



AAPICO HITECH PUBLIC COMPANY LIMITED

ANNUAL REPORT 2012





Content

Vision	2
President's Message	3
Board of Directors	4
Awards and Achievements	6
Financial Highlights	7
Market Share of Single Products	7
Company Holding Structure	9
Key Milestones	10
Revenue Structure	12
AAPICO Group Business	13
Main Businesses	14
Competition and Industrial Trend	20
Business Operation Goals and Future Projects	22
Risk Factors	24
Shareholding Structure and Management	30
Organization and Management	36
Board of Directors' Information	37
Employees	39
Corporate Governance Report	40
Internal Control	45
Related Transactions	47
Management Discussion and Analysis	48
Report of the Nomination and Remuneration Committee	54
Report of the Audit Committee	55
Corporate Social Responsibility	57
Company Contact Information	60
Reference	63



VISION

The AAPICO Group's vision is to become a lean and happy world-class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public.

2012 is the best performing year in the history of the AAPICO Group in terms of sales and profits. Revenues and net profit reached Baht 17 billion and Baht 917 million respectively. The good performance was in line with the excellent growth of the car industry in Thailand. The growth was fueled partly from the strong economic environment but mainly from the tax rebate by the government for the small car first-time car buyers. Perhaps we can label 2012 the golden year for the automotive industry.

The car production increased from 1,436,355 units to 2,453,717 units from year 2011 to 2012 respectively, one of the biggest jumps in a single year in the history of the car industry in the Kingdom of Thailand. For 2013, the car production is expected to stay around the 2.5 million mark.

In April 2012, we have moved into our own 37,000 square meters forging and machining factory in Kunshan. This modern facility has adequate space to increase production up to Baht 2 billion.

In 2012, we also moved into two new facilities for our Honda dealerships in Malaysia. One located at the outskirts of Kuala Lumpur at Kajang and the other located at Petaling Jaya. The latter is equipped with 2 paint booths for body repair and painting.

President's Message

2012 is the best performing year in
the history of AAPICO Group.....
Perhaps we can label 2012 the
golden year



In Thailand, most of our parts manufacturing operations improved as the many new models of cars launched earlier are reaching their maturity of production. Most of our plants were operating in full capacity in two shifts except for our plastic fuel tank factory working one shift full capacity.

Our Mitsubishi and Ford car dealerships performed well in line with the strongest car demand ever experienced in Thailand.

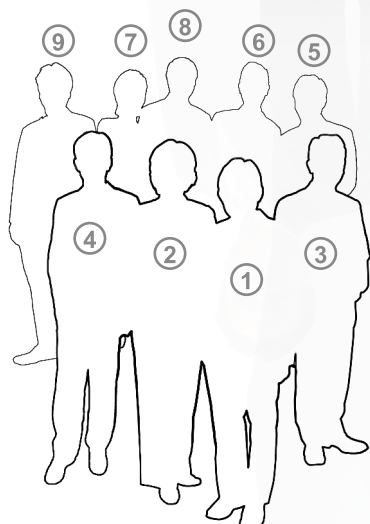
The momentum in 2012 is expected to be carried forward to 2013.

In closing, I would like to take this opportunity to thank all our customers, employees, associates, business partners, bankers, suppliers and government officials without whose support we would not have been able to deliver this record performance.



Yeap Swee Chuan
President and CEO

Board of Directors



1. Mr. Yeap Swee Chuan
President & CEO
2. Mrs. Teo Lee Ngo
Executive Director
3. Mr. Yoshiaki Ichimura
Independent Director
4. Mr. Hiroto Murai
Director
5. Mr. Pipat R.Punya
Independent Director
Chairman of Audit Committee/
Nomination & Remuneration Committee
6. Mr. Supasak Chirasavinuprapand
Independent Director
Member of Audit Committee/
Nomination & Remuneration Committee
7. Mrs. Porn-tipa Praditsuktavorn
Independent Director
Member of Audit Committee/
Nomination & Remuneration Committee
8. Mr. John Parker
Independent Director
9. Mr. Kenneth Ng
Independent Director



1 Mr. Yeap Swee Chuan Age 65

Work Experience in the past 5 years

2010-present Director,
Board of Trade

2010-present Vice Chairman,
Peace Network of Thailand

2005-present Chairman,
Malaysian Thai Chamber of Commerce

2000-present Director, Audit Committee
Goodyear (Thailand) PLC.

1996-present President and CEO,
AAPICO Hitech PLC.

2 Mrs. Teo Lee Ngo Age 62

Work Experience in the past 5 years

1996-present Executive Director,
AAPICO Hitech PLC.

1996-present Director,
Able Sanoh Industries (1996) Co., Ltd.

3 Mr. Yoshiaki Ichimura Age 58

Work Experience in the past 5 years

2012-present President,
Hyundai Motor (Thailand) Co., Ltd.

2009-2011 Senior Vice President, Machinery Division
Senior General Manager, Automotive Unit
Sojitz Corporation

2007-2008 General Manager of Automotive Dept.3,
Automotive Unit, Machinery and
Aerospace Division Sojitz Corporation

4 Mr. Hiroto Murai Age 46

Work Experience in the past 5 years

2005-present Director,
AAPICO Hitech PLC.

2005-present Director,
SAIT Co., Ltd.
(Sojitz Automotive Investment)

5 Mr. Pipat R.Punya Age 63

Work Experience in the past 5 years

2004-present Director,
Villa Comforta Co., Ltd.

1996-present Independent Director, Chairman of Audit
Committee and Chairman of Nomination
and Remuneration Committee,
AAPICO Hitech PLC.

1988-present Director,
Go Thailand Tour Co., Ltd.

1983-present First class lawyer,
Nitipat Law Firm Co., Ltd.

6 Mr. Supasak Chirasavinuprapand Age 49

Work Experience in the past 5 years

2004-present Partner,
Royal Advocates International Limited

2002-present Independent Director, Member of Audit
Committee and Member of Nomination
and Remuneration Committee,
AAPICO Hitech PLC.

7 Mrs. Porntipa Praditsuktavorn Age 59

Work Experience in the past 5 years

2010-present Managing Director,
Praditsuk Co., Ltd.

2002-present Independent Director, Member of Audit
Committee and Member of Nomination
and Remuneration Committee,
AAPICO Hitech PLC.

1999-2009 Executive Officer,
Panasonic Electric Works (Thailand)
Co., Ltd.

8 Mr. John Parker Age 65

Work Experience in the past 5 years

2011-present Independent Director,
AAPICO Hitech PLC.

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

2003-2006 Vice Chairman and COO, Mazda Motor
Corporation Vice President,
Ford Motor Company

9 Mr. Kenneth Ng Age 44

Work Experience in the past 5 years

2008-present Independent Director,
AAPICO Hitech PLC.

2007-present Director,
Bun Company Co., Ltd.

2005-present Director,
KNKN Co., Ltd.

2005-present Director,
NT Asset (Thailand) Co., Ltd.

Awards and Achievements



Prestigious Award In Spare Parts Delivery For 2012

AAPICO Amata Co., Ltd. has been awarded with "The 1st Runner Up In Spare Parts Delivery" from Isuzu Motors (Thailand) Co., Ltd. for its 5th consecutive year on May 29th, 2012 at BITEC Bangna



Certified for The Best Health Promotion Enterprise

AAPICO Forging PLC., has received the certificate for "The Best Health Promotion Enterprise" from Thai Health Promotion Foundation



Prestigious Award in TPS Presentation Activity 2012

AAPICO Hitech PLC., has been awarded with "The 1st Runner Up in TPS Final Presentation Activity 2012" from TOYOTA CO-OPERATION CLUB on November 16th, 2012



The 2nd Runner Up Zero Accident in The Workplace Award

AAPICO Plastics PLC., has received "The 2nd Runner Up Zero Accident in The Workplace Award" with 1,000,000 hours of operation with zero accidents on September 3rd, 2012



Financial Highlights

Balance Sheet (Million Baht)

Total Assets	9,545	11,474	11,521	13,783
Total Liabilities	5,244	6,868	7,416	8,853
Shareholder's Equity	4,301	4,606	4,105	4,930

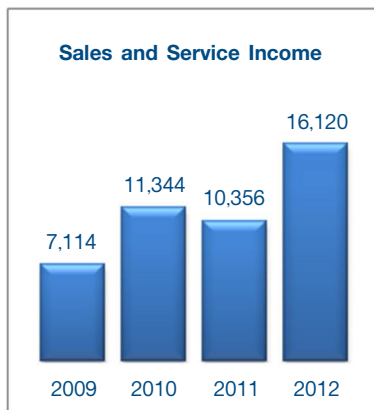
Profit and Loss Statements (Million Baht)

Total Revenues	7,366	11,758	10,786	16,811
Sales and Service Income	7,114	11,344	10,356	16,120
Gross Profit (Loss)	358	830	764	1,062
EBITDA	427	1,141	403	2,019
EBIT	42	705	(59)	1,254
Net Profit (Loss) attributable to equity holders	(109)	357	(390)	917
Earning per share	(0.48)	1.57	(1.72)	4.05

Financial Ratios

Current Ratio (times)	0.54	0.88	0.67	0.77
Gross Profit Margin (%)	5.0%	7.3%	7.4%	6.6%
Net Profit Margin (%)	-1.5%	3.1%	-3.8%	5.7%
Return on Total Assets (%)	-1.1%	3.1%	-3.4%	6.7%
Return on Equity (%)	-2.5%	7.7%	-9.5%	18.6%
Debt to Equity (times)*	0.67	0.93	1.21	1.08
Time Interest Earned (time)	0.33	4.00	(0.25)	4.34
Dividend (% of Net Profit)	N/A	35.44%	N/A	34.99%**

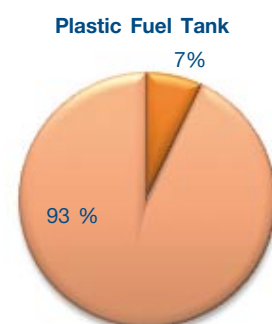
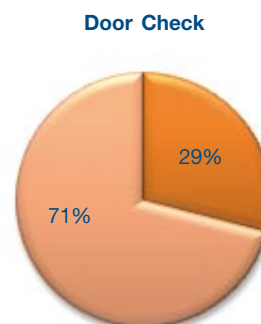
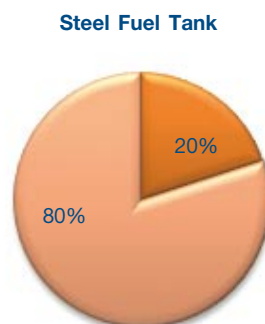
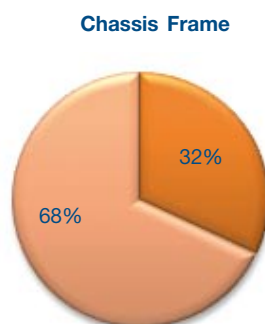
Unit : Million Baht



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

** The Interim Dividend payment was made from the performance of the first half in 2012

Market Share of Single Products





TENAGA SETIA RESOURCES SDN. BHD PETALING JAYA



NEW ERA SALES (M) SDN. BHD.
KAJANG SELANGOR



HONDA
The Power of Dreams



AAPICO ITS CO., LTD.
A MACTION CO., LTD.
AYUTHAYA



MINH AAPICO (THAILAND)
CO., LTD. RAYONG



ABLE MOTORS CO., LTD. PATHUMTHANI



AAPICO HITECH PLC, AAPICO PLASTICS PLC, RAYONG



AAPICO FORGING PLC. CHONBURI



AAPICO HITECH PLC.
AAPICO HITECH TOOLING CO., LTD. AYUTHAYA



AAPICO HITECH PARTS CO., LTD.
AAPICO MITSUIKE (THAILAND)
CO., LTD. AYUTHAYA



AAPICO AMATA CO., LTD.
CHONBURI



NEW ERA SALES CO., LTD.
BANGKOK



AAPICO STRUCTURAL PRODUCTS CO., LTD. CHONBURI



ABLE SANOH INDUSTRIES (1996)
CO., LTD. AYUTHAYA



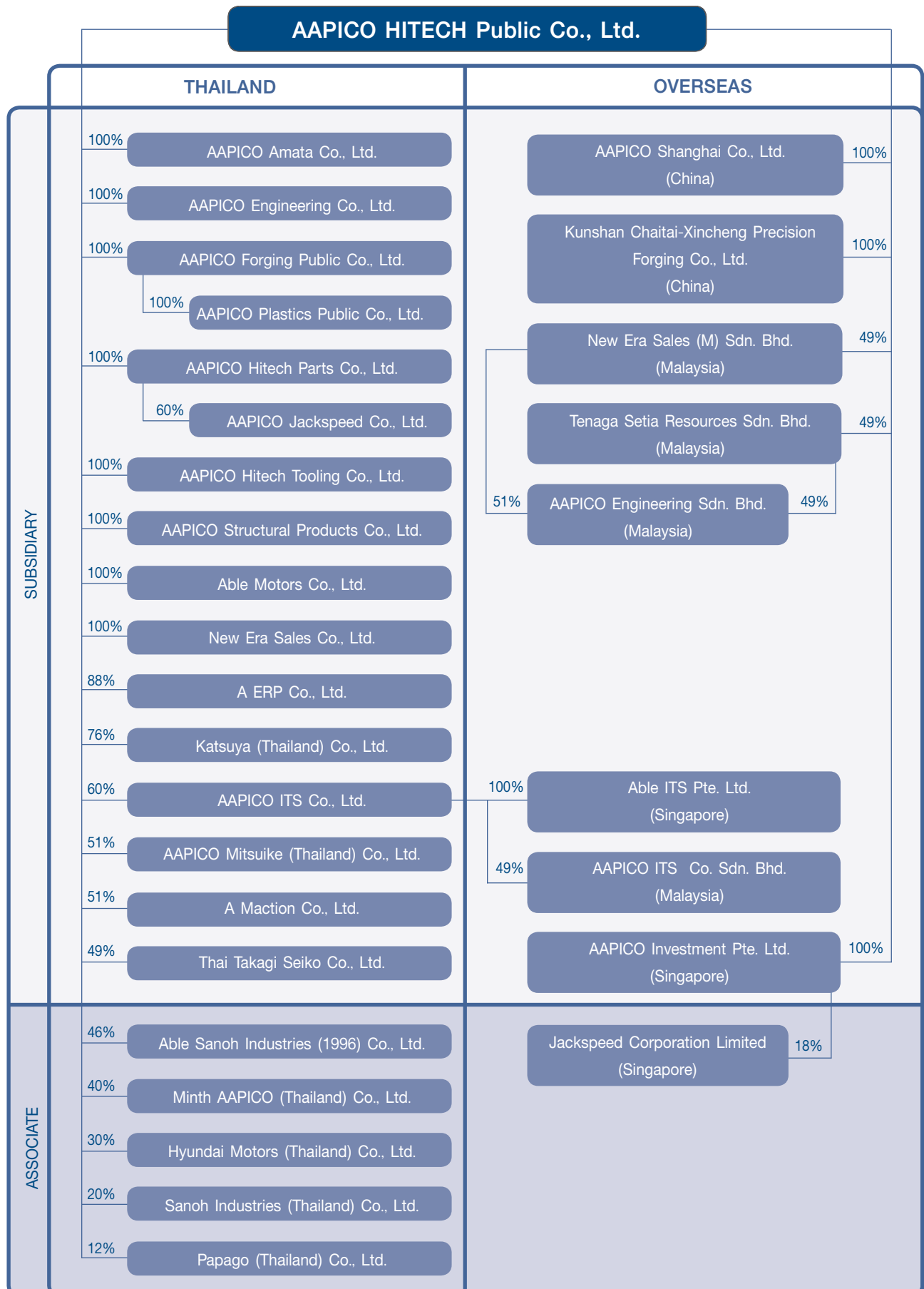
AAPICO PLASTICS PLC.
SAMUTPRAKARN



KUNSHAN CHAITAI-XINCHENG PRECISION FORGING CO., LTD. KUNSHAN



Company Holding Structure



Key Milestones

1985 • Registered Able Autoparts Industries Co., Ltd. (AAPICO). At the same time, started as the Ford Assembler and Distributor.

1986 • Started operations at leased factory located in Minburi, Bangkok.

1990 • Purchased own machines and moved to a leased factory at Rangsit, Pathumtani with 200 employees.

1995 • Signed Technical Agreement with Keylex Corporation of Japan to manufacture fuel tanks for Ford and Mazda pickups.

1997 • Completed 1st AAPICO Factory on 15 rai of land in Hitech Industrial Estate, Ayuthaya.
• Established 1st Japanese joint venture with Sanoh (Japan) named Able Sanoh Industries Co., Ltd. on 10 rai of land in Hitech Industrial Estate, Ayuthaya.

2002 • Full operation, 545 employees, ISO 14001.
• Listed on the Stock Exchange of Thailand (SET) on October 17th, 2002.

2003 • Purchased Parish Structural Products company from Dana Corporation, USA and renamed it AAPICO Amata Co., Ltd.

2004 • Expanded to China by acquiring Kunshan Chaitai-Xincheng Precision Forging Co., Ltd., a forging and machining company.
• Issued RO (4.2 million shares at Baht. 80) and secondary PO (1.8 million shares at Baht. 148) in November to raise Baht 600 million.
• Established a 30% joint venture with Fischer Tech, a plastic injection manufacturing company.

2005 • Established strategic global partnership with Sojitz Corporation - invested 15% equity in AAPICO Hitech PLC.
• Established AAPICO Shanghai, a machining company in Shanghai, China.
• Achieved ISO/TS 16949:2002 certification.

2006 • Acquired 60% of Able ITS Co., Ltd., a car navigation system company (later renamed AAPICO ITS)
• Established a new strategic joint venture in Thailand with Mitsui Co., Ltd. of Japan, named AAPICO Mitsui Co., Ltd.
• Invested in Jackspeed Co., Ltd., Singapore-based listed company.
• Established AAPICO Hitech Parts Co., Ltd. on 15 rai of land in Hitech Industrial Estate, Ayuthaya.



