatthabhorn Janprasert | Assistant to Chief Executive Officer for Production | 219,561 | 219,561 | - |
| 9. Ms. Sirithip Wiriyaichitra | Assistant to Chief Executive Officer for Research and Quality Assurance | 217,695 | 221,695 | 4,000 |
| 10. Ms. Sureeporn Teeyaprechaya | Assistant to Chief Executive Officer for Management | 325,243 | 325,243 | - |
| 11. Ms. Apinya Ulumpanon | Assistant to Chief Executive Officer for Accounting and Finance | 400,963 | 400,963 | - |
| 12. Ms. Ornpimol Prasertwit | Assistant to Chief Executive Officer for Marketing | 260,194 | 260,194 | - |

(3) Anti-corruption

The Company renewed its participation in anti-corruption project, the Collective Anti-Corruption (CAC) project on August 4, 2017.

The Company has operated in accordance with the anti-corruption and corruption policy as follows:

(1) The Company has communicated to both Directors, Executives, and Employees to strictly adhere to the anti-corruption and corruption policy.

(2) The Company provides a channel for reporting if any violations are found or if seeing acts of corruption. Protection measures have covered for the reporter.

The Company has disclosed details of policies and actions to prevent involvement with corruption on the Company's website, www.apco.co.th, under the topic of good corporate governance.

In the past year, the Company has not received any complaints related to corruption, violations, or non-compliance with laws, regulations, requirements, orders, and announcements of the Company. Including good corporate governance and the Company's business ethics.

(4) Whistleblowing

The Company has provided a channel for all stakeholders including employees to contact/complain/report clues about rights violations, offense incidents of fraud or suspected fraud, or matters that may directly cause damage to the Company via mail or the Company's website. Informants will be protected in accordance with the measures of the Company.

In the past year, the Company has not received any complaints or whistleblowers regarding fraud or violations of the Company's policies and practices.

8.2 Report on the performance of the Audit Committee for the past year

In the year 2021, details of the Audit Committee meetings and the number of their attendance are as follows:

| First-Last Name | Title | Record of Meeting Attendance (Times) | |
|---------------------------------------|---|--------------------------------------|------------------|
| | | (Physical Meeting) | (Hybrid Meeting) |
| 1. Ms. Maleeratna Plumchitchom | Chairperson of the Audit Committee / Independent Director | 1/1 | 3/3 |
| 2. Assoc. Prof. Dr.Varakorn Samakoses | Audit Committee / Independent Director | 1/1 | 3/3 |
| 3. Prof. Dr.Praipol Koomsup | Audit Committee / Independent Director | 1/1 | 3/3 |

The Audit Committee held a total of 4 meetings (1 Physical Meeting and 3 Hybrid Meetings) and attended meetings with the management, internal auditor, and auditors to acknowledge, give approval, join discussions, and exchange ideas on various matters, covering the following matters.

1. The Audit Committee has oversight of the internal audit department. This covers the main mission, scope of work, scope of duties and responsibilities, independence in performing audit work. By reviewing and approving the 2021 internal audit plan prepared in accordance with the Company's risk assessment. There is an opinion that the performance of the Company's internal audit department is independent, suitable, adequate, and effective.

2. The Audit Committee has approved the quarterly and annual financial statements for the year 2020 which have been reviewed and audited by the auditor, before presenting to the Board of Directors for approval. The auditors and management were inquired about the accuracy, completeness of the financial statements, the adequacy of disclosures, as well as the exercise of their discretion in preparing the financial reports. There is an opinion that the Company's financial reporting process has adequate control, to ensure that the Company's financial reports are correct in accordance with accounting standards and adequate disclosure of information.

3. The Audit Committee has reviewed the risk management system by reviewing the management's risk management report on various risk factors and things that need to be corrected in order to be in line with the established policies and strategies, to assess whether the current risk management policies and strategies cover all types of risks and has implemented such policies and strategies with efficiency and effectiveness.

4. The Audit Committee has supervised the Company to operate in accordance with good corporate governance principles, in order to operate in a transparent manner. This includes the consideration of connected transactions or transactions that may lead to conflicts of interest to ensure that such transactions are reasonable and in the best interest of the Company.

5. The Audit Committee has considered proposals to appoint an auditor, including the determination of the audit fee for the year 2021, by considering its performance and independence. With a resolution to propose to the Board of Directors to seek approval from the shareholders' meeting to appoint an auditor from AST Master Co., Ltd. to be the auditor for the year 2021 for another term including the determination of the audit fee.

6. The Audit Committee has a meeting with the auditor without the management attending (Private Session) every year at least once a year.

9. Internal Control and Related Transactions

9.1 Internal Control

The Company puts importance on internal control for efficiency. To achieve the Company's objectives, we focus on comprehensive internal controlling programs that are suitable with our business model in order to enhance efficiency in human resources management and assets and property maintenance. We are also equipped with highly-efficient accounting and financial reporting system that are credible and compliant with related rules and regulations. The Company conducts an internal audit who work independently in assessing and evaluating. The Company's Board assigns the Audit Committee to review the internal audit report and provide advice on the development plan of internal auditing system regularly.

9.1.1 Sufficiency Assessment of Internal Control System by the Board of Directors

In the Board of Directors' Meeting No. 1/2022 on February 28, 2022, with the Board of Directors, 3 Independent Directors and Audit Committee also attended the meeting convened and assessed the availability and appropriateness of the Company's internal control in accordance with the Assessment of the adequacy of the internal control system, which developed by the Securities and Exchange Commission (SEC) in accordance with the COSO 2013 Framework Guidelines while discussing about proper actions of a good internal control system. The assessment of its internal control system consists of five components which include control environment, risk assessment, control activities, information and communication, and monitoring activities. They all agreed that the Company's internal control system was sufficient and appropriate, able to protect company assets from improper or powerless use by Directors or Executives and no report of faults relating to the major internal control was found. The Company has set up the internal audit section to assess the Company freely and present the result directly to the Audit Committee and assist the Audit Committee to perform its task effectively. The assessment conducted by the outside independent experts subject to the standard performance will be conducted later when necessary. However, the Audit Committee put an emphasis on strict operations under the Company's corporate governance to promote its performance with transparency and efficiency.

9.1.2 Internal Audit Policy

The Company has its own policy to conduct the internal control under the international standards for internal audit. Therefore, it appointed Ms.Jutirat Promchotchai, as the Company's internal auditor and as the secretary to the Audit Committee because Ms.Jutirat Phromchotchai is an experienced internal audit and has received training in courses related to the internal audit operations such as the Certified Professional Internal Audit of Thailand (CPIAT) and courses organized by other departments as well as being a person with knowledge and understanding of the activities and operations of the Company. The results of internal audit will be presented to the Audit Committee at least every three months. In this regard, the internal auditor will conduct the risk assessment and prepare the internal audit plan each year, perform the audit and monitor the results of system improvement, and directly report to the Audit Committee at least every quarter. The main objective is to assess the efficiency and sufficiency of the internal control system, operation, implementation of policy and relevant operational guidelines, and reliability of the Company's financial statements. The internal auditor has audited the Company's performance and given some suggestions to improve the work performance whereas the Executives always pay their attention and conduct an improvement as recommended by the internal auditor.

In this regard, any consideration and approval, appointment, removal, and transfer of the person in charge of the head of internal auditor shall be approved (or given a consent) by the Audit Committee. The qualifications of a person holding the position shown in Attachment 3.

9.2 Related Transactions of the Company Group and Persons who may have a Conflict of Interest

| Relevant Person(s) or Juristic Person(s) and Relationships | Description | Transaction Value (Baht) | | | Balance (Baht) | | | Necessity and Reasonability | Auditor Committee's Opinion |
|--|---|--------------------------|-----------|-----------|----------------|--------------|--------------|--|---|
| | | 2021 | 2020 | 2019 | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2019 | | |
| Arun Pittaya Co.,Ltd. <u>Relationship</u> Board members and shareholders; Mr.Pichaet Wiriyachitra and Ms.Arune Wiriyachitra hold 64.63% of shares in APCO and 100% of shares in Arun Pittaya Co.,Ltd. | Royalty fee for research and product development /Payable | 5,821,581 | 6,438,941 | 5,873,388 | 655,517 | 693,075 | 612,742 | Such remuneration is for the research and product development (not the copyright fees) for the products made from mangosteen and Garcinia developed by Dr.Pichaet Wiriyachitra on behalf of Arun Pittaya Co.,Ltd., which has developed these products from the past to present and to the future. The Company agreed to pay remuneration for the research and development in percentage 5% from sales volumes made from the factory, and 2% from sales volumes of branch offices. | Such transaction is reasonable for Mr.Pichaet Wiriyachitra, who does research and develop the products for the Company. |
| | Rental fee | 420,000 | 420,000 | 420,000 | - | - | - | The transaction is for the rental fee of Chiang Mai Branch Office at the rate of 35,000 Baht per month. The lease contract is 1 year term, starting from July 1, 2021 – June 30, 2022. The rate has been the same rate since the year 2011, with no addition of rental fee. | The transaction is reasonable and it is the same rate. |

| Relevant Person(s) or Juristic Person(s) and Relationships | Description | Transaction Value (Baht) | | | Balance (Baht) | | | Necessity and Reasonability | Auditor Committee's Opinion |
|---|----------------------------------|--------------------------|-----------|-----------|----------------|--------------|--------------|---|--|
| | | 2021 | 2020 | 2019 | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2019 | | |
| Juristic Body Ms.Arune Wiryachitra And Ms.Wipa Wittayaveroj <u>Relationship</u> Board Members and Shareholders; (Totally shareholding 15.47%) | Rental fee | 78,0000 | 156,000 | 156,000 | - | - | - | The transaction is for the rental fee of Surat Thani Branch Office at the rate of 13,000 Baht per month. The lease contract is 1 year term, starting from July 1, 2021 – June 30, 2022. However, the lease agreement was terminated at the end of the contract due to branch relocation | The transaction is reasonable and it is the same rate. |
| Bim Health Center Co.,Ltd. <u>Relationship</u> An associate company; APCO holds 49.99% of shares in this company. | Product Sales/ Receivable | 4,509,880 | 4,231,348 | 2,529,319 | 304,290 | 659,470 | 248,775 | This transaction is another distribution channel for the Company whereby the Company can distribute the product at the market price equivalent to the outsiders. | The transaction is normal. |
| | Other Income / Other Receivables | - | 18,387 | 216,943 | - | - | 55,525 | APCO Charges Management Fee from Bim Health Center Co., Ltd. | The transaction is normal. |

| Relevant Person(s) or Juristic Person(s) and Relationships | Description | Transaction Value (Baht) | | | Balance (Baht) | | | Necessity and Reasonability | Auditor Committee's Opinion |
|---|----------------------------------|--------------------------|---------|------|----------------|--------------|--------------|--|-----------------------------|
| | | 2021 | 2020 | 2019 | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2019 | | |
| Hisold Digital Co.,Ltd. <u>Relationship</u> An associate company; APCO holds 49.99% of shares in this company. | Product Sales/ Receivable | 1,779,028 | 889,570 | - | 204,000 | 951,840 | - | This transaction is another distribution channel for the Company whereby the Company can distribute the product at the market price equivalent to the outsiders. | The transaction is normal. |
| | Other Income / Other Receivables | - | 550,460 | - | - | 550,460 | - | APCO Charges Management Fee from Hisold Digital Co., Ltd. | The transaction is normal. |
| APCO China Co.,Ltd. <u>Relationship</u> An associate company; APCO holds 49.99% of shares in this company. | Other Income / Other Receivables | 319,575 | 142,100 | - | 461,675 | 142,100 | - | APCO Charges Management Fee from APCO China Co., Ltd. | The transaction is normal. |

9.2.1 Measures or Approval Procedures for Inter-Company Transactions

The Company and its subsidiaries ensure transparency in measures or approval procedures of inter-company transactions with the principle of fairness while protecting the benefits of the Company and its subsidiaries as our priority. In handling the issue with individuals who may have conflict of interest, the issue needs to be reported to the Audit Committee for consideration and approval for the ultimate benefits of each transaction and also to protect investors and related parties. In dealing with such transaction, rules, regulations, requirements, orders and conditions of the Securities and Exchange Commission (SEC) or concerned laws need to be strictly followed and observed. Those who may have conflict of interest or their benefits or loss are at stake in such transaction shall have no participation in approving such transaction.

As for a normal trade transaction i.e. purchasing of a product or product selling, etc., the Company has the right to set conditions and requirements in line with normal trade transaction, fair practices, and market prices which can be used as a reference point incurring to external parties. The Company's Audit Committee is in charge of deliberating the issue and granting the approval as well as reporting to the Company's Board every quarter. The justification of the transaction will be deliberated based upon the market price including other factors such as conditions and the inevitable business impacts i.e. delivery timeline, specific characteristics of a product, etc. for the ultimate benefit of the Company.

The future guideline on setting the rental rate for a renewal of lease contracts between relevant people and the Company or the Company and relevant people will be based on the rates applicable at present. In the event of any addition to the rental rates, the evaluation company as approved by the Securities and Exchange Commission will evaluate the rental fees and/or utilize the rental fees of nearby places. In this regard, the Audit Committee will take charge of consideration and approval for such transaction regarding the reasonability and necessity while keeping the Board of Directors informed every quarter.

9.2.2 Tendency of Future Inter-Company Transactions

For future inter-company transactions, conditions shall be set according to normal trade characteristic by using market price and its appropriate conditions as a reference point. The Company and/or its company group will have the Audit Committee or Independent Directors provide the opinion about the remuneration rate and the necessity as well as the appropriateness of such transaction. Should there be a transaction processed by a person that may have conflict of interest in the future, the Company will apply rules, regulations, announcement and/or requirements of SEC and/or Stock Exchange of Thailand to the case whereby the Company may have independent specialists or the Company's audit or provide the opinion on the transaction which will be used to support the deliberation of the Board or shareholders, depending on each case. The Company shall disclose the inter-company transactions in the appendix attached to audited financial budget and publish it in the Company's annual report.

Part 3

Financial Statements

Report of the Board of Directors' Responsibilities for Financial Statements

The financial statements of Asian Phytocueticals Public Company Limited have been prepared in accordance with the regulations of the Securities and Exchange Commission, the Securities and Exchange Act B.E. 2535, and the notification of the Department of Business Development, issued under the third paragraph of Section 11 of the Accounting Act B.E. 2000 and comply with the financial reporting standards set by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements of Asian Phytocueticals Public Company Limited, to ensure that it shows the financial position, results of operations and cash flows for the year ended December 31, 2021, by providing accounting records that are accurate, complete, and sufficient to maintain assets, as well as preventing fraud and abnormal operations. In the preparation of financial statements, the appropriate accounting policy has been selected, as well as using careful and reasonable discretion in the preparation of the Company's financial statements and practice, including adequate disclosure of important information in the notes to the financial statements, and the financial statements have been audited and given an unbiased opinion from an independent licensed auditor.

In this regard, the Board of Directors has appointed the Audit Committee, which consists of 3 independent directors, to review the quality of financial statements and the adequacy of the internal control system. The auditor has commented that the Company's operation is efficient and effective, has a good internal control system, did not find any significant issues or defects. The opinion of the Audit Committee on this matter appears in the Audit Committee's report which is presented in this annual report.

Maleeratna Plumchitchom
(Ms.Maleeratna Plumchitchom)
Chairperson of the Board

Pichaet Wiriyaচিত্রা
(Prof.Dr.Pichaet Wiriyaচিত্রা)
Chairman of the Executive Committee

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

EXPRESSED IN THAI BAHT

Independent Auditor's Report

To the Board of Directors and Shareholders of
Asian Phytochemicals Public Company Limited

Opinion

I have audited the accompanying financial statements in which the equity method is applied of **Asian Phytochemicals Public Company Limited** ("the Company"), which comprise the statement of financial position in which the equity method is applied as at 31 December 2021, and the related statements of comprehensive income in which the equity method is applied, changes in shareholders' equity in which the equity method is applied and cash flows in which the equity method is applied for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of **Asian Phytochemicals Public Company Limited** for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Asian Phytochemicals Public Company Limited** as at 31 December 2021, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.



