



AAPICO HITECH PUBLIC COMPANY LIMITED

# 56-1 One Report 2021

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# PRESIDENT'S MESSAGE

2021 is a very much improved year for AAPICO. Profits climbed significantly. We achieved total revenue of THB 20,967 million and a net profit attributable to equity holders of THB 1,024 million. The COVID-19 pandemic was in the air, and we initiated very intense vaccination of all employees. As a result, the impact of labor absenteeism was reduced, and we could achieve to deliver and supply our good quality products on time. Despite all our strong vaccination and protective measure, we had cumulatively over 800 employees affected by COVID-19 in Thailand but luckily all recovered safely. We implemented very strict discipline to reduce the infection rate in the company. By end December, we had almost zero COVID-19 infection due to all the good measures put in place. The same strict control is still in place today.

China forging and machining operations performed well. It was the best year in the history of the Company. The COVID-19 control in China is excellent and the car industry continued to grow.

The casting operations of Portugal did well for the first two quarters but due to the shortage of chips, the second half volume reduced significantly, Portugal operation generated loss for year 2021. The Portuguese operations were greatly affected by the steep reduction of cars assembled in Europe and the sharp increase of steel price. Both these factors affected the sale and the cost of goods. As a result, the expected budget which was a profit spiralled to a loss.

The Malaysian dealerships with two Honda and three Proton showrooms did not perform well due to several months of total shut down. However, Malaysian dealerships can generate some profit for year 2021.

Generally, the Thailand operations was the best performer. Generally, all companies continued to improve, and we are able to meet most of our budget sales and profits. The most serious risk affecting production was the high incidence of COVID-19 affecting manpower. However, with strict discipline and accelerated vaccinations, we were able to overcome these challenges. We opened two new showrooms in the year, one for Mitsubishi and one for MG and converted one of our Mitsubishi showrooms at Navakorn from Mitsubishi to Mazda.



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



2021 was an eventful and busy year as we were preparing for the launch of one large pickup model in Thailand for the global market and busy combating the rise of COVID-19 in our plants. Overall, I am very satisfied with the strong initiatives by the management and able to achieve the targets to progress the readiness of the new model and keep all infected employees safe at the height of COVID-19 infections.

The indications are the auto industry will continue to grow in Thailand and globally. Hence, we expect the good performance in 2021 to continue to trend upwards into 2022. The forecast revenue is a very strong growth in the car industry globally, and we can expect to see very good performance in 2022.

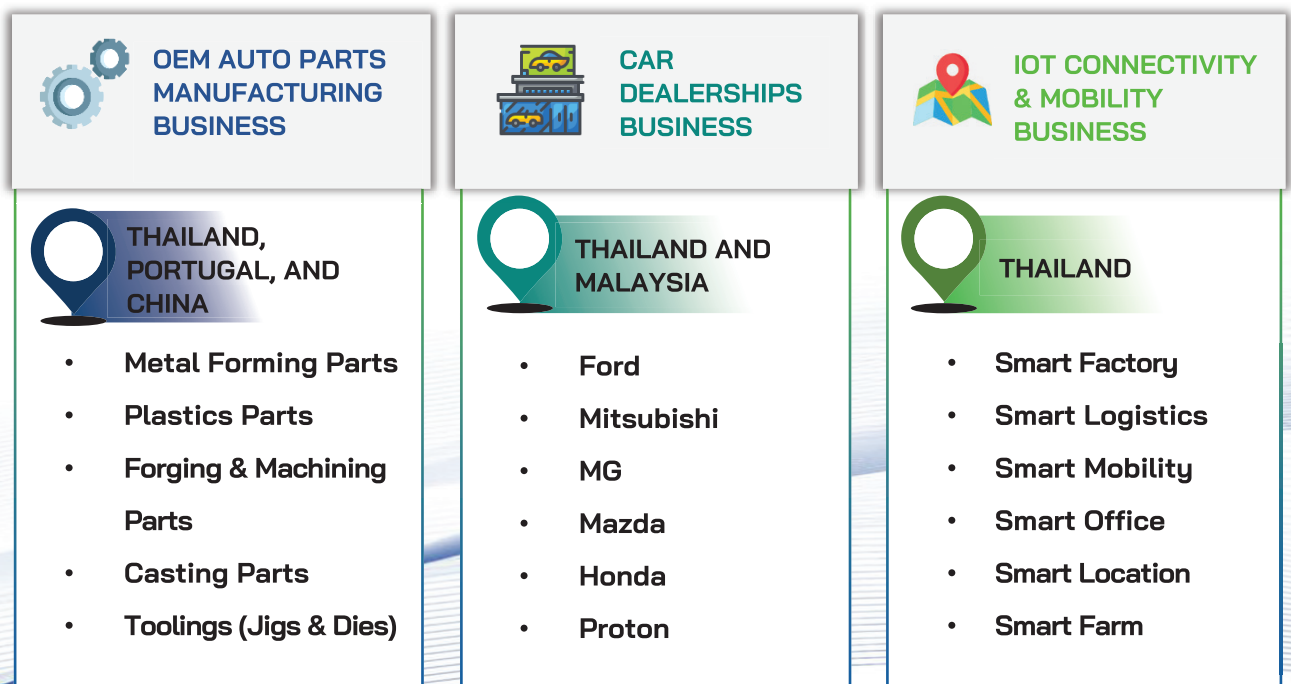
Finally, I would like to thank all the associates who cooperated, worked hard and helped to deliver the excellent results for 2021 and, also, to all stakeholders, without whose strong support we would not have been able to achieve the budget we set for the year. I would like to assure all stakeholders that I will continue to provide leadership to achieve the budget for the coming year.

# AAPICO'S VISION

Our vision is to become a **Lean, Green, Happy, and Digital World Class Organization** with 4 Fundamental Values of Happiness.



## CONSISTS OF 3 CORE PILLARS



# AWARDS & ACHIEVEMENT



Thailand Sustainability Investment 2021 from the Stock Exchange of Thailand (SET) and was listed in THSI Index



Top Supplier Award 2021 from Auto Alliance Thailand



Achieved CG Score of 5-star rating from Thai Institute of Directors (IOD)



CEO Award – Elite Dealer and Top Sales Dealer No.4 from Honda



# AAPICO Global Footprints

## OEM Automotive Parts Manufacturing Business

AAPICO has **47 subsidiaries and associates** around the world, with **33 companies in Thailand** and **14 companies overseas**.  
**"Headquarters in Thailand"**

## Car Dealerships Business

### Thailand



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



AAPICO Plastic Facility  
Bangpli Industrial Estate, Samutprakarn, Thailand



AAPICO Stamping Assembly and Forging & Machining Facilities  
Amata City Chonburi, Thailand



AAPICO Stamping Facilities  
Amata City Rayong, Thailand



AAPICO Plastic Facilities  
Amata City Rayong, Thailand

### Portugal



AAPICO Iron Casting Facility  
Águeda, Portugal



AAPICO Iron Casting Facility  
Maia, Portugal

### China



AAPICO Forging & Machining Facility  
Kunshan, China

### Malaysia

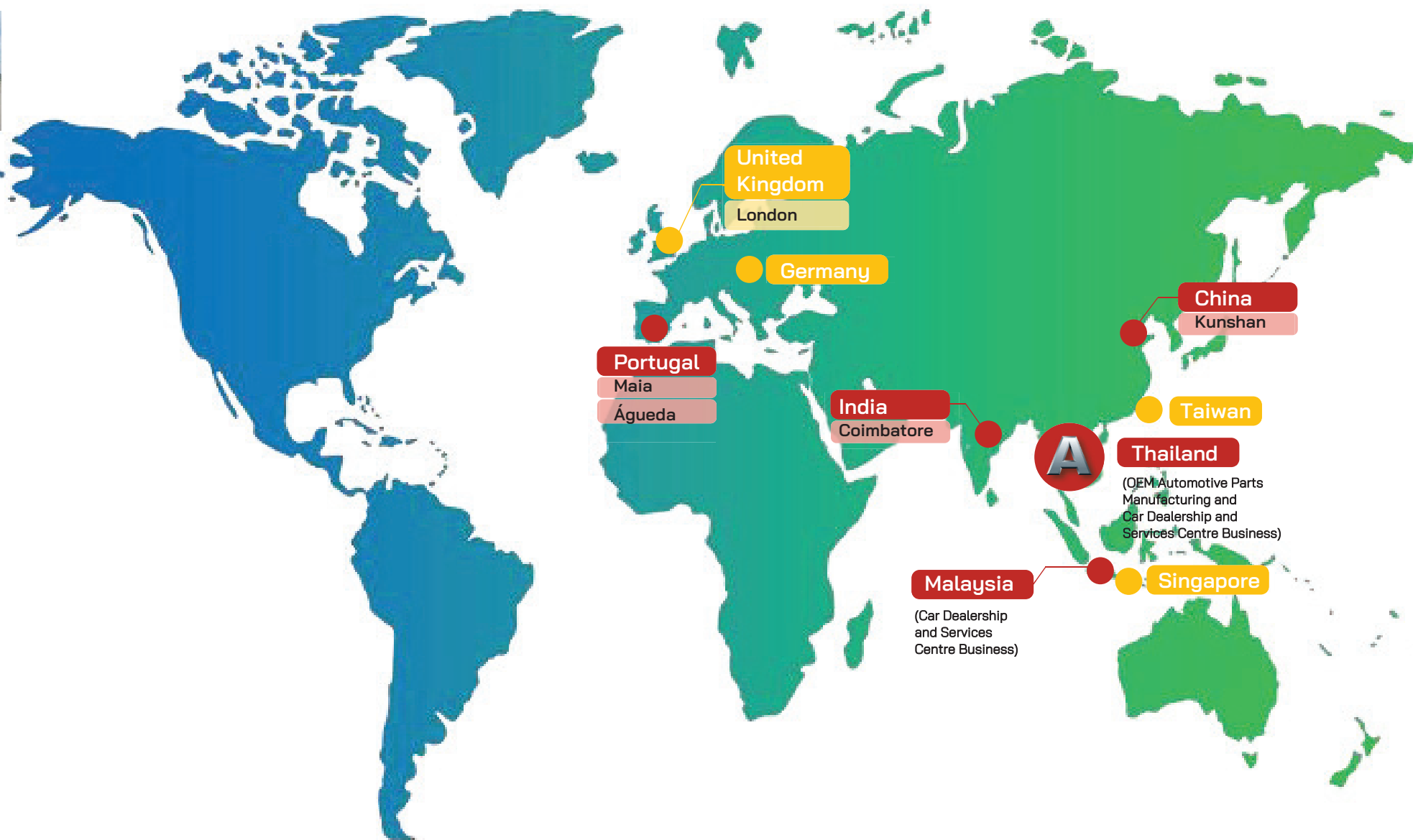


AAPICO Honda Dealers  
Kajang and Petaling Jaya, Malaysia



AAPICO Proton Dealers  
AAPICO Motors Kuala Lumpur, Kuantan and Temerloh, Malaysia

● AAPICO Facilities ● AAPICO Representative Office



### Thailand



AAPICO Mitsubishi Dealers  
Able Motors Pathumthani, Pakkret and Kingkaew-Ladkrabang, Thailand



AAPICO Ford Dealers  
New Era Sales Ramindra and Samutprakarn, Thailand



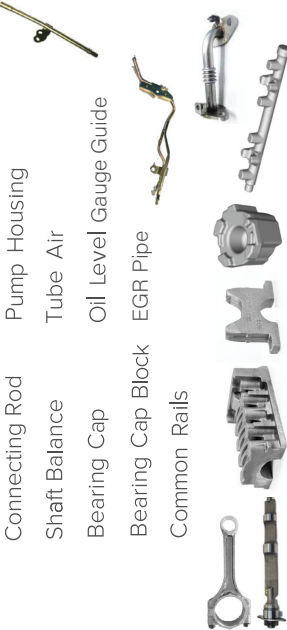
AAPICO Mazda Dealer  
Navanakorn, Thailand



AAPICO MG Dealer  
Pathumthani, Thailand

# AAPICO Products Parts : Passenger Car

## ENGINE



## SUSPENSION



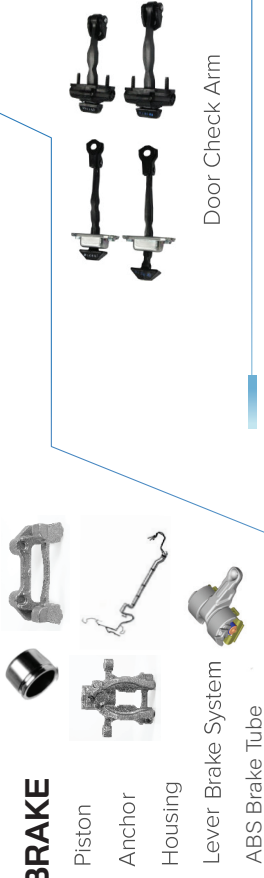
## TRANSMISSION



## DRIVE WHEEL & POWER TRAIN



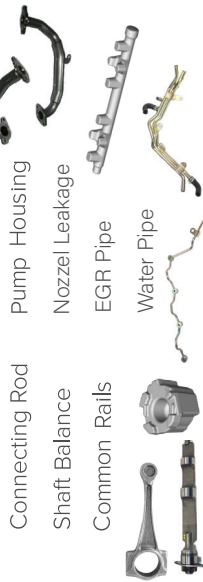
## BRAKE





# AAPICO Products Parts : Pickup Truck

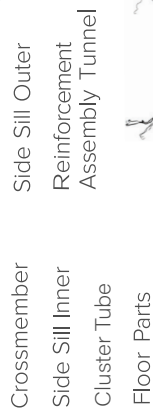
## ENGINE



## SUSPENSION



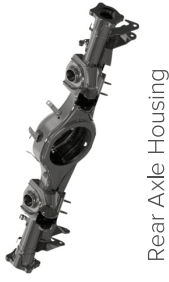
## UNDERBODY



## DRIVE WHEEL & POWER TRAIN



## BRAKE

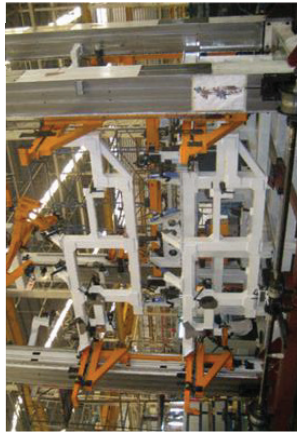
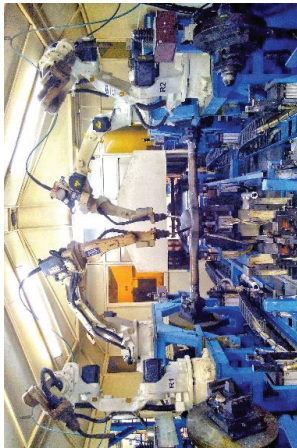


## PROP SHAFT

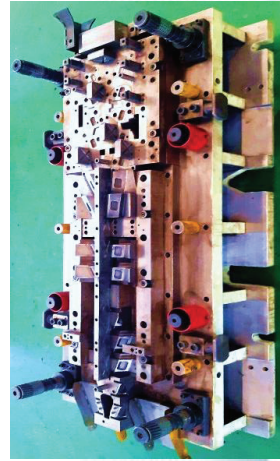
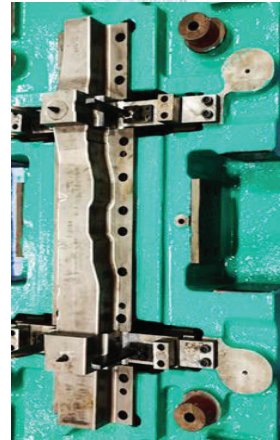
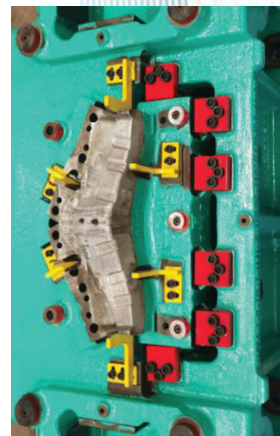