- 2007**
- Acquired KPN PLC. and renamed it AAPICO Forging PLC and AAPICO Plastics PLC.
 - Signed Technical Agreement with Edscha of Germany for technical collaboration to manufacture door-checks, hinges and parking brakes.
 - Signed Technical Agreement with Kautex Textron GmbH & Co of Germany to manufacture plastic fuel tanks.

- 2008**
- Established Minth AAPICO (Thailand) Co., Ltd., a joint venture with Minth Corporation of China to manufacture door sash.
 - Constructed 3 new factories on 100 rai of land in Amata City, Rayong (namely AAPICO Hitech Rayong, AAPICO Plastics Rayong, and Minth AAPICO (Thailand) Co., Ltd.)

- 2009**
- Established AAPICO Structural Products Co., Ltd. on 40 rai of land in Amata Nakorn Industrial Estate, Chonburi.

- 2010**
- Commenced operation of AAPICO Hitech PLC's second factory at Amata City Industrial Estate, Rayong.
 - Established Thai Takagi Seiko Co., Ltd., a joint venture between AAPICO Hitech PLC., Takagi Seiko of Japan and Sojitz, to manufacture plastics parts.
 - Celebrated AAPICO Group's 25th Anniversary on November 8th, 2010 at Grand Hyatt Erawan Hotel Bangkok.
 - Purchased a new piece of land in Kunshan, China with the size of 54.57 mu which is equivalent to 36,380 square meters.

- 2011**
- Acquired 49% of AAPICO ITS Sdn. Bhd. (Malaysia) to expand car navigation business in Malaysia.
 - Completed the construction of 3S Honda Showrooms in Petaling Jaya and Kajang, Malaysia.
 - AAPICO Hitech PLC was flooded and factory inundated to 2.2 meters of water.

- 2012**
- Kunshan new factory started operation.

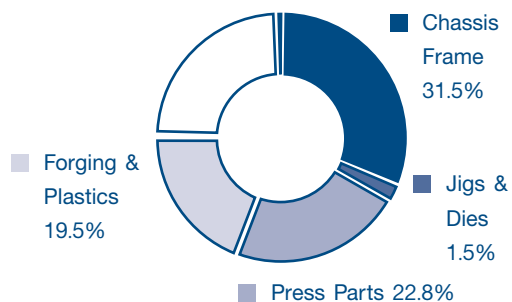
Revenue Structure

Dies, Jigs and OEM Parts Manufacturing

Design and manufacture of the following parts :

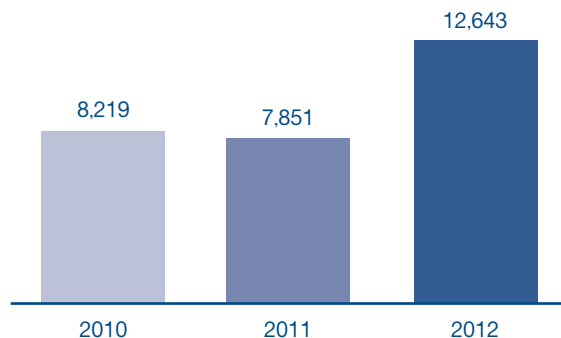
- Jigs & Dies
- Chassis Frame
- Stamping / Press Parts
- Forging and Machining Parts
- Plastic Parts and Fuel Tank Systems

Sales Contribution



Sales Trend 2010-2012

(Unit : Million Baht)

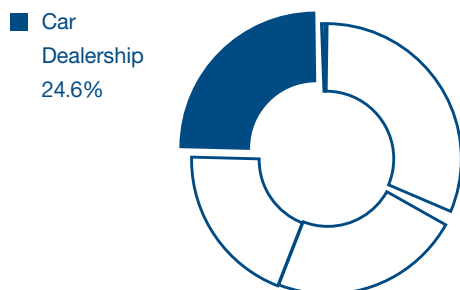


Car Dealership

Sales and after-sales service for :

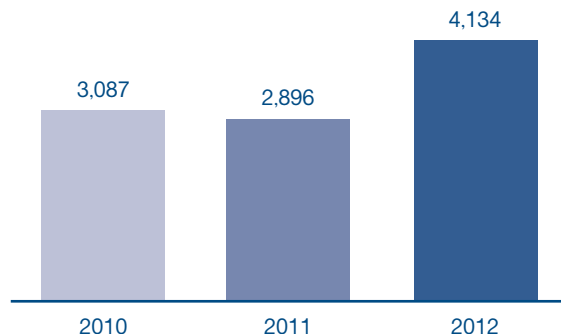
- Ford
- Mitsubishi
- Honda

Sales Contribution



Sales Trend 2010-2012

(Unit : Million Baht)

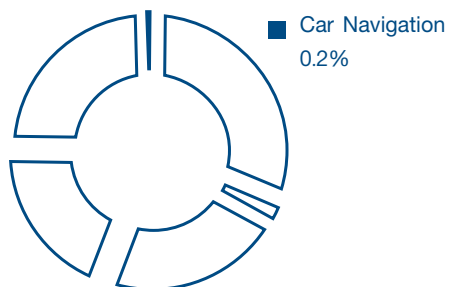


Car Navigation

Manufacture and develop :

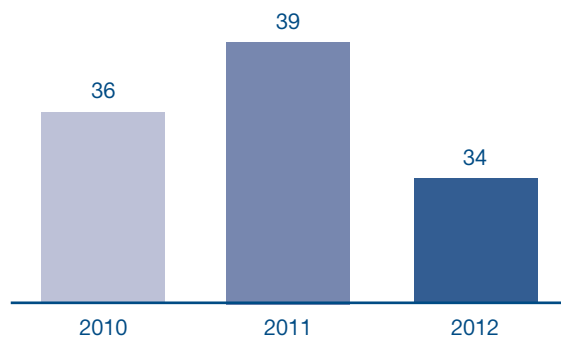
- Maps
- Car Navigation Software

Sales Contribution



Sales Trend 2010-2012

(Unit : Million Baht)





AAPICO Group Business

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

Business Units			THAILAND	OVERSEAS
1	OEM Auto Parts Manufacturing	Brazed Steel Tubing	Sanoh Industries (Thailand) Co., Ltd.	
		Chassis Frame	AAPICO Amata Co., Ltd. AAPICO Structural Products Co., Ltd.	
		Forging and Machining Parts	AAPICO Forging PLC.	AAPICO Shanghai Co., Ltd. Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
		Fuel Lines, Brake Lines, Engine Parts	Able Sanoh Industries (1996) Co., Ltd. AAPICO Hitech PLC.	
		Metal Stamping Parts	AAPICO Hitech Parts Co., Ltd.	
			AAPICO Mitsuike (Thailand) Co., Ltd.	
			AAPICO Hitech PLC. (Rayong Branch)	
			AAPICO Plastics PLC.	
		Plastic Parts and Plastic Fuel Tank	Thai Takagi Seiko Co., Ltd.	
			Katsuya (Thailand) Co., Ltd.	
2	Design & Manufacture of Assembly Jigs Design & Manufacture of Assembly Dies	Roof Ditch Molding, Belt Line Molding, Door Sash	Minth AAPICO (Thailand) Co., Ltd.	
		Steel Fuel Tank System	AAPICO Hitech PLC.	
			AAPICO Hitech Tooling Co., Ltd.	
			AAPICO Hitech PLC.	
4	Car Distributor & Dealership		Able Motors Co., Ltd.	Tenega Setia Resources Sdn. Bhd.
			New Era Sales Co., Ltd.	New Era Sales (M) Sdn. Bhd.
			Hyundai Motor (Thailand) Co., Ltd.	
5	Car Navigation		A Maction Co., Ltd.	
			AAPICO ITS Co., Ltd.	AAPICO ITS Sdn. Bhd.
			Papago (Thailand) Co., Ltd.	
6	Others	Engineering Research & Development	AAPICO Engineering Co., Ltd.	
		Investment Activities, Merger & Acquisition		AAPICO Investment Pte. Ltd. AAPICO Engineering Sdn. Bhd. Able ITS Pte. Ltd.
		Oracle System	AERP Co., Ltd.	
		Manufacture of Accessories for Transportation	AAPICO Jackspeed Co., Ltd.	Jackspeed Corporation Ltd.

Main Businesses



AAPICO HITECH PUBLIC COMPANY LIMITED [AH]

AAPICO Hitech PLC. was founded in 1996 and listed on the Stock Exchange of Thailand in 2002. The Company's main businesses initially were to design, produce, and install assembly jigs, stamping dies, and OEM auto parts, including floor parts, cross members, pillars, brackets,

clips, fuel and tanks, since then it has progressed to produce plastic, forging and frame components. The Company has invested in other businesses associated with the automotive industry including car dealership, car navigation systems, etc. The AAPICO Group comprises total of 30 companies (21 in Thailand and 9 overseas).

AAPICO Hitech PLC. has a paid-up capital of Baht 268.874 million. The main shareholders are Mr. Yeap Swee Chuan's Group holding 39.65% and Sojitz Corporation holding 15.75% of total outstanding shares. The Company is selling mainly to the leading local automotive assemblers.

A) OEM AUTO PARTS MANUFACTURING



1) AAPICO AMATA COMPANY LIMITED [AA]

AAPICO Amata Co., Ltd.'s main business is to produce pickup truck Chassis frames supplied to Isuzu Motors (Thailand) for the new and old Isuzu D-Max and General Motors for Chevrolet Colorado.

AAPICO Amata Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 800 million.



2) AAPICO FORGING PUBLIC COMPANY LIMITED [AF]

AAPICO Forging PLC.'s main business is to manufacture automotive forged and machined parts including steering and suspension system, hubs, ball joints, axle and engine parts.

AAPICO Forging PLC. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 500 million. The main customers are Auto Alliance Thailand, Dana Spicer, GKN Driveline, THK Rhythm, Yamaha, and MAGNA.



3) AAPICO PLASTICS PUBLIC COMPANY LIMITED [AP]

AAPICO Plastics PLC.'s main business is to manufacture automotive plastic parts, including automotive plastic fuel tanks.

AAPICO Plastics PLC. is wholly owned by AAPICO Hitech PLC. through holding of AAPICO Forging PLC. with paid-up capital of Baht 150 million. The main customers are Auto Alliance Thailand, GM, Yamaha and Johnson Control. There are 2 factories at

1. Bangplee Industrial Estate Samutprakarn
2. Amata City Estate Rayong

A) OEM AUTO PARTS MANUFACTURING



4) AAPICO HITECH PARTS COMPANY LIMITED [AHP]

AAPICO Hitech Parts Co., Ltd.'s main business is to manufacture OEM Press Parts for automotive car assemblers including floor parts, brackets, etc. The Company also produces hard disk drive components.

AAPICO Hitech Parts Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 120 million. The main customers are Auto Alliance Thailand, Nissan, Honda, Isuzu and Toyota.



5) AAPICO STRUCTURAL PRODUCTS COMPANY LIMITED [ASP]

AAPICO Structural Products Co., Ltd.'s main business is to produce automotive Chassis frames supplied to Isuzu Motors (Thailand) for Isuzu D-Max pickup truck.

AAPICO Structural Products Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 200 million.



6) AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]

AAPICO Mitsuike (Thailand) Co., Ltd. was established initially to focus on engineering and marketing press parts for domestic sales to Nissan. Future expansion is also planned in line with expansion of manufacturing facility.

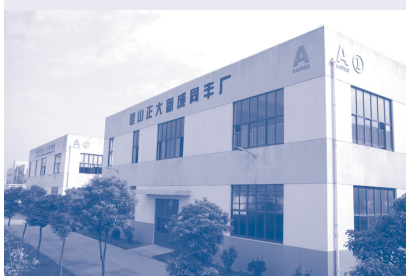
AAPICO Mitsuike (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Mitsuike (Japan) with equity participation of 51% and 49% respectively. The company has paid-up capital of Baht 33 million.



7) KUNSHAN CHAITAI-XINCENG PRECISION FORGING COMPANY LIMITED [KCX] - China

Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.'s main business is to manufacture forged steel and copper parts such as connecting rods and electrical switch contactors respectively.

Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of USD 6.1 million. The main customers are SGMW, Schneider, Chery, Wuxi Mingyu and Shandong Wenming.



8) AAPICO SHANGHAI COMPANY LIMITED [AS] - China

AAPICO Shanghai Co., Ltd.'s main business is to manufacture automotive machined parts to support our production at Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.

AAPICO Shanghai Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of USD 2 million.

A) OEM AUTO PARTS MANUFACTURING



9) ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]

Able Sanoh Industries Co., Ltd.'s main business is to make brake lines, fuel lines, and engine parts for automotive assemblers in Thailand.

Able Sanoh Industries Co., Ltd. is jointly owned by AAPICO Hitech PLC., Sanoh Industrial (Japan), and Sojitz Corporation (Japan) with shareholding percentage of 46%, 51% and 3% respectively and paid-up capital of Baht 118 million. The main customers are Auto Alliance Thailand, Honda, Mitsubishi, Nissan and Toyota.



10) THAI TAKAGI SEIKO COMPANY LIMITED [TTSC]

Thai Takagi Seiko Co., Ltd.'s main business is to produce plastic parts for automotive customers, such as Thai Suzuki, Kawasaki, Yamaha and Keihin.

Thai Takagi Seiko Co., Ltd. is jointly owned by AAPICO Hitech PLC., Takagi Seiko Corporation, And Sojitz Management (Thailand) Co., Ltd. with shareholding percentage of 49%, 49% and 2% respectively. The Company has paid-up capital of Baht 27 million.



11) MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]

Minth AAPICO (Thailand) Co., Ltd.'s main business is to design, produce, and sell automotive components including door sash, trim parts, decorative parts and roof racks.

Minth AAPICO (Thailand) Co., Ltd.'s is jointly owned by AAPICO Hitech PLC. and SINOONE Holding, a wholly-owned unit of Minth Group Ltd. (China), with the shareholding of 40% and 60% respectively. The company has paid-up capital of Baht 378.5 million. The main customers are Auto Alliance Thailand, General Motors, Nissan and Ford India.



12) SANOH INDUSTRIES (THAILAND) COMPANY LIMITED [SI]

Sanoh Industries Co., Ltd.'s main business is the manufacture of Fulton brazed steel tubing sold to domestic customers as well as exported to ASEAN countries.

Sanoh Industries Co., Ltd. is held 20% by AAPICO Hitech PLC. with paid-up capital of Baht 146.25 million. The main customer are the major OEMs.

B) ASSEMBLY JIGS



1) AAPICO HITECH TOOLING COMPANY LIMITED [AHT]

AAPICO Hitech Tooling Co., Ltd.'s main business is to design and manufacture assembly jigs, for both export and to support AAPICO Hitech PLC.'s operations. In the past 3 years, AAPICO Hitech Tooling has supplied Jigs to Renault, Ford, BMW, Mercedes Benz, Mazda.

AAPICO Hitech Tooling Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 65 million.

C) CAR DEALERSHIPS



1) ABLE MOTORS COMPANY LIMITED [AM]

Able Motors Co., Ltd. is a car dealer for Mitsubishi vehicles involving sales and after-sales service with 2 showrooms and service center located in Navanakorn and Ladprao.

Able Motor Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 20 million.



2) NEW ERA SALES COMPANY LIMITED [NESC]

New Era Sales Co., Ltd. is a car dealer for Ford vehicles supporting both sales and after-sales service with total of 2 showrooms in Ramindra and Samutprakran Province.

New Era Sales Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 20 million.



3) NEW ERA SALES (M) SDN. BHD. [NESM] - Malaysia

New Era Sales (M) Sdn. Bhd. is a Honda dealership with a showroom and service center located in Kajang.

New Era Sales (M) Sdn. Bhd. is jointly owned by AAPICO Hitech PLC. and Tenaga Setia Enterprise Sdn. Bhd., with equity participation of 49% and 51% respectively. The company has paid-up capital of RM 1.5 million.



4) TENAGA SETIA RESOURCES SDN. BHD. [TSRS] - Malaysia

Tenaga Setia Resources Sdn. Bhd. is a Honda dealership with a showroom and service center located in Petaling Jaya.

Tenaga Setia Resources Sdn. Bhd. is jointly owned by AAPICO Hitech PLC. and Malaysian Investors with equity holding of 49% and 51% respectively. The company has paid-up capital of RM 6 million.

C) CAR DEALERSHIPS



5) HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]

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

Hyundai Motor (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC., Sojitz Corporation (Japan), and Sojitz Asia Pte with shareholding percentage of 30%, 55% and 15% respectively. The company has paid-up capital of Baht 550 million.

D) CAR NAVIGATION



1) AAPICO ITS COMPANY LIMITED [AITS]

AAPICO ITS Co., Ltd.'s main business is to market, service, and sell POWERMAP Car Navigation system including both software and map.

AAPICO ITS Co., Ltd. is owned by AAPICO Hitech PLC. with 60% of shares. The company has paid up capital of Baht 100 million. The main customers are JVC, Priority, Zulex and other car accessory dealers.



2) AAPICO ITS CO SDN. BHD. [AITSM]

AAPICO ITS CO Sdn. Bhd. was established in 2011 to expand POWERMAP Car Navigation into the Malaysian Market. POWERMAP has already made a significant impact on the market, despite only recently launching in the Malaysian Market.

AAPICO ITS CO Sdn. Bhd. is owned by AAPICO ITS Co., Ltd. and other Malaysian Investors with shareholding percentage of 49% and 51% respectively with paid up capital of RM 500,000.



3) A MACTION COMPANY LIMITED [AMAC]

A Maction Co., Ltd.'s main business is to develop and manufacture software for Car Navigation system called "POWERMAP" which is supplied to AAPICO ITS Co., Ltd.