Key audit matter and how audit procedures respond are described below.

Revenue Recognition

The Company generally recognizes revenues when the control of goods have been transferred to the customers. The Company's revenues from sales are considered as a material amount to the statement of comprehensive income. In addition, the Company's revenues from sales typically derives from multi-channel distribution, for example sales through agents, sales through referrals by call center and other channels. Because of the diversity of distribution channels, the Company requires the special considerations of the net consideration from customer and the timing that the Company transfers the control of goods to customer. Therefore, I determine that this matter is significant to my audit.

I conducted the audit to obtain the reasonable assurance that the Company recognized revenues in compliance in accordance with the Company's accounting policies by understanding the process and testing the effectiveness of significant internal controls related to revenue recognition. I focused on the test that responded to the accuracy and the timing in which revenues were recognized in the Company's financial statements. I tested the samples of sale transactions to determine the amount of consideration expects to be entitled to, in order to verify the accuracy and the appropriateness of the revenue recognition and to determine whether they were in compliance with the condition set out in the agreement or sales documents and the Company's revenue recognition policy. I tested supporting evidence for the sales incurred during the year and close to year end, tested the credit notes issued after year end and tested the significant adjustments to revenues. I also analyzed revenues by distribution channels to determine the appropriateness of revenues recognized throughout the accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Sumanta

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Sumanta

AST MASTER

บริษัท เอเอสที มาสเตอร์ จำกัด

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

Sumanta k.

SUNANTA KUMSUK
Certified Public Accountant
Registration No. 8207

AST Master Co., Ltd.
28 February 2022

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| ASSETS | Notes | In Baht | | | |
|--------------------------------------|-------|--|--------------------|-------------------------------|--------------------|
| | | Financial statements in which equity method is applied | | Separate financial statements | |
| | | 2021 | 2020 | 2021 | 2020 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6 | 98,593,152 | 100,201,386 | 98,593,152 | 100,201,386 |
| Trade and other receivables | 7 | 5,279,577 | 8,064,368 | 5,279,577 | 8,064,368 |
| Inventories | 8 | 58,614,249 | 60,269,001 | 58,614,249 | 60,269,001 |
| Other current financial assets | 9 | 68,323,294 | 71,834,714 | 68,323,294 | 71,834,714 |
| Other current assets | | 302,224 | 347,537 | 302,224 | 347,537 |
| Total current assets | | 231,112,496 | 240,717,006 | 231,112,496 | 240,717,006 |
| NON - CURRENT ASSETS | | | | | |
| Deposits pledged as collateral | 10 | 528,867 | 527,822 | 528,867 | 527,822 |
| Investments in associates | 11 | 1,815,062 | 3,702,439 | 2,249,975 | 3,249,775 |
| Property, plant and equipment | 12 | 56,832,728 | 63,757,582 | 56,832,728 | 63,757,582 |
| Right-of-use assets | 13 | 34,375,275 | 49,632,054 | 34,375,275 | 49,632,054 |
| Intangible assets | 14 | 356,280 | 502,647 | 356,280 | 502,647 |
| Deferred tax assets | 22 | 5,053,219 | 4,164,146 | 5,253,179 | 4,164,146 |
| Other non - current financial assets | 9 | 344,918,297 | 328,225,884 | 344,918,297 | 328,225,884 |
| Other non - current assets | | 5,540,657 | 5,548,057 | 5,540,657 | 5,548,057 |
| Total non - current assets | | 449,420,385 | 456,060,631 | 450,055,258 | 455,607,967 |
| TOTAL ASSETS | | 680,532,881 | 696,777,637 | 681,167,754 | 696,324,973 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

| | | In Baht | | | |
|--|--------------|-------------------------------|--------------------|----------------------|--------------------|
| | | Financial statements in which | | Separate | |
| | | equity method is applied | | financial statements | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | Notes | 2021 | 2020 | 2021 | 2020 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 15 | 17,014,838 | 18,867,197 | 17,014,838 | 18,867,197 |
| Current portion of lease liabilities | 16 | 18,743,898 | 18,421,137 | 18,743,898 | 18,421,137 |
| Accrued income tax | | 9,639,942 | 9,009,260 | 9,639,942 | 9,009,260 |
| Other current liabilities | | 2,352,633 | 2,576,535 | 2,352,633 | 2,576,535 |
| Total current liabilities | | 47,751,311 | 48,874,129 | 47,751,311 | 48,874,129 |
| NON - CURRENT LIABILITIES | | | | | |
| Lease liabilities | 16 | 15,485,954 | 31,592,061 | 15,485,954 | 31,592,061 |
| Employee benefit obligations | 17 | 17,288,546 | 17,452,616 | 17,288,546 | 17,452,616 |
| Provision for dismantling cost of rental buildings | 18 | 5,012,125 | 3,395,316 | 5,012,125 | 3,395,316 |
| Total non - current liabilities | | 37,786,625 | 52,439,993 | 37,786,625 | 52,439,993 |
| Total liabilities | | 85,537,936 | 101,314,122 | 85,537,936 | 101,314,122 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 600,000,000 ordinary shares of Baht 0.50 each | | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Issued and paid-up | | | | | |
| 600,000,000 ordinary shares of Baht 0.50 each | | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Premium on share capital | | 166,944,654 | 166,944,654 | 166,944,654 | 166,944,654 |
| Surplus from business combinations | | | | | |
| under common control | | 22,666,575 | 22,666,575 | 22,666,575 | 22,666,575 |
| Retained earnings | | | | | |
| Appropriated for legal reserve | 19 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Unappropriated | | 74,084,448 | 72,593,907 | 74,719,321 | 72,141,243 |
| Other components of equity | 9 | 1,299,268 | 3,258,379 | 1,299,268 | 3,258,379 |
| Total shareholders' equity | | 594,994,945 | 595,463,515 | 595,629,818 | 595,010,851 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 680,532,881 | 696,777,637 | 681,167,754 | 696,324,973 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | In Baht | | | |
|--|-------|--|--------------------|-------------------------------|--------------------|
| | | Financial statements in which equity method is applied | | Separate financial statements | |
| | | 2021 | 2020 | 2021 | 2020 |
| Sales | | 223,351,527 | 247,726,069 | 223,351,527 | 247,726,069 |
| Costs of sales | | (46,263,802) | (52,873,611) | (46,263,802) | (52,873,611) |
| Gross profit | | 177,087,725 | 194,852,458 | 177,087,725 | 194,852,458 |
| Other income | | 3,025,166 | 5,408,947 | 3,025,166 | 5,408,947 |
| Profit before expenses | | 180,112,891 | 200,261,405 | 180,112,891 | 200,261,405 |
| Selling expenses | | (35,883,737) | (48,823,284) | (35,883,737) | (48,823,284) |
| Administrative expenses | | (70,409,300) | (75,903,620) | (70,409,300) | (75,903,620) |
| Total expenses | | (106,293,037) | (124,726,904) | (106,293,037) | (124,726,904) |
| Profit from operating activities | | 73,819,854 | 75,534,501 | 73,819,854 | 75,534,501 |
| Finance income | 21 | 12,818,988 | 12,019,216 | 14,421,631 | 13,914,458 |
| Finance costs | | (864,257) | (476,540) | (864,257) | (476,540) |
| Loss from impairment of investment in associate | 11 | - | - | (999,800) | - |
| Share of loss from investment in associates | 11 | (284,734) | (10,674) | - | - |
| Profit before tax expenses | | 85,489,851 | 87,066,503 | 86,377,428 | 88,972,419 |
| Tax expenses | 22 | (16,790,809) | (17,091,187) | (16,590,849) | (17,091,187) |
| Profit for the year | | 68,699,042 | 69,975,316 | 69,786,579 | 71,881,232 |
| Other comprehensive income: | | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | | | |
| Gain (loss) on change in value of financial assets | | (1,642,308) | 5,160,391 | (1,642,308) | 5,160,391 |
| Less : Income tax effect | 22 | 328,462 | (1,032,078) | 328,462 | (1,032,078) |
| Net | | (1,313,846) | 4,128,313 | (1,313,846) | 4,128,313 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | | | |
| Gain (loss) on investments in equity designated at fair value through other comprehensive income | | 6,185,630 | (1,087,417) | 6,185,630 | (1,087,417) |
| Less : Income tax effect | 22 | (1,237,126) | 217,483 | (1,237,126) | 217,483 |
| Net | | 4,948,504 | (869,934) | 4,948,504 | (869,934) |
| Actuarial loss | | (1,062,837) | - | (1,062,837) | - |
| Less : Income tax effect | 22 | 212,567 | - | 212,567 | - |
| Net | | (850,270) | - | (850,270) | - |
| Other comprehensive income for the year | | 2,784,388 | 3,258,379 | 2,784,388 | 3,258,379 |
| Total comprehensive income for the year | | 71,483,430 | 73,233,695 | 72,570,967 | 75,139,611 |
| Basic earnings per share | | | | | |
| Profit for the year | | 0.1145 | 0.1166 | 0.1163 | 0.1198 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

| In Baht | | | | | | | |
|---|-------|--|--------------------------------|---|--------------------------------------|--|----------------------------------|
| Financial statements in which equity method is applied | | | | | | | |
| | Notes | Issued and Paid - up Share Capital | Premium on share capital | Surplus from business combinations under common control | Retained earnings | | Total shareholders' equity |
| | | | | | Appropriated for legal reserve | Unappropriated | |
| | | | | | | Other components of equity Gain on measurement of financial assets | |
| Balance as at 1 January 2020 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 59,579,641 | 579,190,870 |
| Dividend paid | 20 | - | - | - | - | (56,961,050) | (56,961,050) |
| Profit for the year | | - | - | - | - | 69,975,316 | 69,975,316 |
| Other comprehensive income for the year | | - | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | 3,258,379 | 3,258,379 |
| Balance as at 31 December 2020 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 69,975,316 | 73,233,695 |
| Balance as at 1 January 2021 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 72,593,907 | 595,463,515 |
| Decrease in gain from sale of investment in equity - net of income tax | 9 | - | - | - | - | 5,593,769 | (5,593,769) |
| Dividend paid | 20 | - | - | - | - | (71,952,000) | (71,952,000) |
| Profit for the year | | - | - | - | - | 68,699,042 | 68,699,042 |
| Other comprehensive income for the year | | - | - | - | - | (850,270) | (850,270) |
| Total comprehensive income for the year | | - | - | - | - | 3,634,658 | 3,634,658 |
| Balance as at 31 December 2021 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 67,848,772 | 71,483,430 |
| | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 74,084,448 | 594,994,945 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

| In Baht | | | | | | | |
|---|-------|--|--------------------------------|---|--------------------------------------|--|----------------------------------|
| Separate financial statements | | | | | | | |
| | Notes | Issued and Paid - up Share Capital | Premium on share capital | Surplus from business combinations under common control | Retained earnings | | Total shareholders' equity |
| | | | | | Appropriated for legal reserve | Unappropriated | |
| | | | | | | Other components of equity Gain on measurement of financial assets | |
| Balance as at 1 January 2020 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 57,221,061 | 576,832,290 |
| Dividend paid | 20 | - | - | - | - | (56,961,050) | (56,961,050) |
| Profit for the year | | - | - | - | - | 71,881,232 | 71,881,232 |
| Other comprehensive income for the year | | - | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | 71,881,232 | 71,881,232 |
| Balance as at 31 December 2020 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 72,141,243 | 595,010,851 |
| Balance as at 1 January 2021 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 72,141,243 | 595,010,851 |
| Decrease in gain from sale of investment in equity - net of income tax | 9 | - | - | - | - | 5,593,769 | (5,593,769) |
| Dividend paid | 20 | - | - | - | - | (71,952,000) | (71,952,000) |
| Profit for the year | | - | - | - | - | 69,786,579 | 69,786,579 |
| Other comprehensive income for the year | | - | - | - | - | (850,270) | (850,270) |
| Total comprehensive income for the year | | - | - | - | - | 68,936,309 | 68,936,309 |
| Balance as at 31 December 2021 | | 300,000,000 | 166,944,654 | 22,666,575 | 30,000,000 | 74,719,321 | 595,629,818 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | In Baht | | | |
|--|-------------------------------|--------------|----------------------|--------------|
| | Financial statements in which | | Separate | |
| | equity method is applied | | financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax expenses | 85,489,851 | 87,066,503 | 86,377,428 | 88,972,419 |
| Adjustments to reconcile profit to net cash provided by operating activities | | | | |
| Gain on sale of other financial assets | (2,484,332) | (8,334,402) | (2,484,332) | (8,334,402) |
| Unrealized loss (gain) from changes in fair value of other financial assets | (23,813) | 721,256 | (23,813) | 721,256 |
| Allowance for write-down and obsolescence of inventories | 579,862 | 648,105 | 579,862 | 648,105 |
| Loss from impairment of investment in associate | - | - | 999,800 | - |
| Gain on disposal of equipment | (177,981) | (4,581) | (177,981) | (4,581) |
| Depreciation | 7,655,701 | 11,971,913 | 7,655,701 | 11,971,913 |
| Depreciation of right-of-use assets | 19,155,577 | 19,116,357 | 19,155,577 | 19,116,357 |
| Amortization of intangible assets | 146,367 | 155,355 | 146,367 | 155,355 |
| Share of loss from investments in associates | 284,734 | 10,674 | - | - |
| Employee benefit obligations | 1,656,004 | 1,618,774 | 1,656,004 | 1,618,774 |
| Revenue from is recognised accrued commission | (1,518,747) | (4,396,363) | (1,518,747) | (4,396,363) |
| Dismantling cost of rental buildings expenses | 1,044,418 | - | 1,044,418 | - |
| Dividends income from investments in associate | - | - | (1,602,643) | (1,895,242) |
| Dividends income from financial assets | (2,688,845) | (1,249,905) | (2,688,845) | (1,249,905) |
| Interest income | (7,621,998) | (3,156,165) | (7,621,998) | (3,156,165) |
| Finance costs | 864,257 | 476,540 | 864,257 | 476,540 |
| Profit from operating activities before change in operational assets and liabilities | 102,361,055 | 104,644,061 | 102,361,055 | 104,644,061 |
| Decrease (Increase) in operating assets | | | | |
| Trade and other receivables | 2,865,866 | (2,784,113) | 2,865,866 | (2,784,113) |
| Inventories | 1,074,890 | 105,594 | 1,074,890 | 105,594 |
| Other current assets | 45,313 | (293) | 45,313 | (293) |
| Other non - current assets | 7,400 | (490,942) | 7,400 | (490,942) |
| Increase (Decrease) in operating liabilities | | | | |
| Trade and other payables | (133,612) | 2,082,594 | (133,612) | 2,082,594 |
| Employee benefit obligations | (2,882,911) | (142,179) | (2,882,911) | (142,179) |
| Provision for dismantling cost of rental buildings | (972,275) | - | (972,275) | - |
| Other current liabilities | (223,902) | 219,692 | (223,902) | 219,692 |
| Cash received from operations | 102,141,824 | 103,634,414 | 102,141,824 | 103,634,414 |
| Income tax paid | (17,745,297) | (16,885,564) | (17,745,297) | (16,885,564) |
| Net cash provided by operating activities | 84,396,527 | 86,748,850 | 84,396,527 | 86,748,850 |