## AAPICO Products: Jigs & Dies

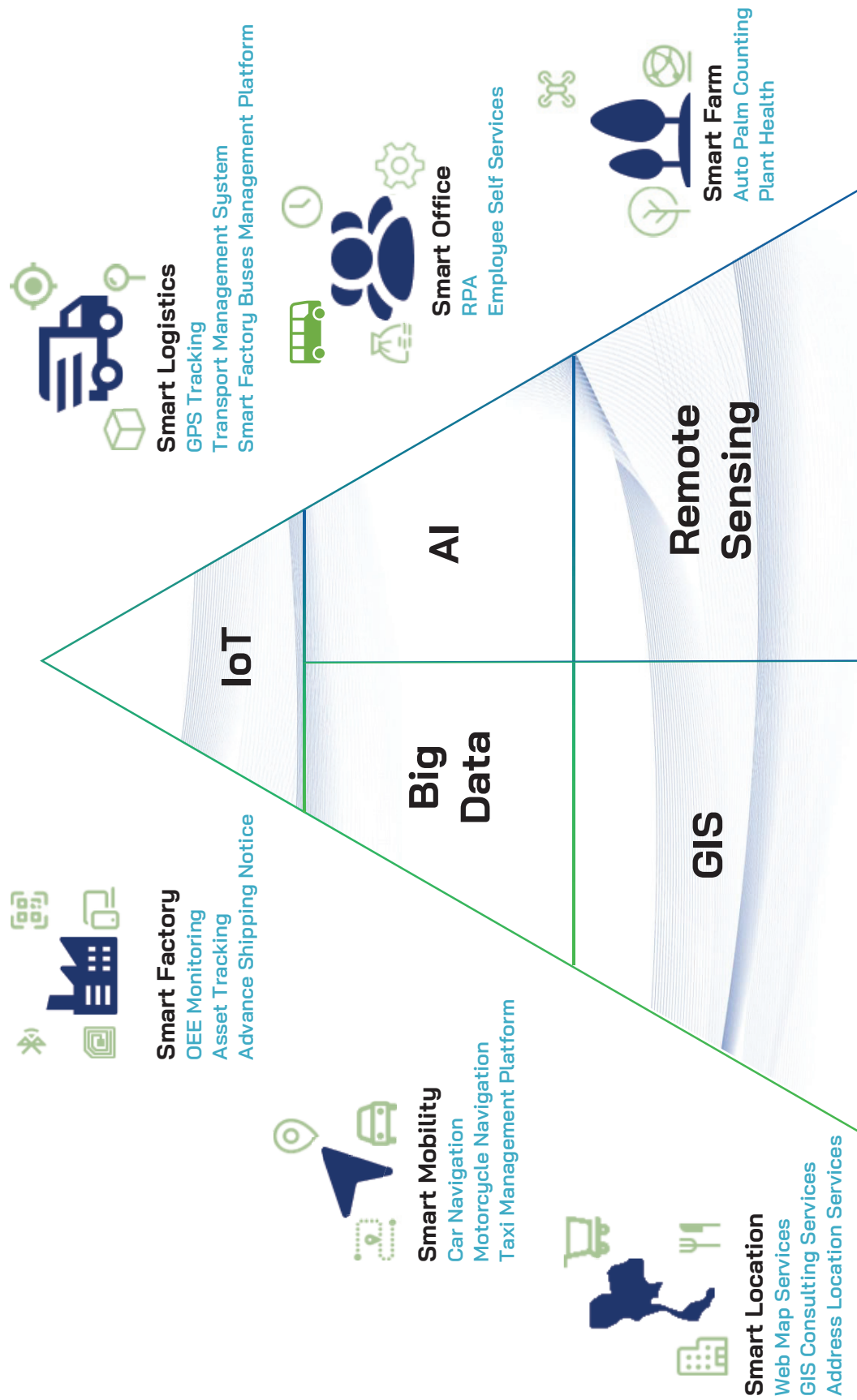
### ASSEMBLY JIGS



### STAMPING DIES



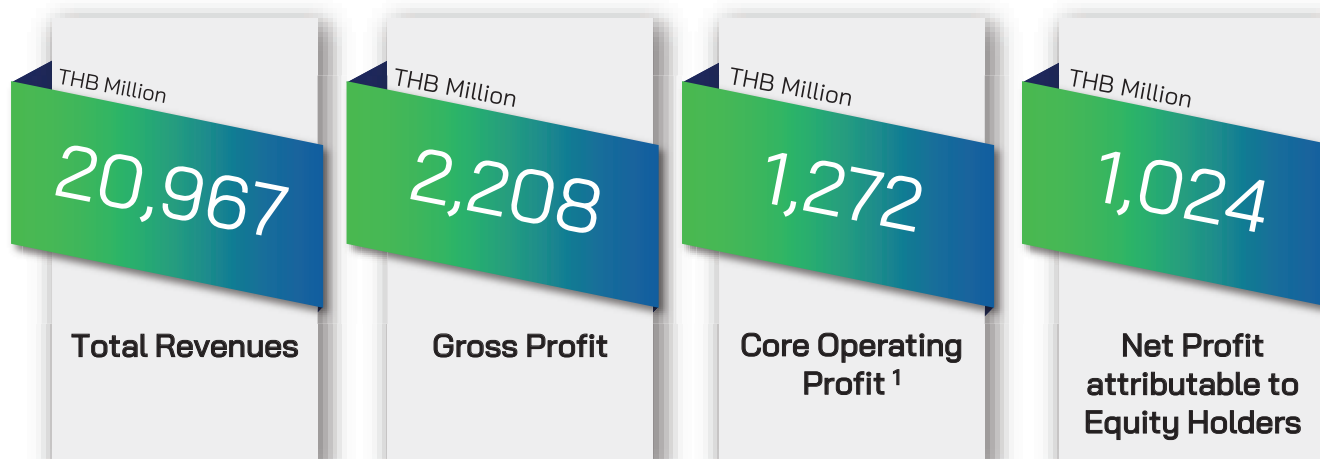
# IoT Connectivity & Mobility Business





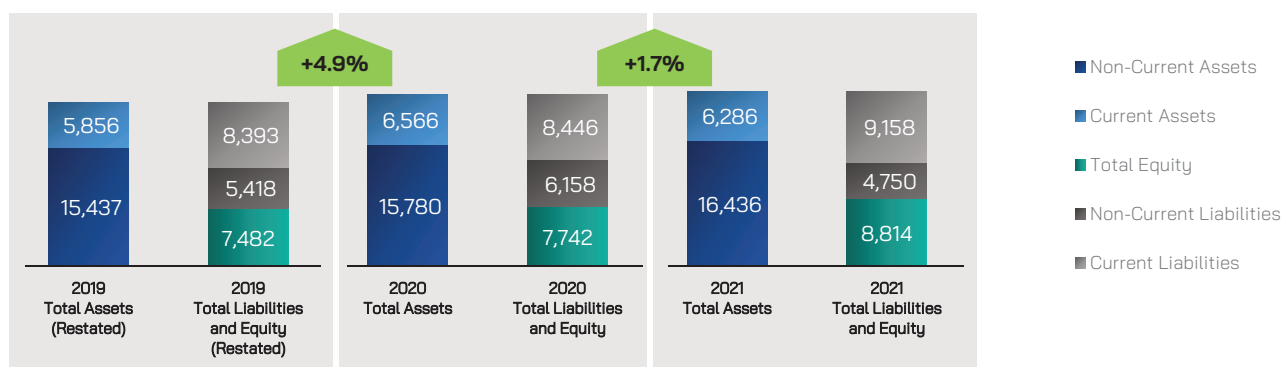


# Financial Highlights

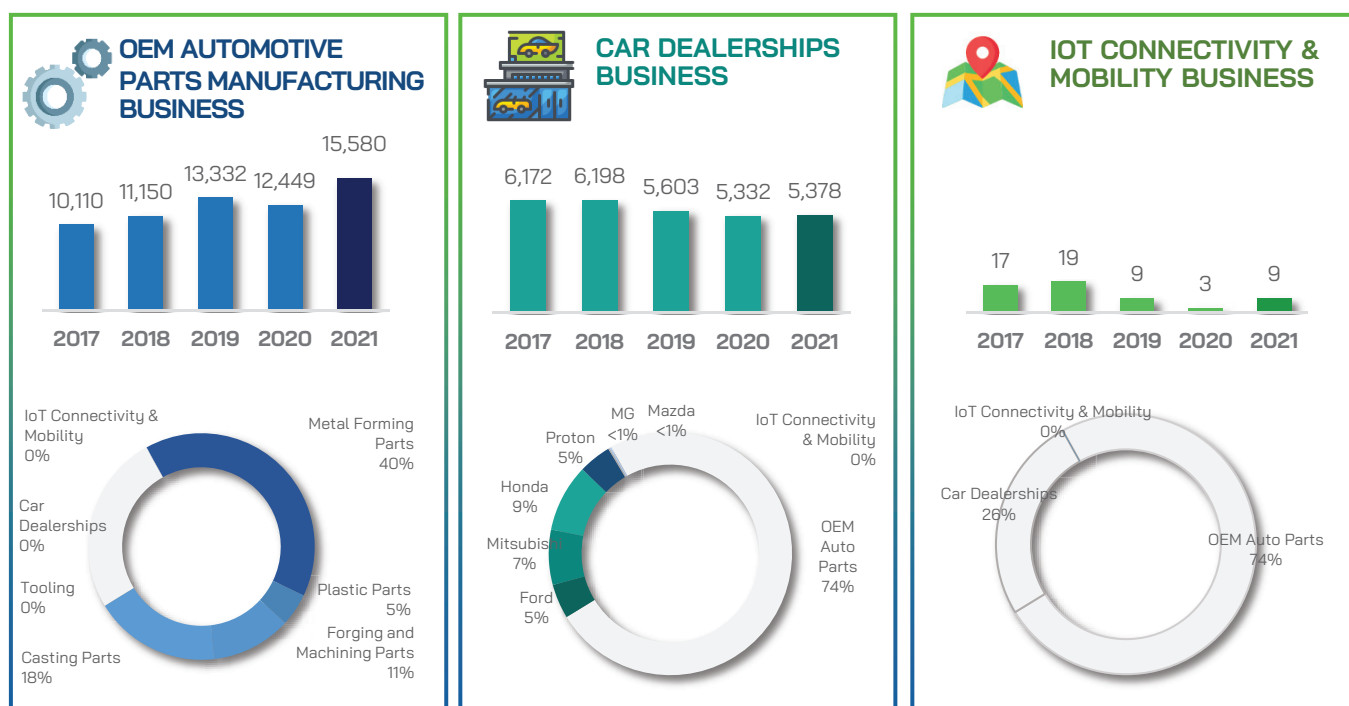


<sup>1</sup> Defined as Earnings before Interest and Taxes exclude Interest Income, Gain (Loss) On Exchange Rate and Other Irregular items

## Financial Position (THB Million)

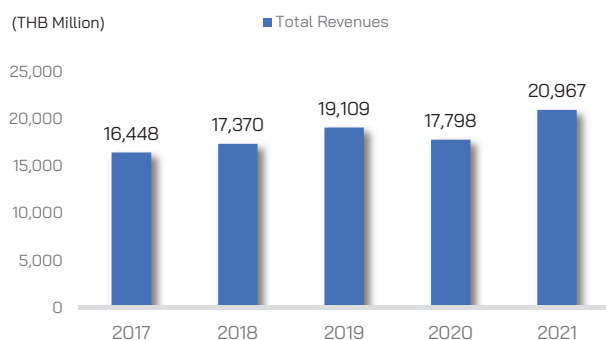


## Total Revenues by Business Segment (THB Million)

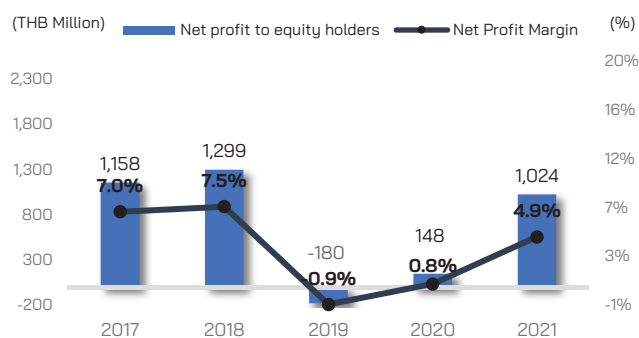


Remark: Financial information referred from company's audited financial statement in 2021

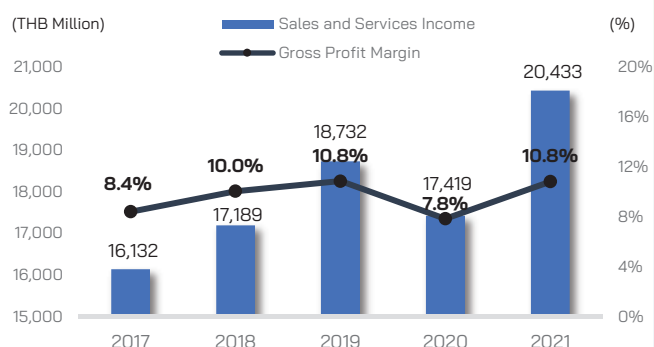
### Total Revenues



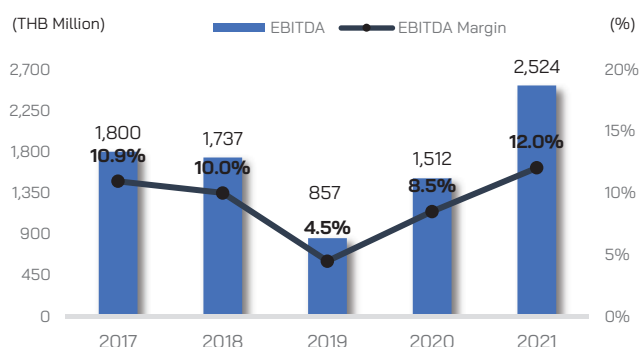
### Net Profit Attributable to Equity Holders and Net Profit Margin



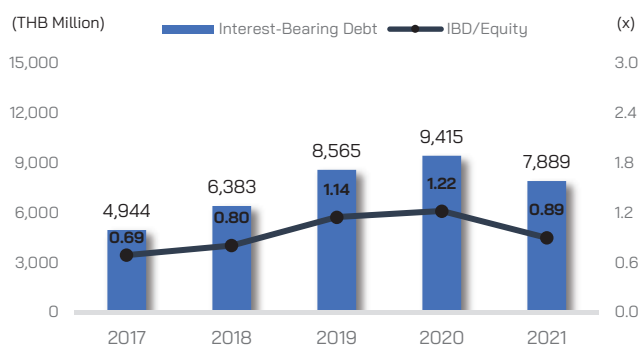
### Sales and Services Income and Gross Profit Margin



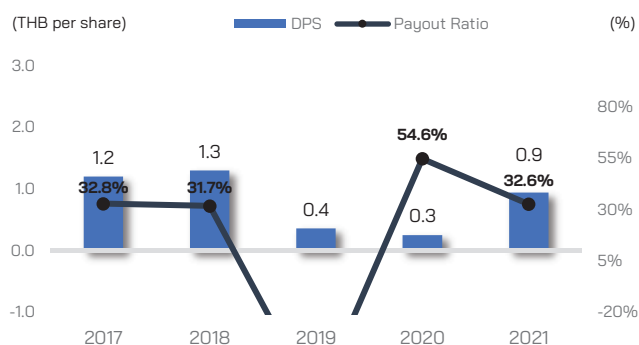
### EBITDA and EBITDA Margin



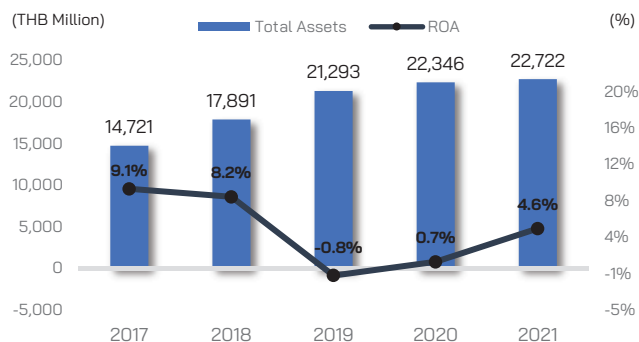
### Interest-Bearing Debt and IBD to Equity Ratio



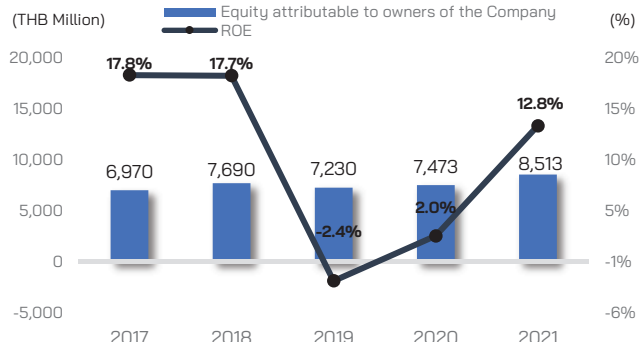
### Dividend per Share and Dividend Payout Ratio



### Total Assets and Return on Assets (ROA)



### Total Equity and Return on Equity (ROE)





## COVID-19 Story

Due to the ongoing COVID-19 pandemic, the Company has implemented additional preventative measures to cope with the situations in order to ensure employees' and stakeholders' safety, while also demonstrating social responsibility, as follows:

### Health and Safety Measures

- Educate employees on hygiene, hand sanitization, including proper behavior on the premises
- Provide cleaning equipment, hand-cleaning gel, and temperature measurement devices throughout the workplace and arrange for disinfection cleaning within the office area and transports
- Require visitors to show traveling timeline as well as negative ATK test or RT-PCR lab results. In other cases, the Company has ATK test kits readily available for immediate testing before entering the premises.



### Human Resource and Operation Measures

- Maintain social distancing and avoid large-group activities, as well as shift to video conferencing and employee online training.
- Allow employees to work from home and provide for basic office equipment, such as a laptop and any other necessary tools
- Develop an application that helps monitor employees' status and their location
- Replace the fingerprint time clock system with face recognition
- Conduct ATK testing on employees on a monthly basis
- Encourage and facilitate for employees to get vaccinated
- Gather employees' infection and vaccination statistics to create awareness among employees to be more careful and self-protective

## Alleviation of Impacts and Encompassing Stakeholders' Care

### AAPICO and Social Responsibility and Community Development

In 2021, the Company focused more on community and societal support. We, consequently, provided medical equipment to hospitals in the premises' surrounding areas, including in Phra Nakhon Si Ayutthaya, Chonburi, Rayong provinces, and also Thai Industrial Standards Institute (TISI).

Additionally, the Company contributed approximately Baht 8 million to assist Thammasat University Hospital and Srithanya Hospital in purchasing medical equipment and other necessities, as well as supporting both employees and community in overcoming this crisis.



## Employees and Their Families

Financial aid is another area in which the Company supports the employees, such as implementing efforts to support members of the Group's credit union, granting scholarships to the employees' children, and procuring consumables to distribute to employees at an affordable price in order to alleviate their struggle.

Besides, we also assist infected employees by forming a team responsible for coordinating with hospital or related government sectors, delivering essential consumables, and encouraging employees during the treatment duration.



## Partners

The Company's Purchasing Department had sent out surveys regarding the impact of the situation on the supplier's business operations, whether it was performance, sales, or the business plan. The purpose is to provide various financial, production, and delivery support to the suppliers.

Following that, the Company held a virtual meeting with partners to discuss the impacts and develop an operational plan for manufacturing, shipping, and inventory management to help strengthen our partners' production and delivery capacities while increasing financial flexibility.

## Customers

We frequently communicate with our customers and are open to adjusting our production schedule as per the customers' requests.

We have adjusted the Company's production to align with the customers' operations and to adhere to the customers' New Normal policy and regulations in order to ensure both parties' long-term sustainable business operations.

## Competitors

Despite the challenges in dealing with the COVID-19 outbreak, the Company continues to adhere to its policy regarding the treatment of business competitors. We operate within the framework of free and fair competition without seeking confidential information through fraudulent or inappropriate means. We also not tarnish competitors' reputation with accusation and defamation without availability of facts.

## Shareholders

The pandemic became more severe during the period of AGM 2021. The company was aware of the potential consequences and had held a top management meeting to discuss the prospect of convening the AGM amid the crisis. The committee agreed to hold the AGM in 2021 on the condition that all government regulations are followed. As a results, the number of attendees were restricted to 50 persons, and the shareholders were encouraged to appoint proxies instead. During the AGM, all attendees were assigned to a specific seat after checking their temperature. In addition, the Company had set up a live broadcast channel for the AGM 2021 for the benefit of shareholders.

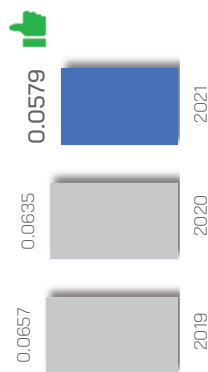
Furthermore, to build up shareholders' and investors' confidence, the company visit was shifted to be virtual and company's fact sheets were posted on the company's website, so the information stays updated.

## Government

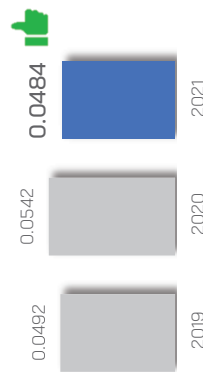
The Company operates in strict accordance with all existing laws, rules, and regulations relating to disease control, as well as other government obligations, during the COVID-19 viral pandemic. In order to reduce risks and mitigate consequences that will befall communities and countries.

## ECO-EFFICIENCY (Environment)

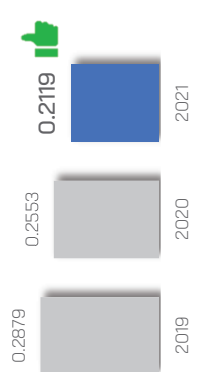
### Scope - 1 GHG Emission (tCO<sub>2</sub>e/Ton of Production)



### Scope - 2 GHG Emission (tCO<sub>2</sub>e/Ton of Production)



### Waste Generated (Ton/Ton of Production)

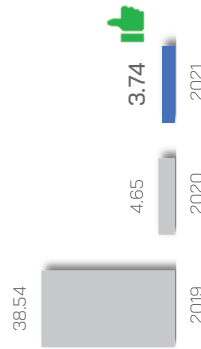


## ELEVATE QUALITY OF LIFE (Social)

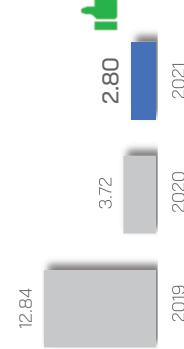
### 8 THB million

An amount of donation to support for the procurement of medical equipment COVID-19 crisis in 2021

### Injury Frequency Rate (IFR)



### Lost-Time Injury Frequency Rate (LTIFR)



10,632 HOURS

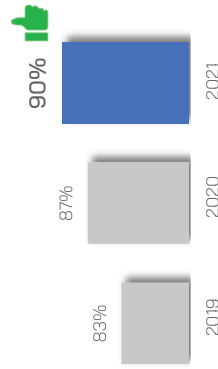
Training hours in New Normal ways within AAPICO Group during COVID-19 crisis in 2021

## ENHANCE ECONOMIC VALUE (Economic & Governance)

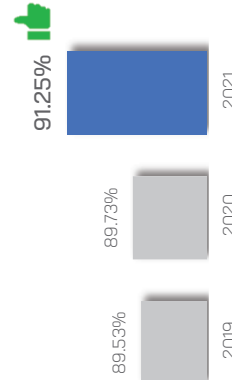
### 5 Stars CG Rating



### Average Score of CG Report



### Average of Customers' Satisfaction



### Proportion of Grade A of Suppliers

80%

with great performance in quality, price, logistics, safety, and environmental management



## **Part 1:**

### **Business Operation and Performance**

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1. Business Structure and Operation of the Group
2. Risk Management
3. Driving Business towards the Sustainable Developments Goals
4. Management Discussion and Analysis
5. General Information and Other Significant Information



### 1.1 Policy and Business Overview

AAPICO Hitech Public Company Limited (“**The Company** or **AAPICO**”) was established in 1996 and was listed on the Stock Exchange of Thailand in 2002. The Company’s main business initially was to design, produce, and install car assembly jigs and stamping dies; and to manufacture OEM automotive parts, including floor parts, cross members, pillars, brackets, clips, and fuel tanks for leading automobile assemblers in Thailand. The Company has since progressed by adding the production of chassis frame components, forging parts, machining parts, casting parts, plastic parts and plastic fuel tanks to its manufacturing portfolio.

AAPICO Hitech PLC operates under the management of Mr. Yeap Swee Chuan, the President & CEO and founder of AAPICO Group. The Company’s first factory was located at Hitech Industrial Estate, Ayutthaya. Today, it has factories in Samutprakarn, Chonburi and Rayong. Globally, the Company also expand its footprint to Malaysia, China and Portugal.

AAPICO Hitech PLC is comprised of 3 business pillars: the OEM Auto Parts Manufacturing Business, the Car Dealership Business, and the IoT Connectivity & Mobility Business. As of today, the Group comprises 47 subsidiaries and associate companies, of which 33 companies are operating in Thailand and 14 companies are located oversea.

#### 1.1.1 Vision, Objective, Target, or Operation Strategy

The Company has set the vision to become a Lean, Green, Happy, and Digital World Class Organization for sustainable growth. The Company has an important mission to grow into an Global organization with excellence in 4 fundamental values of happiness, as follows:

- **Happy Customers**

The Company set operational targets for the organization to achieve manufacturing excellence in order to satisfy customers’ needs. This is accomplished by maintaining safety standards, product quality, competitive price, on-time delivery, engineering development, and continuous excellent management for utmost customers’ satisfaction.