A Maction Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Maction Technology (Taiwan) Inc. with equity participation of 51% and 49% respectively and paid-up capital of Baht 10 million.

4) PAPAGO (THAILAND) COMPANY LIMITED [PPG]

Papago (Thailand) Co., Ltd.'s main business is developing car navigation software and sale of navigation hardware.

Papago (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech Plc. and Maction Technology (Taiwan) Inc. with equity percentage of 12% and 88% respectively. The company has paid up capital of Baht 10 million.



E) OTHERS

1) AAPICO ENGINEERING COMPANY LIMITED [AE]

AAPICO Engineering Co., Ltd. focused on CAE (Computer Aided Engineering), programming, engineering, consultancy, engineering design and engineering research & development.

AAPICO Engineering Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 10 million.

2) AAPICO ENGINEERING SDN. BHD. [AEM] - Malaysia

AAPICO Engineering Sdn. Bhd. is set up for future business potential. Currently, it owns a piece of land in Malaysia to be used for building a new showroom for selling Honda cars.

AAPICO Engineering Sdn. Bhd. is owned by New Era Sales (M) Sdn. Bhd. and Tenaga Setia Resources Sdn. Bhd. with shareholding of 51% and 49% respectively and a paid-up capital of RM 1 million.

3) A ERP COMPANY LIMITED [AERP]

A ERP Co., Ltd. is established to support the Oracle implementation for the AAPICO Group.

A ERP Co., Ltd. is 88% owned by AAPICO Hitech PLC. with paid-up capital of Baht 1.25 million.

4) AAPICO INVESTMENT PRIVATE LIMITED [AIPL] - Singapore

AAPICO Investment Pte. Ltd. was established with the purpose of carrying on transactions related to merger and acquisition.

AAPICO Investment Pte. Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of SGD 6.97 million.

5) ABLE ITS PRIVATE LIMITED[AITSPL] - Singapore

Able ITS Co., Ltd. is a holding company for business operation in Singapore. Able ITS Co., Ltd. is wholly owned by AAPICO ITS Co., Ltd. With paid-up capital of SGD 310,000.

6) AAPICO JACKSPEED COMPANY LIMITED [AJ]

AAPICO Jackspeed Co., Ltd.'s main business is to manufacture sport bars for pick-up trucks.

AAPICO Jackspeed Co., Ltd. is jointly owned by AAPICO Hitech Parts Co., Ltd. and Jackspeed Corporation with equity participation of 60% and 40% respectively. The company has paid-up capital of Baht 20 million.

7) JACKSPEED CORPORATION LIMITED [JCL] - Singapore

Jackspeed Corporation Ltd. is a company listed in the stock exchange of Singapore that manufacture leather seats and accessories for the automotive industry.

Jackspeed Corporation Ltd. is 18% owned by AAPICO Investment Pte. Ltd. with paid-up capital of SGD 21.8 million.

8) KATSUYA (THAILAND) COMPANY LIMITED [KT]

Katsuya (Thailand) Co., Ltd.'s main business is to manufacture surface treatment-water printing for plastic products and fabric flocking for automotive interior panels.

Katsuya (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and a Singapore Investor with shareholding of 76% and 24% respectively. The company has paid-up capital of Baht 28.5 million.

Competition and Industrial Trend

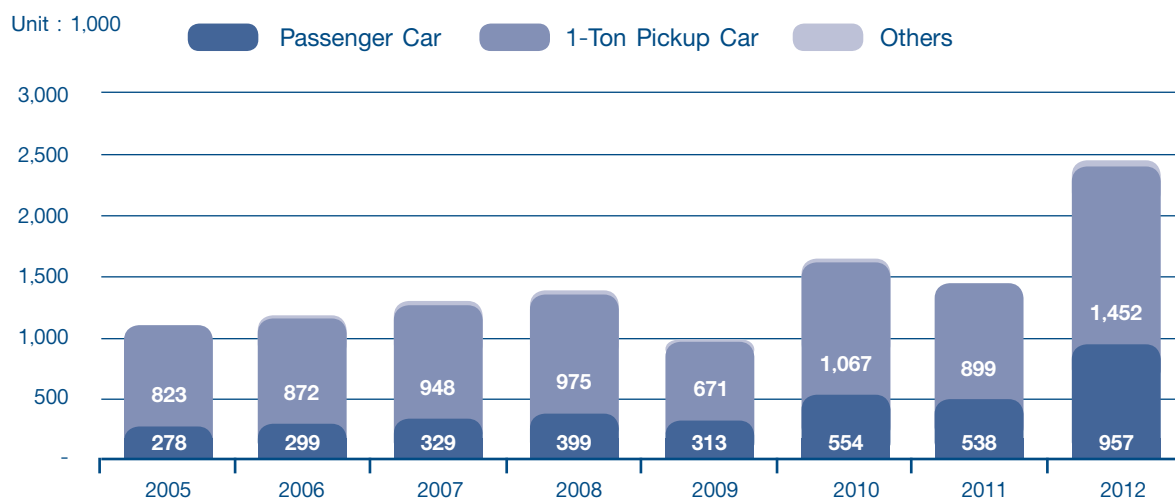
2012 was considered the golden year of Thailand Automotive Industry. Following the severe natural disaster at the end of 2011 which had huge impact on Thailand's automotive business, in particular, disrupted the supply chain structure, all automobile and parts manufacturers have rapidly recovered and resumed their operations. Honda, being the most heavily affected OEM with flood inundation within its premises, had resumed their operations in April 2012.

Due to the 2011 year end flood crisis, car demand was carried over from year 2011 to 2012. Together with an

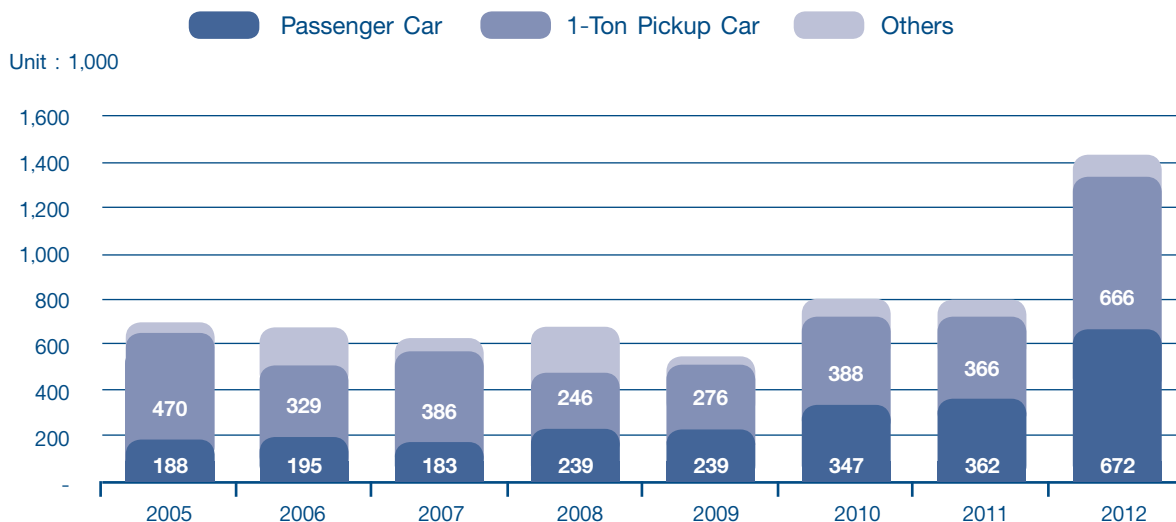
extension of government policy for the first-time car buyers, the domestic car demand sharply increased with outstanding orders and car sales of 1.4 million units in 2012.

Total car production in the year 2012 reached 2,453,717 units, which were the highest record in the car production history, representing an increase of 68% compared to year 2011. Domestic vehicle sales in 2012 were a record of 1,436,335 units, posting a year-on-year growth of 81%. Export car sales were 1,026,671 units, which was an increase of 39% compared to year 2011.

Thailand Car Production 2005-2012



Thailand Domestic Car Sales 2005-2012





Thailand Automotive Annual Production Capacity

The Automotive Industry is one of main industries in Thailand. It accounts for about 10% of the country's gross domestic product (GDP). The sector generates employment for over 500,000 jobs of skill labor and creates value in related downstream and service industries such as financial services, insurance and after sales service. On a regional and global arena, Thailand ranked the first among ASEAN countries and the 9th in the world ranking in 2012.

In 2013, the Thai automotive industry will add production capacity (around 400,000 units) from the new facilities of Isuzu, Toyota, Nissan, and General Motors. The forecast of annual car production is expected to maintain at around 2.5 million units in 2013, with the target to achieve annual production of 3 million vehicles by 2015. The effect of the first car buyer government policy is seen to continue to at least in the first half of 2013 as remaining of approximately 534,000 units of first cars were carried over to year 2013. The estimate of car consumption for domestic and export business are anticipated at around 1.4 million units and 1.1 million units respectively.

Thailand Automotive Production Capacity						
Car Maker	2013				New Investment (million Baht)	2014/2015
	Passenger car	Pick up Truck	Others	Total		
Toyota	280,000	660,000		940,000		980,000
Mitsubishi	150,000	250,000		400,000		500,000
Isuzu	-	330,000	26,000	356,000		356,000
Auto Alliance Thailand	150,000	150,000		300,000		300,000
Nissan	140,000	100,000		240,000	11,000	370,000
Honda	240,000			240,000	17,200	360,000
Ford	200,000			200,000		200,000
General Motors	40,000	160,000		200,000		200,000
Suzuki	135,000			135,000		200,000
Others	50,000	10,000	20,000	80,000		80,000
Total	1,385,000	1,660,000	46,000	3,091,000	28,200	3,546,000

R&D facility	Outline
TOYOTA (TMAP-EM)	* Toyota Motor Asia Pacific Engineer & Manufacturing (TMAP-EM), started operation in 2007, located at Bangna-Trad KM 29, is supporting development of local made vehicle for Asia, Oceania, and Middle East, and support local Toyota vehicle production in the area.
HONDA (HRAP)	* Honda R&D Asia Pacific Co., Ltd (HRAP), inaugurated on November 2 nd 2009, at Ramindra is responsible for R&D for Asia / Oceania region.
NISSAN (NTC-SEA)	* Start development except very early stage (Test course, engine/chassis experimental equipment) * Increase manpower to 370 people (including Indonesian branch) before 2016.
ISUZU (ITA)	* Isuzu Technical Center of Asia Co., Ltd. (ITA), first established in 1991 in Thailand, is engaging vehicle development as Asian R&D base.

Business Operation Goals and Future Projects

2012 was the most challenging year in the AAPICO history. We started the year with hard work to recover the factory and our business back from the flood damages to the normal operations and to meet demands from our customers. All OEMs expect to regain their lost volume during the flood in 2011. Together with the “First Car Project”, the favorable policy from the government to refund exercise tax to first-car purchasers, almost all car makers achieved a record high of their production volume in year 2012. AAPICO Hitech has successfully accomplished these challenges with the fastest recovery among factories in Ayuthaya and ramp up production capacity and was able to supply quality parts to customers.

After the severe flooding crisis in Thailand’s history in 2011, the industry has bounced back even stronger in 2012. For the year 2013, Thailand automotive industry is expected to grow significantly with the strong support from the Thai government to make Thailand become one of Asia’s leading centers for the automotive industry, as well as ensure that major manufacturers continue to regard this country as an attractive production base in ASEAN.

As a strong believer of local skills, AAPICO has its beginning in the design and manufacture of automotive assembly jigs before it ventured further afield into the production of dies and OEM parts. Today, it is well recognized as a world-class supplier of such products, while it continues to garner capabilities and technology from across the world. The Company will attain its dual goals of steady growth and seizing new opportunities to foster progress and leadership in the Thai automotive industry in ways that can benefit the nation and contribute to the success of global OEMs. This is in line with the Company’s vision and can be achieved through the core philosophy of being a lean and happy global company with excellent corporate governance. AAPICO sets its goal by applying the SQCDME criteria as follows:

- S : Safety
Safety always comes first
- Q : Quality
Quality built-in process, strive to achieve “0” PPM
- C : Cost
Competitive pricing at reasonably low cost
- D : Delivery
100% delivery at all times with Just-In-Time (JIT) philosophy
- E : Engineering
Kaizen mind in engineering and production process
- M : Management
Competent, Transparent, and Hands-on Management

Our current customers view the Company as an excellent manufacturing company with sustainable SQCDME attributes. It endorses AAPICO Group’s ultimate business objective, that is, to enhance its business relationships with all valuable customers.

Future Projects

Following a strong rebound in 2012, the Thai automotive industry is still expected to grow further in 2013. Due to the recent problems of Chinese emotion against Japanese a new opportunity has arisen as Japanese OEMs’ are relocating to this region. Hence, it creates more opportunities for countries in the ASEAN Economic Community (AEC) to increase their business volume.

In the year 2013, the AAPICO Group plans to launch new models for Toyota, Isuzu and Ford and also volumes increases of several current projects from our OEM customers. Furthermore, the Company plans to expand business with Tier 1 suppliers, as well as Tier 2. For the upcoming new models which will be launched in the year 2014, the Company has started the preparation to increase production capacity and

manpower to support these new models. For this business expansion, the Company plans investments in new machinery, for example, the 1,000 ton blanking press at AAPICO Amata, and the new injection machines for 1,300 tons, 1,600 tons and 2,500 tons at AAPICO Plastics. In addition, the Company also plans to increase utilization of current facilities. With support from our subsidiary company, AAPICO Hitech Tooling, the Company plans to change from manual process to automation process in order to improve productivity and reduce the reliance on human manpower.

The growth in the automobile market is expected to have positive impact on our navigation system business. The year 2012 has marked another significant milestone for AAPICO ITS Co., Ltd (AITS) as it has stepped into the new era of navigation technology with the launch of the new generation of navigation system, the POWERMAP IQ with CONNECTIVITY. POWERMAP IQ is equipped with the connected and integrated technology, enabling the system to access the traffic management system, extended location-based services and various online services. AITS has secured a contract to supply POWERMAP IQ navigation system to Proton Preve, which has been marketed in Thailand since December 2012. AITS is currently working with the R&D teams of several OEM customers to achieve its 2013 target.

In line with the increasing demand in the region and beyond, the AAPICO Group will strive to look for business expansions, opportunities, and ventures in its overseas business development, particularly in China and Malaysia, to enhance the position of the Company as a global player.

For Kunshan Chaitai-Xincheng Precision Forging Co., Ltd (KCX), 2012 has been an eventful year as it has moved operations to the first new fully owned 37,000 square meters manufacturing facility and has achieved normal production within 2 months after moving in. KCX has also successfully secured new

cracking connecting rod projects from Shanghai General Motors WuLing for the 1.2 and 1.5 litre normal aspirated and turbo engine, as well as the 1.4 litre connecting rods from General Motors. In anticipation of a potentially greater demand from their intensified marketing effort, KCX focus on the productivity improvement is the major target for the year 2013.

The year 2012 was also a remarkable year for the dealership operations in Malaysia. New Era Sales (M) Sdn Bhd (NESM) won the 2012 Dealer of the Year Silver Achiever award at Honda National Dealer Convention. This is the first year that Honda Malaysia conducts this program where it evaluates dealer performance on sales, service, facility and process. As the Silver Achiever, NESM is ranked number 3 among 66 dealers in the nation. At the same Honda National Dealer Convention, Tenaga Setia Resources Sdn Bhd (TSR) was also named the Qualifier of 2012 CEO Award Tier 2 Dealer, which is an award given to the top 20 dealers out of 66 dealers. For the year 2013, both NESM and TSR have set the target to be regarded among the top 10 dealers of the CEO Award.

Risk Factors

External Risk

1. Political Risk

- a. **Description:** The government policy for the first-time car buyers had stimulated the domestic car sales and the country's automotive industry in the year 2012. After the completion of the program at the end of 2012, growth of domestic car production is seen to slow down in 2013. However, the industry is likely to still benefit from the program during the first half of this year from the back log of cars carried over from last year.
- b. **Reason:** Favorable policies from the government have significant impact on the investment and profitability of the automotive industry.
- c. **Possible outcome:** The uncertainty and disagreement in the cabinet may lead to the decline of consumer's and investors' confident in the Thai automotive industry.
- d. **Likelihood:** In view of current situation, it is difficult to predict outcome due to high level of uncertainty.
- e. **Risk Management system:** the Company monitors closely on government policy in order to manage operations accordingly and try to achieve the best outcome from government policies.

2. Economic Risk

- a. **Description:** The economic growth in 2013 is seen to be slightly lower than the year 2012, due to the fluctuations in the global economy.
- b. **Reason:** the Company depends highly on supply and demand of the market as a whole.
- c. **Possible outcome:** A decline in the economy would severely reduce consumption of goods. The demand for cars would fall sharply as consumers postpone their needs for newer models of cars due to their decrease in income. Respectively, automakers in the market would reduce their orders, and the Company would lose sales.

- d. **Likelihood:** The main factors to push the 2013 economic growth are the internal factors which effected from the government policy such as rice pledging policy, increase in minimum wages, the backlogs of the first-time car buyer's policy from the year 2012 and private investors' confident in this government.
- e. **Risk Management system:** Top management is aware of the consequences, and thus has set up a close monitoring system focusing on cost reduction and production efficiency. These methods would help to minimize the bottom line effect. In addition, the AAPICO group has a diversified portfolio of investment as well as having subsidiaries in foreign countries, namely China and Malaysia. This diversification would help reduce the concentration of the impact.