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

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | In Baht | | | |
|--|--|-----------------|-------------------------------|-----------------|
| | Financial statements in which equity method is applied | | Separate financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | 7,540,923 | 1,233,684 | 7,540,923 | 1,233,684 |
| Proceeds from disposal of other financial assets | 327,438,050 | 1,416,678,204 | 327,438,050 | 1,416,678,204 |
| Cash paid for acquisition of other financial assets | (333,567,576) | (1,485,540,329) | (333,567,576) | (1,485,540,329) |
| Increase in fixed deposits pledged as collateral | (1,045) | (4,114) | (1,045) | (4,114) |
| Cash paid for investment in associate | - | (1,999,780) | - | (1,999,780) |
| Dividends income from investments in associate | 1,602,643 | 1,895,242 | 1,602,643 | 1,895,242 |
| Dividends income from financial assets | 2,688,845 | 1,249,905 | 2,688,845 | 1,249,905 |
| Proceeds from disposal of equipment | 421,610 | 5,860 | 421,610 | 5,860 |
| Cash paid for acquisition of machinery and equipment | (1,174,476) | (4,175,356) | (1,174,476) | (4,175,356) |
| Net cash provided by (used in) investing activities | 4,948,974 | (70,656,684) | 4,948,974 | (70,656,684) |
| CASH FLOWS FROM FINANCING ACTIVITY | | | | |
| Dividends paid | (71,952,000) | (56,961,050) | (71,952,000) | (56,961,050) |
| Interest paid | (864,257) | (476,540) | (864,257) | (476,540) |
| Repayment of liabilities under lease agreements | (18,137,478) | (18,735,213) | (18,137,478) | (18,735,213) |
| Net cash used in financing activity | (90,953,735) | (76,172,803) | (90,953,735) | (76,172,803) |
| Net decrease in cash and cash equivalents | (1,608,234) | (60,080,637) | (1,608,234) | (60,080,637) |
| Cash and cash equivalents, beginning of year | 100,201,386 | 160,282,023 | 100,201,386 | 160,282,023 |
| Cash and cash equivalents, end of year | 98,593,152 | 100,201,386 | 98,593,152 | 100,201,386 |

Supplement Disclosures of Cash Flows information

Non - cash transactions

| | | | | |
|--|-----------|------------|-----------|------------|
| Increase (decrease) in payable from acquisition of assets | (200,000) | 200,000 | (200,000) | 200,000 |
| Increase in provision for dismantling cost of rental buildings | 1,544,666 | - | 1,544,666 | - |
| Increase in lease liabilities | 2,354,132 | 53,073,864 | 2,354,132 | 53,073,864 |

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

1. GENERAL INFORMATION

Asian Phytoceuticals Public Company Limited (“the Company”) is a public company limited on 12 July 2005. The Company is engaged in business of research and development, manufacturing and distribution of its products of healthcare and beauty from the natural extracts. The Company is located at 84/3 Moo 4 Highway No.11 Road, Banklang, Muang Lamphun, Lamphun.

The Coronavirus disease 2019 Pandemic

The outbreak of the coronavirus 2019 (COVID-19) in Thailand and other countries is recently importing economic, as a whole. This situation may bring uncertainties and have an impact on the environment in which the Company’s operation. However, the Company’s management is now paying close attention to the development of the COVID-19 outbreak and has continuously evaluating its impacts on the operation, the valuation of assets, provisions and contingent liabilities. In this regards, the Company’s management has used estimates and judgement in respect of various issues as the situation has evolved.

2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (TFAC) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements are presented in Baht, which is also the Company’ functional currency.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements in which equity method is applied and separate financial statements have been prepared on the basis that the Company’s ability to continue as a going concern by using the historical cost convention except for the revaluation of certain assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and service at transaction date.

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with Guidelines issued in 2009 by the TFAC.

The excess of book value of net assets acquired in subsidiaries under common control over the price at which they were exchanged is presented in shareholders’ equity in the consolidated statement of financial position under the caption “Surplus from business combinations under common control”.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, Company’s has adopted the revised Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting, which are effective for the financial statements for the period beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to reference to the Conceptual Framework in TFRSs, revising the definition of materiality, definition of business and accounting requirement for Interest Rate Benchmark Reform.

The adoption of these standards does not have any significant impact on the Company’s financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some financial reporting standards, providing temporary reliefs or temporary exemptions for users of the standards.

The Company's management will adopt the relevant TFRSs in the preparation of Company's financial statements when they become effective. The Company's management is on the evaluating process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

4. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below;

4.1 Revenue recognition

Revenue from sale of healthcare and beauty products is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A receivable is recognized when the goods are delivered to the customer's specific location at which the Company has right to receive payment of that consideration is due. Revenue is measured at the amount of the consideration received or receivable.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

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

4.2 Cash and cash equivalents

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

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non - current assets in the statement of financial position.

4.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

4.4 Investments in associate

Associate is entity in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investment in associate is accounted for in the financial statements in which the equity method is applied (equity-accounted investees) and is recognised initially at cost.

Investment in associate is accounted for in the financial statements in which the equity method is applied include the Company's share of profit or loss from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition

of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in associate is reported by using the cost method of accounting in the separate financial statements.

4.5 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets except for land are stated at historical cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

Decommissioning costs are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated on a straight-line basis over the expected period of the decommissioning.

Depreciation of plant and equipment is calculated on the straight line method over their estimated useful lives are as follows:

| | | |
|--------------------------|------|-------|
| Land improvement | 10 | years |
| Building and improvement | 3-20 | years |
| Machinery and equipment | 5-10 | years |
| Tools | 5-10 | years |
| Office equipment | 3-10 | years |
| Vehicles | 5-10 | years |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Repairs and maintenance are charged in profit or loss during the financial period in which they are incurred. The cost of the replacement part is included in the carrying amount of the asset is depreciated over the remaining useful life of the related asset.

When assets are sold or retired, the Company will eliminate their costs and accumulated depreciation from the accounts and recognize any gain or loss resulting from their disposal in the statement of comprehensive income.

4.6 Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. The Company has used a practical expedient to account non-lease components as a single arrangement.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

| | |
|----------|---------|
| Building | 3 years |
|----------|---------|

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

The lease liability is subsequently measured

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a yield interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4.7 Intangible assets and amortization

Intangible asset is computer software which is stated at historical cost less any accumulated amortisation and allowance for loss on impairment of assets (if any). Amortized using the straight line method over its useful live of 10 years.

4.8 Impairment of land, building and equipment and other intangible assets

The Company annually reviewed the impairment of land, building and equipment and other intangible assets, whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount. the Company recognizes the impairment losses and a reversal of impairment loss is recognized as income when there is an indication that the expected recoverable amount is higher than the amount recognized provided that such a reversal should not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized for the asset in prior periods. Recoverable value is the higher of an amount between fair value less costs to sell and value in use.

4.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. An increase in the provision due to the time value of money is recognized as interest expense.

4.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company contributions are recognised as expenses when the employee have rendered service to the Company during the year.

Defined benefit plans

The Company have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in other comprehensive income that will not be reclassified.

4.11 Foreign currency transactions

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in profit or loss.

4.12 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.13 Basic earnings per share

Basic earnings per share are calculated by dividing the income attributable to shareholders by the weighted average number of common shares during the year.

4.14 Related persons and companies

Persons and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personal, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.15 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets of debt instruments classified as at amortised cost

The Company measures financial assets of debt instruments classified as at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets of debt instruments classified as at FVOC

The Company measures financial assets of debt instruments classified as at FVOCI if the financial asset is held to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated of equity instruments classified as at FVOCI

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets that do not meet criteria for being measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as finance income in profit or loss.

Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

4.17 Significant accounting judgements and estimates

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

Allowance for net realizable value

The Company considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

5. TRANSACTIONS WITH RELATED PARTIES

5.1 Relationship and pricing policies

| | Relationship |
|--|--------------------------------------|
| Associate | |
| Bim Health Center Co., Ltd. | Shareholding by the Company |
| Apco China Co., Ltd. (Registered dissolution on 6 October 2021) | Shareholding by the Company |
| Hisold digital Co., Ltd. | Shareholding by the Company |
| Related companies | |
| Arun Pitaya Co., Ltd. | Common shareholders and directorship |
| Related persons | Director and shareholder |

Pricing policies for subsidiaries, related parties are as follows:

| | Pricing policy |
|--|---|
| Sales | At price which had been agreed upon that excess cost value. |
| Income Management | At price which had been agreed upon. |
| Service fee of utilization from products' research and development | At contract price which had been agreed upon. |
| Rental expense | At contract price which had been agreed upon. |

5.2 Balances of transactions with related parties

Significant balances with related parties as at 31 December 2021 and 2020 are as follows:

| | In Baht | |
|----------------------------------|--|-----------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Trade accounts receivable | | |
| Associate | 508,290 | 1,611,310 |
| Other receivable | | |
| Associate | 461,675 | 692,560 |
| Other payables | | |
| Related companies | 655,517 | 693,075 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5.3 Revenues and expenses with related parties

Significant transactions with related parties for the years ended 31 December 2021 and 2020 are as follows:

| | In Baht | | | |
|---|--|----------------|-------------------------------|----------------|
| | Financial statements in which equity method is applied | | Separate financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Sales | | | | |
| Associate | 6,288,908 | 5,120,918 | 6,288,908 | 5,120,918 |
| Income Management | | | | |
| Associate | 319,575 | 710,947 | 319,575 | 710,947 |
| Dividend Received | | | | |
| Associate | - | - | 1,602,643 | 1,895,242 |
| Service fee of utilization from products' research and development | | | | |
| Related companies | 5,821,581 | 6,438,941 | 5,821,581 | 6,438,941 |
| Rental expense | | | | |
| Related companies | 420,000 | 420,000 | 420,000 | 420,000 |
| Related persons | 78,000 | 156,000 | 78,000 | 156,000 |
| Total | 498,000 | 576,000 | 498,000 | 576,000 |

DIRECTORS AND MANAGEMENT'S BENEFITS

The Company had employee benefit expenses of its directors and management for the years ended 31 December 2021 and 2020, as below

| | In Baht | |
|------------------------------|--|-------------------------------|
| | Financial statements in which equity method is applied and | Separate financial statements |
| | 2021 | 2020 |
| Short-term employee benefits | 17,976,591 | 18,530,556 |
| Post-employment benefits | 560,817 | 562,863 |
| Total | 18,537,408 | 19,093,419 |

6. CASH AND CASH EQUIVALENTS

| | In Baht | |
|---------------------------|--|-------------------------------|
| | Financial statements in which equity method is applied and | Separate financial statements |
| | 2021 | 2020 |
| Cash on hand | 160,024 | 219,308 |
| Regular checking accounts | 799,619 | 3,800,792 |
| Saving accounts | 97,633,509 | 96,181,286 |
| Total | 98,593,152 | 100,201,386 |

As at 31 December 2021, the weighted average effective interest rates of deposits at financial institutions were 0.05 % to 0.25 % per annum (2020: 0.05 % to 0.125 % per annum).

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

7. TRADE AND OTHER RECEIVABLES

| | In Baht | |
|--|--|-----------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Trade accounts receivable - associate (Note 5.2) | 508,290 | 1,611,310 |
| Trade accounts receivable - other | 36,400 | 142,800 |
| Total trade accounts receivable | 544,690 | 1,754,110 |
| Other receivable - associate (Note 5.2) | 461,675 | 692,560 |
| Advances for inventories | 1,325,096 | 2,059,201 |
| Prepaid expenses | 668,149 | 710,693 |
| Accrued interest | 2,003,556 | 1,922,481 |
| Revenue department receivable | - | 151,670 |
| Others | 276,411 | 773,653 |
| Total | 5,279,577 | 8,064,368 |

Aging of trade accounts receivable as at 31 December 2021 and 2020 are as follows:

| | In Baht | |
|--|--|-----------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Trade accounts receivable - associate | | |
| Within credit terms | 508,290 | 1,311,310 |
| Overdue : Less than 3 months | - | 300,000 |
| Total | 508,290 | 1,611,310 |
| Trade accounts receivable - other companies | | |
| Overdue: | | |
| Less than 3 months | - | 142,800 |
| 7 - 12 months | 36,400 | - |
| Total | 36,400 | 142,800 |

As at 31 December 2021 and 2020, the Company have considered the loss of lifetime expected credit losses for trade and other receivable to recognised.

8. INVENTORIES

| | In Baht | | | | | |
|------------------------|--|------------|---|-------------|-----------------|------------|
| | Financial statements in which equity method is applied and Separate financial statements | | | | | |
| | At cost | | Allowance for obsolescence of inventories | | Inventories-net | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Finished goods | 8,829,898 | 10,250,305 | (733,579) | (668,288) | 8,096,319 | 9,582,017 |
| Work in process | 491,277 | - | - | - | 491,277 | - |
| Transform raw material | 23,234,646 | 21,310,918 | (51,796) | (57,553) | 23,182,850 | 21,253,365 |
| Raw material | 19,275,411 | 21,269,024 | (421,336) | (416,324) | 18,854,075 | 20,852,700 |
| Packaging and supplies | 10,608,109 | 10,683,984 | (2,618,381) | (2,103,065) | 7,989,728 | 8,580,919 |
| Total | 62,439,341 | 63,514,231 | (3,825,092) | (3,245,230) | 58,614,249 | 60,269,001 |

During the current year, the Company recorded allowance for obsolescence of inventories by Baht 0.6 million (2020 : Baht 0.6 million.) to reflect the net realisable value. This was included in cost of sales.

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

9. OTHER FINANCIAL ASSETS

| In Baht | | | |
|---|---|--|--------------------|
| Financial statements in which equity method is applied and Separate financial statements | | | |
| 31 December 2021 | | | |
| Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | Total |
| Other current financial assets | | | |
| Fixed deposits 12 month | 537,807 | - | 537,807 |
| Unit Trust (in private fund) | - | 1,902,518 | 1,902,518 |
| Unit Trust | - | 34,186,361 | 34,186,361 |
| Debt securities (in private fund) | - | - | 31,696,608 |
| Total | 537,807 | 36,088,879 | 68,323,294 |
| Other non-current financial assets | | | |
| Debt securities (in private fund) | - | - | 269,192,123 |
| Debt securities | - | - | 9,975,974 |
| Equity instruments of listed companies | - | - | 65,750,200 |
| Total | - | - | 344,918,297 |
| Total other financial assets | 537,807 | 36,088,879 | 413,241,591 |

| In Baht | | | |
|---|---|--|--------------------|
| Financial statements in which equity method is applied and Separate financial statements | | | |
| 31 December 2020 | | | |
| Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | Total |
| Other current financial assets | | | |
| Fixed deposits 12 month | 534,096 | - | 534,096 |
| Unit Trust (in private fund) | - | 438,227 | 438,227 |
| Unit Trust | - | 70,862,391 | 70,862,391 |
| Total | 534,096 | 71,300,618 | 71,834,714 |
| Other non-current financial assets | | | |
| Debt securities (in private fund) | - | - | 255,492,509 |
| Equity instruments of listed companies | - | - | 72,733,375 |
| Total | - | - | 328,225,884 |
| Total other financial assets | 534,096 | 71,300,618 | 400,060,598 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

The movement in other financial assets during the year ended 31 December 2021 are summarised as below :

| | | In Baht | | | | |
|---|---|---|--------------------|----------------------|---|------------------------------|
| | | Financial statements in which equity method is applied and Separate financial statements | | | | |
| | Measurement of financial assets | As at 1 January 2021 | Invested | Sale and maturity | Increase (Decrease) in fair value adjustment | As at 31 December 2021 |
| Fixed deposits | Amortised cost | 534,096 | 3,711 | - | - | 537,807 |
| Debt securities | Measured at fair value through other comprehensive income | 255,492,509 | 155,807,223 | (98,792,719) | (1,642,308) | 310,864,705 |
| Unit Trust | Measured at fair value through profit or loss | 71,300,618 | 142,639,034 | (177,874,586) | 23,813 | 36,088,879 |
| Equity instruments of listed companies | Measured at fair value through other comprehensive income | 72,733,375 | 35,117,608 | (48,286,413) | 6,185,630 | 65,750,200 |
| Total | | <u>400,060,598</u> | <u>333,567,576</u> | <u>(324,953,718)</u> | <u>4,567,135</u> | <u>413,241,591</u> |

The movement in other financial assets during the year ended 31 December 2020 are summarised as below :

| | | In Baht | | | | | |
|---|---|---|----------------------|----------------|------------------------|---|---------------------------------|
| | | Financial statements in which equity method is applied and Separate financial statements | | | | | |
| | Measurement of financial assets | As at 1 January 2020 | Invested | Classification | Sale and maturity | Increase (Decrease) in fair value adjustment | As at 31 December 2020 |
| Fixed deposits | Amortised cost | 529,379 | 4,717 | - | - | - | 534,096 |
| Debt securities | Measured at fair value through other comprehensive income | - | 383,362,677 | - | (133,030,559) | 5,160,391 | 255,492,509 |
| Unit Trust | Measured at fair value through profit or loss | 318,982,974 | 889,241,088 | - | (1,136,993,204) | 69,760 | 71,300,618 |
| Equity instruments of listed companies | Measured at fair value through profit or loss | - | 157,925,105 | (18,814,050) | (138,320,039) | (791,016) | - |
| Equity instruments of listed companies | Measured at fair value through other comprehensive income | - | 55,006,742 | 18,814,050 | - | (1,087,417) | 72,733,375 |
| Total | | <u>319,512,353</u> | <u>1,485,540,329</u> | <u>-</u> | <u>(1,408,343,802)</u> | <u>3,351,718</u> | <u>400,060,598</u> |

At the Board of Management Meeting on 13 August 2020, the Board of Management passed the resolution to change the policy on the investment in equity securities of listed companies in amount of Baht 18.8 million, that took place in the second quarter of 2020 from investment in trading securities, which measured of fair value through profit or loss to long-term investment, which other comprehensive income not to be reclassified to profit or loss subsequent periods.