- **Happy Employees**

The Company gives importance to employees, which are the heart to driving stable and sustainable organization growth. This is accomplished by arranging for happy workplace environment, encouraging teamwork, defying problem as opportunity, inspiring loyalty, fostering respect between colleagues, and imprinting familial love of the employees in order to lay a strong happy foundation that will carry over to the organization and country.

- **Happy Shareholders**

The Company is determined to operate with optimal profits and benefits for the shareholders, and to arrange for appropriate returns for the shareholders.

- **Happy Public**

The Company is aware and gives precedence to the importance of managing business with regards to corporate social responsibility to the community and public for sustainable growth.

AAPICO set a clear target in becoming an organization with excellence in operations that adhere to the standard of good Corporate Governance, as to promote stable and sustainable growth. The Company has set operational production targets based on the SQCDM guideline, as follows:

- **Safety** : Safety always comes first
- **Quality** : Manufacturing operations that are up to quality standards and produce zero waste in order to achieve '0' PPM targets
- **Cost** : The ability to compete in pricing with low and appropriate cost
- **Delivery** : 100% on-time delivery, with Just-In-Time (JIT) production method
- **Engineering** : The determination to continuously improve the Company's engineering process (KAIZEN)
- **Management** : Managing operations to be clever, transparent, and attentive to details, while also utilizing digital technology to increase efficiency as appropriate.

AAPICO is determined to improve the Company's manufacturing process, strengthen the employees' knowledge, and search for new technologies from around the globe to support and increase the efficiency of the Company's manufacturing process. Our goal is to become one of the most accepted top automotive parts manufacturers within both Thai and international automotive industry, offering high quality standards, while also standing ready to support and push Thailand into becoming a global base for the production of automotive parts.

Owing to the Company's longstanding commitment to the simple visions and principles of being a lean and happy organization with transparent management and excellence in corporate governance, AAPICO has been accepted by customers from every corner of the globe as an entrepreneur with sustainable excellence in manufacturing and consistently maintain quality operation standards in accordance with SQCDM guidelines on Safety, Quality, Cost, Delivery, Engineering, and Good Management. The Company

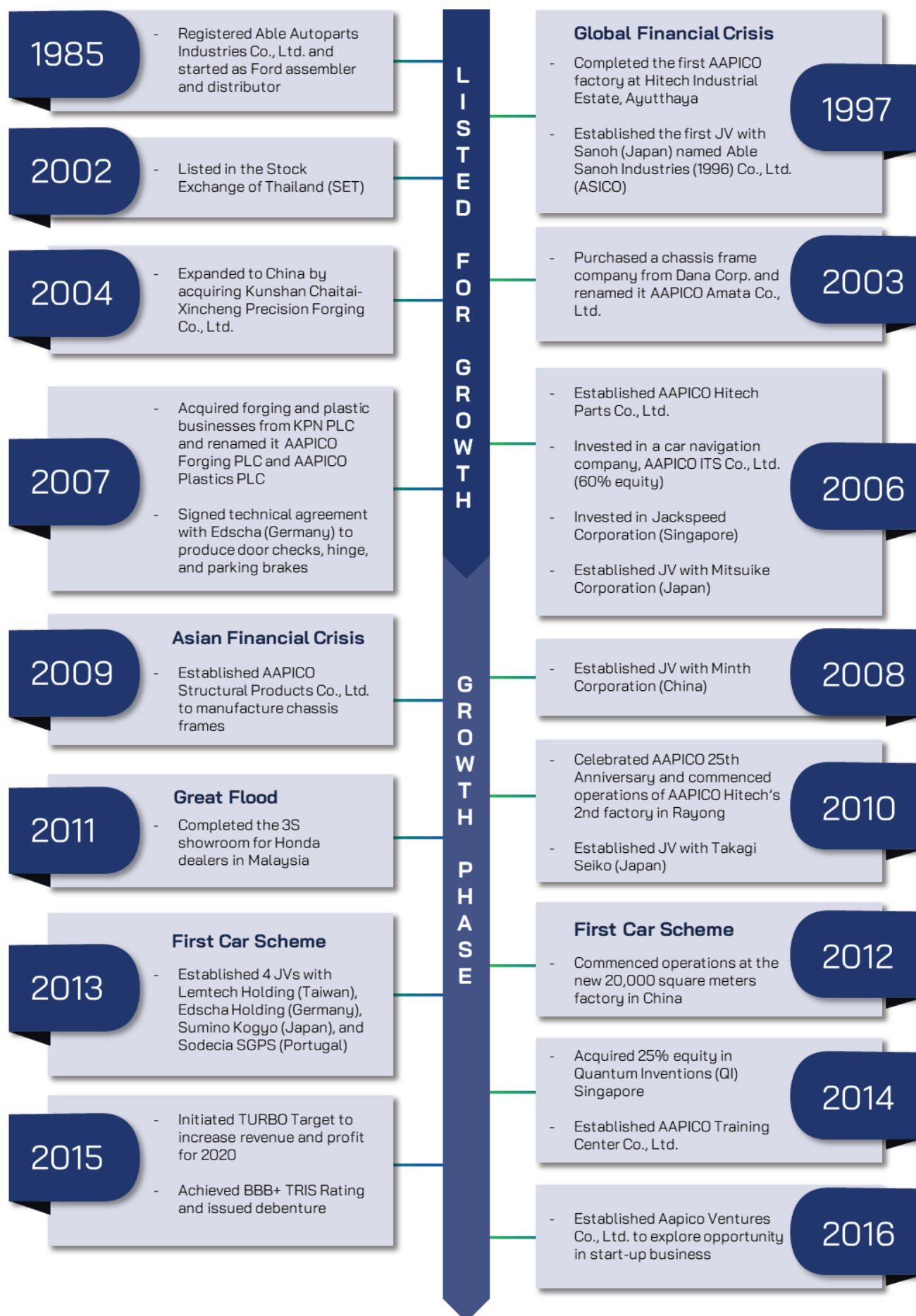
was approved and guaranteed of its quality manufacturing process with ISO/TS16949 and ISO14001 standards, in addition to various other awards and certificates continuously received from customers and suppliers. Combined with transparent management and attentiveness to stakeholders, which contributed to the establishing of trust with customers and suppliers, the Company is therefore able to sustainably elevate business relations with various brands of automotive manufacturers.

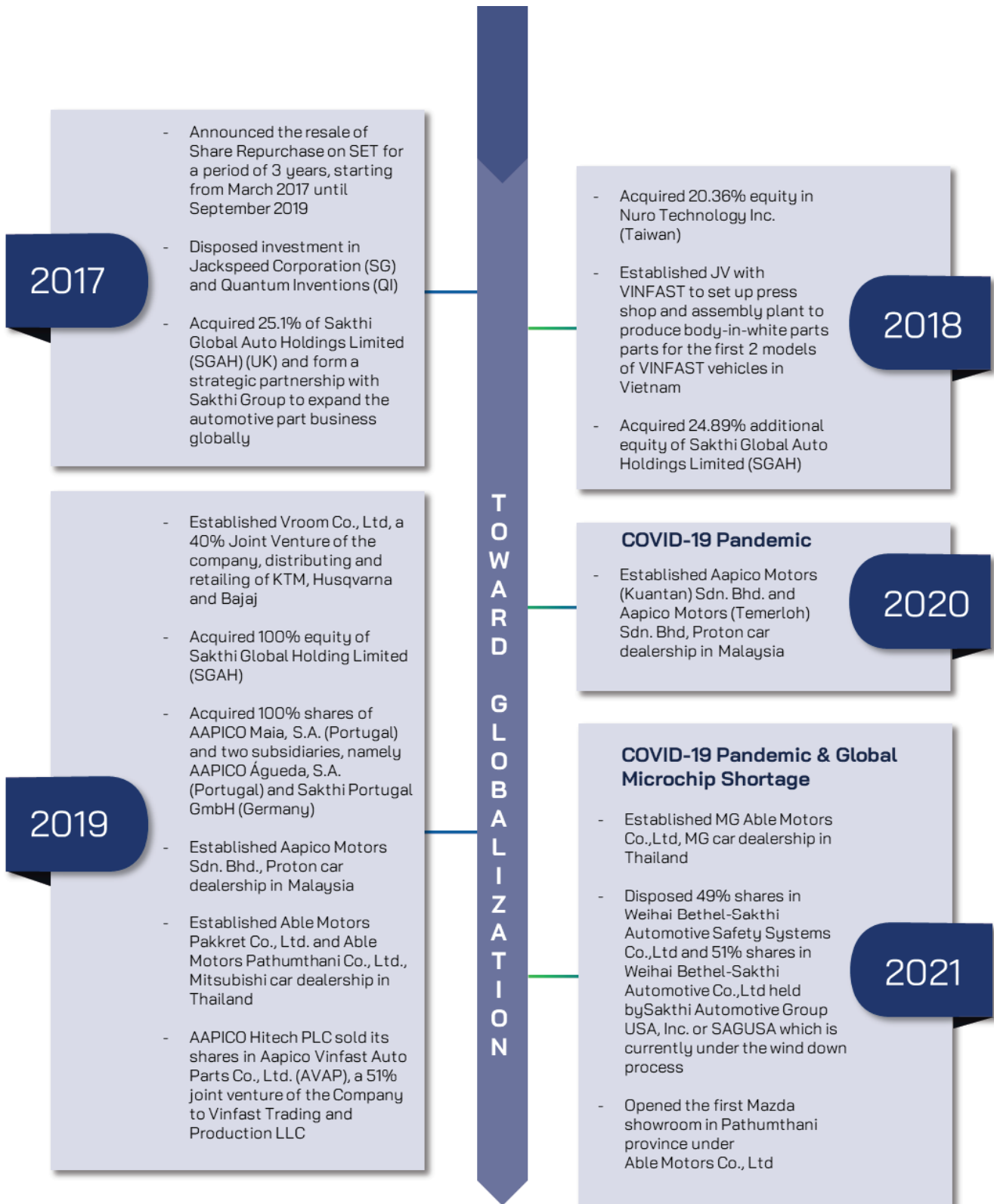
### Long-Term Plan

The Company's long-term business plan is Globalization. Currently, the Company has firm base of operations in Thailand, Malaysia, China, India, and Europe. For the time being, the Company is looking to expand and establish the Company's presence into Japan, USA as well as other Asian countries.



## 1.1.2 Milestones and Major Development





## TAKING STEPS TOWARD GLOBALIZATION

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

## Major Development over the Past three Years

### 2019

- In May 2019, AAPICO Hitech PLC established Vroom Company Limited, a 40% joint venture of the Company. Vroom's business is the distribution & retail of KTM, Husqvarna and Bajaj brand motorcycles
- In August 2019, AAPICO Hitech PLC decreased its shareholding in Hyundai Motor (Thailand) Company Limited (HMTH) from 30% to 20%
- In September 2019, AAPICO Hitech PLC sold its shares in AAPICO Vinfast Auto Parts Company Limited (AVAP), a 51% joint venture of the Company to Vinfast Trading and Production LLC
- In October 2019, AAPICO Hitech PLC's shareholding in Sakthi Global Auto Holdings Limited (SGAH) increased from 49.99% to 100%
- In November 2019, AAPICO Hitech PLC acquired 100% shares of AAPICO Maia, S.A. (Portugal) and two subsidiaries, namely AAPICO Águeda, S.A. (Portugal) and Sakthi Portugal GmbH (Germany)
- In December 2019, AAPICO Hitech PLC established Able Motors Pakkret Company Limited and Able Motors Pathumthani Company Limited, 100% subsidiaries of the Company that operate the Mitsubishi car dealership business.

#### Awards and Recognition received in 2019:

- 1) AAPICO Hitech PLC received the Drive Award 2019 Excellence "Industrial Category" from MBA Chula Alumni Association
- 2) AAPICO Hitech PLC received Best Delivery Award of Year 2019 from Ford Thailand Manufacturing
- 3) AAPICO Plastics PLC received 100% Delivery Performance of Year 2019 from Ford Thailand Manufacturing
- 4) AAPICO Forging PLC received Green Industry Level 3 Certificate from Ministry of Industry
- 5) AAPICO Precision Co., Ltd. received Green Industry Level 3 Certificate from Ministry of Industry



**Drive Award 2019 Excellence  
"Industrial Category"**



**Best Delivery Award 2019**



**100% Delivery Performance of 2019**

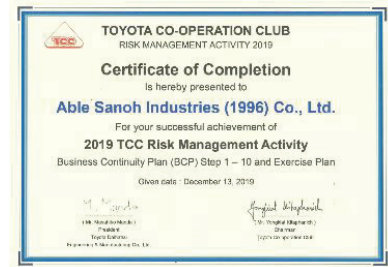


**Green Industry Level 3 Certificate  
in 2019**



**Supplier Excellence Award 2019**

- 6) AAPICO Precision Co., Ltd. received Supplier Excellence Award (Quality Performance) from American Axle & Manufacturing (Thailand) Co., Ltd.
- 7) Able Sanoh Industries (1996) Co., Ltd. received certificate of 2019 TCC Risk Management Activity Business Continuity Plan (BCP) Step 1-10 and Exercise Plan from Toyota Co-operation Club
- 8) Able Motors Co., Ltd received President Award from Mitsubishi



**2019 TCC Risk Management Activity**

## 2020

- In August 2020, AAPICO Hitech PLC increased its shareholding in AAPICO Hyojin Autotech Co., Ltd from 55% to 70%
- In October 2020, AAPICO Hitech PLC acquired 2 Proton dealerships in the state of Pahang Malaysia, namely AAPICO Motor (Kuantan) Sdn. Bhd. and AAPICO Motors (Temerloh) Sdn. Bhd.



**Thailand Sustainability Investment 2020**

Awards and Recognition received in 2020:

- 1) AAPICO Hitech PLC received the Thailand Sustainability Investment (THSI) 2020 award from the Stock Exchange of Thailand (SET)
- 2) AAPICO Hitech PLC received the 2020 Best Quality Supplier Award from Toyota
- 3) Tenaga Setia Resources Sdn. Bhd., the Company's subsidiaries in Malaysia, received the Honda CEO and top sales Awards from Honda Malaysia
- 4) Able Motors Pathumthani Co., Ltd received Body Shop Award (No.1 in Thailand) from Mitsubishi
- 5) Able Motors Pakkret Co., Ltd and Able Motors Co., Ltd received President Award from Mitsubishi



**Best Quality Supplier Award 2020**



**Honda CEO and Top Sales Awards 2020**

- In May 2021, AAPICO Hitech PLC established a new MG dealership subsidiary namely MG Able Motors Company Limited, which is located at Pathumthani province.
- In May 2021, AAPICO Hitech PLC disposed 49% shares in Weihai Bethel-Sakthi Automotive Safety Systems Co.,Ltd and 51% shares in Weihai Bethel-Sakthi Automotive Co.,Ltd held by Sakthi Automotive Group USA, Inc. or SAGUSA which is currently under the wind down process
- In September 2021, AAPICO Hitech PLC opened the first Mazda showroom in Navanakorn.

#### Awards and Recognition received in 2021:

- 1) AAPICO Hitech PLC received the Thailand Sustainability Investment (THSI) 2021 award from the Stock Exchange of Thailand (SET) and listed in the THSI index. This confirms the Company's business operations that take into account the environment, society and corporate governance in all parts of the organization for two consecutive years.
- 2) AAPICO Hitech PLC has achieved 5-star rating or "Excellent" score on Corporate Governance from Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET)
- 3) AAPICO Hitech PLC received the Top Supplier Award 2021 from Auto Alliance (Thailand) Co., Ltd
- 4) Tenaga Setia Resources Sdn. Bhd., the Company's subsidiaries in Malaysia, received the CEO Award – Elite Dealer and Top Sales Dealer No.4 from Honda



**Thailand Sustainability Investment 2021**



**Top Supplier Award 2021**



**Honda CEO Award – Elite Dealer and Top Sales Dealer No.4**



## Investment in Sakthi Group between 2017 and March 2022

- **2017: Start Investing in Sakthi**

Sakthi Group (“**Sakthi**”) is one of the world’s leaders in manufacturing powertrain safety critical components e.g., steering knuckle, brake disc, brake drum, etc., including Iron & aluminum castings with their production line based in USA, China, Europe, and India. Their major customers include General Motors, Ford Motors, Volkswagen, Suzuki, Hyundai, Toyota, Nissan, Geely, Volvo, Chang-an, SAIC, Chery, BYD, etc. AAPICO Hitech Public Company Limited (“**Company**”), hence, see this as a potential business opportunity to enhance the Company’s manufacturing capacity of Iron & Aluminum Castings and becoming a major player towards a global scale.

With such opportunity, in May 2017, the Company together with AAPICO Investment Pte., Ltd. (“**AIPL**”), the Company’s wholly owned affiliate in Singapore, decided to make an investment in Sakthi Global Auto Holdings Limited (“**SGAH**”), a company incorporated in the United Kingdom (UK) by Sakthi as a Holding Company. After restructuring process, SGAH became the holder of shares, whether directly or indirectly, in many different automotive parts manufacturing companies in India, Portugal, USA and China. The aggregate investment amount is USD 100 million, equivalent of approximately Baht 3,522 million (“**Investment No. 1**”). The Investment No. 1 can be divided into 2 parts:

- (1) Subscribing 25.10% of newly issued SGAH ordinary shares having a total investing amount of USD 50 million, equivalent of approximately Baht 1,761 million.
- (2) Providing USD 50 million Loan to SGAH (through AIPL) under the loan agreement, equivalent of approximately Baht 1,761 million with an annual interest rate of 20% (“**2017 Loan**”)

After the Investment No. 1, the Company and AIPL jointly hold the SGAH shares of 25.10% and ABT Auto Investments Limited (“**ABT Auto**”) hold the remaining SGAH shares of 74.90%.

- **2018: Increasing Investment in Sakthi**

During the 3<sup>rd</sup> quarter of 2018, the Company increased its investment in SGAH by additionally investing the total amount of USD 65 million into SGAH, equivalent of Baht 2,138 million (“**Investment No. 2**”) of which can be divided into 2 parts:

- (1) Subscribing 24.89% of newly issued SGAH ordinary shares having a total investing amount of USD 25 million, equivalent of approximately Baht 827 million.
- (2) Providing USD 40 million Loan to SGAH under another loan agreement, equivalent of Baht 1,311 million with an annual interest rate of 10% (“**2018 Loan**”)

After the Investment No. 2, the Company and AIPL additionally hold the SGAH shares to 49.99% with ABT Auto hold the remaining SGAH shares of 50.01%.

In this regard, both 2017 Loan and 2018 Loan have been secured by the following security:

- (1) Personal guarantee by 2 authorized directors of SGAH (at the time being) and corporate guarantee by ABT Auto.
- (2) Pledge of 50.01% ABT Auto shares in SGAH under the Share Charge Agreement.
- (3) Pledge of 100% Sakthi Automotive Group USA Inc. (“**SAGUSA**”) shares

- **2019: Proceeding on taking control of Sakthi due to its default under 2017 and 2018 Loan.**

1. Appropriation of SGAH shares and taking control of its management

During the 1<sup>st</sup> quarter of 2019, SGAH failed to make interest payments due under the 2017

Loan and failed to make principal repayment with interest due under the 2018 Loan. The Company, therefore, served default notices and demand letters to SGAH and ABT Auto (as the corporate guarantor) between April and August of 2019, requiring immediate repayment of all outstanding amounts under both the 2017 and 2018 Loans during the period.

However, SGAH failed to pay the outstanding amounts and ABT Auto also failed to pay the same. As a result, the security over the remaining 50.01% shares of SGAH owned by ABT Auto, created under the Share Charge Agreement became enforceable. In August 2019, the Company exercised its rights as secured lender to start proceeding with the appropriation of the remaining 50.01% shareholding held by ABT Auto in SGAH until completion in October 2019, resulting in an increase in the Company's shareholding in SGAH from 49.99% to 100%.

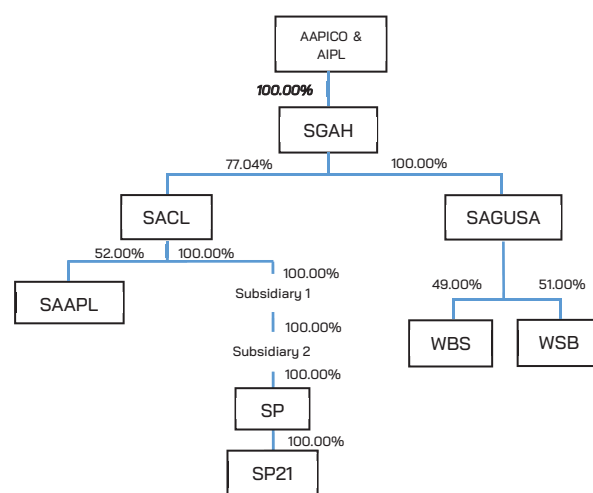
All Sakthi directors in SGAH board were removed, and new directors were appointed by the Company. In addition, the Company also demanded payment under Personal Guarantees by 2 former SGAH directors.