3. Risk from uncertainty in raw material price fluctuation

- a. **Description:** Risk of change in steel price
- b. **Reason:** Steel is the Company's main raw material used in the production of auto part processes. The steel price is highly volatile depending on supply and demand in the worldwide market.
- c. **Possible outcome:** Our profitability will be directly affected by any raw material cost increase since it will have a direct impact on our value added, and hence reduce our profitability.
- d. **Likelihood:** The volatility of the steel price in the market is relatively high, and the trend is expected to continuously increase over time.
- e. **Risk Management system:** The Company has the policy to use centralized purchasing, which is applied to 80% of material used. The centralized purchasing refers to a system in which our customers choose the material supplier for the Company, and then the Company purchases material at designated prices set by the



customers. If the price of material moves, the supplier adjusts the price (up or down) and customers compensate for such an adjustment. This means AAPICO transfers any risk to the customers. Therefore, the fluctuation in steel price does not have significant impact on company performance.

4. Exchange rate risk

- a. Description:** Risk of fluctuation in the foreign currencies that might affect the Company's net profit.
- b. Reason:** the AAPICO Group has both income and expenses in many foreign currencies such as US Dollar, Japanese YEN, Euro, Swiss Franc, British Pound and Swedish Kroner, etc. However, main currencies are US Dollar, Japanese YEN and Euro as shown in the following table:

Currency	Revenue (in thousands)	Expense (in thousands)	Usage
US Dollar (USD)	USD 12,983	USD 7,525.81	Payment for expenses for overseas, materials, machines or spare parts
Japanese Yen (YEN)	None	YEN 74,599.23	Payment for machines or spare parts
Euro (EUR)	None	EUR 1,213.68	Payment for machines or spare parts

- c. Possible outcome:** The fluctuation in exchange rates may result in a decrease of revenue and increase of expenses or vice versa. However, the exposure level of such an outcome is relatively low since the majority of our income and expenses are incurred in Thai Baht.
- d. Likelihood:** The world market is constantly changing and the exchange rates move in accordance with the market. There is high volatility in foreign exchange rate.
- e. Risk Management system:** the Company has the policy of not taking any risks from the volatility of foreign exchange rate. Hence, the Company would enter the forward or option contract in order to reduce risks for businesses which have both income and expenses in foreign currency.

5. Interest Rate risk

- a. Description:** Risk of fluctuation in interest rates which affect the financing costs of the Company.
- b. Reason:** The nature of the Company's business requires a high amount of upfront investment, at least 2-3 years before mass production (point of

receiving cash). Therefore, the Company needs funding, in this case debt financing, to support such expansion. Currently, the Company has several term loans outstanding. The interest rates on these loans are floated interest rate, which expose the Company to risk of interest rate fluctuation.

- c. Possible outcome:** As the market has recovered from recent recession, the trend of interest tends to rise. Therefore, with floated rate interest, the Company will be experiencing a higher cost of financing which would directly affect the profitability of the Company.
- d. Likelihood:** the Meeting of the Monetary Policy Committee in late 2012 and early 2013 stated that interest rate would still remain unchanged as there are no signs of large capital inflows. There is, however, a possibility that interest rates are likely to increase in the future.
- e. Risk Management system:** In order to mitigate this risk, the Company has allocated some portion of outstanding loans with fixed interest rates with the Banks as follows:

Principle	Outstanding (as of Dec 2012)	Hedge Ratio	Interest Rate	IRS
Baht 2,000 million	Baht 1,640 million	20%	FDR (6 month) + 3.3%	5.65%
Baht 1,200 million	Baht 785.40 million	35%	MLR - 1.75%	5.33%
		36%	MLR - 1.75%	5.38%

According to the table above, the Company has fixed approximately 34% of its existing debts in 2012.

6. Risk from natural disaster

- a. **Description:** Risk from natural disasters in Thailand or nearby countries in the related supply chain of automotive industry. Examples are the Tsunami in Japan and the flood crisis in the central part of Thailand, both in 2011.
- b. **Reason:** Due to the Japanese Tsunami, many auto part makers and raw material suppliers were unable to supply parts or steel, which are the main components for the Company's operations. A few of those components have no alternative supplier thus the Company was unable to supply some parts to customers or had to delay its production schedule. The Big Flood hit the Company in October 2011 and put the factory under at almost 2.6 meters of water. The operations in the head-quarter had to stop and production lines were relocated to other facilities that were not flooded.
- c. **Possible outcome:** In both incidents, the effect of natural disasters had a direct impact on the company's production. The Company's inability to generate revenue will impact the company's profitability. In addition, the mitigation and recovery measures that the company has to undergo to reduce the effects appear as a sharp increase in expense.

- d. **Likelihood:** Natural disasters are unpredictable. The Company believes that there is a possibility that natural disaster will strike again.

- e. **Risk Management system:** the AAPICO Group's top management realizes the expensive consequences the Company will face after each natural disaster, thus sets up several policies to mitigate the risks. The Company has facilities in several locations in Thailand including Rayong, Chonburi, and Samutprakarn. The Company could move some production line to other facilities if needed. Also, the multiple facilities help diversify the risk if any of the factory would be affected by natural disaster. In addition, the Company is insured by the insurance company to compensate for the flood and business interruptions. Furthermore, with support from the government in 2012, the Hitech Industrial Park has completed the construction of dam surrounded the whole area of industrial park. This dam is aimed to prevent and mitigate losses which may occur from such crisis in the future.

Internal Risks

1. High Reliance on only one Top Management

- a. **Description:** The possible adverse effects that results from high reliance on only one Top Management.
- b. **Reason:** Mr. Yeap Swee Chuan, President & CEO, is not only the top management of the Company, but also is responsible for managing sales and establishing strong relationships with customers.

- c. **Possible Outcome:** Without Mr. Yeap, the Company might face the risk of losing sales to competitors due to the intense competition within the automotive industry.
- d. **Likelihood:** Currently, Mr. Yeap has no plan to retire and continues to support the operation and development of the Company.
- e. **Risk Management system:** The Company is training new management teams by following the Company's objectives and policies.

2. Management control of major shareholder groups

- a. **Description:** Management holds the majority shares of the Company which could result in the inability to ensure check and balances.
- b. **Reason:** Two major shareholder groups, the Yeap family and Sojitz Corporation, together holding a combined share of over 50% of the Company's registered and paid-up capital and have management control over the Company.
- c. **Possible Outcome:** The major shareholders may control the agendas at the Shareholders' Meetings. Therefore, other minority shareholders may be unable to accumulate sufficient votes to ensure checks and balances for agendas proposed by the majority of shareholders.
- d. **Likelihood:** It is unlikely that the majority shareholders will exercise absolute control over matters that have conflict of interests because the Company's Board of Directors is consisted of 6 independent directors, out of 9 directors, to enhance adequate inspection of the executives.
- e. **Risk Management system:** Currently, these independent directors are allowed to oversee actions of the management. Also, transactions that may cause conflict of interest are also reviewed by the Company's audit committee in order to ensure that the minority shareholders' interests are protected.

3. Uncertainty of income from car assembly jigs and dies

- a. **Description:** The risk resulting from uncertainty of income from one of the Company's project based businesses, car assembly jigs and dies.
- b. **Reason:** The nature of jig and dies business is normally conducted on a project by project basis. With the cyclical demand from automotive manufacturers where new models will be launched every 3-5 years, the Company is exposed to the risk of uncertain income from this business.
- c. **Possible Outcome:** Compared to other businesses of the Company, car assembly jig and dies currently had the highest uncertain income during the year.
- d. **Likelihood:** As it is the business nature of car assembly jig and dies, fluctuating income is rather inevitable.
- e. **Risk Management system:** In spite of this risk, the Company does have a long-term relationship with customers, along with high product quality, which enables the business to secure the sales of jig and dies. In addition, the AAPICO group has grown substantially and more than 50 percent of jig and dies are catered for in house requirement.

4. Competition within automotive components manufacturing industry

- a. **Description:** The automotive market is highly competitive; the company faces intense competition from auto part manufacturers in respective markets in which it operates. As the competitions intensify, the Company is at risk of losing its market share.
- b. **Reason:** The automotive company will select the auto part manufacturer before the end of the model line. The Company awarded the project is ensured to have orders for the whole project life,

which ranges from 4 to 10 years, according to the product life cycle. Competition is very fierce for auto part manufacturers bidding for projects, for the lowest price and the best quality.

- c. **Possible Outcome:** Losing potential projects is a risk that could significantly affect the Company's operations and the Company would be at a disadvantage for future projects.
- d. **Likelihood:** The Company has a renowned reputation in producing high quality products at very competitive prices, supported by efficient services and coupled with punctual deliveries. The Company has consistently achieved trust from most global OEM companies.
- e. **Risk Management system:** Management envisioned that the Company should be a leader in the auto part industry, thus has equipped the Company with state of the art machines and cutting edge technology. Moreover, the company has a long-standing relationship with good track record making the Company one of the most competitive automotive parts suppliers in the market.

5. Quality Control

- a. **Description:** Quality is a key success factor for an auto part manufacturer.
- b. **Reason:** In this highly competitive automotive market, defective products are not acceptable. Producing defective parts would have negative impact on the Company's reputation and potentially cause recalls or serious accidents.
- c. **Possible Outcome:** A recall can impact profits and reputation of the Company.
- d. **Likelihood:** the Company puts a great emphasis on quality control of its products in order to meet the customers' satisfaction. It is confident that the risk associated with quality control will be continually reduced.

- e. **Risk Management system:** The Company has the policy of 0% defective parts, thus has extensively invested in standardizing and controlling its product's quality. The Company has successfully passed and been certified for ISO/TS 16949 for all its part companies. Furthermore, the Company has provided warranty which normally is stated in the purchasing contract which allows customers to claim for defective parts.

6. Labor relations

- a. **Description:** The risk that labor disputes might have an effect on the operations.
- b. **Reason:** The labor union and members are still not matured.
- c. **Possible Outcome:** Poor labor relation may result in industrial disputes.
- d. **Likelihood:** Strikes may occur if labor relation is weak.
- e. **Risk Management system:** Having good communication and training to create better working atmosphere and working relationship. Moreover, support benefits and welfare are also maintained above the average industry standard.

7. Implementation for safety, environment and communities

- a. **Description:** The potential risk of dangers and losses associated with safety, environment, and communities.
- b. **Reason:** By the nature of auto part business and the production process, without a good safety management, the Company is exposed to the risk of losses which will ultimately affect the staffs and stakeholders.
- c. **Possible Outcome:** On the aspect of the safety, any unsafe act or unsafe condition could cause an accident which might result in danger or loss

of limbs or lives. On the aspect of the environment and community, lack of good management, including pollution control and waste treatment, could have an adverse effect on the operating productivity, and health of the Company.

- d. Likelihood:** The Company has set up a clear policy concerning safety, environment and communities along with continual training on a regular basis. By emphasizing on design process, manufacturing infrastructure and manufacturing system, the Company believes

that potential losses and dangers have been minimized.

- e. Risk Management system:** The Company has set up activities that promote a clean and safe work environment, including 5S activities which keep the factory clean and tidy to reduce accidents. Furthermore, the Company has achieved the Environmental standard ISO 14001, a certified standard for environmental management. This serves as a proof for the Company in its ability to effectively deal with environmental issues.

Shareholding Structure and Management

Shareholding Structure

According to the Share Register Book as of March 19th, 2013, AAPICO Hitech has registered shares in total of 268,874,300 shares, comprised of 226,514,300 ordinary shares and 42,360,000 preferred shares. The top ten shareholders are listed in the table below.

No.	Shareholders	Number of shares	Holding %
1	Yeap Family	106,619,352	39.65%
2	Sojitz Corporation	42,360,000	15.75%
3	Mr. Preecha Leelasithorn	6,100,000	2.27%
4	Thai NVDR Co., Ltd.	5,524,363	2.06%
5	Mr. Sompong Phaoenchoke	5,509,700	2.05%
6	Ms. Sunee Sereepanu	5,200,000	1.93%
7	Mr. Vitit Pongpirodom	4,500,000	1.67%
8	Mr. Viroj Kosoltanawong	3,930,000	1.46%
9	Mr. Surin Napapruekchart	3,350,000	1.25%
10	Mr. Kiattisak Tritrungsatsana	3,075,100	1.14%

Limited of Foreigner Shareholders

As of March 19th, 2013, the Company's shares held by foreigner are accounted at the maximum limit of 49% of total shares.

Shareholders who have the managerial authorities and perform as authorized directors are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo.

Management Structure

The management structure of AAPICO Hitech is consisted of three groups of committees as follows:

- The Board of Directors
- The Audit Committee
- The Nomination and Remuneration Committee

A. Powers and Duties of the Company's Board of Directors

The Board of Directors shall have the power and duty to manage the Company in compliance with the laws,

objects, and Articles of Association and resolution of shareholders with honesty and care, as well as ensure the compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand for the shareholders' interests. The Board of Directors is responsible for the supervision of the Company's management in order to achieve maximum benefit for the shareholders and do so within the framework of good ethic and good moral principle.

The Board of Directors may authorize directors to form an executive committee in order to perform any acts except for the following, which can be performed only after obtaining the approval from the shareholders.

- The subject which the law requires of the shareholders.
- The transactions which the directors have interest therein and that the law or regulations of the Stock Exchange of Thailand require the resolution of shareholders. For any transaction in which the directors or other persons might have conflict of interest with the Company or the affiliated company, such directors or persons who have the conflict in the transaction shall not have any voting rights.

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

- Any sales or transfer of the entire or significant part of the Company's business.
- Any purchase or taking over of other firms by the Company.
- Any making, amendment or termination of contracts with respect to the granting of a lease of the whole or significant part of the business of the Company, the assignment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

- 4) The amendment to the Memorandum of Association.
- 5) The increase and decrease of capital, the issuance of debentures, the amalgamation or dissolution of the Company.

In supervising all the Company's businesses, the Board of Directors has determined to have the authority and responsibility in approval of the following matters

- 1) The quarterly business performances of the Company in comparison to the plan and budget and the consideration of the further trends of the year.
- 2) Related-party transactions between the Company, subsidiaries, associated companies and the related persons in part of the transactions that do not violate the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 3) Any transactions that would highly affect the Company's capital structure, financial status, business operation strategy and reputation.
- 4) Payment of the interim dividends.
- 5) Employment of the President and senior executives.
- 6) Determination and Change of the approval authority of the Company.
- 7) The purchase of business and the participation in co-investment project.
- 8) The change of policy and practical methods with significant effect on the accounting, risk management and internal audit.
- 9) The appointment and the determination of the authority of the sub-Committee.
- 10) The proposal, appointment, and termination of the Company's directors and secretary status.
- 11) Any other actions in accordance with laws, objectives, Articles of Association and resolutions of the shareholders' meeting.

B. Powers and Duties of Audit Committee

The scope of duties and responsibilities of Audit Committee are described as follows:

- 1) Ensure that the Company maintains accurate and sufficient financial statements in accordance with the accounting standard.
- 2) Ensure that there is sufficient and efficient internal control and internal audit by considering the following issues.
 - a. Give opinion on the appointment, transfer, termination and evaluation of the performance of the head of Internal Audit, in order that the Internal Audit would have true independence.
 - b. Consider the independence of the Internal Audit by reviewing the operation report as well as the organization structure of the Internal Audit.
- 3) Consider, select, and appoint auditor by considering the following issues:
 - a. Investigate and consider the independence of the auditor by, for example, considering the non-audit services that may cause lack of independence, such as by engaging in the set up of accounting system.
 - b. Call a meeting with the auditor without the presence of the management at least once a year in order to seek the objectivity of auditor's opinion.
- 4) Ensure that the Company performs in accordance with the Securities and Exchange laws and regulations, regulations of the Stock Exchange of Thailand, and laws concerning the business of the Company.
- 5) Consider the disclosure of information of the Company for matters that may constitute a related transaction or have any conflict of interest to be complete and accurate.
- 6) Review the suitability and adequacy of risk management of the Company.

- 7) Prepare the report of the Audit Committee to be revealed in the annual report of the Company, which shall be signed by the Chairman of the Audit Committee and shall comprise of the following issues:
 - a. The number of meetings and the attendance of each member of the Audit Committee.
 - b. The opinion of the Audit Committee on the following issues:
 - i. Correctness, completeness and reliability of the Company's financial report.
 - ii. Sufficiency of the Company's internal control.
 - iii. Compliance to the laws and regulations regarding the Securities and Exchange Act, requirement of the Stock Exchange of Thailand, or regulations relating to the Company's business.
 - iv. Suitability of the Auditor.
 - v. Transactions which might cause conflict of interest.
 - vi. Opinions or observations which the Audit Committee obtains from performing their duties.
 - c. Other matters, which are entrusted by the shareholders and investors under the scope of duties and responsibilities, granted by the Board of Directors.
- 8) Report the Audit Committee's performance to the Board of Directors every quarter.
- 9) Any other matters assigned by the Board of Directors and approved by the Audit Committee.
2. Select and nominate the persons with suitable qualifications for the Board of Directors, in the positions of the following:
 - (1) Directors;
 - (2) Executives from the level of the Division Manager.
3. Supervise the Board of Directors to ensure that the size and elements are suitable for the organization, including the appropriate adjustments in response to the changing environment. The Board of Directors shall consist of members with sufficient knowledge, competence and experience in several fields.
4. Determine the policy and criteria of payment of remuneration and other benefits in general and those given to the Directors and Executives from the level of the Division manager to be proposed to the Board of Directors for approval.
5. Determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of the Division Manager. This includes the consideration of the annual remuneration adjustment, by taking into account the responsibilities and the risks involved, while still paying attention to the long term improvement of the shareholder's equity.
6. Call the documents from related parties for consideration and provision of opinion.
7. Report its performance to the Board of Directors at least once a year.
8. Perform tasks designated by the Board of Directors.
9. Consider any other related matters.

C. Powers and Duties of the Nomination and Remuneration Committee

The scope of duties and authorities of the Nomination and Remuneration Committee are as follows:

1. Determine the policy, criteria and procedures of the nomination of the Directors of the Company and Executives from the level of the Division Manager.

List of Directors

The table below shows the overview of Directors of the Company and positions in the Audit Committee and the Nomination and Remuneration Committee as of December 31st, 2012.