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Details of listed companies' equity instruments measured at fair value through other comprehensive income as at 31 December 2021 and 2020 are as follows:

| Name | Initials | In Baht | | | |
|---|----------|--|-------------------|------------------|------------------|
| | | Financial statements in which equity method is applied and Separate financial statements | | | |
| | | Value of investments | | Dividends income | |
| | | 2021 | 2020 | 2021 | 2020 |
| ELECTRICITY GENERATING PUBLIC COMPANY LIMITED | EGCO | 17,339,400 | 19,019,000 | 666,900 | 296,400 |
| INTOUCH HOLDINGS PUBLIC COMPANY LIMITED | INTUCH | - | 33,676,875 | 808,245 | 688,505 |
| PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED | PTTEP | 33,110,800 | 14,737,500 | 973,700 | 150,000 |
| RATCH GROUP PUBLIC COMPANY LIMITED | RATCH | 4,500,000 | 5,300,000 | 240,000 | 115,000 |
| PTT OIL AND RETAIL BUSINESS PUBLIC COMPANY LIMITED | OR | 10,800,000 | - | - | - |
| Total | | <u>65,750,200</u> | <u>72,733,375</u> | <u>2,688,845</u> | <u>1,249,905</u> |

In the during year 2021, the Company sold the investments in equity designated at fair value through other comprehensive income, therefore, write-off and transfer of related accounts resulted in Gain on investments in equity as follows:

| | In Baht |
|--|-------------------|
| Price to sell of investments in equity | 48,379,900 |
| <u>Less</u> Cost of disposal | (93,487) |
| Net | <u>48,286,413</u> |
| Book value | |
| Cost | 41,294,202 |
| Increase in fair value adjustment in prior periods | 2,376,866 |
| Total book value | <u>43,671,068</u> |
| Gain from the disposal of investments in equity carried in other comprehensive income for the period | <u>4,615,345</u> |
| Transfer gain from the disposal of investments in equity to retained earnings | |
| Decrease in gain of investments in equity | 6,992,211 |
| <u>Less</u> Income tax effect | (1,398,442) |
| Net | <u>5,593,769</u> |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Other components of equity - Gain on measurement of financial assets

| | In Baht |
|---|--|
| | Financial statements in which equity method is applied and Separate financial statements |
| Gain on measurement of financial assets at the beginning of year | 4,072,974 |
| <u>Less</u> Deferred tax at the beginning of year | (814,595) |
| Net | 3,258,379 |
| Transactions during the year - Other comprehensive income for the year | |
| Loss on investments in debt securities at fair value through other comprehensive income | (1,642,308) |
| <u>Less</u> Income tax effect | 328,462 |
| Net | (1,313,846) |
| Gain on investments in equity designated at fair value through other comprehensive income | 6,185,630 |
| <u>Less</u> Income tax effect | (1,237,126) |
| Net | 4,948,504 |
| Transfer gain from the disposal of investments in equity to retained earnings | |
| Decrease in gain of investments in equity | (6,992,211) |
| <u>Less</u> Income tax effect | 1,398,442 |
| Net | (5,593,769) |
| Gain on measurement of financial assets at the end of year | 1,624,085 |
| <u>Less</u> Deferred tax at the end of year | (324,817) |
| Net | 1,299,268 |

10. DEPOSITS PLEDGED AS COLLATERAL

As at 31 December 2021, the Company has fixed deposits in the amounts of Baht 0.5 million (2020: Baht 0.5 million), bears interest at the rates ranging from 0.15% per annum (2020 : interest at the rates ranging from 0.2 - 0.7% per annum).

These deposits are pledged as collateral for bank guarantees from financial institutions for government and private agency as discussed in Note 26.2

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. INVESTMENTS IN ASSOCIATES

| Name | Nature of business | Paid-up Capital (In Baht) | Holdings (%) | In Baht | | | | | | | | | |
|-----------------------------|---|------------------------------|-----------------|--|-----------|-------------------------------|-----------|--|------|------------|-----------|--------------------------------------|-----------|
| | | | | Financial statements in which equity method is applied | | Separate financial statements | | | | | | | |
| | | | | | | Net book value - Cost | | Allowance for impairment of investment | | Book value | | Dividends income for the years ended | |
| | | | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Bim Health Center Co., Ltd. | Operates as a distributor for products of Asian Phytochemicals Public Company Limited. | 2,500,000 | 49.99 | 1,382,527 | 2,351,551 | 1,249,995 | 1,249,995 | - | - | 1,249,995 | 1,249,995 | 1,602,643 | 1,895,242 |
| Apco China Co., Ltd. | Engaged in business of buying, selling and export supplements and cosmetics manufactured from natural extracts. | 2,000,000 | 49.99 | - | 457,058 | 999,800 | 999,800 | (999,800) | - | - | 999,800 | - | - |
| Hisold Digital Co., Ltd. | Engaged in business of buying and selling supplements and cosmetics manufactured from natural extracts. | 2,000,000 | 49.99 | 432,535 | 893,830 | 999,980 | 999,980 | - | - | 999,980 | 999,980 | - | - |
| Total | | | | 1,815,062 | 3,702,439 | 3,249,775 | 3,249,775 | (999,800) | - | 2,249,975 | 3,249,775 | 1,602,643 | 1,895,242 |

In April 2020, the Company has invested in Apco China Co., Ltd. which was a new company, of 9,998 ordinary shares, with a par value of Baht 100 per share call-up of Baht 25 per share in the amount of Baht 0.25 million. In December 2020 call-up of Baht 75 per share in the amount of Baht 0.75 million, totaling Baht 1.0 million, represent 49.99% of ownership. The associate was incorporated with Department of Business Development on 9 April 2020. During the current year, the Company recorded the allowance for impairment of investment full amount 1.0 million, in the statement of comprehensive income. Apco China Co., Ltd. registered their dissolution with the Ministry of Commerce on 6 October 2021 and in process of liquidation.

In October 2020, the Company has invested in Hisold Digital Co., Ltd. which was a new company, of 99,998 ordinary shares, with a par value of Baht 10 per share call-up of Baht 10 per share totaling Baht 1.0 million, represent 49.99% of ownership. The associate was incorporated with Department of Business Development on 28 October 2020.

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Share of gain(loss) from investment in associates

The Company recognized its share of gain(loss) from investment in the associates in the financial statements in which equity method is applied, for the year ended 31 December 2021 and 2020, as follows:

| Name | In Baht | |
|-----------------------------|-----------|-----------|
| | 2021 | 2020 |
| Bim Health Center Co., Ltd. | 633,619 | 638,218 |
| Apco China Co., Ltd. | (457,058) | (542,742) |
| Hisold Digital Co., Ltd. | (461,295) | (106,150) |
| Total | (284,734) | (10,674) |

Summary financial information of associates

| | In Baht | | | | | |
|--|-----------------------------|-----------|----------------------|-----------|--------------------------|-----------|
| | Bim Health Center Co., Ltd. | | Apco China Co., Ltd. | | Hisold Digital Co., Ltd. | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| STATEMENT OF FINANCIAL POSITION | | | | | | |
| Current assets | 3,464,654 | 5,413,344 | 765,152 | 1,074,645 | 1,263,545 | 3,631,571 |
| Non - current assets | 406,617 | 646,398 | 32,489 | 38,296 | 41,709 | 61,350 |
| Total assets | 3,871,271 | 6,059,742 | 797,641 | 1,112,941 | 1,305,254 | 3,692,921 |
| Current liabilities | 741,893 | 939,967 | 767,645 | 198,642 | 384,496 | 1,692,608 |
| Net assets (100%) | 3,129,378 | 5,119,775 | 29,996 | 914,299 | 920,758 | 2,000,313 |
| Company's share of net assets (49.99% hold) | 1,564,683 | 2,559,877 | - | 457,058 | 460,370 | 1,000,136 |
| Elimination of unrealised profit on inventories, end of year | (182,156) | (208,326) | - | - | (27,835) | (106,306) |
| Carrying amount of interest in an associates | 1,382,527 | 2,351,551 | - | 457,058 | 432,535 | 893,830 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | In Baht | | | | | |
|--|---------------------------------|-------------|---------------------------------|-----------------------------|---------------------------------|--------------------------------|
| | Bim Health Center Co., Ltd. | | Apco China Co., Ltd. | | Hisold Digital Co., Ltd. | |
| | For the years ended 31 December | | For the years ended 31 December | From 9 April to 31 December | For the years ended 31 December | From 28 October to 31 December |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| STATEMENTS OF COMPREHENSIVE INCOME | | | | | | |
| Sales | 9,703,240 | 9,637,787 | - | - | 5,125,394 | 1,226,849 |
| Interest income | 24,268 | 5,875 | 27 | 4,917 | 12,820 | 31 |
| Costs of sales | (4,588,467) | (4,165,028) | - | - | (2,028,841) | (484,906) |
| Selling expenses | (2,474,655) | (2,609,822) | - | - | (3,552,006) | (598,558) |
| Administrative expenses | (1,288,009) | (1,342,773) | (884,330) | (1,090,618) | (636,922) | (143,103) |
| Profit (loss) before income tax expense | 1,376,377 | 1,526,039 | (884,303) | (1,085,701) | (1,079,555) | 313 |
| Tax expense | (161,474) | (184,021) | - | - | - | - |
| Profit (loss) for the year | 1,214,903 | 1,342,018 | (884,303) | (1,085,701) | (1,079,555) | 313 |
| Total comprehensive income for the year (100%) | 1,214,903 | 1,342,018 | (884,303) | (1,085,701) | (1,079,555) | 313 |
| Total comprehensive income for the year (49.99% hold) | 607,449 | 671,006 | (457,058) | (542,742) | (539,767) | 156 |
| Decrease (Increase) in elimination of unrealised profit on inventories | 26,170 | (32,788) | - | - | 78,472 | (106,306) |
| Company's share of total comprehensive income | 633,619 | 638,218 | (457,058) | (542,742) | (461,295) | (106,150) |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

12. PROPERTY, PLANT AND EQUIPMENT

| | In Baht | | | | | | |
|-------------------------------------|--|-------------------------|-----------------------|--------------|------------------|--------------|---------------|
| | Financial statements in which equity method is applied and | | | | | | |
| | Separate financial statements | | | | | | |
| | Land & Improvement | Buildings & Improvement | Machinery & Equipment | Tools | Office Equipment | Vehicles | Total |
| As at 1 January 2020 | | | | | | | |
| Cost | 8,287,320 | 94,308,745 | 35,718,064 | 11,689,884 | 17,620,421 | 17,267,226 | 184,891,660 |
| Less Accumulated depreciation | (85,573) | (53,384,089) | (23,231,873) | (10,468,353) | (16,779,609) | (9,586,745) | (113,536,242) |
| Net book amount | 8,201,747 | 40,924,656 | 12,486,191 | 1,221,531 | 840,812 | 7,680,481 | 71,355,418 |
| For the year ended 31 December 2020 | | | | | | | |
| Net book value, beginning of year | 8,201,747 | 40,924,656 | 12,486,191 | 1,221,531 | 840,812 | 7,680,481 | 71,355,418 |
| Acquisition assets | - | 457,477 | 3,155,000 | 252,415 | 510,464 | - | 4,375,356 |
| Disposals | - | - | - | (1,273) | (6) | - | (1,279) |
| Depreciation | (1,895) | (7,536,067) | (2,548,747) | (519,952) | (595,502) | (769,750) | (11,971,913) |
| Net book value, end of year | 8,199,852 | 33,846,066 | 13,092,444 | 952,721 | 755,768 | 6,910,731 | 63,757,582 |
| As at 31 December 2020 | | | | | | | |
| Cost | 8,287,320 | 94,766,221 | 38,873,064 | 11,856,654 | 18,036,409 | 17,267,226 | 189,086,894 |
| Less Accumulated depreciation | (87,468) | (60,920,155) | (25,780,620) | (10,903,933) | (17,280,641) | (10,356,495) | (125,329,312) |
| Net book amount | 8,199,852 | 33,846,066 | 13,092,444 | 952,721 | 755,768 | 6,910,731 | 63,757,582 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | In Baht | | | | | | |
|-------------------------------------|--|-------------------------|-----------------------|---------------------|---------------------|--------------------|----------------------|
| | Financial statements in which equity method is applied and | | | | | | |
| | Separate financial statements | | | | | | |
| | Land & Improvement | Buildings & Improvement | Machinery & Equipment | Tools | Office Equipment | Vehicles | Total |
| For the year ended 31 December 2021 | | | | | | | |
| Net book value, beginning of year | 8,199,852 | 33,846,066 | 13,092,444 | 952,721 | 755,768 | 6,910,731 | 63,757,582 |
| Acquisition assets | - | - | 511,192 | 288,946 | 174,338 | - | 974,476 |
| Disposals | - | (40,084) | - | (1) | (3,544) | (200,000) | (243,629) |
| Depreciation | (1,429) | (3,575,791) | (2,627,342) | (345,750) | (336,795) | (768,594) | (7,655,701) |
| Net book value, end of year | <u>8,198,423</u> | <u>30,230,191</u> | <u>10,976,294</u> | <u>895,916</u> | <u>589,767</u> | <u>5,942,137</u> | <u>56,832,728</u> |
| As at 31 December 2021 | | | | | | | |
| Cost | 8,287,320 | 91,043,511 | 39,384,256 | 12,126,628 | 17,422,346 | 13,807,226 | 182,071,287 |
| Less Accumulated depreciation | <u>(88,897)</u> | <u>(60,813,320)</u> | <u>(28,407,962)</u> | <u>(11,230,712)</u> | <u>(16,832,579)</u> | <u>(7,865,089)</u> | <u>(125,238,559)</u> |
| Net book amount | <u>8,198,423</u> | <u>30,230,191</u> | <u>10,976,294</u> | <u>895,916</u> | <u>589,767</u> | <u>5,942,137</u> | <u>56,832,728</u> |

As at 31 December 2021, certain asset items of the Company has been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 72.2 million (2020: Baht 44.2 million).