## 2. Management of Operating Companies under SGAH

As the Company increased its shareholding in SGAH to 100%, this also made the Company an indirect shareholder of SGAH group companies. The list of major companies in SGAH group are as follows:

No.	Company	Country
1	Sakthi Auto Component Limited ("SACL")	India
1.1	Sakthi Auto Ancillary Private Limited ("SAAPL")	India

1.2	Sakthi Portugal S.A. ("SP")	Portugal
1.3	Sakthi Portugal SP 21 S.A. ("SP21")	Portugal
2	Sakthi Automotive Group USA Inc. ("SAGUSA")	USA
2.1	Weihai Bethel Sakthi Automotive Safety System. Co., Ltd. ("WBS"), and Weihai Sakthi Bethel Automotive Safety System. Co., Ltd. ("WSB") (collectively referred to as "China JV")	China



**Shareholding Structure after holding 100% shares in SGAH**

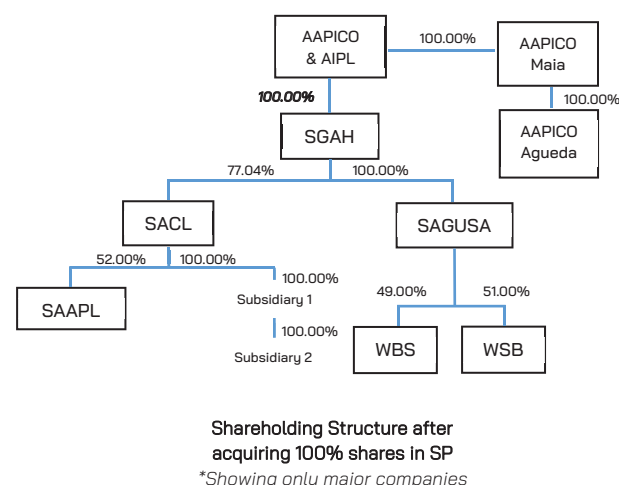
*\*Showing only major companies*

To further protect the Company's interests, the Company therefore, took the following action:

- Start legal proceeding to appoint Company's directors in SACL (proportionate to the Company's shareholding) among other contractual rights

Despite Company's indirect holding 77.04% SACL shares through SGAH and Company's right under the 2018 shareholders agreement ("SHA") to appoint such number of its directors that is proportionate to its shareholding of

77.04% in SGAH, the SACL board members at the time being (led by Sakthi's directors) continued to wrongfully retain control of SACL's management and the board of directors contrary to the terms of the SHA. As such, till date, the Company has only one nominee director on the SACL board. Therefore, the Company took further step by starting legal proceeding against Sakthi in India and invoking arbitration under the SHA (administered by Singapore International Arbitration Centre ("SIAC")). This was to enforce the appointment of Company's directors in SACL as per Company's right under the SHA.



(b) Acquiring 100% of SP shares

During the 3<sup>rd</sup> quarter of 2019, Sakthi Services, S.A. ("SS"), an affiliate of SGAH holding 100% shares in SP was in default under the loan agreement with Oxy Capital ("Oxy"). Such loan agreement was secured by all shares in SP. Oxy, therefore, enforced all of such shares.

However, the Company recognized that the potential of SP can be Company's crucial opportunity to diversify its production line and extend its customer base into Europe. The Company, hence, decided to purchase 100% SP shares from Oxy, becoming 100% owner of SP shares, and renamed SP to AAPICO Maia, S.A. ("AMI"). AMI then, became the Company's direct affiliate. This also extend to SP21 (subsequently renamed as AAPICO Agueda, S.A.). The Company then appointed 3 out of 5 directors into AMI board of directors with 2 existing highly experienced directors from Portugal side.

(c) SAGUSA under the control of Receiver

During the late 2<sup>nd</sup> quarter of 2019, SAGUSA was placed into Federal receivership when a US Court appointed a Receiver to take control of the affairs of SAGUSA.

In this case, the Receiver was required to maximize the value of the assets of SAGUSA. The Receiver worked to propose a new business plan for SAGUSA and publicly disclosed such plan as part of a sale process. Potential buyers who may be interested in purchasing the assets and business of SAGUSA were requested to submit bidding documents to the Receiver within the period determined by the Receiver under the applicable law. The Company submitted a bid which was ultimately approved by the Court as there were no other bidders.

During the sale process, the business of SAGUSA continued to deteriorate due to liquidity and operating issues. Ultimately, major customer terminated its business with SAGUSA which made the business plan proposed by the Receiver not feasible. As a result, all other customers terminated their business with SAGUSA, and further investment of the Company would be unsound. Therefore,



the Company did not exercise its right as the winning bidder to buy SAGUSA business and hence, the Receiver worked to wind down the business of SAGUSA.

Upon the completion of the business wind down, SAGUSA went into a liquidation process in accordance with the applicable law where the Receiver sold its assets to the highest bidder. Proceeds of the sales were used to pay creditors.

In this regard, SAGUSA's 49% and 51% equity stake in WBS and WSB respectively (the Chinese joint venture companies between SAGUSA and another Chinese automotive parts manufacturing company) were considered parts of SAGUSA's asset to be sold by an auction process conducted by Receiver similarly to the arrangement of its other assets. Because the Company had a lien on the China JV shares (due to Loans made by the Company to SAGUSA), any proceeds from this sale would be paid to the Company.

- **Updated progresses from 2019 onwards**

1. Significant updated progresses of each pending legal cases concerning Sakthi

Since 2019, there are a number legal proceeding started by the Company against Sakthi due to its default of both 2017 and 2018 Loans, as well as the cases where Sakthi counter filing the Company. As of March 31, 2022, there are updates on the significant cases as follows:

- (a) Legal proceeding by ABT Auto against the Company challenging the value of SGAH shares which have been appropriated by the Company as enforcement of security.

ABT Auto has brought a legal case in the English Commercial Court to challenge the valuation of SGAH's shares by the

independent appraiser assigned by the Company. The Company is vigorously contesting ABT Auto's claims.

Should the English Commercial Court rule in favor of the Company, there will be no change to the Company's current position, where it has appropriated SGAH's shares and applied a value for those shares in accordance with a valuation by an independent appraiser. Should the English Commercial Court rule in favor of ABT Auto, the value of SGAH shares appropriated by the Company will be adjusted as per the Court's ruling.

In the realistic worst-case scenario where the English Commercial Court agrees entirely with ABT Auto and decides the value of SGAH's shares should be adjusted as claimed by ABT Auto, the Company will need to adjust value of SGAH's shares in its statement of financial position. An account will need to be taken of the difference between the valuation applied and the valuation decided. If the English Commercial Court agrees that some other adjustment should be made, an account will need to be taken of that difference.

At present, the case is in the process where ABT Auto and the Company are exchanging their evidence of their case. The trial and hearing process are scheduled in the second half of 2022.

- (b) Legal proceeding by the Company to enforce the payment under personal guarantees

Further to the appropriation of the SGAH's shares, the Company also pursued arbitration proceedings at the Singapore International Arbitration Centre (SIAC)

under personal guarantees issued by former directors of SGAH as security for loans from the Company.

On December 21, 2021, the arbitrator issued the Partial Award on the case. The arbitrator decided that the Guarantors are personally liable to pay Company under the guarantees. However, the arbitrator has decided that the amount due by Guarantors can only be determined after the conclusion of the English share charge proceedings.

As a result of the above mentioned, Company will take further action to enforce the payment under the guarantees as soon as the English Court's judgement is obtained.

(c) Legal proceeding by the Company against Sakthi seeking the enforcement of Company's right to appoint its directors in accordance with the shareholders agreement

The dispute regarding the Company's right to appoint its directors into SACL board has been under the arbitration proceeding at SIAC since 2020. In October 2021, the tribunal issued the Final Award of the case. One of the tribunal's significant decisions is that the Company is entitled to appoint such number of directors on the SACL board that is proportionate to its 77.04% indirect shareholding in SGAH as indicated in the SHA. The result of the Final Award reaffirms the Company's right to appoint its directors as mentioned.

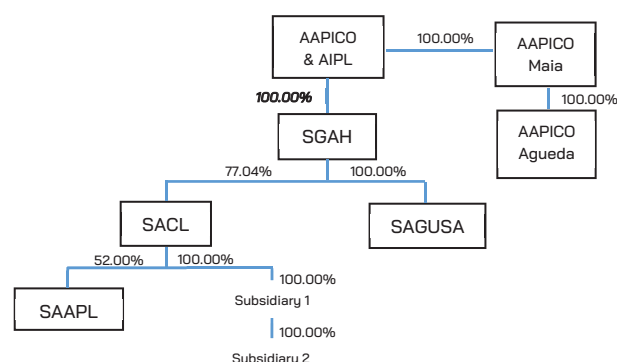
In addition to the arbitration proceeding, the Company has managed to amend the Articles of Association of SACL through postal ballot system allowed by law, so as to incorporate the terms of the

shareholders agreement. This amended Articles of Association have been successfully taken on record by Indian Registrar of Companies.

The Company is currently taking necessary legal actions to enforce such right of the Company for further having control over SACL.

2. Updated progress on the sale of Company's right to China JV remaining shares

As mentioned earlier, SAGUSA's 49% and 51% equity stake in WBS and WSB respectively were parts of SAGUSA's assets which were put to auction under the US receivership process during the 4<sup>th</sup> quarter of 2020. The Company submitted a "credit bid" offer in the auction whereby it agreed to exchange USD 20 million of debt SAGUSA owed to the Company for the China JV shares. After the expiration of the auction period, the Company was the sole bidder, and the US Court declared the Company the winning bidder for the China JV shares. Shortly thereafter, the China JV partner exercised a right of first refusal to purchase the shares for USD 20 million. The Receiver completed a sale of the China JV shares in 2<sup>nd</sup> quarter of 2021 and USD 20 million was received by the Company as repayment by SAGUSA for loans by the Company.



**Shareholding Structure after completing the sales of China JV shares**  
\*Showing only major companies

### 1.1.3 Funding and Objectives

None

### 1.1.4 Obligations (if any)

None

### 1.1.5 Company General Information (As of 31 December 2021)

Company Name (Thai):	บริษัท อ-api โก ไฮเทค จำกัด (มหาชน)
Company Name (English):	AAPICO Hitech Public Company Limited
Main Business:	The 3 Core Pillars of AAPICO business, which are I. Manufacture of OEM automotive parts, which include metal forming, chassis & structural, plastics & parts, fuel tank & washer system, forging & machining, casting and tooling (jigs and dies) to leading automobile assemblers II. Car dealerships and service centers III. Internet of Thing (IoT) Connectivity and Mobility business
Year Established:	1996
Listed Date:	17 October 2002
Registered Capital:	Baht 354,842,228.00 (consist of 354,842,228 Ordinary Shares <sup>1)</sup> )
Paid-up Capital:	Baht 354,842,012.00 (consist of 354,842,012 Ordinary Shares <sup>1)</sup> )
Head Office:	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane, Amphur Bang Pa-In, Ayutthaya Province, 13160, Thailand
Registration Number:	0107545000179
Company Website:	www.aapico.com
Telephone:	+66 (0) 3535 0880
Facsimile:	+66 (0) 3535 0881

Remark: 1) Par Value at Baht 1 per share

## 1.2 Nature of Business

### 1.2.1 Revenue Structure of AAPICO Hitech PLC

#### Revenue Structure of AAPICO Hitech PLC

Business / Product		Company	% of AH Holdings	2019		2020		2021	
				Baht million	%	Baht million	%	Baht million	%
OEM Automotive Parts Manufacturing Business	Metal Forming Parts	ASP	100%	3,858.04	20.2%	3,906.42	21.9%	4,758.94	22.7%
		AA	100%	413.37	2.2%	288.30	1.6%	503.21	2.4%
		AH	100%	2,504.52	13.1%	1,666.97	9.4%	1,998.54	9.5%
		AHP	100%	360.18	1.9%	228.87	1.3%	621.18	3.0%
		AMK	100%	548.20	2.9%	475.13	2.7%	392.22	1.9%
	Forging & Machining Parts	AL	60%	128.44	0.7%	101.59	0.6%	146.60	0.7%
		AF&APC	100%	1,329.57	7.0%	889.72	5.0%	1,269.66	6.1%
		KCX	100%	683.95	3.6%	719.87	4.0%	1,110.05	5.3%
	Casting Parts	AMI	100%	840.31	4.4%	3,298.75	18.5%	3,797.57	18.1%
	Plastic Parts	AP	Held by AF 100%	992.59	5.2%	845.90	4.8%	978.40	4.7%
Car Dealerships and Services Center Business	Tooling	AH&AHT	100%	1,629.54	8.5%	27.84	0.2%	2.25	0.0%
		AHA	100%	42.94	0.2%	0.00	0.0%	1.02	0.0%
		NESC	100%	738.32	3.9%	963.33	5.4%	961.85	4.6%
		AM	100%	1,343.81	7.0%	1,009.67	5.7%	750.49	3.6%
		AMPK	100%	-	0.0%	367.13	2.1%	503.59	2.4%
	Thailand	AMPT	100%	-	0.0%	223.00	1.3%	330.34	1.6%
		AMMG	100%	-	0.0%	-	0.0%	36.78	0.2%
		NESM	49%	1,094.54	5.7%	771.40	4.3%	635.71	3.0%
		TSR	49%	2,122.49	11.1%	1,462.15	8.2%	1,250.03	6.0%
		AMSB	49%	303.49	1.6%	427.72	2.4%	491.76	2.3%
	Malaysia	AMKM	49%	-	0.0%	40.30	0.2%	141.20	0.7%
		AMTM	49%	-	0.0%	67.72	0.4%	275.89	1.3%
		AIT5	60%	8.60	0.0%	2.55	0.0%	8.58	0.0%
	IoT Connectivity and Mobility Business			166.1	0.9%	13.26	0.1%	1.36	0.0%
	Others								
	Total			19,109.00	100%	17,797.59	100%	20,967.22	100%

## 1.2.2 Products and Services Specification

### (1) Products and Services Specification

The Company's main business is to manufacture and distribute automotive parts to automobile manufacturers in Thailand and overseas and has invested in subsidiaries and joint ventures with automotive-related commercial operations. The products and services of AAPICO Group and its subsidiaries can be categorized by their main business characteristics as follows: 1) OEM Automotive Parts Manufacturing Business, which includes developing, manufacturing, and distributing assembly jigs and stamping dies for automakers and assemblers locally and internationally. 2) Car Dealerships and Services Center Business 3) Internet of Things (IoT) Connectivity and Mobility Business. Further details of the Company's businesses can be seen below.

#### **OEM Automotive Parts Manufacturing Business**

The Company has a robust OEM presence in Thailand, China, and Portugal. The Company produces a wide range of automobile's components, for passenger cars, pick-up trucks, agricultural machinery, and the electronics industry, using various techniques and technologies. The Company's products consist of metal forming parts, plastic parts, casting parts, forging and machining parts, and tooling, which consists of assembly jigs and stamping dies.



#### Metal Forming Parts

##### *Pressed and Stamped Body Parts*

AAPICO manufactures high-quality metal stamping body components for passenger and pick-up vehicles. The main products include floor parts, cross members, side sills, brackets, clips, and sub-assembly parts.



AAPICO designs the dies for each component to ensure that all dimensions of the product quality are perfect before sending them to proceed with their next manufacturing steps. Therefore, this confirms that every of the Company's components are produced with the high production standards. The main customers for these products are Auto Alliance Thailand (AAT), Isuzu, Nissan, and Toyota, etc.

##### *Chassis Frame Components*

AAPICO Structural Public Company Limited is the sole supplier of chassis frame components to Isuzu for pick-up vehicles. The company has a fully integrated manufacturing process for metal stamping parts using



coils, starting from die design, simulation, and making, through to production of the complete assembly parts.

In this plant, there are over 300 robots deployed on the production lines. The company has a production capacity of approximately 400,000 frame sets per year. Starting in Q3 2020, the company ran its production at full capacity with two work shifts of 10 hours each. In order to reach the required numbers, it additionally boosted the capacity of its blanking line and press shop by outsourcing to AAPICO Group enterprises and other third-party companies.

#### *Banjo type Housing Axle*

AAPICO Amata Company Limited, located in Chonburi province, began producing housing axles – which are components for rear axle assembly – in 2015. The production process starts from reforming the steel coil and stamping the steel sheet into sub-assembly parts. After that, each component is welded into axle pieces and sent to the customer to complete the rear axle assembly. For housing axles, the company main customer is American Axle & Manufacturing in Thailand.

AAPICO is the only company in Thailand to produce this 6mm Hi-tensile steel – with all tooling and stamping being performed in-house. Thus, the company is confident that no other competitors are able to compete with the company in the ability to provide products to customers with the same level of Quality, Cost, and Delivery.



## Plastics

### *Plastic Parts*

AAPICO Plastics Public Company Limited, based in Samutprakarn's Bangplee Industrial Estate, manufactures plastic parts for automobiles, motorbikes, and household appliances.

Plastic parts injection process started from selecting proper resin, putting the selected resin into the Plastic injection machine with suitable heating temperature to make the resin melt and ready to be injected into the mold in order to form up the product designed shape. The next step is to wait for enough cooling time before ejecting the part out from the mold, and then proceed to the final step by cutting the runner to separate the part to be assembled and/or packed – ready to ship out as finished good part to the customers.

The company's major customers are Auto Alliance Thailand (AAT), Ford, Honda, Isuzu, Nissan, Yamaha, and others.

The company has over 42 years of plastic injection experience in automotive, motorcycle, and all other consumer product industries where the company can provide its one stop service to customers – starting from part design, mold design, plastic injection, sub-assembly, painting process, and all kinds of part testing as per customers' standard requirements. Not only that, but the company also has the ability to support mold making and maintenance service to satisfy customers. Moreover, the company possesses the flexibility to produce high volume and/or limited quantity of production to support both OEM and REM businesses.

### *Plastic Fuel Tank & Windshield Washer System*

AAPICO Plastics Public Company Limited, situated in Amata City Industrial Estate, Rayong, produces and supplies plastic fuel tanks and windshield washer systems with technological assistance from Kautex Textron, USA.

The company's H42 blow mold machine was made by Kautex – Pioneer of Plastics Fuel tank



maker – completed with full automated blow molding process, water cooling process, and components welding process. All processes functionalities are fully supported by Quality-systems for traceability.

As of now, the main customers for plastic fuel tank and windshield washer system are both OEM and REM, such as Ford, Mazda, and SAIC (MG), etc. In addition, the company will produce and provide the products to Mitsubishi in the following year.

AAPICO Plastics Rayong was awarded as the AAT Top supplier in 2021 and was awarded with the Grand prix award in 2015 by A-ABC activity – thus promoting the company’s reputation in the business. The company’s partner, Kautex, has global experience from working with BMW, China OEMs, Ford, Mercedes-Benz, Volkswagen, and Japanese OEMs such as Mazda, Mitsubishi, Nissan, Toyota, etc. Kautex cooperates with AAPICO as a technological assistant company for not only Research and Development (R&D), but also manufacturing. As a result, AAPICO’s technology developed on the same level as Kautex’s. This granted the company an undeniable technological advantage over its competitors in the market.



#### Forging & Machining

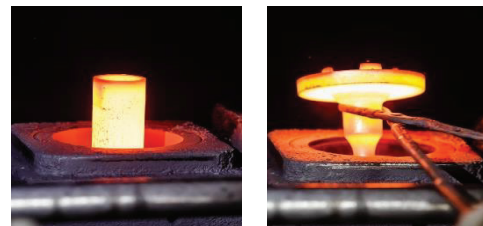
##### *Forged Parts and Machined Parts*

AAPICO Forging Public Company Limited and AAPICO Precision Company Limited, located in Chonburi Province, are the manufacturers and suppliers of

forged and machined automotive parts for automobile and motorcycle assemblers in Thailand and overseas. These products are parts for transmission systems, power train systems, steering and suspension systems, engine parts, shafts, wheel hubs, link shafts, companion flanges, and others.

In addition to the operations in Thailand, AAPICO also has forging and machining facility in China namely Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. (AK) is located in Jiangsu Province, 30kms from Shanghai. The main products of AK are connecting rod, pump housing, high pressure common rails, and engine parts. The company also manufactures other products such as camber link for chassis system of Volvo, braking pawn for braking system of GAC, copper products for Schneider, etc.

AAPICO produces both hot-forged and cold-forged products. Forging is a metal-working process that



involves heating steel billets using an induction heater or deforming them at ambient temperature and compressing them under tremendous pressure to form metal into various forms. Forged parts are completed via machining processes using CNC machines for their precision before delivery to customers. Some products may be subjected to a final heat treatment to harden the steel, or they may be surface coated to meet customer specifications.