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee
Mr. Yeap Swee Chuan	Chairman & Executive Director		
Mrs. Teo Lee Ngo	Executive Director		
Mr. Hiroto Murai	Director		
Mr. Yoshiaki Ichimura*	Independent Director		
Mr. Kenneth Ng	Independent Director		
Mr. John Parker	Independent Director		
Mr. Pipat R. Punya	Independent Director	Chairman	Chairman
Mrs. Porntipa Praditsuktavorn	Independent Director	Member**	Member
Mr. Supasak Chirasavinuprapand	Independent Director	Member	Member

* Mr. Yoshiaki Ichimura's appointment is effective as from February 29th, 2012.

** Mrs. Porntipa Praditsuktavorn is the member of the Audit Committee with background in accounting and finance.

Qualification and Appointment of Independent Director

The main purpose of Independent director is to protect the interests of shareholders in a fair and impartial manner in order to achieve the maximum benefit to the shareholders. This is done by exercising independent decision without any conflict of interest.

Each independent director shall comply with the following requirements:

1. Shall hold shares not exceeding one percent of the total number of shares with voting rights of the Company and any affiliated company, including shares held by related persons of such independent director.
2. Shall not be in the position of executive director, employee, staff, advisor who receives salary from the Company and any affiliated company, or managing director of the Company, subsidiary company, affiliated company or juristic person with conflict of interest.
3. Shall not be a related person or close relative of the Company's executive or major shareholders.
4. Shall not be an auditor of the Company and any affiliated company.

5. Shall not be a provider of any professional services, including those as legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company and any affiliated company.
6. Shall not have the business with the Company with the value exceeding Baht 20 million or higher than 3% of net tangible assets (NTA) (whichever is lower) within 2 years before the appointment.
7. Shall not be a director appointed as a representative of the Company's directors or major shareholders.
8. Shall be capable to perform duties, give opinions, and report the results of work performance according to the duties entrusted by the Board independently from the control of management or major shareholders of the Company.

In order to be conformed to the Corporate Governance Policy, the Company's Independent Directors are recruited by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee sets up policies and criteria for recruitment, which have been approved by the Company's Board of Directors.

For the fiscal year 2012, all Independent Directors of the Company do not have any related businesses or services with the Company with the value more than the amount stated in the Security and Exchange Commission Announcement Tor Jor 28/2551.

The Board Meetings

There were in total 12 meetings in the year, of which 6 meetings for the Board of Directors, 4 meetings for the Audit Committee, and 2 meetings for the Nomination and Remuneration Committee. The attendance of each director is shown in the table below.

Name	Board of Directors Meeting	Audit Committee Meeting	Nomination & Compensation Committee Meeting
Mr. Yeap Swee Chuan	6/6	N/A	N/A
Mrs. Teo Lee Ngo	4/6	N/A	N/A
Mr. Hiroto Murai	0/6	N/A	N/A
Mr. Yoshiaki Ichimura	4/6*	N/A	N/A
Mr. Kenneth Ng	5/6	N/A	N/A
Mr. John Parker	3/6	N/A	N/A
Mr. Pipat R. Punya	6/6	4/4	2/2
Mrs. Porntipa Praditsuktavorn	6/6	4/4	2/2
Mr. Supasak Chirasavinuprapand	6/6	4/4	2/2

* The appointment of Mr. Yoshiaki Ichimura is effective as from February 29th, 2012.

Authorized Directors

Authorized Directors

Directors who are authorized to sign on behalf of the Company are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, jointly sign with the Company's seal affixed.

Company Secretary

Ms. Phanthip Sintawanarong is appointed as the Company Secretary as from September 2012.

Appointment and Dismissal of Directors

According to the Company Registration, the Board of Directors shall be comprised of at least 5 directors, of which more than half of total number of directors must reside in Thailand. The Nomination and Remuneration Committee is responsible to nominate suitable candidate for the director position of the Company. The nominated candidate approved by the Board of Directors is then proposed to Shareholders' meeting for approval as described below:

- Each shareholder has one share equal to one vote.
- Each shareholder can vote for some or all of the directors but cannot split share voting.
- In case two directors have the same number of votes, the Chairman of the meeting has the casting vote.

At the Annual General Meeting (AGM), about one-third of the directors must retire. In case the number of directors is not a multiple of three, the nearest number but not exceeding one-third is applied. The retired directors are allowed to be re-elected for another term.

Other than the completion of terms, a Director may leave the position due to the following reasons:

- Death
- Resignation (effective from the date when the Company receives the letter of resignation)
- Lack of qualifications according to the Article 68 of the Public Company Limited Act 1992
- Decision of the shareholders' meeting to terminate according to the Article 76 of the Public Company Limited Act 1992
- Court order



Remuneration of Directors for Fiscal Year 2012

(Unit : BAHT)

Name	Board of Directors		Audit Committee	Nomination & Remuneration Committee	Bonus	Total
	Annual Allowance	Attendance Fee	Attendance Fee	Attendance Fee		
Mr. Yeap Swee Chuan	-	-	-	-	-	-
Mrs. Teo Lee Ngo	-	-	-	-	-	-
Mr. Hiroto Murai	-	-	-	-	-	-
Mr. Yoshiaki Ichimura	-	-	-	-	-	-
Mr. Kenneth Ng	250,000	50,000	-	-	-	300,000
Mr. John Parker	250,000	30,000	-	-	-	280,000
Mr. Pipat R. Punya	275,000	60,000	-	10,000	-	345,000
Mrs. Pornnipa Praditsuktavorn	250,000	60,000	-	10,000	-	320,000
Mr. Supasak Chirasavinupapand	250,000	60,000	-	10,000	-	320,000

Remuneration of Executives

	2012		2011	
	No. of executives	Amount	No. of executives	Amount
Salary		Baht 29.42 Million		Baht 21.37 Million
Bonus		Baht 3.24 Million		Baht 3.75 Million
Provident Fund		Baht 0.94 Million		Baht 0.97 Million
Total	25	Baht 33.60 Million	19	Baht 26.09 Million

Employee Joint Investment Program

As part of an incentive scheme to build motivation and create sense of ownership for employees, the Company starts the Employee Joint Investment Program (EJIP) which is a program where employee and the Company join on voluntarily basis to regularly invest only in the Company's stock. The program period is 2 years from October 1st, 2012 to September 30th, 2014. Under this program, the Company deducts up to 10% of salary from the payroll of participated employees each month, and the Company makes contribution at a rate of 50% of contributions made by the program participants each month. A securities company that has been appointed by the Company then invests both employee's and the Company's contributions in shares of the Company through the Stock Exchange of Thailand in accordance

with the specified conditions and period. Shares acquired under this program are prohibited to sell in the first year. The program participants are allowed to sell up to 50% of their shares after 1 year, and can sell remaining shares after the completion of the program.

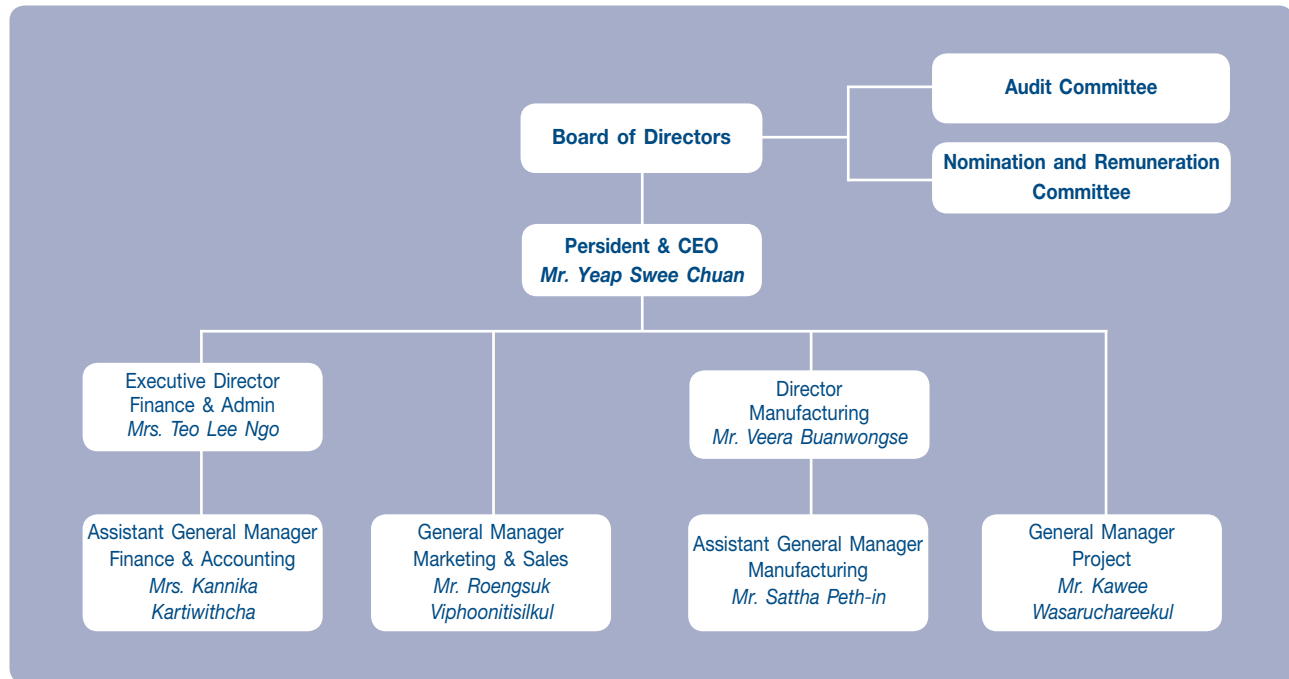
This program was approved by the Office of the Securities and Exchange Commission on October 17th, 2012. As of December 31st, 2012, there were 42 eligible employees participated in this program.

Dividend Policy

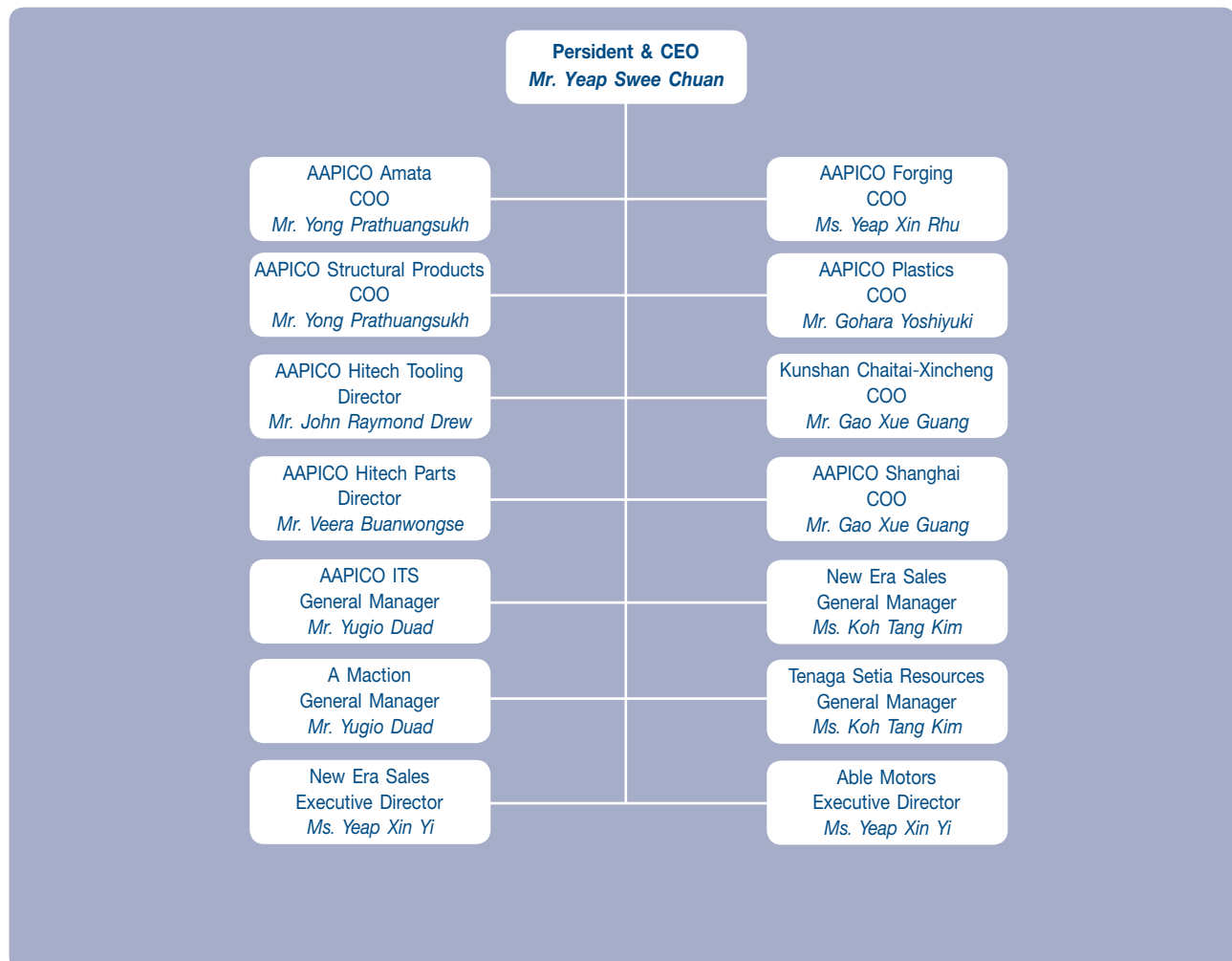
The Company and its affiliates have a policy to pay dividend of not less than 10% of the net profit after tax. The decision for dividend payment is subjected to the future investment plan and other necessities as the Company deems appropriate.

Organization and Management

Organization Chart of AAPICO Hitech PLC.



Management of Subsidiary Companies





Board of Directors' Information

Mr. Yeap Swee Chuan	Age 65	Mrs. Teo Lee Ngo	Age 62
<ul style="list-style-type: none"> President & CEO Authorized Director Education <ul style="list-style-type: none"> Bachelor of Technology (Industrial management), Massey University, New Zealand Training Courses <ul style="list-style-type: none"> Director Certification Program (DCP) AH Shareholding 12.54%	Work Experience in the past 5 years <p>2010-present Director, Board of Trade</p> <p>2010-present Vice Chairman, Peace Network of Thailand</p> <p>2005-present Chairman, Malaysian Thai Chamber of Commerce</p> <p>2000-present Director, Audit Committee Goodyear (Thailand) PLC.</p> <p>1996-present President and CEO, AAPICO Hitech PLC.</p>	<ul style="list-style-type: none"> Executive Director Authorized Director Education <ul style="list-style-type: none"> Bachelor of Commerce (Industrial and Business Management), Nanyang University, Singapore Training Courses- AH Shareholding 9.86%	Work Experience in the past 5 years <p>1996-present Executive Director, AAPICO Hitech PLC.</p> <p>1996-present Director, Able Sanoh Industries (1996) Co., Ltd.</p>
Mr. Pipat R. Punya	Age 63	Mr. Yoshiaki Ichimura	Age 58
<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee Chairman of Nomination and Remuneration Committee Education <ul style="list-style-type: none"> Bachelor of Laws, Thammasat University Master of Public and Private Management, NIDA Training Courses <ul style="list-style-type: none"> Director Accreditation Program (DAP) AH Shareholding -	Work Experience in the past 5 years <p>2004-present Director, Villa Comforta Co., Ltd.</p> <p>1996-present Independent Director, Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee, AAPICO Hitech PLC.</p> <p>1988-present Director, Go Thailand Tour Co., Ltd.</p> <p>1983-present First class lawyer, Nitipat Law Firm Co., Ltd.</p>	<ul style="list-style-type: none"> Independent Director Education <ul style="list-style-type: none"> Yokohama National University Training Courses -	AH Shareholding -
		Work Experience in the past 5 years <p>2012-present President Hyundai Motor (Thailand) Co., Ltd.</p> <p>2009-2011 Senior Vice President, Machinery Division Senior General Manager, Automotive Unit Sojitz Corporation</p> <p>2007-2008 General Manager of Automotive Dept.3, Automotive Unit, Machinery and Aerospace Division Sojitz Corporation</p>	
		Mr. Hiroto Murai	Age 46
		<ul style="list-style-type: none"> Director Education <ul style="list-style-type: none"> Bachelor of Engineering (Division of Material Physics), Osaka University, Japan Training Courses -	AH Shareholding -
		Work Experience in the past 5 years <p>2005-present Director, AAPICO Hitech PLC.</p> <p>2005-present Director, SAIT Co., Ltd. (Sojitz Automotive Investment)</p>	

Mr. Supasak Chirasavinuprapand	Age 49	Mr. John Parker	Age 65
<ul style="list-style-type: none"> Independent Director Member of Audit Committee Member of Nomination and Remuneration Committee <p>Education</p> <ul style="list-style-type: none"> LL.B. Faculty of Law, Thammasat University Barrister-at-Law, The Institute of Legal Education, Thailand M.S. in Economics -Policy and Planning, Northeastern University, Boston, Massachusetts M.C.L, California Western School of Law, San Diego, California LL.M., Arizona State University, Tempe, Arizona <p>Training Courses</p> <p>2004 Director Accreditation Program (DAP) Thai Institute of Directors Association (IDO)</p> <p>AH Shareholding -</p> <p>Work Experience in the past 5 years</p> <p>2004-present Partner, Royal Advocates International Limited</p> <p>2002-present Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee, AAPICO Hitech PLC.</p>		<ul style="list-style-type: none"> Independent Director <p>Education</p> <ul style="list-style-type: none"> B.Eng. (Manufacturing Engineer), Port Elizabeth College of Education Cost and Management Accounting, University of South Africa <p>Training Courses -</p> <p>AH Shareholding -</p> <p>Work Experience in the past 5 years</p> <p>2011-present Independent Director, AAPICO Hitech PLC.</p> <p>2006-2010 Executive Vice President- Asia Pacific and Africa, Ford Motor Company</p> <p>2003-2006 Vice Chairman and COO, Mazda Motor Corporation Vice President, Ford Motor Company</p>	
Mrs. Porntipa Praditsuktavorn	Age 59	Mr. Kenneth Ng	Age 44
<ul style="list-style-type: none"> Independent Director Member of Audit Committee Member of Nomination and Remuneration Committee <p>Education</p> <ul style="list-style-type: none"> Master in Accounting, Major Cost Accounting, Chulalongkorn University <p>Training Courses</p> <ul style="list-style-type: none"> Director Accreditation Program (DAP) <p>AH Shareholding -</p> <p>Work Experience in the past 5 years</p> <p>2010-present Managing Director, Praditsuk Co., Ltd.</p> <p>2002-present Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee, AAPICO Hitech PLC.</p> <p>1999-2009 Executive Officer, Panasonic Electric Works (Thailand) Co., Ltd.</p>		<p>Independent Director</p> <p>Education</p> <ul style="list-style-type: none"> Bachelor of Sciences (Hons), Biotechnology Graduated Uppersecond, King's College London University, United Kingdom Qualified Chartered Accountant (Institute of England & Wales) <p>Training Courses -</p> <p>AH Shareholding -</p> <p>Work Experience in the past 5 years</p> <p>2008-present Independent Director, AAPICO Hitech PLC.</p> <p>2007-present Director, Bun Company Co., Ltd.</p> <p>2005-present Director, KNKN Co., Ltd.</p> <p>2005-present Director, NT Asset (Thailand) Co., Ltd.</p>	



Employees

At the end of December 31st, 2012, AAPICO Hitech and its subsidiaries employed in total 4,060 employees. The breakdown of employees by product type is shown in the table below.