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13. RIGHT-OF-USE ASSETS

Movements of the right-of-use assets - building during for the year ended 31 December 2021 are summarized below.

| | In Baht |
|--|--|
| | Financial statements in which equity method is applied and Separate financial statements |
| As at 1 January 2020 | - |
| For the year ended 31 December 2020 | |
| Net book value, beginning of year | - |
| Adjustments of right-of-use assets due to TFRS 16 adoption | 15,674,547 |
| Increase during year | 53,073,864 |
| Depreciation | (19,116,357) |
| Net book value, end of year | 49,632,054 |
| As at 31 December 2020 | |
| Cost | 68,748,411 |
| <u>Less</u> Accumulated depreciation | (19,116,357) |
| Net book amount | 49,632,054 |
| For the year ended 31 December 2021 | |
| Net book value, beginning of year | 49,632,054 |
| Increase during year | 3,898,798 |
| Depreciation | (19,155,577) |
| Net book value, end of year | 34,375,275 |
| As at 31 December 2021 | |
| Cost | 59,342,726 |
| <u>Less</u> Accumulated depreciation | (24,967,451) |
| Net book amount | 34,375,275 |

14. INTANGIBLE ASSETS

The net book value of computer software as at 31 December 2021 and 2020 is presented below.

| | In Baht | |
|--|--|-------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| As at 1 January | | |
| Cost | 2,420,302 | 2,420,302 |
| <u>Less</u> Accumulated amortization | (1,917,655) | (1,762,300) |
| Net book value | 502,647 | 658,002 |
| Transactions during the year ended 31 December | | |
| Net book value, beginning of year | 502,647 | 658,002 |
| Amortization | (146,367) | (155,355) |
| Net book value, end of year | 356,280 | 502,647 |
| As at 31 December | | |
| Cost | 2,420,302 | 2,420,302 |
| <u>Less</u> Accumulated amortization | (2,064,022) | (1,917,655) |
| Net book value | 356,280 | 502,647 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

15. TRADE AND OTHER PAYABLES

| | In Baht | |
|---|--|------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Trade accounts payable | 1,992,200 | 630,809 |
| Other payables - related parties (Note 5.2) | 655,517 | 693,075 |
| Accrued expenses | 13,126,703 | 16,179,236 |
| Unearned revenues | 321,013 | 260,400 |
| Others | 919,405 | 1,103,677 |
| Total | 17,014,838 | 18,867,197 |

16. LEASE LIABILITIES

| | In Baht | |
|--|--|--------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Lease liabilities | 34,882,795 | 51,417,430 |
| <u>Less</u> Deferred interest expense | (652,943) | (1,404,232) |
| Total | 34,229,852 | 50,013,198 |
| <u>Less</u> Current portion | (18,743,898) | (18,421,137) |
| Lease liabilities - net of current portion | 15,485,954 | 31,592,061 |

The Company has entered into the lease agreements of building for use in their operation. The terms of the agreements are generally between 3 years.

Future minimum lease payments required under the lease agreements were as follows:

| | In Baht | | |
|--|--|-------------|------------|
| | Financial statements in which equity method is applied and Separate financial statements | | |
| | 31 December 2021 | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 19,259,816 | 15,622,979 | 34,882,795 |
| Deferred interest expenses | (515,918) | (137,025) | (652,943) |
| Present value of future minimum lease payments | 18,743,898 | 15,485,954 | 34,229,852 |

| | In Baht | | |
|--|--|-------------|-------------|
| | Financial statements in which equity method is applied and Separate financial statements | | |
| | 31 December 2020 | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 19,247,055 | 32,170,375 | 51,417,430 |
| Deferred interest expenses | (825,918) | (578,314) | (1,404,232) |
| Present value of future minimum lease payments | 18,421,137 | 31,592,061 | 50,013,198 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

The following are the amounts for the years ended 31 December 2021 and 2020 regarding the lease agreements recognised in profit or loss:

| | In Baht | |
|--|--|------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Depreciation of right-of-use assets | 19,155,577 | 19,116,357 |
| Interest expense from lease liabilities | 864,257 | 476,540 |
| Expenses relating to short-term leases | 992,682 | 864,000 |
| Expense relating to leases of low-value assets | 300,676 | 314,787 |
| Total | 21,313,192 | 20,771,684 |

17. EMPLOYEE BENEFIT OBLIGATIONS

Movement in the present value of the defined benefit obligations:

| | In Baht | |
|--|--|------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Defined benefit obligations at 1 January | 17,452,616 | 15,976,021 |
| Included in profit or loss: | | |
| Current service cost | 1,144,826 | 1,140,265 |
| Interest cost | 511,178 | 478,509 |
| Included in other comprehensive income: | | |
| Actuarial losses (gain) arising from | | |
| Financial assumptions changes | (368,113) | - |
| Demographic assumptions changes | 1,090,973 | - |
| Experience adjustments | 339,977 | - |
| Total | 1,062,837 | - |
| Benefits paid during the year | (2,882,911) | (142,179) |
| Defined benefit obligations at 31 December | 17,288,546 | 17,452,616 |

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

| | In Baht | |
|---|--|-----------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Costs of sales | 479,902 | 471,862 |
| Administrative expenses | 1,176,102 | 1,146,912 |
| Total expenses recognised in profit or loss | 1,656,004 | 1,618,774 |

The Company expect to not pay of long-term employee benefits during the next year (2020 : Baht 2.2 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2020 : 13 years).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal actuarial assumptions at the reporting date

For the year ended 31 December 2021 and 2020

| | 2021 | 2020 |
|------------------------|---|---|
| Discount rate | 2.29% per annum | 3.02% per annum |
| Salary increase rate | 4.00% | 5.00% |
| Employee turnover rate | Scale related to Age ranging from 1.43 - 17.19% | Scale related to Age ranging from 1.91 - 22.92% |
| Mortality rate | According to Thailand TMO 2017 male and female | According to Thailand TMO 2017 male and female |

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Effect on the non-current provisions for defined benefit plans at 31 December

| | In Baht | | | |
|------------------------------------|--|-------------|-------------|-------------|
| | Financial statements in which equity method is applied and Separate financial statements | | | |
| | 2021 | | 2020 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (50 basis points) | (804,978) | 866,037 | (752,176) | 807,532 |
| Discount rate (100 basis points) | (1,554,216) | 1,799,055 | (1,453,689) | 1,675,627 |
| Future salary growth (1% movement) | 1,732,413 | (1,529,567) | 1,972,408 | (1,729,095) |
| Future salary growth (2% movement) | 3,699,954 | (2,883,758) | 4,228,401 | (3,248,975) |
| Turnover rate (20% movement) | (676,302) | 731,376 | (1,065,944) | 1,200,520 |
| Turnover rate (40% movement) | (1,303,852) | 1,525,278 | (2,019,569) | 2,564,260 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18. PROVISION FOR DISMANTLING COST OF RENTAL BUILDINGS

| | In Baht | |
|---|--|-----------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Beginning of year | 3,395,316 | 3,395,316 |
| Included in profit or loss | 1,044,418 | - |
| Included dismantling cost of rental buildings | 1,544,666 | - |
| Utilised during the year | (972,275) | - |
| End of year | 5,012,125 | 3,395,316 |

19. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

20. DIVIDENDS

Dividends paid in during year 2021 and 2020 are as follows :

| | | In Baht | |
|------------------------|---|--|--------------------|
| | | Financial statements in which equity method is applied and Separate financial statements | Dividend paid |
| | Approved by | Cash dividend paid | Dividend per share |
| Dividend for year 2020 | Annual General Meeting of the shareholders on 19 April 2021 | 71,952,000 | 0.1200 |
| Dividend for year 2019 | Board of Directors Meeting on 13 April 2020 | 56,961,050 | 0.0950 |

21. FINANCE INCOME

Finance income for the years ended 31 December 2021 and 2020 are as follows:

| | | In Baht | |
|---|--|--|-------------------------------|
| | | Financial statements in which equity method is applied | Separate financial statements |
| | | 2021 | 2020 |
| Gain on sale of other financial assets | | 2,484,332 | 8,334,402 |
| Unrealized gain (loss) from changes in fair value | | 23,813 | (721,256) |
| Interest income | | 7,621,998 | 3,156,165 |
| Dividends income from financial assets | | 2,688,845 | 1,249,905 |
| Dividends income from investment in associate | | - | - |
| Total | | 12,818,988 | 12,019,216 |

ASIAN PHYTOCEUTICALS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

22. INCOME TAX

Income tax expenses for the year ended 31 December 2021 and 2020 are as follows:

| | In Baht | | | |
|--|--|-------------------|-------------------------------|-------------------|
| | Financial statements in which equity method is applied | | Separate financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Current income | | | | |
| Corporate income tax charge for the year | 16,977,537 | 18,036,637 | 16,977,537 | 18,036,637 |
| Deferred tax | | | | |
| Relating to origination and reversal of temporary differences | (186,728) | (945,450) | (386,688) | (945,450) |
| Income tax expense presented in profit or loss | <u>16,790,809</u> | <u>17,091,187</u> | <u>16,590,849</u> | <u>17,091,187</u> |
| Other comprehensive income tax | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Gain (loss) on change in value of debt securities | (328,462) | 1,032,078 | (328,462) | 1,032,078 |
| Items that are not recorded subsequently to profit or loss | | | | |
| Gain (loss) on change in value of investments in equity | 1,237,126 | (217,483) | 1,237,126 | (217,483) |
| Actuarial loss | (212,567) | - | (212,567) | - |
| Total | <u>696,097</u> | <u>814,595</u> | <u>696,097</u> | <u>814,595</u> |

Reconciliation of effective tax rate

| | In Baht | | | |
|---|--|-------------------|-------------------------------|-------------------|
| | Financial statements in which equity method is applied | | Separate financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Accounting profit before corporate income tax | 85,489,851 | 87,066,503 | 86,377,428 | 88,972,419 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before corporate income tax multiplied by applicable tax rate | <u>17,097,970</u> | <u>17,413,301</u> | <u>17,275,486</u> | <u>17,794,484</u> |
| Effects of: | | | | |
| Tax exempted revenue | (376,120) | (102,734) | (696,649) | (481,782) |
| Addition expenses deductible for tax purposes | (195,294) | (227,832) | (195,294) | (227,832) |
| Expenses not deductible for tax purposes | 394,034 | 951,767 | 593,994 | 951,767 |
| Share of loss from investment in associate | 56,947 | 2,135 | - | - |
| Total | <u>(120,433)</u> | <u>623,336</u> | <u>(297,949)</u> | <u>242,153</u> |
| Relating to origination and reversal of temporary differences | <u>(186,728)</u> | <u>(945,450)</u> | <u>(386,688)</u> | <u>(945,450)</u> |
| Income tax expense | <u>16,790,809</u> | <u>17,091,187</u> | <u>16,590,849</u> | <u>17,091,187</u> |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Deferred tax assets in the statements of financial position as at 31 December 2021 and 2020 are summarised below.

| | In Baht | | | |
|---|--|------------------|-------------------------------|------------------|
| | Financial statements in which equity method is applied | | Separate financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Deferred tax assets | | | | |
| Allowance for obsolescence of inventories | 765,018 | 649,046 | 765,018 | 649,046 |
| Impairment loss for investments in associate | - | - | 199,960 | - |
| Employee benefit obligations | 3,457,709 | 3,490,523 | 3,457,709 | 3,490,523 |
| Provisions | 42,480 | 34,020 | 42,480 | 34,020 |
| Lease liabilities | 279,365 | - | 279,365 | - |
| Provision for dismantling cost | 693,975 | 660,901 | 693,975 | 660,901 |
| Unrealized loss from changing value on investment | 541,808 | 375,686 | 541,808 | 375,686 |
| Total deferred tax assets | 5,780,355 | 5,210,176 | 5,980,315 | 5,210,176 |
| Deferred tax liabilities | | | | |
| Unrealized gain from changing value on investment | 727,136 | 1,046,030 | 727,136 | 1,046,030 |
| Total deferred tax liabilities | 727,136 | 1,046,030 | 727,136 | 1,046,030 |
| Deferred tax assets - Net | 5,053,219 | 4,164,146 | 5,253,179 | 4,164,146 |

23. PROVIDENT FUND

The Company and their employees established a contributory registered provident fund in accordance with the provident fund Act, B.E.2530. The Company and employees contribute monthly the amounts equivalent 3% of their basic. The provident fund has been managed by Kasikorn asset management Co., Ltd. The fund contributed to employee in accordance with the terms and conditions prescribed following their provident funds. During 2021, the Company's contribution to the provident fund recorded amounting of Baht 1.1 million (2020 : Baht 1.1 million).

24. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company operates business of manufacturing and distribution of dietary supplement from herb. The management has considered this operation to be supported to each other. The Company operates in one geographical area in Thailand. Therefore revenue from operation and all assets in the financial statement involve in one business and geographical. The Company has revenues at the point in time from domestic sale and export sale. For the year ended 31 December 2021, domestic revenue 97.5% (2020: 98.4%), export revenue were 2.5% (2020: 1.6%) of total sales revenues.

Major customers

For the year 2021 and 2020, the Company has no major customer with revenues of 10% or more of total revenues.

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FOR THE YEAR ENDED 31 DECEMBER 2021

25. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2021 and 2020 are as follows:

| | In Baht | |
|--|--|------------|
| | Financial statements in which equity method is applied and Separate financial statements | |
| | 2021 | 2020 |
| Changes in finished goods and work in process | 929,130 | (598,678) |
| Raw materials and consumable used | 14,654,753 | 21,459,652 |
| Production fee | 2,311,074 | 3,095,645 |
| Service fee of utilization from products' research and development | 5,821,581 | 6,438,941 |
| Commission | 1,187,691 | 2,243,853 |
| Employees costs | 32,264,630 | 36,061,497 |
| Managements' remuneration | 18,537,408 | 19,093,419 |
| Depreciation and amortization | 26,957,645 | 31,243,625 |

26. COMMITMENTS AND CONTINGENT LIABILITIES

26.1 Operating lease commitments and service agreements

As at 31 December 2021 and 2020, the Company has commitment on rental and service agreements are as follows:

| | In Million Baht | |
|---------------|-----------------|------|
| | 2021 | 2020 |
| Within 1 year | 0.3 | 0.1 |

26.2 Contingent liabilities

As at 31 December 2021 and 2020, the Company has contingent liabilities for letters of guarantee issued by banks to government and private agency amounting to Baht 0.5 million, which are pledged by fixed deposits of the Company.

27. LICENSE OF UTILIZATION FROM PRODUCTS' RESEARCH AND DEVELOPMENT

The Company has made a research and development contract with Arun Pitaya Co., Ltd. (the contractor), which is related company with conditions as follows:

- Research and Development means Research and Development of mangosteen extract and/or Garcinia Cambogia extract that licensor has researched and developed from the past until now including the derivatives from the abovementioned extracts which comes from the specific innovation of the extracts production process.
- The licensee agrees to pay a 5% service fee of sales of products of the head office and 2% service fee of sales of products of the branches. The service fees will be paid on a monthly basis.
- Contractor will work in cooperation with both public and private sectors in this research and development. The request for any documents to confirm the qualification and safety during processing will bring no charge against the Company, unless the expenses are actually disbursed to the participants (both public and private sectors), However, they must notify the Company from time to time for approval.
- Contractor must deliver 1 unit of formulation and production process from product research and development to the Company. It's also forbidden to release such formulas and procedures to be released to others.
- Termination of contract must be in writing. The contract shall be terminated only when receiving the consent of both parties.