The companies conduct business with customers from around the world. For Thailand operations, main customers include Auto Alliance Thailand (AAT), American Axle, BorgWarner, Dana Spicer, Ford, GKN Driveline, Mazda, NTPT, and NTN. As for the facility in China, Beterler, Changan, Chery, Delphi, Ford, GAC, Knorr-Bremse, MAXUS, SAIC, SGMW, and ZF, are among its main customers.

AAPICO possesses outstanding capability to provide forging and machining parts for OEMs market. With the ability to design and manufacture forging dies and fixtures in-house, along with the utilization of CAD/CAM/CAE technology to maximize the potential and efficiency of the forging and machining processes, the company exerts a considerable presence over its competitors in the field.

### Casting

#### *Casting Parts*

AAPICO Maia, S.A. and AAPICO Águeda, S.A., large companies in Portugal, specialize in the production of safety critical components in nodular cast iron, serving primarily the automotive industry in the European market. Over the past years, AAPICO Maia, S.A. and AAPICO Águeda, S.A. have demonstrated technical and environmental excellence, being considered benchmark companies in the foundry industry. These companies are developing and producing lightweight casting solutions, grouped as follows: powertrain (48%), brakes (33%), engine (12%), and suspension (7%). AAPICO Maia, S.A. and AAPICO Águeda, S.A. sell about 26 million components per year.

Foundry process is a millennial process, but always actual. The most common process is the sand mold process. It consists of the usage of pattern plates (tooling) to mold the negative shape of a part to be produced in a sand mold. Liquid melt, obtained in high temperature furnaces, is then poured into the sand mold – filling the entire cavity. After solidification and cooling, the part is removed from the mold, cleaned, and is ready for subsequent operation, such as machining.

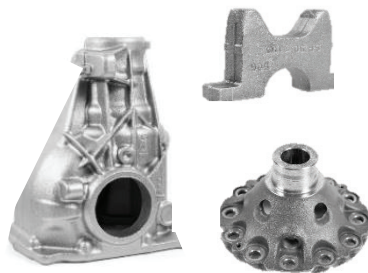
AAPICO Maia, S.A. and AAPICO Águeda, S.A. currently supply ductile iron safety critical components to BMW, Daimler Trucks, Ford, Mercedes-Benz, Renault, Stellantis Group, Volkswagen, and as Tier 1 and as Tier 2 to CIE Automotive, Continental, Dana, and Linamar. France, Germany, Hungary, Italy, Slovakia, Spain, and Sweden are among the company's primary markets in Europe. The company also exports to worldwide markets including America, Asia, and Africa.

Foundry process allows a high production rate with lower cost compared to other production processes. Its major applications are transports (cars, trucks, trains, and boats), machines and equipment, infrastructure, and water systems.

Additionally, foundry is an important industrial process in the circular economy, as it uses steel scrap as main raw material and reuses a considerable amount of the molding sand. Although it uses up an intensive amount of electricity, more advanced foundry companies such as AAPICO are able to obtain a significant part of their energy through renewable sources.



AAPICO advantages rely on experienced team – namely at engineering level – in offering new design solutions and efficiently supporting the foundry. The company can specially highlight the absence of fettling at the finishing line, along with low level of final controls. Also, AAPICO counts on a large data base (more than 5M inputs daily), worked out with artificial intelligence offering a very precise control of the process, granted on the shop floor by the company’s operators.



India, South America, Southeast Asia, and other countries, with main customers including AAT, Renault, SAIC MG, UD truck and Volvo etc.

With advanced manufacturing process simulation skills and experienced staffs familiar with technical requirements of most OEMs, the company holds a firm competitive advantage over its competitors in the business of manufacturing and supplying of assembly jigs to customers.

**Assembly Jigs Manufacturing Process Diagram**

01	02	03	04
WORK PREPARATION	PRODUCE	QUALITY TESTING	DELIVERY
<ul style="list-style-type: none"> <li>Received product information from the customers</li> <li>Designing</li> <li>Materials preparation</li> </ul>	<ul style="list-style-type: none"> <li>Shaping Jigs</li> <li>Assembling</li> </ul>	<ul style="list-style-type: none"> <li>Adjusting to the sample workpiece</li> <li>Trial assembly and quality check</li> </ul>	<ul style="list-style-type: none"> <li>Packing</li> <li>Transportation</li> <li>Install and assemble the parts at customers' factories</li> </ul>

## Tooling

### Assembly Jigs

AAPICO facilities in Ayutthaya province are responsible for the manufacturing of assembly jigs for customers. An assembly jig is an integral part in the production and assembly of automobiles. These assembly jigs are the tools that ensure the accuracy, productivity, and efficiency of car body assembly by precisely attaching each panel to be welded before welding. An assembly jig is a made-to-order product for a specific line of production or model of vehicle. AAPICO provides a full service for the design, manufacture, and installation of jigs—from concept to commissioning—including design, simulation, welding, ergonomics, time studies, and manufacture of tooling. Prior to delivery, a team of engineers conducts assembly trials and validation measurements at the try-out facility. In addition, the company provides on-site service at the clients' assembly locations.



The installation and commissioning team have supported customers with bases around the world, including China,

### Stamping Dies

AAPICO provides a comprehensive range of services, including process stamping design, die design, and production. The company designs, develops, and manufactures normal stamping dies for sheet metal forming applications. The majority of AAPICO's stamping dies are designed for use in its manufacturing facilities.

The stamping die manufacturing process begins with the creation of a die layout and its simulation in CAE software to form a feasible process and predict potential problems. Then, using CAD computer software, design and sketch the die. For iron casting the die, a foam pattern is made according to the die design drawing, which is then sent to the CNC Machining Center for metal cutting and finishing. Before starting production, the engineering team will perform die trials and improvement as well as quality check.

The company applies two engineering software programs, namely:

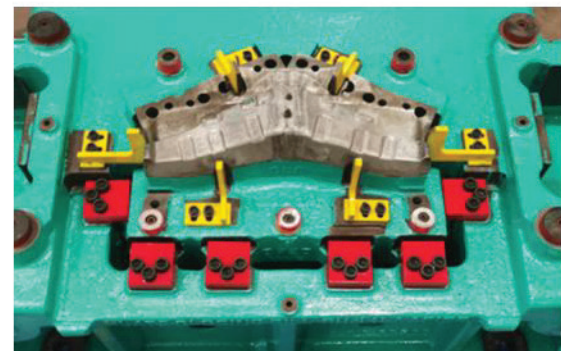
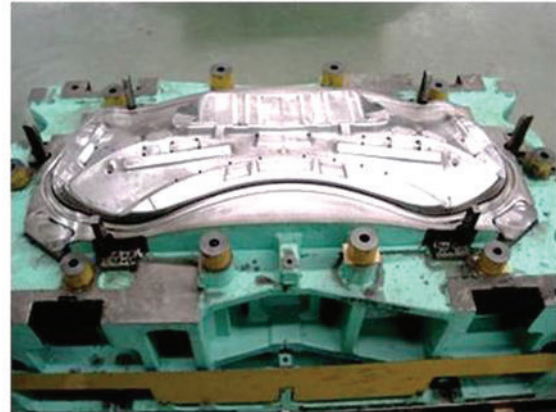
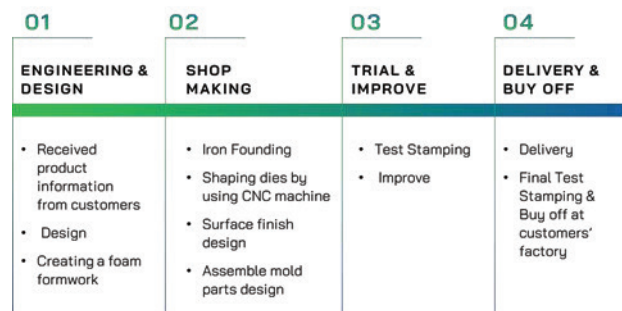
1) Auto Form and 2) Pam Stamp for virtual reality simulation of sheet metal formability and to conduct feasibility studies with customers to ensure products' quality are achievable in accordance with the customer requirements.

The majority of AAPICO's stamping dies are designed for use in its manufacturing facilities. However, for those that are made for customers, the main customers include Ford, Honda, Isuzu, Mazda, Nissan, Topre, Toyota, and among others.

The company has a long experience of more than 30 years in stamping tandem die class C and B. It's experience of die-making and die's standard control have been learnt from many World class OEM car manufacturers.

Today, the company has also acquired additional experience in the transfer of stamping die and ultra-high tensile steel material, along with the acquisition of 3D Laser cut machine which enable the management of turnkey project for the stamping die since the process of prototype sample making up until the mass production stage – all factors of which contributed to the company's advantage over its competitors.

Stamping Dies Manufacturing Process Diagram



### OEM Business Customers

The Company manufactures and distributes automotive parts to automobile manufacturers. The Company does not obtain any business that is related to the replacement equipment market. The Company produces and delivers products to all leading car manufacturers domestically and internationally. In 2021, the Company's top three clients were Auto Alliance (AAT), Continental, and Isuzu. The majority of clients in the assembly jigs and stamping dies business are the same as those in the other OEM automotive parts manufacturing companies, which are vehicle

manufacturers both domestically and internationally, as well as the other AAPICO Group subsidiaries.

### Market and Competition for the OEM Automotive Parts Business

AAPICO manufactures and supplies original equipment manufacturer (OEM) automotive parts in Thailand and abroad. Sales from this business contribute roughly 74% of the total sales in 2021. As a large Tier-1 auto parts manufacturer in Thailand, AAPICO focuses on high standards of operations (quality-cost-delivery) and high productivity. Strong relationships with customers are key growth drivers that guarantee new automobile models orders from automakers utilizing existing parts and welcoming potential orders of new parts, while also increasing the value per car set for business growth. The Company's long track record of producing high-quality auto parts has ensured its continued growth.

### Car Dealerships and Services Centers Business

AAPICO operates car dealerships in Thailand and Malaysia. Its showrooms and service centers are equipped with modern facilities and provide excellent sales and customer support services.

#### Ford

New Era Sales Co., Ltd operates the Ford showrooms, service and body repair centers that are located in Ramindra and Samutprakarn.

The company has both 3S (Showroom, Service, and Spare Parts) and 4S (Showroom, Service, Spare Parts and Body Paint) dealership with Ford standards with 3S in Ramindra and 4S in Samutprakarn. The company's Service uses world class equipment to repair and service Ford cars, while also providing warranty for cars that are serviced in its Service Centers. The company fix all serviced cars with genuine parts from the OEM, along with providing pick up and drop off services for all customers.



#### Mitsubishi

Able Motors Co., Ltd, Able Motors Pakkret Co., Ltd and Able Motors Pathumthani Co., Ltd operate Mitsubishi showrooms and services at Pakkret, Pathumthani and Ladkrabang Kingkaew. The Pakkret location is 3S center (Showroom, Service, and Spare Parts), while the Ladkrabang Kingkaew and Pathumthani locations are 4S centers (Showroom, Service, Spare Parts, and Body Paint).

The company has both a 3S and 4S dealerships with Mitsubishi standards with 3 showrooms to support customers in Bangkok, Pathumthani, and Nonthaburi area. Pick up and drop off services are available for all customers, and all cars are fixed with genuine parts from the OEM.



#### MG

MG Able Motors Co., Ltd operates the MG showroom, service center, and body repair center situated in Pathumthani.

The company is a 4S dealership with MG standards for Showroom, Service, Spare Parts and Body Paint – its



Service and Body Paint uses world class equipment to repair and service MG cars.



#### Mazda

Able Motors Co., Ltd operates the Mazda showroom, service center, and body repair center situated in Navanakorn.

The company is a 4S dealership with Mazda standards for Showroom, Service, Spare Parts and Body Paint – its Service and Body Paint uses world class equipment to repair and service Mazda cars. For example, the company utilize the Car-O-Liner, the best collision repair system used for alignment and straightening. The company also have pick up and drop off service for all customers, and all cars are fixed with genuine parts from the OEM.



#### Honda

The Company operates two Honda outlets. One in Kajang, which is a 3S center, known as New Era Sales (M) Sdn. Bhd. (Showroom, Services, and Spare Parts). The other one in Petaling Jaya, known as Tenaga Setia Resources Sdn. Bhd., which is 4S center (includes an authorized body and paint shop).

The company boasts Honda standards in all its equipment and services to live up to the customers' expectation – whether for the process of purchasing new vehicles, maintenance and repair, transaction of car parts, or managing insurance and road tax. Coupled with dedicated and experienced employees employed by the company, customers are guaranteed to find their satisfaction met when dealing with the company – thus making the company an outstanding presence in the dealership business.



#### Proton

In April 2019, the company incorporated a new company as a 3S (Showroom, Services, and Spare Parts) Proton dealer in Cheras, Kuala Lumpur. As of 1st October 2020, the company has taken over 3 Proton outlets in the state of Pahang in Malaysia. One 3S showroom in Temerloh, known as AAPICO Motors (Temerloh) Sdn. Bhd. One 1S sales outlet and one 2S service outlet in Kuantan, operating under the name of AAPICO Motors (Kuantan) Sdn. Bhd.

The company's Proton showrooms provide one-stop service to all customers – from new car purchase, servicing and maintenance of vehicles, body and paint repair, renewal of insurance and road tax, and also sales of genuine parts – all within Proton standards. The company's biggest strength is the employees who are very experienced in the automotive field and are very dedicated to providing the best possible services to all customers, making the company one of the top competitors in the business.



### Car Dealerships and Services Centers Business

#### Customers

Car dealerships and service facilities target general customers who would like to purchase vehicles, whether through sales personnel or direct contact with the company. Our target clientele for our after-sales services are consumers who have purchased automobiles from the company. This also applies to clients who have purchased from other dealers.

#### Market and Competition of Car Dealerships Business

The car dealerships business contributes 26% of total sales in 2021. The Company focuses on excellent service and customer satisfaction as the key success factor of the business. The Company evaluates its services from surveys of customers visiting its showrooms and service facilities and benchmarks its performance with other dealers. The Company ensures sufficient training and appropriate incentives to employees. All these measures are tools to improve its services to increase customer satisfaction and promote better sales.

### Internet of Things (IoT) Connectivity & Mobility Business

AAPICO has world-class expertise in location-based data, as evidenced by our successful partnerships with HERE, TomTom, Grab Thailand, and GH Bank. Moreover, automotive OEMs including Mitsubishi, Nissan, MG, and Hyundai have chosen our digital maps to power their on-board navigation systems in Thailand and/ or Malaysia. As the demand for online map increased in recent years, AAPICO added the web map services to support the growing trend of logistics and delivery services. Thanks to the rise of the Internet, Big Data, and the Government's push for Thailand 4.0, AAPICO has been able to build upon its original core competence in location-based data and digital mapping to expand into GPS Tracking, Smart Logistics, Smart Mobility, Smart Factories and even Smart Farm analytics. From its beginnings as a player in the navigation space, AAPICO has developed into a data company, dedicated to driving smart decisions.

Careful attention to accuracy, completeness, and regular update makes the products and services of AAPICO on par with the best in the market. The Thailand digital map offers a comprehensive countrywide coverage of data layers such as points of interests (POI), road network and house addresses in Thai and English languages, high location accuracy, quality attributes and proven track record of regular maintenance for OEM and after-market customers. The ability to support custom requirements and innovate highly competitive products is foremost of AAPICO's competitive advantage. Cost-effective price offering and proactive customer service equally highlight AAPICO's strength as a locally based company.



### **Customer of Internet of Things (IoT) Connectivity & Mobility Business**

There are various group of customers in this business, which includes individual & corporate customers and government authorities. AAPICO continues to provide map and field data collection services to its regular partners while also offering the web map services to logistics and delivery companies. AAPICO also develops various Smart Factory applications in support of the Groups vision of becoming a world-class digital company, with the goal of extending these products and services to other automotive manufacturing companies. The Company embarks upon new projects such as Smart Mobility for EV taxi and establishes strategic new alliances to strengthen capacity in GIS consulting and Smart Farm projects with the government and the private sector.

### **Market and Competition of IoT Connectivity & Mobility Business**

AAPICO's Big Data & Internet of Things (IoT) business operates in a niche, but fast-growing market. In 2021, sales of this business contributed less than 1% of annual revenue. The Company has broadened its offering of Logistics & Industrial Asset tracking products and services to better leverage its reputation and connections in the manufacturing industry and to support the Company's core businesses. The digital transformation of Thailand, and Southeast Asia in general, has created increasing demand for the Company's location-based data and also opened new doors for the Company to commercialize its digital assets and expertise



### *Thailand BOI Incentives and Conditions*

The Board of Investment (BOI) has approved investment promotion assistance for the Company's operations and subsidiaries in the AAPICO Group, with the following details:

- Investment promotion in the production of metal stamping components business, category 4.1.3, the manufacturing of metal parts business (in the modification of machinery to increase efficiency in the production of certain metal parts, according to the certificate No.1470(2)/2556 dated September 4, 2003 for AAPICO Hitech Public Company Limited ("AH"), according to Promotion certificate No. 64-1394-1-05-1-0 dated December 17, 2021 (50% Corporate income tax exemption of investment in automation or robotics worth not more than Baht 5,786,500 for a period of three years).
- Investment promotion in the manufacturing of stamping components for automotive company, category 4.8, in the vehicle parts business for AAPICO Hitech Public Company Limited (Rayong) ("AHR"), according to the BOI promoted certificate No. 2175(2)/2551 dated December 15, 2008 (with amendments to the conditions dated September 21, 2016).
- Investment promotion in the production of metal components for cars, category 4.10 in manufacturing of vehicle parts business for AAPICO Hitech Public Company Limited (Rayong) ("AHR"), according to BOI promoted certificate No. 59-0946-0-00-1-0 dated July 26, 2016. (Not yet exercised)
- Investment promotion in the production of metal stamping parts business, category 4.3 in producing metal stamping parts such as vehicle parts and electronic parts business etc., for AAPICO Hitech Parts Company Limited ("AHP"), according to the promotion certificate No. 5025(2)/2556 dated February 21, 2013 (The BOI promotional investment measures to restore investment due to the flood crisis, from certificate No. 1777(2)/2548 dated September 2, 2005).
- Investment promotion in the modification of machinery to increase production efficiency of metal stamping part business, category 4.1.3, in manufacturing of metal parts business (certificate No. 5025(2)/2556 dated February 21, 2013) for AAPICO Hi-Tech Parts Company Limited ("AHP"), according to BOI promoted certificate No. 64-1185-1-05-1-0 dated November 8, 2021 (50% Corporate Income Tax Exemption on the investment of automation and industrial robots not exceeding Baht 1.635 million for the period of 3 years).
- Investment promotion in manufacturing metal stamping parts business, category 4.8.17, in manufacturing of other vehicle parts business for AAPICO Hitech Parts Company Limited ("AHP"), according to certificate No. 64-1186-1-00-1-0 dated November 8, 2021 (100% Corporate income tax exemption on investments in automation or robots not exceeding Baht 8,700,000).
- Investment promotion in the metal parts manufacturing industry, category 4.3 in manufacturing of metal goods, including metal components business for AAPICO Lemtech (Thailand) Co., Ltd. ("AL"), according to BOI promoted certificate No. 1779(2)/2557 dated June 26, 2014.
- Investment promotion in the vehicle parts manufacturing company, category 4.10 in manufacturing of vehicle parts business for AAPICO Precision Company Limited ("APC"), according to BOI promoted certificate No. 1807(2)/2557 dated July 3, 2014.
- Investment promotion in the automotive components manufacturing business, category 4.10, for AAPICO Precision Company Limited ("APC"), according to BOI promoted certificate No. 60-0947-0-00-1-0 dated August 29, 2017.
- Investment promotion in the vehicle parts manufacturing business, category 4.10 in

manufacturing of vehicle parts business of AAPICO Structural Products Company Limited ("ASP"), according to BOI promoted certificate No. 59-0174-0-00-1-0 dated February 3, 2016

- Investment promotion in the vehicle parts manufacturing business, category 4.10 in manufacturing of vehicle parts business for AAPICO Amata Company Limited ("AA"), according to BOI promoted certificate No. 59-0733-0-00-1-0 dated June 8, 2016 (Not yet exercised).
- Investment promotion in the modification of machinery to boost the production efficiency, category 4.8.17, in manufacturing of vehicle parts business for AAPICO Amata Company Limited ("AA"), according to BOI promoted certificate No. 62-1271-1-05-1-0 dated November 19, 2019, which has been exercised since August 8, 2021.
- Investment promotion in manufacturing metal parts for vehicles business, category 4.8.17, in manufacturing of other vehicle parts business for AAPICO Amata Company Limited ("AA"), according to the BOI promoted certificate No. 64-0726-1-00-1-0 dated July 15, 2021 (not yet exercised).
- Investment promotion in the automotive components manufacturing industry, category 4.10, for AAPICO Plastic Public Company Limited ("AP"), according to BOI promoted certificate No. 60-1443-0-00-1-0 dated December 20, 2017 (not yet exercised).