Product Type	Number of employees as at December 31 st , 2012
Jigs	55
Dies	58
OEM Auto Parts	766
Chassis Frames	894
Forging & Machining Auto Parts	1,345
Plastic Auto Parts	564
Car Dealership	248
Car Navigation	26
Others	104
Total	4,060

Of total headcounts, 838 employees were employed in Malaysia and China, which is accounted for approximately 21% of total headcounts. For operations in Thailand, AAPICO Hitech has recruited a number of competent expatriates with relevant skills to enhance the development of the Company as follows:

Nationality	Number of employees as at December 31 st , 2012
Japanese	9
Malaysian	4
Indian	2
German	2
Chinese	1
Filipino	1
English	1

Corporate Governance Report

At AAPICO Hitech, we believe that the good corporate governance is an important key factor in order to increase the Company's value for shareholders in the long run. The Company's corporate governance policy is adhered to the guideline for the listed companies and conformed to good governance practices under the guidance of the Stock Exchange of Thailand. The Company has carried out its operations according to the corporate governance policy as follows:

Section 1

Rights of Shareholders

The Company ensures that shareholders are given opportunities to exercise their rights and prohibits any actions or practices that limit the rights of shareholders.

1. The Company held the Annual General Meeting of Shareholders for the year 2012 on Friday 27 April 2012 at 14:30 Hrs. at The River, Chatrium Riverside Hotel, 28 Charoenkrung Soi 70, Bangkok, for the convenience of shareholders.
2. The Company issued the invitation to the Annual General Meeting with supporting documents in both Thai and English, and provided complete information and instruction of the Annual General Meeting, to shareholders in advance prior to the meeting. The Company has also published this information on its website under the "Investor Information" section as well as announcement via the SET's electronic media.
3. The Company encouraged shareholders to participate in the Annual General Meeting of Shareholders and exercise their voting rights at the meeting. Shareholders were allowed to express their opinions, raise questions relating to the agenda and the issues presented. Any actions that could be considered to violate the shareholder's right were prohibited.

Section 2

Equitable Treatment of Shareholders

The Company shall treat each and every shareholder fairly and equally regardless of gender, age, race, nationality, religion, beliefs, political opinions, or disabilities.

1. Every shareholder had the right to receive information and documents either in Thai or in English.
2. Shareholders were allowed to cast a proxy vote and appoint the proxy to attend the meeting on their behalf. The Company has also given the option to the shareholders of appointing 2 independent directors as their proxy.
3. The Company has notified the shareholders of the documents or other evidence needed to identify them in order to participate at the Annual General Meeting and provided clear guidance in the invitation letter.
4. The Company did not add any other items in the Meeting agenda that were not stated in the invitation letter.
5. The Board of Directors prepared the minutes of Shareholders' Meetings and distributed them to shareholders via the Company's website within 14 days after the meeting date.

Section 3

Roles of Stakeholders

The Company recognizes the rights of its stakeholders and that each party has different needs and interests. Therefore, the Company has established policies to meet their requirements.

The Company has classified stakeholders into the following group: majority shareholders and institutional investors, minority shareholders, creditors and debtors, customers, trading partners, employees, the community and society as a whole.



1. Majority Shareholders, Institutional Investors and Minority Shareholders

The Company shall continue its business operations with the highest level of transparency, maintain systematic and reliable accounts on behalf of all shareholders, and emphasize on the Company's long term growth and appropriate remuneration.

2. Creditors and Debtors

The Company shall comply with all terms and conditions in agreement with its creditors and debtors, and consistently report on the Company's financial situation. The Company shall notify the creditors and debtors in advance if terms and conditions could not be applied, and both parties shall come together to resolve the situation.

3. Customers

The Company has firm commitment to its customers to continuously develop its products and services. The Company shall abide by the requirements agreed upon between the Company and its customers.

4. Trading Partners

The Company considers equality and honesty as virtues among its core business values. The Company shall strictly comply with rules and regulations as well as operate in ethical business operation.

5. Employees

The Company considers the welfare of its personnel at all levels, in which their employment contracts shall be fair, remuneration shall be reasonable and appropriate to the employees based on their capability and be able to maintain their motivation, as well as trainings and developments are sufficiently provided to employees to improve and enhance their skills and performances. Moreover, the Company shall maintain high standard of safety and disciplined work environment.

6. Community

The Company has continuously been providing support and contribution to the community and society as a whole. The Company strongly encourages its subsidiaries and associate companies to protect the environment and maintain safety in its operations. Also, the Company promotes Corporate Social Responsibility Clubs for its personnel, so that everyone recognizes the importance of their community.

Section 4

Information Disclosure and Transparency

The Company ensures that disclosure of both financial and non-financial information is correct, adequate, reliable, and current to the stakeholders in order to support their decision-making and to show the true status of the Company's performance. The Company has strongly placed an emphasis on monitoring transactions done by the Company and to be in line with the relevant laws and regulations on Disclosure of Information and Transparency.

1. The Company disclosed information including quarterly financial statements, Form 56-1, and Annual Report through the Stock Exchange of Thailand (SET) website, as well as made it available on the Company's website according to the regulations on timely basis.
2. The Company compiled information with care in a clear, accurate and transparent manner, and conveyed the message in a simple and concise language. The information is regularly updated in order for the stakeholders to receive the information in a timely manner.
3. The Board of Directors ensured that the Company's financial statements were prepared fairly and accurately. The audited financial report was announced to the public on timely basis. In addition, the Board had also reported the auditor's

remuneration and presented to the shareholders at the Shareholders' Meeting for their approval.

4. In case of any changes in the Company's securities holding of the Board of Directors, the Company has disclosed such information in a timely manner and complied with the regulations established by the Securities and Exchange Commission.
5. For communication to shareholders and investors, the Company participated in the Opportunity Day organized by the Stock Exchange of Thailand on quarterly basis.

Section 5

Roles and Responsibilities of the Board

The Company recognizes the importance of roles and responsibilities of the Board of Directors in order to help provide guidance and direction to the Company and its management team. The Board of Directors of the Company comprises of directors who are qualified in terms of skills, experience and expertise which are beneficial to the Company. As appointed by shareholders, the Board of Directors selects management to operate the Company's businesses.

The Board of Directors recognizes their duties and responsibilities in managing the Company with transparency and with the consideration of attaining the maximum benefit for the Company and its shareholders. There is a clear separation of duties and responsibilities between the Board and the Management to ensure that the Company operates in a lawful and ethical manner.

1. Composition, Qualification and Appointment of the Board

- The current structure of the Board sets an appropriate number of members and a composition where the number of independent directors is at least one-third of the board size, and is not less than three directors.

- The list of Directors including their qualifications, background, experience, their attendance to the Board meeting, and their remuneration together with the policy in determining the remuneration are disclosed in the Annual Information Disclosure form (Form 56-1) and the Annual Report (Form 56-2).
- Each Director is qualified under the Public Company law and has no record of suspicion concerning any behavior against the fiduciary duty for the Public Limited Company under the laws or regulations and notifications announced by the Securities and Exchange Commission.
- The Board of Directors clearly specifies the term of service of the directors.
- Each member of the Board of Directors shall hold his positions in the boards of registered companies for not more than 5 companies excluding the Company's subsidiaries. The holding of position in other boards for more than 5 companies must be considered and approved by the Company's Board of Directors.
- The Board of Directors shall receive adequate and complete information in order to make effective decision concerning the Company's operations.

2. Roles and Responsibilities of the Board

The Board of Directors shall act professionally to lead the Company in the right direction in order to protect the benefit of the shareholders. The roles and responsibilities of the Board of Directors include but are not limited to the following:

- The Board of Directors reviews and approves key business matters such as the vision and mission of the Company, strategies, financial targets, risks, major plans of action and the budget.



- The Board of Directors closely monitors the compliance of Management to the Company's policies.
- The Board of Directors sets a clear guideline on the approval of transactions with conflict of interests, including related transactions and connected transactions. For example, persons with interest in the transaction cannot participate in the voting or decision making process of that issue.
- The Board of Directors ensures that the internal control system is in place, including financial, compliance, and policy control, by assigning a person to independently audit and report on the system.
- The Board of Directors establishes a risk management policy covering all activities of the Company, as well as assigns the management to implement the policy, report back to the Board on regular basis, and seek business opportunities that may arise from these risks.
- The Board of Directors schedules the board meeting for the year in advance and notifies directors of the schedule to allow each member to manage time to attend the meetings. In addition, meeting documents and notification are sent to directors at least 7 days prior to the Board of Directors' meeting.
- The Board of Directors defines policies and methods to facilitate training for new directors about the roles of directors as well as the nature of businesses and operations of the Company.
- The Board of Directors encourages continuous training for all parties related to corporate governance especially those in top management position of the Company.
- The Board of Directors shall provide adequate communication channels for shareholders. The disclosure of information shall be monitored to

ensure high standards of accuracy, clarity, transparency and reliability.

3. Independence of the Board of Directors

To ensure the independence of the Board of Directors, the number of independent directors shall be accounted for one-third of its number or not less than 3 people.

- Independent directors must have access to financial information and details of business operations in order to have adequate information to independently express their opinion to protect the shareholder's interest.
- The Company's definition of independent directors meets the minimum qualifications as specified by the Securities and Exchange Commission.
- The independent directors shall work equitably on behalf of the shareholders to prevent any possible conflict of interests in the Company.

4. Board of Audit Committee

The Board of Audit Committee shall comprise of a minimum of 3 directors with at least one member having financial and accounting expertise. The Audit Committee members must have sufficient independent qualifications in accordance with the Securities and Exchange Commission. The Audit Committee shall be responsible for reviewing and monitoring the Company's operations, financial reporting and internal control systems. Its duties also include selecting the Company's auditor, reviewing and approving transactions which may cause conflict of interests including related transactions and connected transactions and overseeing the risk management system.

5. Board of Nomination and Remuneration Committee.

The Board of Nomination and Remuneration Committee shall comprise of at least 3 independent directors. The responsibilities of the Nomination and

Remuneration Committee include but are not limited to the following:

- Review and appoint the director and management positions of the Company by using transparent selection criteria to ensure that the candidates are qualified for the position.
- Review and approve the salary adjustments and the bonus provisions for employees.
- Review and approve the appointment and the remuneration of the Board of Directors.
- Review and approve the appointment and remuneration of the Auditor.

6. Remuneration of the Directors and President

The Remuneration Committee is responsible to provide advices to the Board concerning the remuneration of directors and the President. The proposal of remuneration shall be reasonably based on the industry average. The structure of remuneration shall be clear, transparent and easy to comprehend.

The Nomination and Remuneration of directors and the President shall be considered and approved by the Board of Directors and subsequently the Shareholders at the Shareholders' meeting.

Use of Inside Information

The Company has the policy that its directors, executives and personnel shall keep corporate information strictly confidential, particularly internal information not yet disclosed to public that may affect the business of the Company or its stock price. The Company has strongly advices its executives and employees, including those in subsidiary companies, of the following guidelines:

1. That the use of inside information for personal or others' gain is strictly prohibited.
2. That the changes in securities holding of its directors and executives, resulting from acquisition, disposition, transfer or being transferred for securities, must be reported to the Office of Securities and Exchange Commission using the specified form (Form 59-2 or Form 246-2) in a timely manner and within 3 working days after transaction date.
3. That the Company's securities trading of directors, executives and employees who have acquired inside information shall be suspended for a period of 30 days prior to the announcement of the Company's results of operations to the Stock Exchange of Thailand.

Any directors, executives, or employees who violate the Company's policy resulting in derogation or damage to the Company are subjected to penalty measures and possibly legal actions taken by coordinated, relevant regulatory authorities.

Internal Control

The Board of Audit and Corporate Governance Committee has evaluated the adequacy of the internal control of the Company and its subsidiaries and considers that the Company and its subsidiaries have an effective internal control system where the results were in compliance with the defined procedures and consistent with governmental statutory provisions and the Corporate Governance policy. According to the guidelines of the Stock Exchange of Thailand (SET), the internal control of the Company is in place without significant deficiencies where the details of internal control could be summarized as follows:

Control Environment

The Company has carefully set up clear and measurable business objectives, goals and vision to be a guideline for the executives and employees to achieve the planned operating performance, where budget planning and monthly management reviews were put in place to fulfill its goals. The Board of Directors has also periodically reviewed the Company's operations to ensure conformity with the business objectives taking into account the fair treatment to stakeholders for long-term benefit of the Company.

The Board of Directors has established the Corporate Governance policy and the Code of Conduct with the intention to enable the Company to conduct its business efficiently and have good corporate governance and excellent management. The Board of Directors has promoted this policy as a guideline where directors, management and staffs shall adhere with the purpose of benefiting shareholders' interest and maintaining business ethics and transparency.

The Company sees the importance of developing its manufacturing processes for standard products where it has achieved the ISO/TS 16949 and ISO 14001 certification and responsible units have been assigned to undertake the inspection and monitoring for compliance with requirements. In addition, the

Company also employs official body to perform annual audit to ensure that related departments are conformed to the operating standards.

Risk Management

The Company's management has, on a regular basis, monitored the potential risk factors and has tried its best to control those risk factors by implementing various tools as discussed in the Risk Factors section.

Control Activity

The Company has emphasized the implementation of a strong control activity as follows:

- The Company has adequate control for the misuse of the Company's assets for the benefit of executives and directors.
- Major duties have been segregated to prevent potential fraud. This segregation of duties includes segregation of duty between authorization, recording and custody of assets.

Information System and Communication

The Company communicates to its employees the information about the Company's policies, regulations and instructions via intranet and different levels of meetings in order to ensure effective internal communication. For the information technology and data communication, the Company has implemented and improved the Oracle Enterprise Resources Planning (ERP) system throughout the organization.

For communication with external parties, the Company's information is disclosed via the Stock Exchange of Thailand (SET)'s Community Portal system and the Company website at www.aapico.com. The Company also allows investors (both individual and institutional investors), analysts, and interested external parties to receive information and ask questions in the Opportunity Days held quarterly by the Stock Exchange of Thailand or via email contact as specified

in the Company's website. In addition, the Company arranged at least once a year for the shareholders and investors to visit the Company's factories for better understanding of the Company's manufacturing process.

The Audit Committee, auditors and concerned parties together take part in completing the Company's financial statements every quarter to ensure that the generally accepted accounting standards have been complied with. In addition, supporting documents for accounting records and accounts are fully kept for transparency and to be used for operational objectives.

The Company's Board of Directors receives invitation letters, meeting agenda, and supporting documents in advance of the meeting. Discussions and recommendations including resolutions of the Board

are recorded in the minutes of meetings for future reference.

Monitoring and Assessment

In 2012, the results of performance were reviewed and monitored in the Board of Directors' meeting as to whether it achieved the goals set. The Company's management is required to follow up and supervise the implementations based on strategic plans and projections included in the annual business plan.

In addition, The Board of Directors entrusts the Audit Committee to review with the management the risk management policy and practice compliance with such policy. The Audit Committee's Report is attached in the Audit Committee section.

Related Transactions

Disclosure of Related Transactions

During the year 2012, the Company has conducted transactions with its subsidiaries, associates, and related companies or individuals. These transactions arose in the ordinary course of business and were concluded on commercial terms and conditions agreed upon between the Company and those related parties. These transactions are disclosed in Note 7 of the Notes to the Financial Statements for the year ended December 31st, 2012.

Necessity and Justification for Related Transactions

The Audit Committee has considered the related transactions of the Company with the subsidiary companies, joint venture companies and associated companies. Major transactions in the year 2012 were the sale and purchase of goods and services among the AAPICO Group, of which were the OEM auto parts, jigs and dies, the provision and the receipt of financial support, receivable interests, management fees, and rental fees. The trading of products and services represents the normal business activities of the Company. The rental fees were based on the rental rates of other buildings in the same area. These transactions are deemed to be necessary for the Company's operations with primary consideration of the highest benefit to the Company.

As the Company has a centralized finance policy to reduce the interest burden, most of external loans are borrowed by AAPICO Hitech PLC, and then released to subsidiary companies. The loan among related parties was done under necessary and urgent conditions. The calculation of interest of internal loan is based on the average borrowing cost of AAPICO Hitech PLC.