28. LEVEL OF FAIR VALUE

As at 31 December 2021 and 2020, the Company had certain assets and liabilities that were measured or disclosed at fair value using different levels inputs as follows:

| | In Million Baht | | | | | | | |
|--|---|------|---------|-------|---------|------|-------|-------|
| | Financial statements in which equity method is applied and Separate financial statements | | | | | | | |
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets measured at fair value | | | | | | | | |
| Debt securities | - | - | 310.9 | 255.5 | - | - | 310.9 | 255.5 |
| Unit Trust | - | - | 36.1 | 71.3 | - | - | 36.1 | 71.3 |
| Equity instruments of listed companies | 65.8 | 72.7 | - | - | - | - | 65.8 | 72.7 |

29. FINANCIAL INSTRUMENTS

29.1 Financial risk management policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, investments and trade accounts payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Trade and other accounts receivables

The Company was exposed to credit risk. However, due to the large number and diversity of the entities comprising the Company's customer base, most of the sales of products are in cash. The Company does not anticipate material losses from its debt collection. The Company estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate was made by considering the customer's past collection experiences. An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off in accordance with the Company's policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate risk through a counterparty's potential failure to make payments.

Foreign exchange risk

The Company has no material business transactions in foreign currencies thus the risk arising from exchange rate fluctuation does not significantly have impacts to the Company.

Interest rate risk

The Company's exposure to interest rate risk relate primarily to their deposits at bank, other financial assets and lease liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. Therefore, the company does not use derivative financial instruments to hedge such risk.

Interest rate sensitivity analysis

The Company does not have any significant impact of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate financial assets and long-term loans affected, with all other variables held constant.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 31 December 2021 based on un discounted contractual cash flows to present value. It can be represented as follows:

| | In Baht | | | |
|------------------------------------|--|-------------------|-----------|-------------------|
| | Financial statements in which equity method is applied and Separate financial statements | | | |
| | Less than 1 year | 1 to 5 years | > 5 years | Total |
| Financial liabilities | | | | |
| Trade and other payables | 17,014,838 | - | - | 17,014,838 |
| Liabilities under lease agreements | 19,259,816 | 15,622,979 | - | 34,882,795 |
| Total financial liabilities | <u>36,274,654</u> | <u>15,622,979</u> | <u>-</u> | <u>51,897,633</u> |

29.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

30. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2021 and 2020, the Company's debt-to-equity ratio were 0.14 : 1 and 0.17 : 1, respectively.

31. EVENTS AFTER THE REPORTING PERIOD

31.1 The Company entitled to has lease and service agreement. The term of agreements were 3 years which will be effective from 1 January 2022 to 31 December 2024. This will be resulted to increase the Company's assets and liabilities by same approximately Baht 3.8 million in the statement of financial position as at 1 January 2022.

31.2 On 28 February 2022, the Company's Board of Directors meeting No.1/2022 passed the following resolutions to approve the payment of dividend to its shareholders of 600,000,000 shares at the rate of Baht 0.1234 per share, totaling of Baht 74.0 million, from the retained earnings and profit for the year 2021. However, these resolutions will be further propose for the shareholders' approval in the Ordinary General Meeting of Shareholders for the fiscal year of 2022.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 28 February 2022.

Attachment 1

Details of Directors, Management, Controller, Chief Financial Officer,
Chief Accountant and Company Secretary

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|--|----------------------------------|--|---|--|--|
| | | | | | Year | Title | Company |
| Director | | | | | | | |
| Ms. Maleeratna Plumchitchom/ April 30, 2011 <ul style="list-style-type: none">Independent DirectorChairperson of the BoardChairperson of the Audit Committee | 76 | - Master of Business Administration, Michigan State University - Bachelor of Accountancy, Chulalongkorn University. (Honors) - Diploma of Directors Certification Program (DCP) 45/2004, Thai Institute of Directors Association (IOD) - Diploma, National Defence College of Thailand, The Joint State-Private Sector Course, Class 11 - Diploma of Power of the Land Program, Chulalongkorn University, Class 2/2013 - Diploma of Senior Executive Program, Capital Market Academy, Class 6/2008 - Diploma of Advanced Security Management Program, The Association National Defence College of Thailand, Class 3/2012 - Diploma of Chief Executive Course for Urban Development Management (Mahanakorn), Urban Green Development Institute Bangkok | - | - | 2018 – Present | Director | Thara 12 Co.,Ltd. |
| | | | | | 2018 – 2019 | Director | Knowledge Plus Institute. |
| | | | | | 2017 – Present | Chairperson of the Board | Nara 12 Co., Ltd. |
| | | | | | 2011 – Present | Independent Director / Chairperson of the Board / Chairperson of the Audit Committee | Asian Phytoceuticals Public Co., Ltd. |
| | | | | | 2007 – 2018 | Director | SYNNEX Public Co., Ltd. (Thailand) |
| | | | | | | Holding a position of director / executive in other organization | |
| | | | | | | Director Chairperson of the Board | <u>Listed companies</u> -None- <u>Non-listed companies</u> Thara 12 Co.,Ltd. Nara 12 Co., Ltd. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|---|----------------------------------|---|--|--|--|
| | | | | | Year | Title | Company |
| Prof. Dr.Pichaet Wiriyachitra April 30, 2011 <ul style="list-style-type: none"> ● Director ● Chairman of the Executive Committee ● CEO ● Authorized Director | 77 | - Honorary Doctorate Degree in Science (Chemistry), Prince of Songkla University - Post-Doctoral Fellow Chemistry/Natural Products, University of Connecticut, USA - Post-Doctoral Fellow Chemistry/Natural Products, University of Pennsylvania, USA - Doctor of Philosophy in Organic Chemistry, University of Tasmania, Australia - BSc. (Hons) in Science, University of Western Australia, Australia - Diploma of Director Accreditation Program (DAP) 43/2005, Thai Institute of Directors Association (IOD) | 49.26% | Husband of Assoc. Prof. Arunee Wiriyachitra | 2000 – Present | Director | Arun Pittaya Co., Ltd. |
| | | | | | 1988 – Present | Director / Chairman of the Executive Committee / CEO | Asian Phytoceuticals Public Co., Ltd. |
| | | | | | Holding a position of director / executive in other organization | | |
| | | | | | | Director | <u>Listed companies</u> -None- <u>Non-listed companies</u> Arun Pittaya Co., Ltd. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|--|----------------------------------|--|---|----------------------------------|---|
| | | | | | Year | Title | Company |
| Dr.Jingjai Hanchanlash / April 30, 2011 <ul style="list-style-type: none"> ● Director ● Executive Committee ● Authorized Director | 79 | - Doctor of Philosophy in Public Law, CAEN, France - Diploma in Project Analysis, Connecticut, USA - Diploma in Mid-Career Management Training, Western Ontario, Canada - Diploma of Director Accreditation Program (DAP) 1/2003, Thai Institute of Directors Association (IOD) - Audit Committee Program (ACP) 19/2007, Thai Institute of Directors Association (IOD) | 0.87% | - | 2019 – Present | Advisor | Loxley Public Co.,Ltd. |
| | | | | | 2017 – Present | Advisor | Thai Chamber of Commerce University Council |
| | | | | | 2017 – Present | Director | Thai Environmental Institute Foundation |
| | | | | | 2017 – Present | Vice-Chairman | Muang Thai Insurance Public Co.,Ltd. |
| | | | | | 2016 – Present | Executive Committee | The Centre for European Studies (CES) |
| | | | | | 2016 – Present | Chairman | Thai-Canadian Economic Cooperation Foundation |
| | | | | | 2014 – Present | Promotion Committee | Princess Galyani Vadhana Institute of Music |
| | | | | | 2014 – 2017 | Qualified Member | The Thailand Research Fund (TRF) |
| | | | | | 2007 – 2017 | Director | National Institute of Science and Technology |
| | | | | | 2005 – Present | Director and Executive Committee | Asian Phytoceuticals Public Co., Ltd. |
| | | | | | 2004 – Present | President | The French Association |
| | | | | | 2004 – Present | Honorary Consuls | Honorary Consulate of Jamaica in Thailand. |
| | | | | | 2003 – Present | Director | Spie Oil and Gas services (Thailand) Co.,Ltd. |
| | | | | | 2001 – Present | Independent Director | Laguna Resorts and Hotel Public Co., Ltd. |
| | | | | | 2000 – Present | Independent Director | Thai Wah Food Products Public Co., Ltd. |
| | | | | | 1999 – Present | Chairman and Executive Committee | Rutnin-Gimbel LASIK Centre |
| | | | | | 1999 – 2017 | Director | Thai Chamber of Commerce University Council |
| | | | | | 1999 – Present | Director | French-Thai Business Council (FTBC) |
| | | | | | 1999 – Present | Director | The Development Cooperation |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|----------------------|----------------------------------|--|---|--|--|
| | | | | | Year | Title | Company |
| | | | | | 1997 – Present 1996 – Present | Vice-Chairman Director | Foundation The Thai Chamber of Commerce (TCC) Mekong Region Law Center |
| | | | | | | <i>Holding a position of director / executive in other organization</i> | |
| | | | | | | Vice-Chairman Independent Director Independent Director Director Chairman of the Executive Committee | <u>Listed companies</u> Muang Thai Insurance Public Co.,Ltd. Laguna Resorts and Hotel Public Co., Ltd. Thai Wah Food Products Public Co., Ltd. <u>Non-listed companies</u> Spie Oil and Gas services (Thailand) Co.,Ltd Rutnin-Gimbel LASIK Centre |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|---|----------------------------------|--|--|--|---|
| | | | | | Year | Title | Company |
| Assoc. Prof.Arune Wiriya chitra / April 30, 2011 <ul style="list-style-type: none">● Director● Executive Committee● Authorized Director | 75 | <div>- Honorary Doctorate Degree in English Language Studies, Thammasat University.</div> <div>- Honorary Doctorate Degree in English for Communication, Ubon Ratchathani University.</div> <div>- MEd. in Bilingual Education, University of Connecticut, USA</div> <div>- BA in Linguistics, Thammasat University</div> <div>- Diploma of English Language Teaching, Perth Technical College, Australia</div> <div>- Diploma of Director Accreditation Program (DAP) 43/2005, Thai Institute of Directors Association (IOD)</div> | 15.37% | Wife of Prof. Dr. Pichaet Wiriya | 2012 – Present | Chairperson of Corporate Sustainability | Asian Phytochemicals Public Co., Ltd. |
| | | | | | 2012 – Present | Vice-President | Association of Developing Human Potential and Giftiness |
| | | | | | 2005 – Present | Director / Executive Committee and Company Secretary | Asian Phytochemicals Public Co., Ltd. |
| | | | | | 2000 – Present | Managing Director | Arun Pittaya Co., Ltd. |
| | | | | | Holding a position of director / executive in other organization | | |
| | | | | | | Managing Director | <div>Listed companies</div> <div>-None-</div> <div>Non-listed companies</div> <div>Arun Pittaya Co., Ltd.</div> |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|---|----------------------------------|--|--|---------------------------------------|---|
| | | | | | Year | Title | Company |
| Assoc. Prof. Dr.Varakorn Samakose / April 30, 2011 ● Independent Director ● Audit Committee | 74 | - Doctor of Philosophy in Economics, University of Kansas, USA - MSc. in Economics, University of Kansas, USA - BSc. in Economics, University of Western Australia, Australia - Diploma of Director Accreditation Program 14/2002, Thai Institute of Directors Association (IOD) - Diploma of the Rule of Law for Democracy, Class 2/2014, The Constitutional Court | - | - | 2018 – Present | Vice-Chairman | The National Strategy on Developing and Strengthening Human |
| | | | | | 2017 – Present | Council Committee | The National Economics and Social |
| | | | | | 2017 – Present | Advisor | Development Council NESDC) Thai |
| | | | | | 2016 – Present | Director | Health Promotion Foundation (ThaiHealth) |
| | | | | | 2011 – Present | Audit Committee/ Independent Director | The Public Sector Development Commission (OPDC) |
| | | | | | 2010 – January 31, 2016 | President | Asian Phytoceuticals Public Co., Ltd. |
| | | | | | Holding a position of director / executive in other organization | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|--|----------------------------------|--|--|--|---|
| | | | | | Year | Title | Company |
| Prof. Dr.Praipol Koomsup / April 30, 2011 ● Independent Director ● Audit Committee | 74 | <div>- Doctor of Philosophy in Economics, Yale University, USA</div> <div>- MSc. in Economics, Thammasat University</div> <div>- BSc. in Economics, University of Western Australia, Australia</div> <div>- Diploma of Director Accreditation Program (DAP) 52/2006, Thai Institute of Directors Association (IOD)</div> <div>- Diploma of Director Certificate Program (DCP) 91/2007, Thai Institute of Directors Association (IOD)</div> | - | - | 2019 – 2020 | Minister's Advisor | Minister of Energy |
| | | | | | 2014 – Present | Fund Committee | Energy Policy and Planning Office |
| | | | | | 2011 – Present | Independent Director / Audit Committee | Asian Phytoceuticals Public Co., Ltd. |
| | | | | | Holding a position of director / executive in other organization | | |
| | | | | | | | <div>Listed companies</div> <div>-None-</div> <div>Non-listed companies</div> <div>-None-</div> |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|---|----------------------------------|--|---|---|---|
| | | | | | Year | Title | Company |
| Executive | | | | | | | |
| Mr. Sakda Sreesangkom February 22, 2021 ● Executive Committee March 1, 2020 ● Chief Operating Officer | 60 | - Master of Economics, Keio University, Japan - Bachelor of Economics, Thammasat College - Diploma of Director Certificate Program (DCP) 87/2007, Thai Institute of Directors Association (IOD) | 1.33% | - | 2020 – Present 2009 – Present | Chief Operating Officer Senior advisor | Asian Phytoceuticals Public Co., Ltd. Northern Gulf Oil (THAILAND) Co., Ltd. |
| Mrs. Jannatthabhorn Janprasert November 11, 2011 ● Assistant to Chief Executive Officer for Production | 56 | - Master of Science in Chemistry Chiang Mai University - Bachelor of Science in Chemistry Prince of Songkla University | 0.04% | - | 1995 – Present | Assistant to Chief Executive Officer for Production | Asian Phytoceuticals Public Co., Ltd. |
| Ms. Sureeporn Teeyaprechaya November 11, 2011 ● Assistant to Chief Executive Officer for Management | 60 | - Bachelor of Accounting Sukhothai Thammathirat Open University | 0.05% | - | 1995 – Present | Assistant to Chief Executive Officer for Management | Asian Phytoceuticals Public Co., Ltd. |
| Mrs. Sirithip Wiriyachitra November 11, 2011 ● Assistant to Chief Executive Officer for Research and Quality Assurance | 55 | - Master of Science (Microbiology) Mahidol University - Bachelor of Science (Medical Technology) Mahidol University | 0.04% | Niece Prof. Dr. Pichaet Wiiriyachitra | 2009 – Present | Assistant to Chief Executive Officer for Research and Quality Assurance | Asian Phytoceuticals Public Co., Ltd. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|---|----------------------------------|--|---|---|---------------------------------------|
| | | | | | Year | Title | Company |
| Ms. Ornphimol Prasertwit November 11, 2011 <ul style="list-style-type: none"> Assistant to Chief Executive Officer for Marketing | 56 | <ul style="list-style-type: none"> Master of Business Administration Bangkok University Bachelor of Science, Mahidol University | 0.04% | - | 2013 – Present | Assistant to Chief Executive Officer for Marketing | Asian Phytoceuticals Public Co., Ltd. |
| Chief Financial Officer | | | | | | | |
| Mrs. Apinya Ulumpanon November 11, 2011 <ul style="list-style-type: none"> Assistant to Chief Executive Officer for Accounting and Finance | 53 | <ul style="list-style-type: none"> Bachelor of Accounting Prince of Songkla University <u>Continuing Professional Development in 2021</u> <ul style="list-style-type: none"> Calculation of employee benefits using actuarial principles 2021 Including tax issues that need to be solved in the business of selling goods and services TAX ACCOUNTING, tax accounting for accurate closing of accounts | 0.07% | - | 2011 – Present | Assistant to Chief Executive Officer for Accounting and Finance | Asian Phytoceuticals Public Co., Ltd. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|---|----------------------------------|--|--|--|---|
| | | | | | Year | Title | Company |
| Chief Accountant | | | | | | | |
| Ms. Jareerat Jintana November 11, 2011 ● Chief Accountant | 53 | - Bachelor of Accounting Ramkhamhaeng University <u>Continuing Professional Development in 2021</u> - Basic Accounting and Financial Statement Analysis. | - | - | 2011 – Present | Chief Accountant | Asian Phytoceuticals Public Co., Ltd. |
| Company Secretary | | | | | | | |
| Assoc. Prof.Arune Wiriyaichitra / July 2, 2011 ● Company Secretary | 75 | - Honorary Doctorate Degree in English Language Studies, Thammasat University. - Honorary Doctorate Degree in English for Communication, Ubon Ratchathani University. - MEd. in Bilingual Education, University of Connecticut, USA - BA in Linguistics, Thammasat University - Diploma of English Language Teaching, Perth Technical College, Australia | 15.37% | Wife of Prof. Dr. Pichaet Wiriyaichitra | 2012 – Present 2012 – Present 2005 – Present 2000 – Present | Chairperson of Corporate Sustainability Vice-President Director / Executive Committee and Company Secretary Managing Director | Asian Phytoceuticals Public Co., Ltd. Association of Developing Human Potential and Giftiness Asian Phytoceuticals Public Co., Ltd. Arun Pittaya Co., Ltd. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|---|----------------------------------|--|---|---|--|
| | | | | | Year | Title | Company |
| | | - Diploma of Director Accreditation Program (DAP) 43/2005, Thai Institute of Directors Association (IOD) | | | | | |
| Ms. Jutirat Promchotchai / February 22, 2021 <ul style="list-style-type: none"> Company Secretary | 48 | <ul style="list-style-type: none"> - Bachelor of Laws Chiang Mai University - Bachelor of Business Administration Bangkok University - Certified Professional Internal Audit of Thailand (CPIAT), The Institute of Internal Auditors of Thailand - Certificate Course for Internal Auditors of Thailand (CPIAT 49), The Institute of Internal Auditors of Thailand. - Engagement Working Program Development, The Institute of Internal Auditors of Thailand. - IA Clinic: Agile Auditing, The Institute of Internal Auditors of Thailand. - IA Clinic: Top Risks 2021 & It Audit Roles, The Institute of Internal | - | - | 2011 – Present 2021 – Present | Head of Internal Audit Company Secretary | Asian Phytoceuticals Public Company Limited. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|---|----------------------------------|--|---|-------|---------|
| | | | | | Year | Title | Company |
| | | <p>Auditors of Thailand.</p> <p>- Internal Audit Modernization, The Institute of Internal Auditors of Thailand.</p> <p>- The Relevance Factor, The Institute of Internal Auditors Global.</p> <p>- IA Clinic: The Convergence of Security Governance and Data Privacy, The Institute of Internal Auditors of Thailand.</p> <p>- IA Clinic: Fraud Investigation in the Digital, The Institute of Internal Auditors of Thailand.</p> <p>- Summary of important to be aware of TFRS for PAEs that must be used in 2021, The Stock Exchange of Thailand.</p> <p>- Accounting Information 1 and 2, Department of Business Development, Ministry of Commerce.</p> | | | | | |