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
Corporate income tax exemption for net profits derived from the promoted business operation that do not exceed <b>100%</b> of the investment, excluding the cost of land and working capital, starting from the date of first income (Article 31 (1)). Except for AHT and AHP, not more than <b>150%</b> of the investment, excluding the cost of land and working capital. (Article 31(2))	-	8 years (Ended May 2019)	8 years (Not yet exercised)	8 years (Ended December 2020)	-	-	-	7 years (End February 2024)	7 years (Ended July 2021)	7 years (End September 2025)	7 years (End September 2025)	7 years (Not yet exercised)	-	-	3 years (Not yet exercised)
Corporate income tax exemption for net profits from the promoted activity combined not exceeding <b>50%</b> of the investment in improving production efficiency and automation machines or robots for a period of 3 years starting from the date of first income derived after receiving the certificate (Article 31 (1))	3 years (Not yet exercised)	-	-	-	3 years (Not yet exercised)	-	-	-	-	-	-	-	3 years (End August 2024)	3 years (Not yet exercised)	-
Exemption from corporate income tax for net profits generated from promoted businesses with an investment in automation or robotics of not more than <b>100%</b> . The period is	-	-	-	-	-	-	3 years (Not yet exercised)	-	-	-	-	-	-	-	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
three years from the date income is derived from the business, excluding the cost of land, and working capital. (Article 31 (1))																
Dividends derived from a promoted activity granted an exemption of corporate income tax from Article 31 shall be exempted from computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax. (Article 34)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Permitted to own land in order to carry on the promoted activity (Article 27)	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exemption from payment of import duties on machinery as approved by the Board (Article 28).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Exemption of import duties on machinery, which has a useful life not over 10 years. The Exemption period shall start from the year of manufacturing to the year of importation, as	-	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
well as during the duration of the promotion. (Article 28)														
Exemption of import duties on machinery manufactured since 2003 (Article 28).	-	-	-	-	-	-	✓	-	-	-	-	-	-	-
<b>50%</b> reduction of the corporate income tax on the net profit derived from the promoted activity for a period of five years commencing from the expiry date of Article 31 (f). (Article 35 (f)).	-	✓	✓	-	-	-	-	-	-	-	-	-	-	-
Permission for double deduction of the costs of transportation, electricity and water supply for 10 years commencing from the date of first income derived. (Article 35 (2))	-	✓	✓	-	-	-	-	-	-	-	-	-	-	-
Permission to deduct additional 25% of the installation or construction of facilities cost from the net profit. (Article 35 (3))	-	-	✓	-	-	-	-	-	-	-	-	-	-	-
Exemption of import duties on the raw and essential materials imported specifically for the purposes of producing, mixing, or assembling products or commodities for export (Article 36 (f))	1 year	5 years	5 years	1 year	Until 23 June 2023	1 year	1 year	1 year	1 year	-	-	-	1 year	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
Exemption of import duties on items which the promoted person imports for re-export (Article 36 (2))	1 year	5 years	5 years	1 year	Until 23 June 2023	1 year	1 year	1 year	1 year	-	-	-	1 year	-
Promoted activity whose domicile is outside the Kingdom, shall be granted permission to take out or remit abroad money in foreign currency it represents (Article 37)	✓	✓	-	-	-	-	✓	✓	✓	✓	✓	-	✓	✓
Provide a system to prevent and control the damage to the quality of the environment.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓
The cessation of operations for a period longer than 2 months must be authorized by the Office.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Machines that have received a reduction in import duty. Must be imported by the following date (Item 1.1 of project specific conditions)	17/12/2024	15/6/2014	26/1/2022	21/8/2015	8/11/2024	8/5/2024	26/12/2019	3/1/2020	28/2/2022	3/8/2018	8/12/2018	19/11/2022	15/1/2024	20/6/2020
Must have registered and paid-up capital of not less than...	Baht 322.583 Million	Baht 282.36 Million	Baht 322.583 Million	Baht 120 Million	Baht 120 Million	Baht 120 Million	Baht 40 Million	Baht 205 Million	Baht 205 Million	Baht 200 Million	Baht 800 Million	Baht 800 Million	Baht 800 Million	Baht 255 Million
(Item 3 of project specific conditions)	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
Production of stamping parts with an annual production capacity of approximately 10,000,000 pieces	✓	-	-	-	-	-	-	-	-	-	-	-	-	-



BOI Benefits		AH	AHR	AHR	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
		Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
(Working hours: 24 hours/day; 300 days/year)		-														
Stamping parts for automotive production with annual production capacity of 20,196,000 pieces or 20,404 tons (Working hours: 24 hours/day; 300 days/year) (Item 5 of project specific conditions)		-	✓	-					-	-	-	-	-	-	-	-
Manufacture of metal parts for vehicles. The annual production capacity is approximately 30 million pieces, or approximately 25,000 tons (Working hours: 8 hours/day; 265 days/year). (Item 5 of project specific conditions)		-	-	✓					-	-	-	-	-	-	-	-
Metal stamping die production and mold repair that has an annual production capacity of 487 sets of mold parts. It has an annual production capacity of 244 pieces (or 122 tons) producing jigs and repairing jigs. It has a production capacity of 27 sets per year, producing jigs parts. Annual production capacity of 365 pieces (or 548 tons)		-	-	-					-	-	-	-	-	-	-	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
(Working hours: 24 hours/day: 365 days/year). (Item 5 of project specific conditions)															
Manufacture of metal stamping parts such as vehicle parts and electronic components, etc., with annual production capacity of 103,680,000 pieces or approximately 37,324.80 tons (Working hours: 24 hours/day: 300 days/year) (Item 5 of project specific conditions)	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-
Production of metal stamping parts such as vehicle parts, etc., with an annual production capacity of approximately 4,320,000 pieces. (Working hours: 24 hours/day: 300 days/year)	-	-	-	-	-	✓	-	-	-	-	-	-	-	-	-
Production of metal stamping parts such as vehicle parts, etc., with an annual production capacity of approximately 367,200 pieces. (Working hours: 24 hours/day: 300 days/year)	-	-	-	-	-	-	✓	-	-	-	-	-	-	-	-
Produce metal parts such as BRACKET, GUIDE ARM, PLATE BASE, and PIN FIN, etc. Annual	-	-	-	-	-	-	-	✓	-	-	-	-	-	-	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
production capacity is approximately 31 million pieces (or 770 tons) (Working hours: 24 hours/day: 300 days/year) (Item 5 of project specific conditions)															
Production of vehicle parts such as INPUT SHAFT and HUB ASSY WHEEL FRONT, etc., annual production capacity of approximately 330,240 pieces or approximately 1,200 tons (Working hours: 24 hours/day: 320 days/year) (Item 5 of project specific conditions)	-	-	-	-	-	-	-	-	✓	-	-	-	-	-	-
Production of vehicle parts such as WHEEL HUB, SHAFT, FLANGE, PINION, and PULLY, etc., with annual production capacity of approximately 3,770,000 pieces or approximately 9,700 tons (Working hours: 8 hours/day: 240 days/year) (Item 5 of project specific conditions)	-	-	-	-	-	-	-	-	-	✓	-	-	-	-	-
Production of vehicle parts such as FRAME ASSY, MBR ASSY and	-	-	-	-	-	-	-	-	-	-	✓	-	-	-	-

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
BRKT ASSY, etc., with an annual production capacity of 54 million pieces (Working hours: 8 hours/day: 300 days/year) (Item 5 of project specific conditions)																
Production of metal parts for vehicles such as SUB-FRAME, etc., annual production of approximately 235,000 pieces or about 710 tons (Working hours: 8 hours/day: 300 days/year)	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-	-
Amend the condition of Article 5.2 from the original as follows: 5.2 The size of the business that is producing metal parts for vehicles such as SUB-FRAME, etc. The annual production capacity is approximately 305,500 pieces or approximately 923 tons. (Working hours: 8 hours/day: 300 days/year) 2. To amend the value of income tax exempted under Article 31, paragraph one and paragraph three in Item 8 from the original	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-	-

[illegible]

BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AL	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
Must submit an application for the exercise of rights and benefits for corporate income tax exemption and a report on the performance that has been audited by a certified public accountant approved by the Office within... from the end of the fiscal year. (Item 7 of project specific conditions)	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days	Within 120 Days
Corporate income tax exempted under Articles 31(1) and 31(3) shall not exceed... This will be adjusted according to the amount of investment, excluding the actual cost of land and working capital on the commencement date of the promoted project. (Item 8 of project specific conditions)	Baht 5.79 Million	Baht 949.53 Million	Baht 37.5 Million	Baht 180.92 Million	Baht 1.64 Million	Baht 8.7 Million	Baht 86.44 Million	Baht 69.59 Million	Baht 195 Million	Baht 135 Million	Baht 10.05 Million	Baht 98.42 Million	Baht 195.50 Million
A quality certificate in accordance with ISO9000 or ISO14000 or other equivalent international standard must be obtained within... from the date of operation. Failure to do so within the specified time will	-	2 years	2 years	2 years	-	2 years	2 years	2 years	2 years	2 years	-	2 years	2 years



BOI Benefits	AH	AHR	AHR	AHP	AHP	AHP	AHP	AL	APC	APC	ASP	AA	AA	AA	AP
	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts	Automobile Parts	Chassis Frame Components	Metal Stamping Parts	Metal Stamping Parts	Metal Stamping Parts	Automobile Parts
result in the revoking of the rights and benefits except of corporate income tax exemption for 1 year (Item 9 of project specific conditions)															
Must set up a factory in Amata City Chonburi within 15 years from the date of operation	-	-	-	-	-	-	-	-	✓	✓	✓	✓	✓	✓	-
Must set up a factory in Ban Wa Industrial Estate (Hi-Tech), Phra Nakhon Si Ayutthaya Province within 15 years from the date of operation	✓	-	-	✓	✓	✓	✓	✓	-	-	-	-	-	-	-
Must set up a factory in Amata City Industrial Estate, Rayong Province within 15 years from the date of operation	-	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-
Must set up a factory in Bang Plee Industrial Estate Samut Prakan Province within 15 years from the date of operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓

## (2) Market and Competition

The manufacturing sector showed an increased Manufacturing Production Index (MPI) during 2021 in Thailand, with the following key supporting factors:

- (i) The recovery of world economy and global trade;
- (ii) The support from government spending and stimulus measures;
- (iii) The improvement of agricultural income; and
- (iv) The low growth base of the economy in the latter half of 2020.

Industrial production in Thailand advanced by 6.83% year-on-year in December 2021, with four straight month of gains and boasting the strongest pace since June, boosted by a further relaxation of the Corona Virus Disease 2019 (COVID-19) restrictions, and increasing vaccination levels, as well as a rise in exports. For the full year of 2021, industrial production rose by 5.93% - exceeding the Government's target of 5.2% for the year and reversing from a 9.3% decline in 2020.

For 2022, the industrial production output is expected to grow between 4-5%.

### Automotive Sector Overview in 2021

For automotive industry in **Thailand**, according to the Federation of Thai Industries (FTI), Thailand reported an annual increase of 18.1% in total vehicle production volume to 1.69 million cars in 2021 and increase of 30.4% in annual exports volume in 2021 to 0.96 million cars – a promising prospect for the industry.

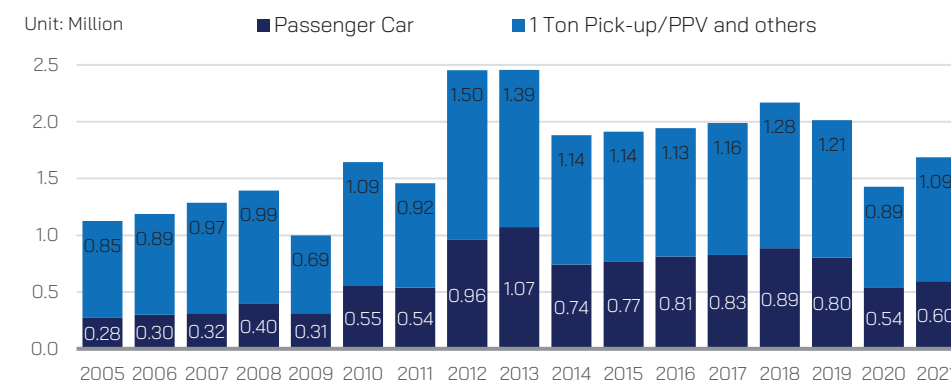
However, on the other hand, domestic sales volumes saw a decline of 4.2% in 2021 to 0.76 million cars due to the continued lockdown conditions in response to COVID-19 situation, as well as the global semi-conductor shortage – thus eliciting some concerns in which more attention have to be paid in order to address this issue.

Additionally, investment support for eco-cars and EVs provided the much-needed impetus for several vehicle manufacturers to step up production in 2021.

The FTI has forecasted a 6.8% increase in 2022 vehicle production to 1.8 million units in Thailand, which is an encouraging factor for the industry.

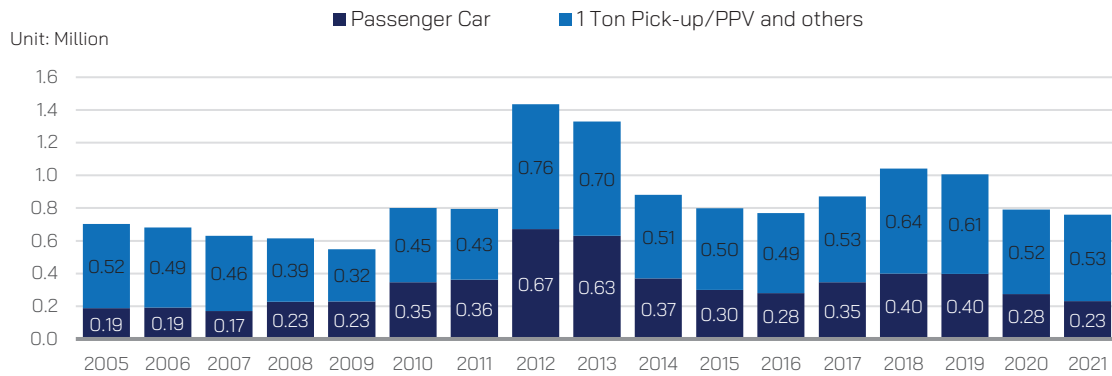
Export volumes are expected to improve in 2022 with the continuing uncertainty over US-China trade relations that could benefit Thailand if trade diversion brings larger orders for Thai manufacturers. For the domestic market, local car sales are expected to recover in 2022 largely due to the positive sentiments arising from the coverage of more than 60% of the population in the Country with the Vaccine, increase in industrial production levels over the year, and the impetus already accruing to the manufacturers of eco- cars and EVs through the National Electric Vehicles Policy Committee Roadmap.

**Thailand Vehicle Production in 2005-2021**



Source: The Federation of Thai Industries

### Thailand Total Industry Volume in 2005-2021



Source: The Federation of Thai Industries

European's car market dropped by 4.8% in 2021 to 15.7 million cars, with the entire European market impacted by the spread of COVID-19 starting in March 2020 and the emerging production delay issues on account of microchip shortages. However, on another note, the European Union overall industrial production level of 2021 neared back to pre-covid levels which suggest a very positive development.

Overall, **Malaysia's** total industry volume for 2021 ended at 508,911 vehicles, a decrease of 3.9% compared to the volumes of 529,434 vehicles achieved in 2020. This decline – largely influenced by COVID-19 pandemic, the production delays due to chip shortages, and the worst floods ever encountered in Malaysia – is expected to be temporary with signs of improved production and sales conditions in December 2021.

In 2021, there were some changes to the ranking of the top 4 brands on number of units sold in Malaysia – specifically in the 3<sup>rd</sup> and 4<sup>th</sup> place of the ranking. Perodua continued to dominate the market despite the decline in sales to 190,291 units, which represented a decrease of 13.6% compared to 220,163 units sold in 2020. Proton – another national passenger car brand – has shown consistent increase in its market share over the past 3 years while remaining in second place, with 111,695 units sold in 2021, an increase of 2.9% compared to the 108,524 units sold in 2020. Toyota moved up to the third position in the sales of vehicles with 71,585 units, a 22.4% increase over 2020 sales

volume of 58,501 units. Honda dropped down to fourth place with a total volume of 53,031 units, a decrease of 12.3% from 60,468 units in 2020.

The Malaysia Automotive Association (MAA) has forecasted a 17.9% year-on-year sales volume increase to 0.6 million cars in 2022.

**China**, the world's largest automotive market, registered a year-on-year increase in the vehicle production and sales volume in 2021, after the three consecutive years of decline since 2018 – with total production volumes of 26.1 million units, a year-on-year increase of 3.4% over 25.2 million units in 2020; and vehicle sales of 26.3 million units, an increase of 3.8% from the 25.3 million units in the previous year.

In 2021, passenger car production reached 21.4 million units, representing a year-on-year increase of 7.1%. Sales of passenger vehicles totaled 21.5 million units, representing a year-on-year increase of 6.5%. However, an opposite trend was noted in the commercial vehicles segment, with production decreased by 10.7% at 4.6 million units; and sales decreased by 6.6% at 4.8 million units.

Market trends in 2021 indicated that future customer preference is likely to be NEV vehicles (Battery Electric vehicles, Plug-in Hybrid vehicles, and Fuel Cell vehicles). NEV production of 3.5 million units and sales volumes of 3.5 million units represented a whopping 159.5% and 157.5% increase from 2020 respectively in 2021.

Emerging out of the impact from COVID-19 pandemic, China continued to rank 1<sup>st</sup> in terms of vehicle sales. China Association of Automobile Manufacturers (CAAM) expects a 5.4% increase in the automotive sales in 2022, with the NEV sales expected growth rate of 47%.

With respect to the major markets in which AAPICO operates – Thailand, Europe, Malaysia, and China – most of these markets saw some degree of

improvement to their performances in 2021 as the business and economic conditions showed signs of improvement, thus triggering an increase in consumer spending – with an exception of the European market which was particularly affected by the situation with COVID-19, although the market is currently gradually recovering

### **(3) Procurement of Products and Services**

#### *3.1 Operation Capacity*

The Company and subsidiaries had operation capacity and utilization rate segmented by each product as follows:

#### **Operation Capacity as of December 31<sup>st</sup>, 2021**

Products	Number of Company	Operation Capacity		Utilization Rate	
		2020	2021	2020	2021
Automotive Components:					
• Frame Products (Sets)	2	406,000	406,000	60%	72%
• Stamping Parts & Assembly Parts (Sets)	3	141,268,265	144,149,825	53%	64%
• Forging and Machining Parts (Pieces)	3	36,053,743	39,024,868	39%	50%
• Plastic Parts (Pieces)	1	54,371,837	55,271,292	35%	49%
• Plastic Fuel Tank (Sets)	1	132,000	131,520	38%	43%
• Casting Parts (Tons)	2	115,000	115,000	52%	56%
• Banjo Casting (Sets)	1	100,000	100,000	51%	64%
• Stamping Dies (Sets)	1	300	300	110%	58%
• Assembly Jigs (Sets)	1	300	300	41%	67%
• Door Check (Sets)	1	5,973,200	5,973,200	49%	68%

Remark: The excess capacity will be outsourced to third-party producers

#### *3.2 Procurement of Raw Materials*

##### **OEM Automotive Parts Manufacturing Business**

The main raw materials for this business are steel coil, steel plate, iron rod, etc., which contribute roughly 70%-80% of sales. The Company and subsidiaries procured the aforesaid raw materials through suppliers according to customers' requirements, including types, properties, characteristics, and production area, in order to control the quality of the product. The Company largely procured steel from local distributors, namely MC Metal Service Asia Co., Ltd., Toyota Tsusho (Thailand) Co., Ltd., and Posco (Thailand) Co., Ltd. etc.

Therefore, as the Company has to procure the raw material according to customers' requirements, the Company has made an agreement with the customer to adjust the selling price of the product in line with the current market steel price in order to prevent the Company's operation performance.

In addition, engineers are also playing a crucial role in the production line aside from the raw material. The design process has also been a significant process in producing automotive components, which requires the expertise, skill, and craftsmanship of engineers who

obtain a thorough understanding of the entire manufacturing process, technology proficiency, and have good knowledge of drawing programs.

The Company has recruited and hired experts from various countries, i.e., Japan, Australia, and Germany, to be professional consultants and to provide advice to the Company's personnel.

#### Car Dealerships and Services Centers Business

This business has to procure pre-assembled vehicles from automobile manufacturers for selling to end-consumers, procuring spare parts and hiring experienced technicians to perform vehicle maintenance services. The corporation has a philosophy of managing an adequate volume of cars from the car manufacturers for sale without putting the Company in financial burden. For services centers business, the Company has a spare parts warehouse that can be directly connected to the automaker's central parts, allowing for a quick procurement of spare parts.

#### IoT Connectivity and Mobility Business

The key procurement unit of this business is the engineer team, which creates and develops software to supply services based on customer requests. The Company has recruited local and overseas partners and experts to provide consultation and cooperation in technology development.