Policies or Trends Relating to Future Related Transactions

The Company will continue with the policy to have the sales and purchase price of products and services to related parties comparable to the market price in undertaking transactions with related parties in the future. These transactions will also be considered by the Board of Directors in compliance with the regulations, announcements or orders of the Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, the Company will comply with accounting standards concerning the disclosure of information of connected transactions as specified by the Association of Thai Accountants and Certified Auditors.

In case of related transactions with potential conflict of interest, or vested interests, or possible future conflict of interest, the Company will assign the Audit Committee to provide its opinion on the necessity and justification of such transactions. If the Audit Committee does not possess sufficient expertise to review the transaction, the Company will assign an independent expert to express on the transaction. The information is then provided to the Board of Directors or Shareholders to support the decision making process.

Details of the related transactions are disclosed in the Notes to Financial Statements, which have been audited by the Company's auditors.

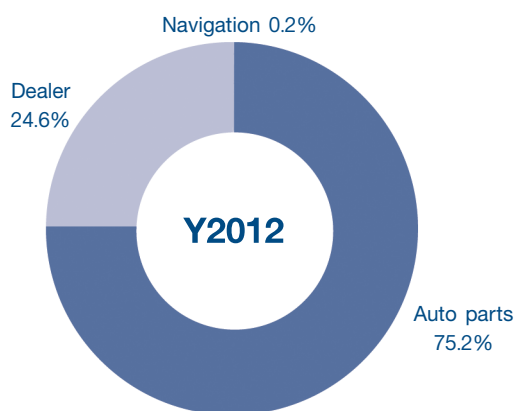
Management Discussion and Analysis

Overview of Business in 2012

AAPICO Hitech and its subsidiaries operate in 3 countries, namely Thailand, Malaysia, and China, where the Company is principally engaged in manufacture and distribution of automotive parts. The Company's operations can be divided into 3 main sectors, which are:

1. Manufacture and distribution of dies, jigs and OEM auto parts
2. Car dealership
3. Car navigation and others

The main contribution of income for the AAPICO Group mainly came from the manufacture and distribution of dies, jigs and OEM auto parts, which were accounted for approximately 75% of total income of the Company, followed by income from car dealership business of about 25% of total income.



Following the decline of car production in 2011 due to the impact from Tsunami in Japan and the severe flood crisis in Thailand in the 4th quarter of last year, the Thailand's automotive industry has rebounded back with the highest record of car production volume of 2.4 million units in 2012, representing about 68% growth compared to the year 2011. This was due to the strong demand in the car industry both domestic and export, and also the favorable government policy on the tax rebate for the first-time car buyer, of which its impact is expected to continue in the first half of year 2013.

Profit and Loss Analysis

Revenues Analysis

Total revenues of AAPICO Hitech and its subsidiaries are consisted of two major portions, which are sales and service income from its main operations, and other income which are mainly sales of scrap from press parts business.

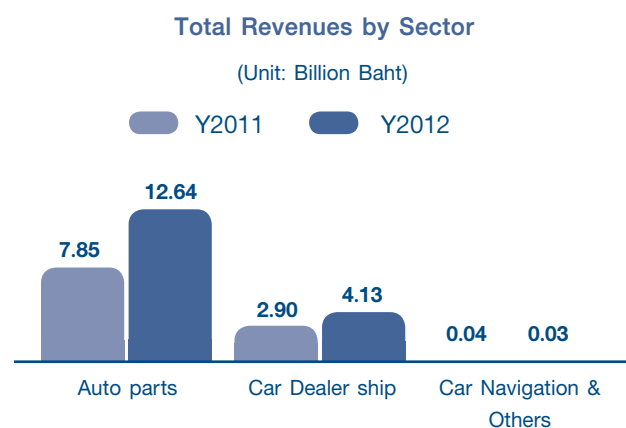
In the year 2012, the consolidated total revenues of the AAPICO Group reached a record high at Baht 16.8 billion, posting a growth of 56% or an increase of Baht 6 billion compared to last year's revenues of Baht 10.8 billion. The strong year-on-year growth was mainly driven by the strong recovery and growth in the automotive industry due to the implementation of government policy on the tax rebate for the first-time car buyers.

From the country perspective, increases of revenues mainly came from domestic sales in Thailand, as shown in the table below.

Unit: Million Baht	Y2011	Y2012	Change	%
Thailand	8,278	13,904	5,626	68
Malaysia	1,634	1,922	288	18
China	874	985	111	13
Total Revenues	10,786	16,811	6,025	56

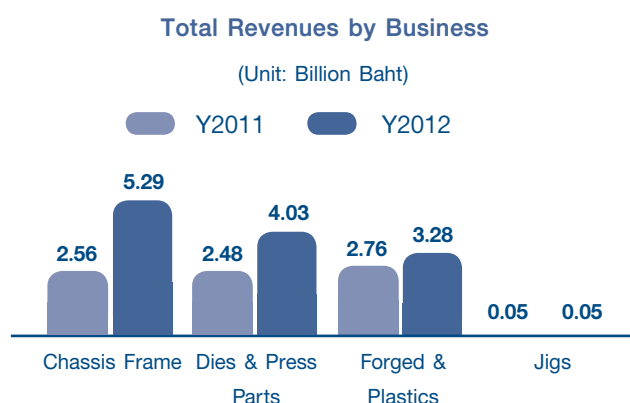
Revenues by Sector

The graph below shows the breakdown of total revenues of the AAPICO Group for each sector.



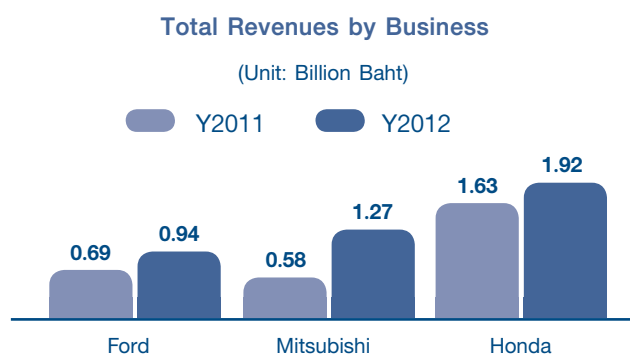
Dies, Jigs and Automobile Parts Manufacturing

Total revenues of the manufacturing of dies, jigs and OEM auto parts grew 61% or Baht 4.8 billion, from Baht 7.85 billion in 2011 to Baht 12.64 billion in 2012. The increases mainly came from the chassis frame and press parts business, as well as forging and machining and plastics operations, in line with the industry growth. The breakdown of revenues by businesses is shown in the graph below.



Car Dealership Business

Total revenues of the car dealership business also posted a sales increase, both domestic and overseas, from last year's revenues of Baht 2.9 billion to Baht 4.13 billion in 2012. More than half of the Baht 1.23 million sales increase came from higher domestic sales due to the favorable impact of the government policy for the first-time car buyers.



Car Navigation Business

Car navigation business is a small contributor to the consolidated revenues of AAPICO Group, with total revenues of Baht 34 million in 2012. Compared to 2011, revenues decreased by Baht 4 million, which can be explained by changes in market behavior and impact of flood crisis in the first half of the year.

Cost and Expense Analysis

Cost of Sales and Service

Cost of goods sold of AAPICO Hitech and its subsidiaries accounted for approximately 89.6% of total revenues. Compared to year 2011, costs of sales and services increased in line with sales increases, but at a slightly higher rate than an increase of revenues. A year-on-year comparison of sales and costs of operations is shown in the table below.

Unit: Million Baht	Y2011	Y2012	Change	%
Sales and service income	10,356	16,120	5,764	56
Cost of sales & service	(9,591)	(15,058)	(5,467)	57
Gross Profit	764	1,062	297	39
<i>Gross Profit %</i>	<i>7.4%</i>	<i>6.6%</i>	<i>-0.8%</i>	<i>-</i>

For the year 2012, gross profit as a percentage of sales and service income was 6.6% of sales compared to the 2011 gross profit of 7.4% of sales. The 0.8% decline of gross margin was largely due to lower margins in the manufacturing of auto parts, despite higher sales. This was partly compensated by improved margins from car dealership business.

Unit: Million Baht	Y2011	Y2012	Change	%
Selling expenses	211	241	30	14
Administrative expenses	869	581	(288)	-33
SG&A Expenses	1,079	822	(257)	-24

Selling and Administrative Expense

Selling and administrative expenses in 2012 decreased by Baht 257 million or 24% compared to 2011, as last year's administrative expenses included the write-off of inventories damaged by the flood in the 4th quarter.

Finance and Tax Expense

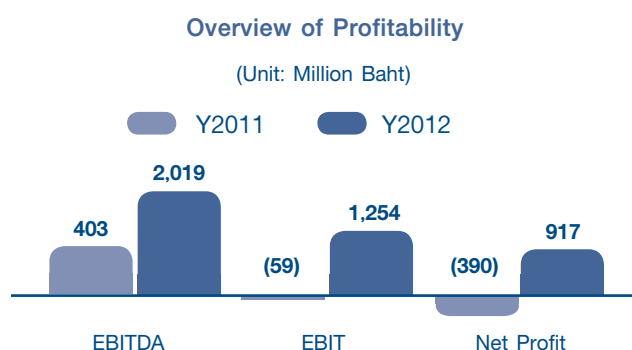
Unit: Million Baht	Y2011	Y2012	Change	%
Financing costs	239	289	51	21
Income tax expenses	94	41	(53)	-56
Finance and Tax	333	331	(2)	-1

Compared to 2011, the financing costs increased by Baht 51 million or 21% to Baht 289 million in 2012. The higher financing costs were due to the increase of bank borrowings mainly to support investments and increased production volume and higher working capitals.

Income tax expenses decreased Baht 53 million compared to last year, primarily due to lower tax expenses in AAPICO Amata, which recorded about Baht 50 million tax expenses in 2011. This was partly offset by higher tax expenses in car dealership business. Overall, the Company and its subsidiaries also benefit from the lower rate of corporate income tax, from 30% in the year 2011 to 23% in 2012.

Profitability Analysis

The graph below shows an overview of EBITDA, EBIT, and net profit attributable to equity holders:



Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusted for depreciation and amortization expense, the consolidated EBITDA of AAPICO Hitech and its subsidiaries was recorded at Baht 2.0 billion, compared to last year's EBITDA of Baht 403 million. Compared to 2011, a significant increase of Baht 1.6 billion or at 400% was largely due to the following:

- Lower costs as last year's results included impairment losses and a net loss arising from flood in the 4th quarter of last year,
- Higher sales driven by the industry growth and government policy on the first-time car buyers,
- Higher profit from share of investments in associate companies,
- An insurance recovery of Baht 145 million in 2012.

These increases were partly offset by lower margins, mainly in the auto parts manufacturing business.

Net profit

The net profit for equity holders of the Company also improved Baht 1.3 billion, from a net loss of Baht 390 million to a net profit of Baht 917 million, driven by the increase in earnings and lower tax expenses, partly offset by higher financing costs. As a percentage of total revenues, net profit margin improved from -3.6% in 2011 to 5.5% of total revenues in 2012.

Financial Standing Analysis

Assets

The consolidated total assets of AAPICO Hitech and its subsidiaries increased Baht 2.3 billion, driven mainly by increases in trade and other receivables, inventories, and investments in associates.



Unit: Million Baht	Y2011	Y2012	Change	%
Trade and Other Receivables	1,203	2,801	1,598	133
Inventories	892	1,282	390	44
Current Assets	2,694	4,645	1,951	72
Investment in associates	729	914	186	25
Property, Plant and Equipment	6,578	6,541	(38)	-1
Non-Current	8,827	9,139	311	4
Total Assets	11,521	13,783	2,262	20

Trade and Other Receivables

The Company's trade and other receivables is one of the main portions of the Company's assets, which are accounted for 20% of total assets. In 2012, trade and other receivables increased more than double, or by Baht 1.6 billion, compared to last year, in line with the increases of sales. The average collection period in the year 2012 slightly decreased from 49 days in 2011 to 45 days.

Inventories

At the end of 2012, the Company's inventories were Baht 1.3 billion, an increase of Baht 390 million compared to the end of 2011, in line with increased sales volume. However, as a percentage of sales and service income, inventories declined from 8.6% to 8.0%. The inventory turnover in 2012 was 26 days, which is 8 days shorter than 34 days in 2011 and was about the same level as in 2010.

Unit: Million Baht	Y2011	Y2012	Change	%
Land	700	700	-	0
Building and Building Improvements	1,325	1,587	261	20
Machine and factory equipment	3,551	3,772	222	6
Motor vehicles and office equipment	74	264	190	255
Assets under construction*	928	217	(710)	-77
Property, Plant and Equipment	6,578	6,541	(38)	-1

Property, Plant and Equipment

The property, plant and equipment of the Company were Baht 6.5 billion, slightly lower than 2011 by Baht 38 million or 1%. During the year 2012, increases of assets in buildings, machinery, motor vehicles and office equipment were mainly the reclassification of assets from assets under production/installation to each mentioned category.

Liabilities and Shareholder's Equity

The increases in total assets of AAPICO Hitech and its subsidiaries of Baht 2.3 billion were financed mainly by increased in liabilities and partly from earnings of the Company, as shown in the table below.

Unit: Million Baht	Y2011	Y2012	Change	%
Trade and Other Payables	1,897	3,041	1,144	60
Current Liabilities	4,012	6,058	2,046	51
Non-Current Liabilities	3,404	2,796	(608)	-18
Total Liabilities	7,416	8,853	1,437	19
Total Shareholders' Equity	4,105	4,930	825	20

For the year ended 2012, the Company's total consolidated liabilities increased Baht 1.4 billion or 19% compared to last year, driven by increases in current liabilities, largely from trade and other payables and short-term loans, partly offset by lower long-term loan position.

The debt to shareholders' equity ratio in 2012 was 1.08, which was lower than the ratio in 2011 of 1.21 and lower than the average ratio of listed companies in the same industry of 1.37. With improved earnings, the ability for repayment has strengthened as shown in the current ratio and times interest earned ratio in the table below.

	Y2011	Y2012	%
Debt : Equity Ratio	1.21	1.08	(0.12)
Current Ratio (time)	0.67	0.77	0.10
Time Interest Earned (time)	(0.25)	4.34	4.58

Compared to year 2011, the time interest earned ratio showed significant improvement and was higher than the ratio in 2010 of 4.00, primarily due to much higher earnings. The negative ratio in the year 2011 was due to a net loss resulted from flood damages.

Trade and Other Payables

The Company's trade and other payables at end of 2012 increased by 60% or Baht 1.1 billion compared to the position at the end of 2011, mainly due to higher volume of purchases to support sales increases. The payables turnover day in 2012 was 60 days, which was 18 days shorter than 77 days in 2011.

Bank Financing

Unit: Million Baht	Y2011	Y2012	Change	%
Bank overdrafts and short-term	938	984	46	5
Current portion of long-term loans	841	1,687	846	101
Long-term loans-net of current	3,172	2,661	(511)	-16
Loans from Banks	4,951	5,332	381	8

Total bank loans for the AAPICO Group increased by Baht 381 million or 8%, largely due to increases of bank loans to support the Company's investments for post flood events.

Shareholders' Equity

As of December 31st, 2012, the total shareholders' equity of the Company increased by Baht 825 million or 20% to Baht 4.93 billion. The increase was primarily due to improvement earnings of the AAPICO Group in 2012.

In 2012, the Company distributed the interim dividend payment to shareholders for the performance of the first half of 2012 in September 2012 at Baht 0.488 per share, which was amounted to a total of Baht 131 million.

The return on shareholders' equity (ROE) improved from a negative 9% to 20% in 2012.

Cash Flow Analysis

As of December 31st, 2012, the Company's cash and cash equivalent position was ended at Baht 207 million, a Baht 32 million lower cash compared to the position at the end of 2011 of Baht 239 million.

The detail of cash movements by each activity are shown in the table below.

Unit: Million Baht	Y2011	Y2012	Change	%
Cash flows from Operating Activities	637	1,068	431	68
Cash flows from Investing Activities	(1,063)	(1,001)	62	-6
Cash flows from Financing Activities	334	(86)	(420)	-126
Translation adjustments	49	(13)	(63)	-127
Net increase (decrease) in cash	(43)	(32)	11	-25

Cash flows from operating activities:

In the year 2012, the Company's operating activities generated cash inflow amounted to Baht 1.1 billion, an increase of Baht 431 million compared to cash inflow in 2011. Compared to last year, higher cash inflow was mainly driven by increased earnings, partly offset by higher needs of working capital.

Cash flows from investing activities

Cash flow from investing activities was a net outflow of Baht 1 million, primarily related to acquisitions of machinery and equipments. The acquisition of assets mainly for the replacement and repair of the flooded assets in AAPICO Hitech, AAPICO Hitech Tooling and AAPICO Hitech Parts which are situated in Ayuthaya. Compared to 2011, cash was Baht 62 million lower than last year, due to higher dividend received from subsidiaries and associates and proceeds from sales of assets, which fully compensated for higher cash used for acquisitions of machinery and equipments.

Cash flows from financing activities

The Company's cash flow from financing activities decreased by Baht 420 million, from cash inflow of Baht 334 million in 2011 to an outflow of Baht 85 million in 2012. The lower cash inflow compared to last year was largely due to lower borrowing from banks. In 2012, the Company's cash was used to pay out dividend in total of Baht 131 million, a Baht 32 million higher than dividend paid in 2011.

Major factors and influences potentially affecting future operations or financial standing

As the main focus of AAPICO Group's operations is mainly in the manufacture and distribution of dies, jigs and OEM auto parts, the Company's results are inclined to move in the same trend as the industry's performance. There are no other major factors that would significantly influence the future business operations and financial standing of the Company.