Company Secretary duties and responsibilities

The Board agreed to appoint Assoc.Prof. Arunee Wiriyaichitra as Company Secretary since July 2, 2011, whereby the Company Secretary must perform the duties prescribed under Section 89/15 of the Securities and Exchange Act 1992, and Section 89/16 of the Securities and Exchange Act 2008 (No.4), effective since August 31, 2008, with the responsibility, carefulness, and honesty as well as any operation in accordance with the Company's objectives, resolutions of the Board of Directors, and resolutions of the shareholder's meetings. The Company Secretary's duties and responsibilities are as follows:

1. Prepare and preserve directors registration documents;
2. Prepare and preserve meeting agendas (Board of Directors/ shareholders), meeting reports (Board of Directors/ shareholders) and annual reports;
3. Preserve reports of conflict of interest reported by both directors and the Board of directors. Submit the copies to the Chairperson to audit within seven working days.
4. Manage other matters as announced by the Federation of Thai Capital Market Organization.

In addition, the Company Secretary is responsible for other duties assigned by the Company (or the Board of Directors) below.

1. Organize the meetings of the Board of Directors and shareholders.
2. Coordinate with the Company's internal divisions to follow the resolutions of the Board of Directors and shareholders.
3. Perform other duties as assigned by the Company.

Information on the positions of management and controlling persons of the Company in associated or related companies

A = Chairman of the Board, B = Company Directors, C = Executive Committee, D = Executive,
E = Advisor / Advisory Board
X = Chairman of the Audit, Y = Audit Committee, Z = Independent Director

| <div> <div>Name- Surname</div> <div>List of Companies</div> </div> | Ms. Maleeratna Plumchitchom | Prof. Dr.Pichaet Wiriyaichitra | Dr.Jingjai Hanchanlath | Assoc. Prof. Arunee Wiriyaichitra | Assoc. Prof. Dr.Varakorn Samakoses | Prof. Dr.Praipol Koomsup | Mr. Sakda Sreesangkom | Mrs. Jannatthabhorn Janprasert | Ms. Sureeporn Teeyaprechaya | Mrs. Apinya Ulumpanon | Mrs. Sirithip Wiriyaichitra | Ms. Ormphimol Prasertwit |
|--|-----------------------------|--------------------------------|------------------------|-----------------------------------|------------------------------------|--------------------------|-----------------------|--------------------------------|-----------------------------|-----------------------|-----------------------------|--------------------------|
| Asian Phytoceuticals Public Co. Ltd. | A,X,Z | B,C,D | B,C | B,C,D | B,Y,Z | B,Y,Z | D | D | D | D | D | D |
| <u>Associated Company</u> | | | | | | | | | | | | |
| Apco China Co., Ltd. | | B | | | | | B | | | | | |
| Hisold Digital Co., Ltd. | | B | | | | | | | | | | |
| <u>Related companies</u> | | | | | | | | | | | | |
| Arun Pittaya Co., Ltd. | | B | | B,D | | | | | | | | |

Attachment 2

Details of the Directors of the Subsidiary Company

- None of the Subsidiaries -

Attachment 3

Details of the Head of Internal Audit and the Head of the Company's Compliance

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Sharehold- ing in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|--|-------------|---|------------------------------------|--|---|---|--|
| | | | | | Year | Title | Company |
| Head of Internal Audit | | | | | | | |
| Ms. Jutirat Promchotchai / April 21, 2011 ● Head of Internal Audit | 48 | <ul style="list-style-type: none">- Bachelor of Laws Chiang Mai University- Bachelor of Business Administration Bangkok University- Certified Professional Internal Audit of Thailand (CPIAT), The Institute of Internal Auditors of Thailand- Certificate Course for Internal Auditors of Thailand (CPIAT 49), The Institute of Internal Auditors of Thailand- Engagement Working Program Development, The Institute of Internal Auditors of Thailand.- IA Clinic: Agile Auditing, The Institute of Internal Auditors of Thailand.- IA Clinic:Top Risks 2021 & It Audit Roles, The Institute of Internal Auditors of Thailand.- Internal Audit Modernization, The Institute of Internal Auditors of Thailand. | - | - | 2011 – Present 2021 – Present | Head of Internal Audit Company Secretary | Asian Phytoceuticals Public Company Limited. |

| First-Last Name / Date of Appointment / Title | Age (years) | Education / Training | % of Shareholding in the Company | Family Relationship between Management | Work Experience during the recent 5 years | | |
|---|-------------|--|----------------------------------|--|---|-------|---------|
| | | | | | Year | Title | Company |
| | | <ul style="list-style-type: none"> - The Relevance Factor, The Institute of Internal Auditors Global. - IA Clinic:The Convergence of Security Governance and Data Privacy, The Institute of Internal Auditors of Thailand. - IA Clinic: Fraud Investigation in the Digital, The Institute of Internal Auditors of Thailand. - Summary of important to be aware of TFRS for PAEs that must be used in 2021, The Stock Exchange of Thailand. - Accounting Information 1 and 2, Department of Business Development, Ministry of Commerce | | | | | |

For supervising operations, the Company has not established a supervisory unit of the Company. The supervisory work is under the supervision of the Company Secretary Department. It will have the responsibility to be the center of supervision of the business operations to comply with laws, rules, regulations, policies, and requirements of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand, and other government agencies related. The Board of Directors has approved the Compliance Policy by requiring the Board of Directors, Audit Committee, Executive Committee, Senior Management, Departments, and Employees to comply with the law. Also communicates with employees to recognize that all employees have a duty and responsibility to study and understand the applicable laws and regulations in the work they are responsible for and perform them correctly and completely strictly adhere to the rules.

Attachment 4

Business Assets

(A) Main non-current assets

Assets that the Company used in business operations as of December 31, 2021, consist of:

■ Land and apartment ownership

| Title deed number/apartment ownership | The location | Area | Ownership | Net value (baht) | Holding purpose |
|---|--|-----------------------|-----------|------------------|---|
| 27416 | 84/3 M.4 Northern Region Industrial Estate (West) T.Banklang, A.Muang Lamphun | 5 Rai 7 Square Wah | APCO | 2,582,423 | To be used as the location of the manufacturing plant |
| 76768,76769 (Commercial building 3 floors, 2 booths) | 22 A.Hat Yai, Songkhla | 135 Square meters | APCO | 5,000,000 | To be used as the location of the branch office |
| 449, 450, 4491, 6579,8680 | 11th Floor, SV City Apartment, Building 2, Rama 3 Road Chong Nonsi, Yannawa, Bangkok | 63.19 Square meters | APCO | 1 | To be used as accommodation for staff |
| 159123,159124,159125 Land number 503,504,505 Commercial building 3 floors, 3 booths | 170/126-8 M.3 Phayatatja Road, T.Samed A.Muang Chonburi | 520 Square meters | APCO | 616,000 | To be used as the location of the branch office |
| Total | | | | 8,198,424 | |

The land and ownership of all apartments are owned by the Company and without any obligation.

■ Other fixed assets

| Asset type | Ownership | Net residual value (Baht) After deducting accumulated depreciation |
|-------------------------------------|-----------|--|
| Buildings and building improvements | Own | 31,772,438.53 |
| Machinery and equipment | Own | 10,976,293.73 |
| Tools and utensils | Own | 760,376.23 |
| Office decoration | Own | 54,014.04 |
| Office supplies | Own | 535,753.12 |
| Vehicle | Own | 5,942,137.36 |
| Total | | 50,041,013.01 |

Other fixed assets are as shown in the table are owned by ACPO and without any obligation.

■ Leasehold rights







| Rental space | Contract details |
|--|--|
| 1. APCO's warehouse. Located at 269 Krungthep Kreetha Road, Huamark, Bangkapi, Bangkok. | Tenant: APCO Lessor: Mrs. Nadear Suwinai Duration: June 1, 2021 – May 30, 2024 Rental: 67,430 Baht per month |
| 2. APCO, Chiang Mai Branch Located at 61/5 Inthawarorot Road, Sriphum, Mueang, Chiang Mai. | Tenant: APCO Lessor: Arun Pithaya Co., Ltd. (a related person of the Company) Period: July 1, 2021 – June 30, 2022 Rental: 35,000 Baht per month |
| 3. APCO, Esplanade Branch Located at 317, 3 rd floor, Esplanade Shopping Center | Leasehold assignee: APCO Lessor: Siam Future Property Company Limited Duration: 3 years from August 1, 2018 – July 31, 2021 and extended the contract for another 5 months until 31 December 2021. Rental area: about 65.54 square meters Rental: 1,454.75 Baht per month per square meter or approximately 95,344.32 Baht per month |
| 4. APCO, Ratchadapisek Branch Located on the 30 th floor, AIA Capital Center Building | Tenant: APCO Lessor: AIA Company Limited Duration: 3 years from October 1, 2020 – September 30, 2023. Rental area: approximately 1,894.72 square meters Rent: 760 Baht per month per square meter or roughly 1,438,205.00 Baht per month |



Note: For the 1st, 2nd, and 4th leases as mentioned in the table. The tenant can renew the lease again by agreeing on the rental price together with the tenant. For the 3rd lease, there are no details on the renewal of the lease agreement. Usually, at the close of the contract expiration date, the lessor will have a letter informing the tenant of details of the lease renewal.

(B) Trademark

The Company registered its trademark with the Trademark Office, the Department of Intellectual Property for each product to prevent infringement. The trademark will last for 10 years, details are as follows:

| Product Type | Trademark | Owner | Registration Date | Expiration date |
|----------------|---|-------|--------------------|--------------------|
| Skincare cream |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | November 22, 2007 | November 21, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO* | September 26, 2007 | September 25, 2027 |
| |  | APCO | June 8, 2018 | June 7, 2028 |

| Product Type | Trademark | Owner | Registration Date | Expiration date |
|---|---|-------|--------------------|--------------------|
| |  | APCO | June 14, 2018 | June 13, 2028 |
| |  | APCO | August 20, 2019 | August 19, 2029 |
| Cosmetics, face cream, body lotion, sunscreen |  | APCO | May 26, 2000 | May 25, 2030 |
| |  | APCO* | March 23, 2011 | March 22, 2031 |
| |  | APCO* | April 27, 2001 | April 26, 2031 |
| Supplements from fruit extracts pellets. |  | APCO | October 10, 2006 | October 9, 2026 |
| |  | APCO* | February 11, 1997 | February 10, 2027 |
| |  | APCO | May 23, 1997 | May 22, 2027 |
| Dietary supplements made from plants |  | APCO* | September 26, 2007 | September 25, 2027 |
| |  | APCO* | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | September 26, 2007 | September 25, 2027 |
| |  | APCO | November 22, 2007 | November 21, 2027 |
| |  | APCO | November 22, 2007 | November 21, 2027 |
| |  | APCO | September 17, 2009 | September 16, 2029 |
| |  | APCO* | September 4, 2009 | September 3, 2029 |
| |  | APCO* | September 4, 2009 | September 3, 2029 |
| |  | APCO | September 24, 2009 | September 23, 2029 |
| |  | APCO | April 30, 2009 | April 29, 2029 |
| |  | APCO* | April 30, 2009 | April 29, 2029 |

| Product Type | Trademark | Owner | Registration Date | Expiration date |
|--------------------|---|-------|--------------------|---------------------|
| | Dethritis | APCO | April 20, 2010 | April 19, 2030 |
| | Debates | APCO | April 20, 2010 | April 19, 2030 |
| | Imm | APCO | May 11, 2010 | May 10, 2030 |
| | LIV CAPSULE | APCO* | January 29, 2015 | January 28, 2025 |
| | BIMXTRA | APCO | May 7, 2015 | May 6, 2025 |
| | EYELAST | APCO | May 7, 2015 | May 6, 2025 |
| | BIMEYE | APCO | May 7, 2015 | May 6, 2025 |
| | MACULAST | APCO | May 7, 2015 | May 6, 2025 |
| | BIMPLUS | APCO | May 7, 2015 | May 6, 2025 |
| | BIMOPLUS | APCO | September 17, 2015 | September 16, 2025 |
| | ECZENOK | APCO | July 21, 2016 | July 20, 2026 |
| Herbal weight loss |  | APCO* | December 19, 1996 | December 18, 2026 |
| |  | APCO | December 19, 1996 | December 18, 2026 |
| Fruit juice | GARCINIA HICA | APCO | January 10, 1997 | January 9, 2027 |
| | TRIMONE | APCO | February 11, 1997 | February 10, 2017** |
| | FIGOR | APCO | May 23, 1997 | May 22, 2027 |
| | GREENLINE | APCO | October 10, 2006 | October 9, 2026 |

Note: * Currently available trademarks

** Under renewal

- In the event that the trademark is expired and the Company did not renew, other persons can apply for the trademark to be registered as the owner. However, the Company has the policy to follow up and submit a trademark registration renewal so that they can be used in the next trade.