#### (4) Assets used in operations

( Details of assets used in business appears in Enclosure 4)

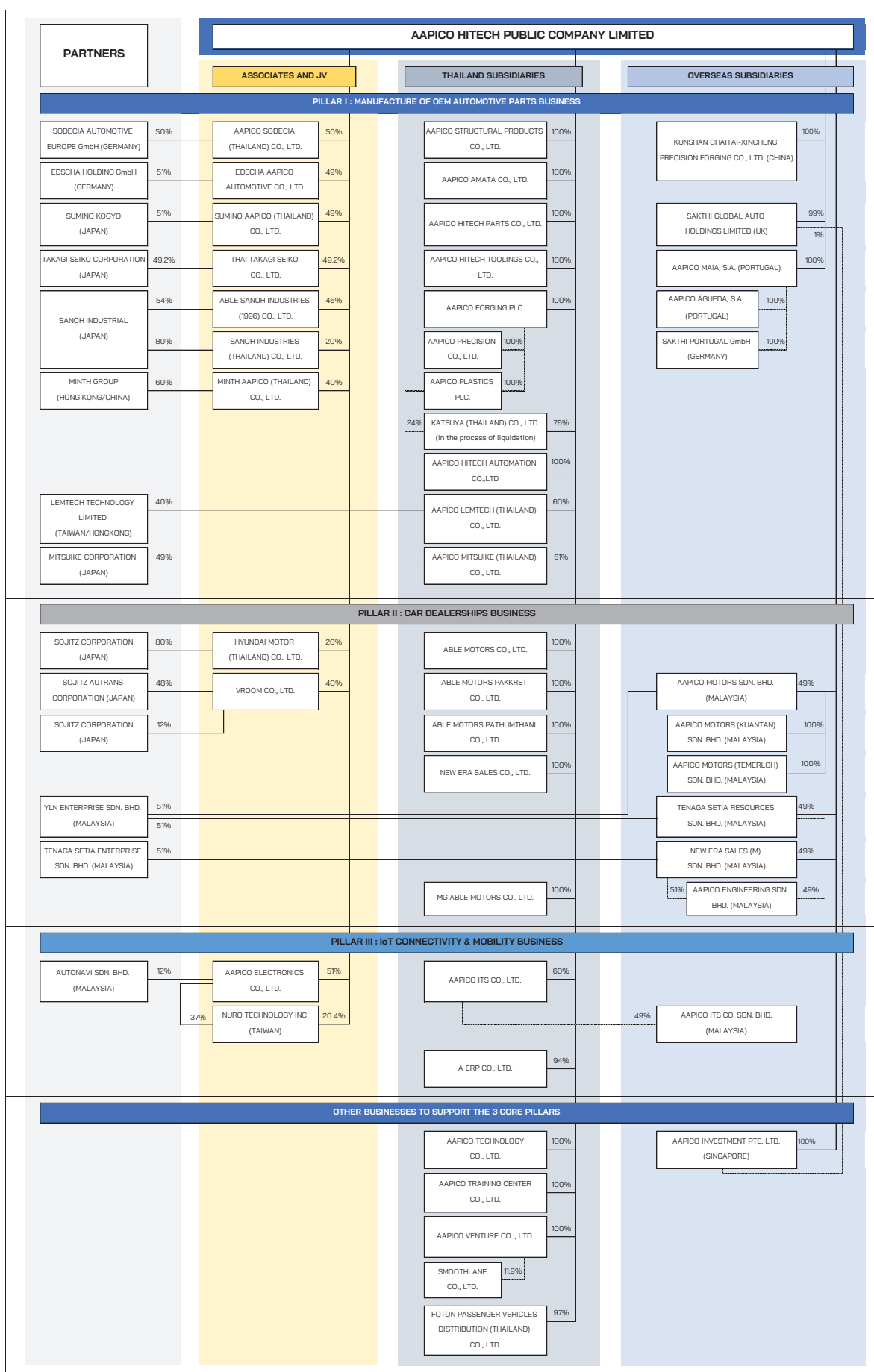
#### (5) Undelivered Work

As the OEM automobile parts manufacturing business is a timely production and delivery to customers (Just-in-Time), therefore, the Company has no undelivered work to customers. For car dealerships and services centers business does not possess any undelivered work due to the nature of trading business. However, as of December 31, 2021, the Company's value of work in progress amounted to Baht 893 million, accounting for approximately 5 percent of total revenue, the majority of which are still in the process of production in OEM automotive parts manufacturing business including casting parts, dies and jigs which has a longer production period than other types of products.



## 1.3 Company Structure

### 1.3.1 (1) Shareholding Structure of the Company, Subsidiaries, Associated Companies and Joint Ventures



## 1.3.1 (2) Company Structure

BUSINESS: OEM AUTOMOTIVE PARTS MANUFACTURING BUSINESS						
THAILAND						
Hitech Industrial Estate – Ayutthaya						
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)
AAPICO Hitech PLC	AH	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881 www.aapico.com	Metal Stamping parts e.g., floor parts, brackets, cross members, pillars	• Auto Alliance Thailand • Ford • Isuzu • Toyota • Vinfast	322.58
		(Branch Office) Unit No. 100/11, 9th Floor (Low zone), Sathorn Nakorn Tower Building, North Sathorn Road, Silom Subdistrict, Bangrak district, Bangkok Province 10500	Tel: +66 (0) 2613 1504 Fax: +66 (0) 2613 1508			
AAPICO Hitech Parts Co., Ltd.	AHP	99/2 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	Metal Stamping parts e.g., floor parts, brackets, cross members, pillars	• Auto Alliance Thailand • Nissan • Toyota	120
AAPICO Hitech Tooling Co., Ltd.	AHT	99/1 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	• Assembly Jigs • Stamping Dies	• Auto Alliance Thailand • Isuzu • Ford • Mercedes Benz • Vinfast • Volvo	65
AAPICO Lemtech (Thailand) Co., Ltd.	AL	161 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 741 808 Fax: +66 (0) 35 719 393	Metal Stamping parts for automotive and electronic components	• Edscha AAPICO • Fujikura Electronics	40
AAPICO Mitsuike (Thailand) Co., Ltd.	AMK	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	Metal Stamping parts	• Nissan	33
Able Sanoh Industries (1996) Co., Ltd.	ASICO	98 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	• Fuel lines • Brake lines • Engine parts	• Auto Alliance Thailand • Honda • Mitsubishi • Nissan • Toyota	117.7
AAPICO Hitech Automation Co., Ltd.	AHA	99/1 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	• Assembly Jigs	-	30
						100

Edscha AAPICO Automotive Co., Ltd.	EA	99/2 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	<ul style="list-style-type: none"> <li>• Door checks</li> <li>• Door hinges</li> <li>• Parking brake levers</li> </ul>	<ul style="list-style-type: none"> <li>• AAPICO Hitech PLC</li> <li>• Mitsubishi</li> <li>• Nissan</li> </ul>	52	49
<b>Bangpli Industrial Estate – Samutprakarn</b>							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Plastics PLC (Headquarter office)	AP	358-358/1 Moo 17 Bangpli Industrial Estate Thepharak Road Tambol/Ampur Bang Sao Thong Samutprakarn Province 10570	Tel: +66 (0) 2315 3456 Fax: +66 (0) 2315 3334	Plastic parts for automotive and other components	<ul style="list-style-type: none"> <li>• Auto Alliance Thailand</li> <li>• Edscha</li> <li>• Honda</li> <li>• Isuzu</li> </ul>	255	100 (Held by AF)
Thai Takagi Seiko Co., Ltd.	TTSC	358-358/1 Moo 17 Bangpli Industrial Estate Soi 7/1 Taparak Road Tambol/Ampur Bang Sao Thong Samutprakarn Province 10570	Tel: +66 (0) 2705 8800 Fax: +66 (0) 2705 8808	<ul style="list-style-type: none"> <li>• Plastic moulding</li> <li>• Plastic parts</li> </ul>	<ul style="list-style-type: none"> <li>• Honda</li> <li>• Kawasaki</li> <li>• Suzuki</li> </ul>	101.2	49.2
<b>Ampur Bangsaothong – Samutprakarn</b>							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)	% Equity
Katsuja (Thailand) Co., Ltd.	KT	229/104 – 105 Moo 1 Thepharak Road Tambol/Ampur Bang Sao Thong Samutprakarn Province 10570		Surface treatment-water printing for plastic fabric flocking for automotive interior panels (in the process of liquidation)	-	28.5	76
<b>Amata City Chonburi Industrial Estate – Chonburi</b>							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Amata Co., Ltd.	AA	700/483 Moo 2 Amata City Chonburi Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel: +66 (0) 38 712 200 Fax: +66 (0) 38 717 187	Metal Stamping and Welding e.g. Chassis frame (D-Max), complete axle housing	<ul style="list-style-type: none"> <li>• American Axle (AAM)</li> <li>• Isuzu</li> </ul>	800	100
AAPICO Forging PLC	AF	700/20 Moo 6 Amata City Chonburi Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 213 355 Fax: +66 (0) 38 213 360	Forging parts for transmission systems, power train systems, steering & suspension systems, wheel hubs	<ul style="list-style-type: none"> <li>• Dana Spicer</li> <li>• IT Forging</li> <li>• NTN</li> <li>• NTPT</li> <li>• Siam Compressor Industry</li> <li>• THK Rhythm</li> <li>• Yamaha</li> </ul>	500	100

AAPICO Precision Co., Ltd.	APC	700/16 Moo 6 Amata City Chonburi Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 213 355 Fax: +66 (0) 38 213 360	Machining parts for transmission systems, power train systems, steering & suspension systems, wheel hubs	• American Axle (AAM) • Auto Alliance Thailand • Dana Spicer • Ford • GKN Driveline	205	100 (Held by AF)
AAPICO Structural Products Co., Ltd.	ASP	700/16 Moo 6 Amata City Chonburi Industrial Estate Tambol Nongmaidaeng Ampur Muang-Chonburi Chonburi Province 20000	Tel: +66 (0) 38 712 200 Fax: +66 (0) 38 717 187	Welding and Assembly for Chassis frames (D-Max)	• Isuzu	200	100
AAPICO Sodecia (Thailand) Co., Ltd.	ASD	700/483 Moo 2 Amata City Chonburi Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160		• Cradles for passenger cars • Cross car beams and welded assemblies for Body in White (BIW)	-	300	50
Sumino AAPICO (Thailand) Co., Ltd.	SA	700/706 Moo 3 Amata City Chonburi Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel: +66 (0) 38 447 628 Fax: +66 (0) 38 447 632	Metal Stamping and Welding parts for medium and small articles of cars for cars with high durability	• Auto Alliance Thailand • Mazda	350	49
<b>Amata City Rayong Industrial Estate – Rayong</b>							
Company	Abbrev.	ADDRESS	CONTACT	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Hitech PLC (Branch office)	AH	7/289 Moo 6 Amata City Rayong Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 650 888 Fax: +66 (0) 38 036 228	Metal Stamping parts e.g. floor parts, brackets, cross members, pillars	• Auto Alliance Thailand • Ford	-	100
AAPICO Plastics PLC (Branch office)	AP	7/288 Moo 6 Amata City Rayong Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 650 888 Fax: +66 (0) 38 650 804	Plastic fuel tanks	• Auto Alliance Thailand • Ford • Mazda • SAIC	-	100 (Held by AF)
Minth AAPICO (Thailand) Co., Ltd.	MA	7/290 Moo 6 Amata City Rayong Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 640 530 Fax: +66 (0) 38 036 864	• Roof ditch moulding • Belt line moulding • Door sashes	• General Motors • Isuzu • Nissan	288.5	40
Sanoh Industries (Thailand) Co., Ltd.	SI	7/209 Moo 6 Amata City Rayong Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel: +66 (0) 38 956 250 Fax: +66 (0) 38 956 252	• Brazed steel tubings • Fuel lines	• Hitachi • Nissan • Toyota	146.25	20

CHINA							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (USD Million)	% Equity
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	KCX	Economic and Technological Development Zone 405 Yunque Road Kunshan City Jiangsu Province 215331 China	Tel: +86 (512) 5767 1757 Fax: +86 (512) 5767 0964	<ul style="list-style-type: none"> <li>Engine connecting rods</li> <li>Copper forged parts e.g. electrical switch contactor</li> </ul>	<ul style="list-style-type: none"> <li>Chery</li> <li>CME</li> <li>Guangzhou Automobile Group</li> <li>SAIC</li> <li>SAIC-GM-Wuling Automobile</li> <li>Schneider Electric</li> </ul>	\$ 8.1	100
UNITED KINGDOM (UK)							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (USD Million)	% Equity
Sakthi Global Auto Holdings Limited - UK (Holding headquarters) - India	SGAH	100 New Bridge Street, London, EC4V 6JA		<ul style="list-style-type: none"> <li>Iron casting and machining</li> <li>Safety critical components e.g. steering knuckles, brake discs, brake drums, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Ford</li> <li>General Motors</li> <li>Hyundai</li> <li>Suzuki</li> <li>Volkswagen</li> </ul>	\$ 90	100 (held by AH and APL)
PORTUGAL							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (Euro Million)	% Equity
AAPICO Maia, S.A.	AMI	Rua Jorge Ferreirinha, nº 679, 4470-314, Maia	Tel: +351 229 430 200 Fax: +351 229 487 169	Iron casting and machining	<ul style="list-style-type: none"> <li>BMW</li> <li>Citroën</li> <li>CIE Automotive</li> <li>Continental</li> <li>Dana Spicer</li> <li>Linamar</li> <li>Peugeot</li> <li>PTR</li> <li>Volkswagen</li> </ul>	€ 6	100
AAPICO Águeda, S.A.	AAG	Avenida das 2 Rodas, nº 1091, Parque Empresarial do Casarão, 3750-860 Águeda	Tel: +351 234 243 400 Fax: +351 229 487 169	Iron casting and machining	<ul style="list-style-type: none"> <li>Citroën</li> <li>Ford</li> <li>Mercedes</li> <li>Peugeot</li> <li>Volkswagen</li> </ul>	€ 8	100 (held by AMI)
GERMANY							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (Euro Million)	% Equity
Sakthi Portugal GmbH	SPG	Merianstrasse 27, D-66424 Homburg/Saar	Tel: +49 684197299820	After sales and technical support for AMI Group	All customers of AMI group	€ 0.03	100 (held by AMI)



BUSINESS: CAR DEALERSHIPS AND SERVICES CENTER BUSINESS							
THAILAND							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)	% Equity
Able Motors Co., Ltd.	AM	Mitsubishi Showroom: 888, Moo 14, Kingkaew Road, Rachathewa Subdistrict, Bangplee District, Samutprakarn Province 10540	Tel: +66 (0) 88 095 8909	Showroom, Body & Paint and Service center for Mitsubishi and Mazda	• Consumers	20	100
		Mazda Showroom: 14/9, Moo 14, Phaholyothin Road, Tambol Klong Nueng, Ampur Klong Luang, Pathumthani Province 12120	Tel: +66 (0) 2105 4359 Fax: +66 (0) 2908 6009		• Consumers		
Able Motors Pakkret Co., Ltd.	AMPK	38/83, Moo 5, Tiwanon Road, Tambol Pak Kret, Ampur Pak Kret, Nonthaburi Province 1120	Tel: +66 (0) 2 582 2800 Fax: +66 (0) 2 582 2809	Showroom and Service center for Mitsubishi vehicles	• Consumers	15	100
Able Motors Pathumthani Co., Ltd.	AMPT	88 Moo 5 Bang Bua Thong - Bang Phun Road (Som Sang) Tambol Bang Phun Ampur Muang Pathumthani Pathumthani Province 12000	Tel: +66 (0) 2 958 8970 Fax: +66 (0) 2 958 8988	Showroom, Body & Paint and Service center for Mitsubishi vehicles	• Consumers	15	100
MG Able Motors Co., Ltd.	AMMG	88, Moo 5, Bang Bua Thong - Bang Phun Road (Som Sang), Tambol Bang Phun, Ampur Muang Pathumthani, Pathumthani Province 12000	Tel: +66 (0) 2908 6001-7 Fax: +66 (0) 2908 6009	Showroom and Service center for MG vehicles	• Consumers	15	100
New Era Sales Co., Ltd.	NESC	97 Ramintra Road Kweang Ramintra Khet Kannayao Bangkok 10230	Tel: +66 (0) 2519 5800-4 Fax: +66 (0) 2946 5107	Showroom and Service center for Ford vehicles	• Consumers	20	100
		89/89 Moo 5 Srinakarin Road Tambol Bangmuang Ampur Bang Sao Thong, Samutprakarn Province 10270	Tel: +66 (0) 703 1080				
Hyundai Motor (Thailand) Co., Ltd.	HM	92 Vibhavadi Rangsit Road Kweang Talad Bangkokhen Khet Lak Si Bangkok 10210	Tel: +66 (0) 2089 1888 Fax: +66 (0) 2089 1877 www.hyundai-motor.co.th	Distributor of Hyundai vehicles	• Car dealers	550	20
Vroom Co., Ltd.	VROOM	2418-2420 Lad Phrao Road Kweang/ Khet Wang Thong Lang Bangkok 10310	Tel: +66 (0) 2123 3888	Importer and distributor of Bajaj, Husqvarna and KTM motorcycles	• Consumers & motorcycle dealers	100	40

MALAYSIA							
Company	Abbrv.	Address	Contact	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO Motors Sdn. Bhd.	AMSB	Lot 4523(D), Batu ½, Jalan Cheras 56100 Kuala Lumpur	Tel: +60 (3) 9134 7211 Fax: +60 (3) 9134 8411	Showroom and Service center for Proton vehicles	• Consumers	RM 2	49
AAPICO Motors (Kuantan) Sdn. Bhd.	AMKSB	Showroom: No. B-4342 - B4344, Jalan Beserah, 25300, Kuantan, Pahang, 25300 Kuantan	Tel: +60 (9) 566 5154 Fax: +60 (9) 566 5196	Showroom, Body & Paint and Service center for Proton vehicles	• Consumers	RM 2	100 (held by AMSB)
		Workshop & Body paint: PT 7138 Semambu Industrial Estate, Kuantan 25350 Pahang	Tel: +60 (9) 566 1612 Fax: +60 (9) 566 1413				
AAPICO Motors (Teremloh) Sdn. Bhd.	AMTSB	Lot 339, Jalan Tengku Ismail, 28000, Temerloh, Pahang	Tel: +60 (9) 296 1166	Showroom and Service center for Proton vehicles	• Consumers	RM 2	100 (held by AMSB)
New Era Sales (M) Sdn. Bhd.	NESM	No. 39821 Jalan Semenyih 43000 Kajang, Selangor	Tel: +60 (3) 8737 0403 Fax: +60 (3) 8737 7406	Showroom and Service center for Honda vehicles	• Consumers	RM 1.5	49
Tenaga Setia Resources Sdn. Bhd.	TSR	Lot 56, No. 10 Jalan 51/127 Seksyen 51 46050 Petaling Jaya, Selangor	Tel: +60 (3) 7784 8411 Fax: +60 (3) 7784 7411	Showroom, Body & Paint and Service center for Honda vehicles	• Consumers	RM 6	49

BUSINESS: IoT CONNECTIVITY AND MOBILITY BUSINESS							
THAILAND							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million)	% Equity
AAPICO Electronics Co., Ltd.	AEC	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	GoTrec dash camera and other car electronic products	• Consumers • Toyota Tsusho	29.6	51
A ERP Co., Ltd.	AERP	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	Service and support of ORACLE	• Internal customers	5	94
AAPICO ITS Co., Ltd.	AITS	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	• Digital Mapping • Routing & Navigation software solutions • Geographic Information Systems consultancy services • Location-Based Big Data • Industrial Big Data • Fleet Management • Asset Tracking	• Consumers • Namo Logistics • Premier Inter Leasing • Siamira Logistic • Sino Thai • Top Charoen	100	60
MALAYSIA							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (RM Million)	% Equity
AAPICO ITS Sdn. Bhd.	AITS(M)	Lot 56, No. 10 Jalan 51/127 Seksyen 51 46050 Petaling Jaya, Selangor	Tel: +60 (3) 7785 5158 Fax: +60 (3) 7781 6158	-	-	RM 0.5	49 (held by AITS)
TAIWAN							
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (TWD Million)	% Equity
Nuro Technology Incorporated	NURO	4th Floor, No. 28, Chenggong Road 12, Jupei City Hsinchu County, 302 Taiwan	Tel: +(886 3) 658 8233 Fax: +(886 3) 658 8232	Provider of electronic information services	• Consumers	TWD 200	20.36

BUSINESS: OTHER SUPPORTING ACTIVITIES OF THE 3 PILLARS						
THAILAND						
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (THB Million) % Equity
AAPICO Technology Co., Ltd.	AT	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	-	-	1 100
AAPICO Training Center Co., Ltd.	ATC	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	Organize and manage training activities for AAPICO Group	Internal customers	3 100
AAPICO Venture Co., Ltd.	AV	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160	Tel: +66 (0) 35 350 880 Fax: +66 (0) 35 350 881	Manage investments in start-up companies	-	20 100
Smoothlane Co., Ltd.	SML	518/5 Maneeya Center 9th Floor, Ploen Chit Road, Lumpini, Pathumwan, Bangkok 10330	Tel: +66 (0) 2254 8166	<ul style="list-style-type: none"> <li>Autostation.com consumer automotive news &amp; reviews portal</li> <li>Digital banner advertising</li> <li>Advertorial</li> <li>Content creation</li> <li>Photo and video production</li> <li>Social media and online media management service</li> <li>Web site development service</li> </ul>	<ul style="list-style-type: none"> <li>Car companies</li> <li>Motorcycle companies</li> <li>Accessories companies</li> <li>Media Agencies</li> <li>Related business companies</li> </ul>	7 11.9 (held by AV)
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Foton	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayutthaya Province 13160		Importer of Foton vehicles	-	100 97
MALAYSIA						
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (RM Million) % Equity
AAPICO Engineering Sdn. Bhd.	AEM	Lot 56, No. 10 Jalan 51/127 Seksyen 5146050 Petaling Jaya, Selangor	Tel: +60 (3) 7784 8411 Fax: +60 (3) 7784 7411	Land rental business for Honda dealership's showroom	Tenaga Setia Resources Sdn. Bhd.	RM 2 100 (held by NESM and TSR)
SINGAPORE						
Company	Abbrev.	Address	Contact	Main Products	Main Customers	Capital (SGD Million) % Equity
AAPICO Investment Pte. Ltd.	AIPL	745 Lorong 5 Toa Payoh the Actuary #03-01319455	Tel: +65 (-) 6836 1919	Manage business investments and M&A transactions	-	SGD 6.97 100

### 1.3.2 Reasons of person who may have conflict of interest holding >10% in subsidiaries and affiliates

Ms. Yeap Xin Rhu, Chief Financial Officer of AAPICO Hitech Public Company Limited ("The Company" or "AH") (appointed in 2018), owns more than 10% of AAPICO ITS Co., Ltd. ("AITS"), with the following rationale: (1) AITS is a technology-based company. This entity's potential and growth opportunities were foreseen by the corporation. However, because of the time that the Company initially invested in AITS, the new business division, the Company's management decided to only hold partial shares in AITS. (2) Since AITS is a technology company, there is a plan to give shares to employees. However, the transaction of share transfer from AH, which is a jurisprudential transaction, to employees will be more complicated compared to an individual transaction. Ms. Yeap Xin Rhu's share distribution plan, which is worth more than 10%, will be distributed to employees over the following 3-5 years.