At AAPICO Hitech, we are committed to continuous improvements. In the year 2013, we aim to achieve revenue growth in line with the industry's projection. Activities and projects on cost reduction are expected to be continued in order to have lean and cost effective manufacturing processes. With the renewed facilities and capacities, the AAPICO Group is well positioned to support the growing demand from both domestic and international arena. The Company would be able to successfully handle the increased volume and customer's requirements, and in turn generating the profitable growth.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three independent directors, namely Mr. Pipat R. Punya, Mr. Supasak Chirasavinuprapand, and Mrs. Porntipa Praditsuktavorn, where Mr. Pipat acts as the Chairman of the committee.

In the year 2012, the Nomination and Remuneration Committee held 2 meetings to follow up and consider the important issues designated by the Board of Directors, as follows:

1. To formulate policy to submit to the Board of Directors as follows:
 - 1.1. Policy, criteria and selection method of directors and managers by focusing on personal qualifications, expertise, competence and experience of the candidates.
 - 1.2. Policy and criteria of remuneration, salary adjustment and other benefits including bonus to the Directors and employees of the Company.
2. To select and nominate the persons with suitable qualifications for the Board of Directors, by using transparent selection criteria to ensure that the candidates are qualified for the positions. The positions are as follows :
 - 2.1. Directors
 - 2.2. Executives from the level of Division Manager
3. To supervise the Board of Directors to ensure that the size and competence are suitable for the organization, including the appropriate adjustment in response to the changing environment.
4. To review and approve the remuneration of the Board of Directors.
5. To supervise Directors and Managing Directors to ensure that their remuneration is appropriate to their duties and responsibilities assigned as well as comparable to other listed companies in the same industry within the Stock Exchange of Thailand.
6. To determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of the Division Manager. This includes the consideration of the annual remuneration adjustment, by taking into account the responsibilities and the risks involved.
7. Perform any act designated by the Board of Directors.



Mr. Pipat R. Punya

Chairman of the Nomination and Remuneration Committee



Report of the Audit Committee

The Audit Committee of AAPICO Hitech Public Company Limited was appointed by the Board of Directors of the Company to carry out the business regulation within the scope of responsibilities assigned by the Board of Directors.

The Audit Committee consists of 3 independent directors as follows:

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Pipat R. Punya | Chairman of Audit Committee |
| 2. Mrs. Porntipa Praditsuktavorn | Member of Audit Committee |
| 3. Mr. Supasak Chirasavinuprapand | Member of Audit Committee |

During the fiscal year 2012 ended as at December 31st, 2012, there were 4 meetings held by the Audit Committee in total, of which the attendance of each member is shown in the table below.

Name	Audit Committee Meeting
Total Held 4 Times	
Mr. Pipat R. Punya	4
Mrs. Porntipa Praditsuktavorn	4
Mr. Supasak Chirasavinuprapand	4

The meeting was conducted to give fair opinion on the following issues.

Correctness, completeness and reliability of the Company's financial report

The quarterly financial statements and the annual financial statements have been jointly reviewed with the management to provide an opinion whether the financial statement is prepared fairly and correctly in accordance with the generally accepted accounting principle. The Committee also reviews whether key information, related party transaction or information that could possibly cause conflict of interest has been completely and reliably disclosed. After the revision, the Audit Committee concludes that the Audit Committee has the same opinion with the auditor that the financial statement of the Company conforms to the general accounting standard, has adequate information disclosures, has the internal audit system in good level, has transparent administration, and does not have any material issue concerning the non-compliance with related regulations.

Sufficiency of the Company's internal control

Based on the review of the Internal Control system of the Company, the Audit and Corporate Governance Committee has evaluated the adequacy of the internal control of the Company and its subsidiaries and considers that the Company and its subsidiaries have an effective internal control system where the results were in compliance with the defined procedures and consistent with governmental statutory provisions and the Corporate Governance policy. By following the guidelines of the Stock Exchange of Thailand (SET), the internal control of the Company is in place without significant deficiencies.

Compliance to law and regulations regarding the Securities and Exchange Act, requirement of the Stock Exchange or regulations relating to the Company's business

The Audit Committee has reviewed the operation and the reporting of the Company. The Audit Committee gives the opinion that the Company's operation and reporting is in compliance with law and regulations of the Securities and Exchange Act and the requirements of the Stock Exchange of Thailand.

Suitability of the Auditor

After the investigation and consideration of the independence of the Auditor, the Audit Committee proposed the Board of Directors to appoint Ernst & Young Office Limited as the Company's auditor following the past years, due to their widely recognized auditing standard and experience, along with high level of independence. The proposal to appoint the auditor would be presented to the Annual General Meeting of the Shareholders for further approval.

Transactions which might cause conflict of interest

The Audit Committee has reviewed the audit report and provides opinion that the transaction which might cause conflict of interest is properly disclosed.



Mr. Pipat R. Punya
Chairman of Audit Committee

Corporate Social Responsibility

Corporate Social Responsibility (CSR)

The AAPICO Group has strong commitment in operating its businesses with full awareness of the environment sustainability. Corporate Social Responsibility (CSR) is one of our core values. Despite the big flood catastrophe which had affected the company badly, yet the company still persisted in continuing its support for many projects within its CSR program. It includes “Quality of Life Training”, a project that encourages employees to have more participation in social activities, and “Quality of Life Club”, which comprises of Sacrifice club, Health club, Buddhism club, and Committed saving club. All these activities place emphasis on supporting the employees in their endeavor to become good persons for their own families as well as taking an active role in the development and improvement of Thai society.

Educational Scholarship

The AAPICO Group recognizes the significance of education for the development of Thai society. The company believes in the importance of giving the equal opportunity and access to education to all children, especially those who lack of adequate financial support. The AAPICO Group continuously provides education scholarships to employees from primary to university level:



Quality of Life Program

In addition the Company encourages its employees to actively engage in social activities and programs through the “Quality of Life Club”, which was established in 2009. The “Quality of Life Program” aims to improve both physical and mental health of each employee and encourages employees to become good, responsible and generous persons.



AAPICO Group donated used beverage cartons for the “Green Roof Project” under Princess Pa Foundation, to make roof tiles. The roof tiles are used in the housing construction designated for the victims of natural disasters.



AAPICO Group actively participated in the blood donations under The Thai Red Cross Society as well as of those organized by local hospitals.



AAPICO Group donated unused calendars to the Bangkok School for the Blinds, which will use them to create educational materials for children with disabilities.



AAPICO Forging Public Company Limited and its Sacrifice Club established a so-called "Friend for Friend" project to raise funds for helping the employees and their families in need.



AAPICO Forging Public Company Limited and its Sacrifice Club took the lead in the social project of AAPICO employees to donate food for the orphanage at the Orphan House Sinapis, in Chonburi.

Quality of Life Training



AAPICO Group joined the campaign for "Safe Driving" for the New Year 2012.



Mr. Yeap Swee Chuan President and CEO, donated 1,200 packs of rice which were donated from Bangkok Bank PLC. to employees of AAPICO GROUP who were affected by the Big flooded 2011.



The management of AAPICO Group gave the retirement bonus to retired staff.



Representative from AAPICO Hitech received a certificate from the Department of Employment for its good labor management and social responsibility during the big flood in year 2011.



The management of AAPICO Group gave the Best Picture Award to the winner of "Mother's Love" photo competition.



AAPICO Group and Thai Health Promotion Foundation made collaboration in the arrangement of the seminar "Organization development for Sustainable Happy Work Place #2"



The representative from AAPICO Amata Company Limited received a certificate as the acknowledgement for the company's active participation in "5S project - Happy Temple" organized by Thai Health Promotion Foundation.



The management, Quality of Life Club and staff of AAPICO Amata extended the royal greetings to His Majesty The King on the occasion of his birthday. A tree which we called "A father's tree" made from paper like an artificial tree was created and decorated on this occasion.

Quality of Life Training

AAPICO Group has been initiating training courses called "Quality of Life Training" with a qualified team of trainers and lecturers from Thailand Developer Club. Each training course takes 3 days and 2 nights to complete. The course encourages the participants to remember and practice the fundamental of life, refrain from vices, encourage love and understanding within the family, understand the real root causes of daily problems and work out the problems in a way that can improve their quality of life. In addition, this training attaches great importance to the development of self-discipline, teamwork and good leadership, and yet the most important is its continuous encouragement to aim at becoming good persons. The participants have become strong contributors to our Quality of Life Clubs.

Since 2008 AAPICO Group has conducted 12 training sessions with approximately 1,302 participants in total. The company has a strong determination to continue this activity with the goal of having 100% participation from its employees.



120 staff of AAPICO Group participated in the Quality of Life Training #12 at Khaoyai Saranrom Resort in Nakorn Ratchasima province.

Company Contact Information

OEM Auto Parts Manufacturing

Country	Company	Address	Contact
Thailand	AAPICO Hitech Public Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.aapico.com
	[2 nd Factory]	7/289 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 888-90 Fax : (66) 38 650 804
	[Corporate Office]	Rm.2812, 28 th floor, The Offices at Central World 999/9 Rama I Rd., Patumwan Bangkok 10330	Tel : (66) 2 613 1504-6 Fax : (66) 2 613 1508
	AAPICO Amata Co., Ltd.	700/483 Moo 2 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel : (66) 38 717 200 Fax : (66) 38 717 187
	AAPICO Forging Public Co., Ltd.	700/20 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000	Tel : (66) 38 213 355-9 Fax : (66) 38 213 360
	AAPICO Hitech Parts Co., Ltd.	99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	AAPICO Mitsuike (Thailand) Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	AAPICO Plastics Public Co., Ltd.	358-358/1 Bangplee Industrial Estate Moo 17 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540	Tel : (66) 2 315 3456 Fax : (66) 2 315 3334
	[2 nd Factory]	7/288 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 888 90 Fax : (66) 38 650 804
	AAPICO Structural Products Co., Ltd.	700/16 Moo 6 Amata City Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000	Tel : (66) 38 717 200 Fax : (66) 38 717 187
	Able Sanoh Industries (1996) Co., Ltd.	98 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Minth AAPICO (Thailand) Co., Ltd.	7/290 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 865-7 Fax : (66) 38 650 864



OEM Auto Parts Manufacturing

Country	Company	Address	Contact
	Sanoh Industries (Thailand) Co., Ltd.	7/209 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 956 250 Fax : (66) 38 956 252
	Thai Takagi Seiko Co. Ltd.	358-358/1 Bangplee Industrial Estate Moo 17 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540	Tel : (66) 2 705 8800 Fax : (66) 2 705 8808
China	Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Economic and Technological Development Zone 405 Yungue Road, Kunshan City Jiangsu Province 215331	Tel : (86) 512 5767 1757 Fax : (86) 512 5767 0964
	AAPICO Shanghai Co., Ltd.	3600 Waiqingsong Road Qingpu District, Shanghai 201709	Tel : (86) 21 5974 4843 Fax : (86) 21 5974 4704

Design and Manufacture of Assembly Jigs

Country	Company	Address	Contact
Thailand	AAPICO Hitech Tooling Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881

Car Distributor & Dealership

Country	Company	Address	Contact
Thailand	Able Motors Co., Ltd.	14/9 Moo 14 Phaholyothin Road Tambol Klong Neung Ampur Klong Luang Pathumthani Province 12120	Tel : (66) 2 908 6001-7 Fax : (66) 2 908 6009
	New Era Sales Co., Ltd.	66/24 Moo 14 Ramindra Road (km 7) Kwang Kannayao Khet Kannayao Bangkok 10230	Tel : (66) 2 519 5800-4 Fax : (66) 2 946 5107 www.newera-th.com
	Hyundai Motor (Thailand) Co., Ltd.	38 Q. House Convent Bldg., 3 rd Floor, Convent Road Silom Bangrak Bangkok 10500	Tel : (66) 2 632 2777 Fax : (66) 2 632 2647-8 www.hyundai-motor.co.th
Malaysia	New Era Sales (M) Sdn. Bhd.	Lot 39821, Jalan Semenyih 43000 Kajang Selangor	Tel : (60) 3 8737 0403 Fax : (60) 3 8737 7406
	Tenaga Setia Resources Sdn. Bhd.	No. 10, Jalan 51/217, Section 51 46050 Petaling Jaya Selangor	Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411

Car Navigation

Country	Company	Address	Contact
Thailand	AAPICO ITS Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.powermap.in.th
	A Maction Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Papago (Thailand) Co., Ltd.	184/232 33 Floor, Forum Tower Ratchadapisek Rd. Huaykwang Bangkok 10310	Tel : (66) 2 645 4117
Malaysia	AAPICO ITS Co. Sdn. Bhd.	No. 10, Jalan 51/217, Section 51 46050 Petaling Jaya Selangor	Tel : (60) 3 7785 5158 Fax : (60) 3 7781 6158

Others

Country	Company	Address	Contact
Thailand	AAPICO Engineering Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	AAPICO Jackspeed Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	A ERP Co., Ltd.	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Katsuya (Thailand) Co., Ltd.	229/104-105 Moo 1 Taparuk Rd., Tambol Bangsaonthong Ampur Bangsaonthong Samutprakarn Province 10540	Tel : (66) 2 706 5915-9 Fax : (66) 2 706 5910
Malaysia	AAPICO Engineering Sdn. Bhd.	No. 10, Jalan 51/217, Section 51 46050 Petaling Jaya Selangor	Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411
Singapore	AAPICO Investment Pte. Ltd.	745 Lorong 5, Toa Payoh, The Actuary #03-01, Singapore 319455	Tel : (65) 6836 1919
	Able ITS Pte. Ltd.	745 Lorong 5, Toa Payoh, The Actuary #03-01, Singapore 319455	Tel : (65) 6836 1919
	Jackspeed Corporation Limited	47 Loyang Drive, Singapore 508955	Tel : (65) 6788 2088 Fax : (65) 6789 0020

Reference

1. Thailand Securities Depository (Thailand) Co., Ltd. : Security Depository Registrar

Address : 62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110

Telephone : (66) 2 229-2800, (66) 2 229-2888

Fax : (66) 2 359-1259

2. Ernst & Young Office Limited : Auditor

Address : 33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Telephone : (66) 2 264-0777

Fax : (66) 2 264-0789

3. Royal Advocates International Limited : Lawyer

Address : 29 Vanissa Buidling, 22/F Suite 22A, Soi Chidlom,
Ploenchit Road, Lumpini, Patumwan, Bangkok 10330

Telephone : (66) 2 655-2112

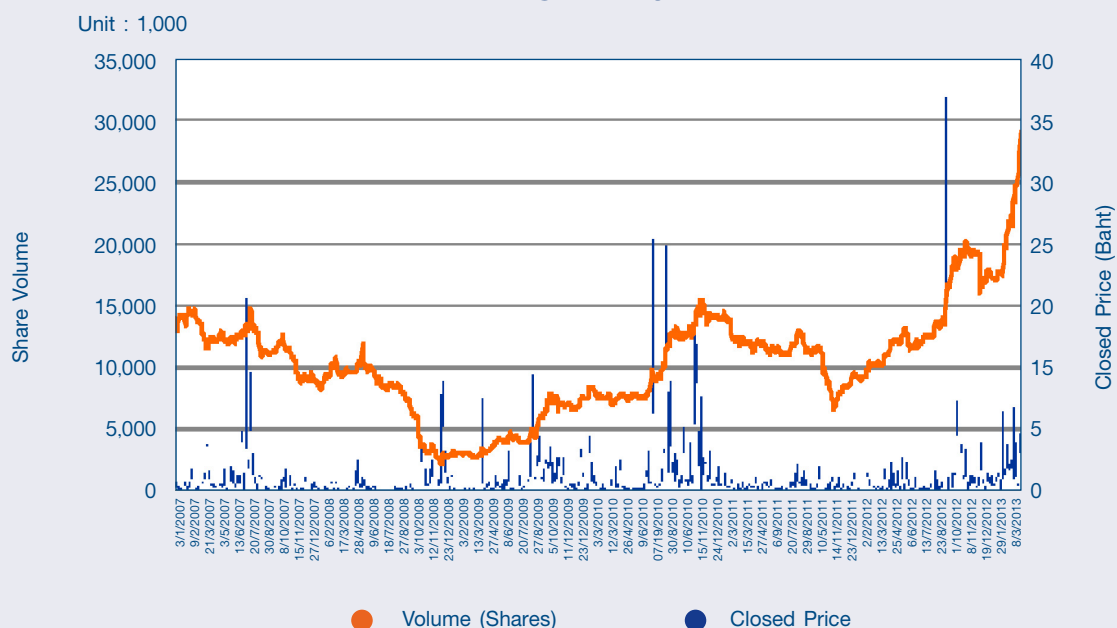
Fax : (66) 2 655-2118

Corporate Information

Information as at December 31st, 2012

Abbreviation	AH				
Registration Number	0107545000179				
Type of Business	Design, produce, and install assembly jigs, stamping dies, and OEM auto parts, which include floor parts, brackets, chassis frames, forged and machined parts including steering and suspension system, cross members, pillars, clips, fuel tank, etc.				
Website	www.aapico.com				
Established	1996				
First day of Exchange in SET	17 October 2002				
Address	: 99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Amphur Bang Pa-in Ayuthaya Province 13160				
Registered Capital	: 271,697,900 Baht	Consist of	Ordinary	229,337,900 shares*	
			Preferred	42,360,000 shares*	
Paid Up Capital	: 268,874,300 Baht	Consist of	Ordinary	226,514,300 shares*	
			Preferred	42,360,000 shares*	
* Par Value at 1 baht per share					
Accounting Cycle	1 January - 31 December				
Shareholders	The main shareholders include Mr. Yeap Swee Chuan's Group holding 39.65% and Sojitz Corporation holding 15.75% of the total outstanding shares. The remaining is held by institutional and individual investors.				

AH Stock Trading History for 2007 - 2012





AAPICO HITECH PUBLIC COMPANY LIMITED

99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane,
Ampur Bang Pa-In, Ayuthaya, Thailand 13160

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

www.aapico.com