(C) Patent

The Company is in the process of filing an invention patent application for an invention as follows:

- (1) Nutrition ingredients which is patent related to products made from mangosteen extract and garcinia extract.

- (2) A component to regulate the immune response, which is a patent pertaining to products made from extracts of mangosteen and various grains, or the Operation “BIM” family of products.

Details of the patent application summarized as follows:

| Invention patent ^{/1} | Detail | |
|--------------------------------|---|---|
| Patent name | Components to regulate the immune response | Phytochemical ingredients and immunization techniques against foreign matter and autoimmune ^{/2} |
| Request number | 1001001545 | 1601002466 |
| Application submission date | 5 October 1990 | 28 April 2016 |
| Applicant Name | Asian Phytoceuticals Public Co. Ltd. | Asian Phytoceuticals Public Co. Ltd. |
| Inventor's name | Mr. Pichaet Wiriyachitra Mrs. Ampai Panthong Mrs. Siriwan Ong-chai Ms. Souwalak Phongpaichit Ms. Wilawan Mahabudsarakam | Mr. Pichaet Wiriyachitra |
| Status | In the process of announcing an advertisement for a patent application | In the process of submitting corrective documents before the announcement of the advertisement |

Note: ^{/1} To get a patent, the law will provide protection for 20 years from the date of filing the patent application. After that, the public can take advantage of that patent. But if there is a technological development that has been noted, then can apply for a new patent.

^{/2} The Comcoany is pending patent applications in the United States, Singapore, and Malaysia for the same.

(D) Other important contracts involved in business operations

1. License Agreement to Utilize Product Research and Development

Counterparty : Party 1: Asian Phytoceuticals Public Co. Ltd. (“Licensee”)
Which holds 64.59 percent of shares by Professor Dr.Pichaet Wiriyachitra and his wife, Associate Professor Arunee Wiriyachitra.

Party 2: Arun Pithaya Company Limited (“Licensor”)
Which holds 100 percent of shares by Professor Dr.Pichaet Wiriyachitra and his wife, Associate Professor Arunee Wiriyachitra.

Signing date : December 1, 2013

Summary of the Contract : 1. Permission to use research and product development, which means research and development on mangosteen extract and/or Garcinia extract that Professor Dr.Pichaet Wiriyachitra has researched and developed in past to present are elements, including the works that are further from the said extracts.

2. Licensor is responsible for experiments and research and development. In order to continuously improve product quality.

3. The licensee will keep the production formulas obtained from the licensor's

research and product development work and forbid the formula and production process to be published to others.

Compensation : 5 percent of product sales, if it is sold from the factory.
2 percent of product sales, if it is sold out from the branch office.
Compensation once a month after the sales summary.

Contract period : Until the contract is terminated from both parties.

Research and development contract for the said product is originated because most of the Company's products in the past was produced from the research results of extracts from mangosteen and garcinia by Professor Dr.Pichaet Wiriyachitra together with his research teams and allow the Company to do production for free. However, Professor Dr.Pichaet Wiriyachitra has granted APCO to apply the patent application for all products and formulas and pay compensation for utilizing research and development at the rate of 5% of the sales of the products produced from his research, including new products that may occur in the future from the said research. Such principles were approved by the Board of Directors' Meeting No. 1/2006 on February 27, 2006. The Board's meeting considered that the remuneration was similar to the remuneration that the National Research Council gave to researchers who can bring their research into the industry. The agreement was entered into on January 1, 2008, and has been effective retrospectively since January 1, 2006. Subsequently, the Board of Directors' Meeting No. 6/2011 on September 23, 2011, has a resolution to approve a new contract to improve the content of the original contract to be more clear and changed the parties from Greens to Gold Ordinary Partnership with Professor Dr.Pichaet Wiriyachitra as Managing Partner, to be Arun Pithaya Company Limited which holds 100 percent of shares by Professor Dr. Pichaet Wiriyachitra and his wife, Associate Professor Arunee Wiriyachitra. The new contract was effective from January 2011 onwards.

The Extraordinary General Meeting of Shareholders No. 1/2013 on September 20, 2013, approved the restructuring of the Group of Companies. The Company completed restructuring on November 30, 2013, by accepting the entire business transfer (EBT) of its subsidiaries, namely Asian Life Co., Ltd., Green Gold Co., Ltd., TH17 Global Co., Ltd., and Top Makom Co., Ltd. ("Group of Companies"), in which the Company holds approximately 100% of the shares entered operations under APCO and registered the dissolution of the subsidiary companies. After the restructuring of the Company, "License Agreement for Utilization of Research and Product Development" has been prepared and has revised the compensation conditions in the contract. The Company agrees to pay compensation for the utilization of research and development at the rate of 5 percent of product sales if it is sold from the factory and 2 percent of product sales, if it is sold out from the branch office with effect from December 1, 2013., and paying remuneration once a month after-sales summary. The details of the contract are summarized in the table above. Products not included in the compensation calculation are Bryte & Spryte, Ginkgo Biloba, and certain products in the Miracles and Jada.

For future research and development approaches in the event that there are a research and development of new raw material products that our current research team had no expertise, the Company has a policy of hiring outside agencies such as universities or other research units with expertise as a researcher. It is expected that it will take less time and expenses than the Company own conducts research and development.

2. Product Research Consultant Contract

The contract was made between APCO and

- | | |
|--|---------------------|
| (1) Associate Professor Dr. Siriwan Ong-chai | Dated March 1, 2010 |
| (2) Associate Professor Dr. Wilawan Mahabudsarakam | Dated March 1, 2010 |

The Company hires such experts as a consultant on product research. Pay wages on a monthly basis. It is effective from the date of the contract until the contract is terminated. The expert is a research group participant in the Operation “BIM” project, headed by Professor Dr.Pichaet Wiriyaichitra. The product resulting from the said research is the copyright of the Company together with researchers.

3. Research and development consultant contract

The contract was made between APCO and

- | | |
|--|-----------------------|
| (1) Associate Professor Dr. Pharm. Ampai Panthong | Dated January 1, 2012 |
| (2) Associate Professor Dr. Pharm. Souwalak Phongpaichit | Dated January 1, 2012 |

Associate Professor Dr. Pharm.Ampai Panthong is the Chairman of the Research and Development Committee and Associate Professor Dr. Pharm.Souwalak Phongpaichit is the Research and Development Committee. The Company hires the aforementioned experts to be a consultant to educate consumers about products through various public relations media as specified by the Company, including giving advice to members of the branch by going to the branches of the specified company for consultation 2 times a week in which the Company will pay monthly wages and the contract is effective from the date of the contract until the contract is terminated. The Chairman of the Research and Development Committee will work with the Chief Executive Officer in planning research and product development are research group participants in the Operation “BIM” project, headed by Professor Dr.Pichaet Wiriyaichitra. The product resulting from the said research is the copyright of the Company together with researchers.

4. Employment expert contract

- | | | |
|-------------------------|---|---|
| Counterparty | : | Party 1: Asian Phytoceuticals Public Co. Ltd. (“Company”) Party 2: Dr. Valairat Dhamcharee, MD. (“Expert”) |
| Signing date | : | January 2, 2016 |
| Summary of the Contract | : | 1. The Company hires expert to provide advice on the use of Operation BIM products to consumers in all activities of Bim Health Center. 2. Experts will give advice to consumers at the Company's office. Ratchadaphisek Branch, 30th Floor, AIA Capital Center Building, Ratchadaphisek, every Monday and Wednesday of the week from 2.00 pm - 4.00 pm. The Company will pay monthly wages. |
| Contract period | : | Until the contract is terminated from both parties |

Investment Policy in the Company Subsidiaries and/or Joint Companies.

The Company has the policy to invest in the Company subsidiary or associated company which has an objective to operate businesses that support the Company's business. This will make the Company has higher operating results on profits or businesses that benefit the Company (Synergy) which can support the core business of the Company.

The investment in the Company subsidiaries and the associated company will be under the control and audit of the Audit Committee. The Company will send the Company's Directors or select the Executives who have qualifications and experience suitable for business operations to represent management to formulate important policies and control the Company's business operations.

Attachment 5

Code of Conduct

Code of Conduct

In order to declare the intention to be a role model for employees to behave and act honestly as well as taking care of the interests of all groups of stakeholders equally, the Board of Directors has established a code of business ethics to emphasize to the Executives and Employees to strictly abide by. It has an important objective to promote the values and corporate culture which resulted in sustainable growth as follows:

1. The Company adheres to the rule of law in business operations. Therefore the duty of the Executives and employees to know the regulations, relevant laws including laws that will be enacted in the near future which will affect their management and work. Therefore, the Executives and employees shall study and understand their duties and responsibilities in following regulations of government organizations and related agencies, both currently enforced and will be enforced in the near future, that are mainly used in performing their duties. The Executives and Employees must perform their duties strictly in compliance with laws relevant to the business of the Company and work regulations of the Company, and avoid any acts that might cause negative impact on the Company's reputation.
2. The Executives and Employees shall not seek competitors' trade secrets or inside information by illegal means such as theft, espionage or violation of agreement not to disclose competitors' information, whether received from customers or other persons.
3. The Company is decision making and business operations is transparent and can be disclosed to stakeholders for their information and verification under the laws and rules, regulations and practices of the Company that are related to protect trade secrets from being leaked to competitors and respect shareholders' rights to receive the necessary information to assess the Company equally and will disclose the financial performance and financial position with accurate and truthful supporting information according to the Stock Exchange of Thailand and the Securities and Exchange Commission set.
4. In the event that a director or employee has a connected transaction with the Company, the Company will act as the Company has done with outsiders. Director or employee must not participate in the approval.
5. The Executives, Employees, and close relatives shall not receive money, benefits or items from others related to the business of the Company if such receiving causes misunderstanding in the way that the receiver is inclined or specially related in business with the giver, causing damages to the Company.
6. The Executives, Employees, Family members, and Person living under the same roof shall not engage in any business/activity that may cause other persons to consider that the business/activity has conflict of interest with the Company, whether directly or indirectly.
7. The Executives and Employees who are responsible for using the Company's inside information must be careful not to let others overhear, eavesdrop, wiretap, or audio record the inside information. In addition, they should not converse in public through mobile phones or converse with family members and close persons which may lead to dissemination of inside information to others.

8. The Executives and Employees must strictly manage, store and classify inside information according to the Company's rules and regulations.
9. The Executives and Employees shall not disclose the Company's inside information to unauthorized persons, especially the customer's confidentiality, unless having received written approval from authorized persons and the responsible unit.
10. While working for the Company and after the termination of operating conditions, employees must not disclose the Company's confidential information for the benefit of anyone at all, whether it is electronic information, financial information, operations, business information, future plans of the Company, etc.
11. The Executives and Employees do not use the specification for securities trading or transmit it to others for securities trading.
12. The Executives and Employees must perform their duties with honesty, without bias, and do not exercise their power in seeking for the benefit of oneself or others.
13. The Executives and Employees must not intentionally make reports or records with untrue or inaccurate information and must not intentionally conceal or present untrue or inaccurate information to the Company. Whenever untrue or inaccurate information is found, such persons must report their superior immediately.
14. The Executives and Employees must not utilize the communication and computer systems to conduct any activities that are illegal or against the Company's policy or utilize the Internet or similar services in the manner that could cause damages, disgrace, lack of trust or discredit including must utilize the communication and computer systems with full responsibility and must not cause disharmony, damage others' reputation, discourage others' morale, or discourage amity in workplace.
15. The Executives and Employees shall keep the Company's assets in a good condition and utilize them to fully generate benefits for the Company's business and must not use them for their own or others' benefit in a misconduct way including must not take, utilize, sell, give, borrow, owe, distribute or transfer the Company's assets without permission, regardless of their value or condition.
16. The Executives and Employees are responsible for helping or attempting to gain patent, copyright, or protect the Company's intellectual property trademarks and must not take any action that violates the intellectual property of others or competitors.
17. The Executives and Employees must conform to the Company's safety regulations when using tools, equipment and work environment.

18. The Executives and Employees shall encourage working environment, avoid activity that violates the privacy, respect each other, collaboration, suggest and solve problem together in the workplace.
19. The Executives and Employees must not provoke, slander or imitate others causing disharmony and shall omit claiming others' work as one's own. In addition, must not be have in the way that marks dislike, molest people in the opposite sex, bully others, be in debt, addict gambling, take drugs, consume alcohol drinks while performing work, or commit any acts deemed ethically disgraceful.
20. The Executives and Employees must not commit any acts causing sexual harassment among colleagues. If sexual harassment among employees is found, such matter shall be reported to the superior immediately.
21. The Company respects and supports stakeholders to exercise their individual rights and freedoms under the constitution. The Company will be neutral and not involved in politics.
22. The Executives and Employees shall be fair and shall not discriminate in hiring including recruitment of personnel, consideration of remuneration and benefits, job promotion, job relocation, performance evaluation, training, adherence to regulations, job termination, layoff and reemployment, and participation in society and recreational activities, etc.
23. The Executives and Employees must recognize the importance of helping conserve natural resources and the environment and must try to prevent the companul from engaging in activities that harm or pollute natural resources, the environment and related ecosystems.

Attachment 6

Audit Committee Report

The Audit Committee of Asian Phytoceuticals Public Co., Ltd. is comprised of 3 members as follows:

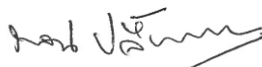
- | | |
|--|------------------------------------|
| 1. Ms. Maleeratna Plumchitchom | Chairperson of the Audit Committee |
| 2. Associate Professor Dr.Varakorn Samakoses | Audit Committee |
| 3. Professor Dr.Praipol Koomsup | Audit Committee |

The 3 Audit Committee members have the qualifications required by the Stock Exchange of Thailand's qualifications and Scope of Work of the Audit Committee (No.2) 2009.

In 2021, the Audit Committee held 4 meetings and has done their duties discreetly and employed their skills and knowledge in undertaking their duties and responsibilities independently. They have collaborated with the administrative section, internal auditors and account auditors for the benefit of the stakeholders. The summary is as follows:

1. To verify the regularity of the quarterly financial budget and the 2019 annual financial budget of the Company and its subsidiaries for 2021. To provide adequate open information to ensure that the accounting system and the financial reports are done in accordance to the general accounting principles and to also provide complete and reliable information.
2. To examine the internal control system and internal audit system to ensure that the Company's internal control system and internal audit system are suitable, sufficient and effective.
3. To inspect the actions of the Company to ensure that it follows the guidelines determined by the law regarding property and the stock exchange, the rules and regulations of the stock exchange and other laws which is relevant to the business of the Company.
4. To check the adequacy and effectiveness of the Risk Management System.
5. To ensure the Company has good corporate governance in order to operate its business transparently and to disclose records that are relevant or records that might have conflicting interests.
6. To consider, nominate, appoint account auditors for the Company at the same time determine and offer their remuneration package to present at the shareholders' meeting for approval.

From the inspection of the internal control system, the Audit Committee sees that the Company has a good internal control system. The financial reports are in adherence with the general accounting principles. An amount adequate of information is disclosed. Furthermore, the Company has a suitable risk management system, has good corporate governance, transparent and reliable. In addition, the Company continuously tries to improve and develop the effectiveness of its performances.



(Ms. Maleeratna Plumchitchom)
Chairperson of the Audit Committee