The Company has duly considered that this way can create the best interests for the Company. Furthermore, since August 2021, this matter has been cleared with the Securities and Exchange Commission (SEC) in a conference call, and there have been no further remarks on the aforementioned issue.

### 1.3.3 Relationship with major shareholders' business

None

### 1.3.4 Major Shareholders

#### List of Top 10 Shareholders as of February 18, 2022

	Shareholders	No. of Shares	%Holding
1	Mr. Yeap Swee Chuan Group	83,527,530	23.54%
	- Mr. Yeap Swee Chuan	48,535,050	13.68%
	- Mrs. Teo Lee Ngo	34,992,480	9.86%
2	Thai NVDR Company Limited	38,839,642	10.95%
3	Ms. Yeap Xin Rhu	28,034,036	7.90%
4	Ms. Yeap Xin Yi	27,564,595	7.77%
5	BNP Paribas Singapore Branch	22,000,000	6.20%
6	Mr. Pichai Wijakkapan	10,776,940	3.04%
7	KKP Capital Group Public Company Limited	8,686,560	2.45%
8	Mr. Kiattisak Tritruengtassana	8,473,942	2.39%
9	Mr. Sompong Phaoenchoke	6,218,634	1.75%
10	Mr. Viroj Patcharawattanakul	3,689,660	1.04%
	Others	117,030,473	32.98%
<b>Total</b>		<b>354,842,012</b>	

Remarks:

- 1) Source from TSD
- 2) Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are considered acting in concert group according to SEC definition.
- 3) The Company's major shareholders are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, who are also the Company's authorized directors.
- 4) The Company does not have any shareholders' agreement among major shareholders, which might affect its management or the issuance and offering of securities.

#### Limitation of Foreign Shareholders

The Company has the threshold limit of foreign holding at 49% of total shares as required by law. As of February 18, 2022, the Company had the foreign holding of its shares at 47.79%

### 1.4 Registered Capital and Paid-Up Capital

#### 1.4.1 Registered Share:

Baht 354,842,228 Divided into 354,842,228 shares at par value of Baht 1 per share

Paid-up Capital:

Baht 354,842,012 Divided into 354,842,012 shares at par value of Baht 1 per share

Note: Information as of 31 December 2021

#### 1.4.2 Other Types of Shares

None

#### 1.4.3 Thai Trust Fund

None

## 1.5 Others Securities Issuance

### 1.5.1 Convertible Securities

None

### 1.5.2 Debentures

The Company has issued Name-registered, unsubordinated, and unsecured debentures without a debentureholders' representative and offer to institutional investors and/or private placement to not more than 10 investors.

As of 31 December 2021, the Company has 3 bonds remaining with total amount of Baht 1,600 million which registered and can be traded in Thai Bond Market Association or Thai BMA, with details as follows:

Bond Symbol	Bond value (THB Million)	Interest rate (%)	Payment Frequency	Tenor	Maturity Date
AH237A	300	3.50%	Quarterly	5 years	26 July 2023
AH223A	500	3.95%	Biannual	3 years	29 March 2022
AH246A	800	4.10%	Biannual	5 years	28 June 2024
<b>Total</b>	<b>1,600</b>				

#### 1) Bond of AAPICO Hitech Public Company Limited 1/2018 Maturity B.C. 2023

Bond Type	Name-registered, unsubordinated, and unsecured debentures without a debentureholders' representative
Tenor	5 years after issue date
Total issue size (Units)	300,000 Units
Total issue size (Baht)	300,000,000 Baht
Face value per unit	1,000 Baht
Offer price per unit	1,000 Baht
Issue date	26 July 2018
Maturity date	26 July 2023
Interest rate and repayment schedule	Interest Rate: 3.50 % p.a. Semiannually interest payment on 26 January and 26 July of every year throughout the terms of the bond
Registrar	Bangkok Bank Public Company Limited
Total outstanding (Units)	300,000 Units (Data as of 31 December 2021)
Total outstanding (Baht)	300,000,000 Baht (Data as of 31 December 2021)



## 2) Bond of AAPICO Hitech Public Company Limited 1/2019 Maturity B.C. 2022

Bond Type	Name-registered, unsubordinated, and unsecured debentures without a debentureholders' representative
Tenor	3 years after issue date
Total issue size (Units)	500,000 Units
Total issue size (Baht)	500,000,000 Baht
Face value per unit	1,000 Baht
Offer price per unit	1,000 Baht
Issue date	29 March 2019
Maturity date	29 March 2022
Interest rate and repayment schedule	Interest Rate: 3.95 % p.a. Semiannually interest payment on 29 March and 29 September of every year throughout the terms of the bond
Registrar	Bangkok Bank Public Company Limited
Total outstanding (Units)	500,000 Units (Data as of 31 December 2021)
Total outstanding (Baht)	500,000,000 Baht (Data as of 31 December 2021)

## 3) Bond of AAPICO Hitech Public Company Limited 2/2019 Maturity B.C. 2024

Bond Type	Name-registered, unsubordinated, and unsecured debentures without a debentureholders' representative
Tenor	5 years after issue date
Total issue size (Units)	800,000 Units
Total issue size (Baht)	800,000,000 Baht
Face value per unit	1,000 Baht
Offer price per unit	1,000 Baht
Issue date	28 June 2019
Maturity date	28 June 2024
Interest rate and repayment schedule	Interest Rate: 4.10 % p.a. Semiannually interest payment on 28 June and 28 December of every year throughout the terms of the bond
Registrar	Bangkok Bank Public Company Limited
Total outstanding (Units)	800,000 Units (Data as of 31 December 2021)
Total outstanding (Baht)	800,000,000 Baht (Data as of 31 December 2021)

### Company Credit Rating ("BBB+"/"Stable")

TRIS Rating affirms the Company rating on AAPICO Hitech PLC (AH) at "BBB+". The rating continues to reflect AH's strong competitive position as a Tier-1 automotive parts manufacturer in Thailand, solid core operations, and efficient control of costs. These

strengths are offset by rather thin profit margins, customer concentration risk, and the cyclical nature of the automotive industry. The rating also takes into consideration increasing exposure to overseas operation which could pose significant challenges

while presenting opportunities to broaden market coverage.

At the same time, TRIS Rating revise the outlook to “Stable” from “Negative”. The change in the rating outlook reflects an expected recovery in the Company’s operating performance, and improvement in will improve its earnings and financial leverage.

liquidity, and financial position in consideration with future investment plan and other necessities of their business, given that the Company have fully allocated its retained earnings up to 10% of registered capital for legal reserve. The Company has no policy of transferring the interests that may contravene with good corporate governance in any way.

## 1.6 Dividend Policy

### 1.6.1 Dividend Policy

AAPICO has a policy to pay dividend to its shareholders at the rate of not less than 10% of net profit after taxes. However, the decision for dividend payment is subjected to future investment plans and other necessities as the Company deems appropriate. The Company must also fully allocate its retained earnings up to 10% of registered capital for legal reserves in compliance with the Public Limited Company Act.

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

### 1.6.2 Historical Dividend

Over the past 5 years, the Company has announced a dividend payment to shareholders. The dividend payout ratio was in range between 30% to 50% as shown in the table below.

#### Historical Dividend Payment in the Past 5 Years

Unit: in Baht or %	2017	2018	2019	2020	2021
Earnings per share (EPS)	3.66	4.10	-0.56	0.46	2.89
Dividend per share (DPS)	1.20	1.30	0.36	0.25	0.94
Dividend Payout Ratio (%)	32.8%	31.7%	N/A	54.6%	32.6%

### 1.6.3 Dividend Policy of Subsidiaries

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

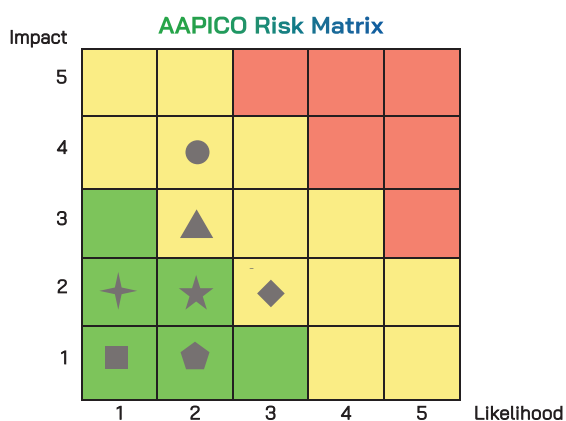
## 2. Risk Management

### 2.1 Risk Policy and Risk Management Plan

AAPICO Hitech Public Company Limited (“The Company”) considers its risk management and risk assessment processes as a crucial part of our mission to drive sustainable growth of the organization. The Board of Directors has, therefore, formed the Board of Risk Management Committee to establish, supervise, and oversee the policy, and ensure that the Company’s internal control processes are in line with the quality management standards. Moreover, the Risk Management Committee also evaluates and identifies the Company’s potential risk factors, and assesses the likelihood of occurrence and financial impact of each risk category and determined an appropriate internal control to mitigate such risks to an acceptable level, in light of recent developments and changes in the business environment. The Risk Management policy may be found under the Investor Relations Section > Corporate Governance sub-section of the Company’s website.

### 2.2 Risk Factors

The Company has assessed and identified the key risks to mitigate any impact and/or minimize likelihood, despite the nature of some risks that are beyond our control and could materially impact the Company’s operation, financial position, or reputation. The below risk matrix shows year 2021’s overview of key risk factors, several of which remained unchanged from the previous year, while some have been recently added.



SYMBOL	RISK FACTORS	SYMBOL	RISK FACTORS
●	- Overseas Investment	◆	-Automotive Industry Trend
▲	-Automotive Industry Competition		-Raw Material Price
✦	-Global Pandemic		-Labor Shortage
★	-Customer Concentration		-Foreign Exchange
★	-Climate Change		-Health, Safety and Social Community
★	-Product Quality	⬥	-Government Policy
★	-Cybersecurity Threat		
■	-Corruption		

### 2.2.1 Operational Risks

#### 1) Strategic Risks

##### *Government Policy*

Government Policy is a crucial risk factor that plays a part in either increasing or decreasing the Company’s revenue- both directly and indirectly. In the event that the Government implements policies that support investment for car manufacturers or increase spending within the country, the total orders for the Company’s automotive parts may rise as a result. On the other hand, if the Government does not have any supportive policies or introduce policies that affect the demand for automobiles inside and outside the country, the total orders for the Company’s automotive parts may reduce, and subsequently reduce the Company’s revenue as a result.

In any case, Government Policy undeniably has a hand in causing the demand for automotive parts to fluctuate. Therefore, the Company preemptively plans its production – including materials and manpower – to match market demand in each period, and to supply enough products as demanded by the market.

### *Overseas Investment*

Given the Company's strategic goal of becoming a global company, the Company must evaluate the risks arising from business ventures with partners and investments in other countries – as conflicts with business partners; including the possible deviation from the management plan by the Company's overseas subsidiaries, associated companies, and joint ventures; may affect the Company's operations and profits, including the Company's investment values and reputation with its customers and business partners. The formation of joint business ventures and business operations in foreign countries may pose risks from political uncertainties and policies that may affect business operations and profits.

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

New investments that are significant in value or are considered an important part of the organization must be considered and approved by the Board of Directors, according to the values set out in the notice from the Stock Exchange of Thailand. Subsequently, the management should engage in the performance review process; with the managers of overseas subsidiaries and joint ventures responsible for reporting monthly operation results and proposing annual operation plans to the management, while also reporting business progress and results to the Company's Board of Directors every 6 months. Additionally, they are also responsible for conducting and

reporting risk evaluation on overseas investment to the risk committee every 6 months, while also providing the necessary support and ensuring that the operations are carried out smoothly and are generating the appropriate returns to shareholders.

## **2) Business Risks**

### *Automotive Industry Competition*

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

Nevertheless, being a large Tier 1 automotive part supplier in Thailand, with high standards of operations and commitment to its stakeholders; the chances of the Company losing orders is very slim. However, the Company still ensures that it manages good relationships with customers and maintains high standards of operations, good product quality, competitive price, and punctual delivery to build up the customers' confidence, trust, and ensure the continuation of orders for future models. Awards and achievements from customers over the years are proof of the Company's excellent performance.

### *Customer Concentration*

The Company is inevitably exposed to the risk of customer concentration due to a relatively limited number of major automakers in Thailand. Although the Company supplies automotive parts to various automakers, the majority of its revenue came from the contributions of three major

customers: Isuzu, Auto Alliance (AAT) and Continental; each of whom contributed to 33%, 6%, and 6% of the company's sales, respectively. This implies that the Company's performance is largely dependent on the performance and market share of these major customers, and to lose orders from any of these customers could significantly impact the Company's profit.

The ongoing COVID-19 pandemic has disrupted the entire automotive industry until nowadays, the Company evaluated that the chances of losing orders and the impact of this risk were intermediate. However, in response to this risk, the company has set up plans to increase financial performance from every product line and diversely expand the customer base. This expansion could enlarge company's portfolio in both domestic and international markets. In addition, this diversification could mitigate the risk of relying on only a few customers and, subsequently, create a long-term growth for the company.

#### *Automotive Industry Trend*

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

and developments pose risks that may impact the Company's operations.

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

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

### **3) Operational Risks**

#### *Raw Material Price Fluctuation*

The Company is exposed to the risk of fluctuation in steel prices for its automotive part business. As the primary raw material, accounting for approximately 70-80 % of the product costs, the volatility of steel prices can have a significant impact on the Company's profitability. The Company has therefore taken actions to mitigate

this risk by adopting a centralized purchasing policy. Under this policy, the Company has negotiated with its customers to purchase steel from approved suppliers at a mutually agreed price. When the steel prices change, the part price paid by customers will then be adjusted according to the change in price of the raw material. The Company therefore passes on this risk to car automakers and reduces its potential impact on profitability of the Company to a low level.

#### *Labor Shortage*

The Company has assessed the risk of labor issues due to the shortage of skilled labor and issues with the Labor Unions, which can have a significant impact on production and the delivery of products to customers – hence damaging the Company's reputation and credibility and disrupting automotive production supply chain. The Company places great importance on its employees and values them as an important foundation of the Company. From striving to foster the quality of life for employees via remuneration, welfare, and training, the Company is also careful in its management of issues relating to the Labor Unions in order to be fair and prevent conflict. Thanks to the Management's care and good relations with the employees, the risk of labor conflict and its impact on business operations is currently at a low level. In addition, the Company plans to utilize automation and artificial intelligence in the production process in order to replace and reduce its dependency on its labor workforce, while also increasing long-term production efficiency.

#### *Product Quality*

The Company places great importance on maintaining an excellent standard in producing and delivering quality products to its customers. The Company has been certified and operates in accordance with the quality management

standard IATF16949. The Company has set a target of zero-defect delivery to its customers and has motivated and encouraged employees regarding quality awareness, which ensures that risks relating to product quality are well managed and controlled. Furthermore, the Company also provides a warranty for defective parts and product liability insurance coverage to mitigate any related financial risk to the Company.

#### *Cybersecurity Threat*

Nowadays, the world is heading into the digitization era. Many businesses are gradually converting non-digital information into digital format; thereby hoping to eliminate transcription errors, reduce the chances of losing data, and allow for an easier and simultaneous access of a digital file. However, conversely, this improvement in work efficiencies also leads to a surge of threats. These threats can come in various formats – distributed denial-of-service (DDoS) attack, Phishing and Malware etc.

The Company has been closely monitoring these cyber threats by introducing plan and implementing the IT policies framework and strictly enforcing its compliance on every director, manager, and employee. These policies include the protection of intellectual property whereby personnel are not allowed to duplicate, modify, or do anything without permission from the company, as well as enforcing the creation of safe passwords in order to avert unauthorized access in the organization. In addition, the company has trained employees on cyber-danger awareness, while also continuously increasing security measures by utilizing passwords and two-factor identification system to protect users' accounts



#### **4) Financial Risks**

##### *Foreign Exchange*

The Company is exposed to the risk of fluctuation in foreign currency exchange rates due to revenues from its export business being in foreign currencies. For its normal operations, this risk is considered insignificant, despite the high volatility of currency movements during the year, considering the affected revenues are less than 5% of the total revenue.

However, the Company is still impacted by foreign exchange volatility from its US Dollar loan to Sakthi Global Auto Holdings (SGAH) and its subsidiaries, due to the inability to match income and expense in the same currency through natural hedge which amounted to approximately 50 million USD. Therefore, the Company still has to recognize through profit (loss) from exchange rates according to the Thai Accounting Standard.

Besides, the Company considers using forward or option contracts to mitigate the risk, in the case that said instruments are in line with the corporate strategies and are able to mitigate the currency exchange risk without affecting other aspects of the company. However, the Company does not have a policy of trading in derivative financial instruments for speculative purposes.

#### **5) Compliance Risks**

##### *Health, Safety and Social Community*

The Company is aware of the issues concerning safety, the environment, and the surrounding community and has established policies and procedures to ensure good management of employees' health and safety, and compliance with environmental laws and regulations.

The Company has promoted safety awareness to all employees and has initiated activities and campaigns related to health and safety

throughout the organization. These activities include Safety Week, the Completely Check Completely Find out (CCCCF) initiative to search for and eliminate harmful activities, the 5S initiative to create a safe, clean, easy, and environmental friendly workplace, the white factory campaign for a drug-free workplace, the equipment maintenance schedule, and an annual health checks for all employees. The Company has initiated kaizen activities and projects to reduce waste and energy consumption. These projects include the study of solar power usage and the use of LEDs in all factories to reduce electricity consumption.

The Company's ISO14001 certification and safety requirements are both a testament to its commitment and credibility on its safety and environmental management.

##### *Corruption*

The Company is well aware of risks related to bribery and corruption arising from a lack of transparency, which can significantly and negatively impact the Company's operations and result in unnecessary costs to the organization.

The Company is committed to conducting business with integrity, honesty and fairness, and has expressed its intention to fight corruption. The Company has issued an anti-corruption policy as a guideline for operational transactions across the organization including sales, services, purchasing, recruitment, donations, support services and the offer & acceptance of hospitality events, entertainments, and gifts. The Company has reviewed its activities in compliance with working procedures and audits them on an annual basis. The Company also encourages employees and third-party stakeholders to report their suspicions of wrong doings or inappropriate

actions directly to the Audit Committee via the Whistle Blowing Policy.

## **6) Environmental Risk**

### *Climate Change*

The change of global climate in the recent years has led to various aggravated weather events, Natural calamities and shortages of resources which are associated with climate change - including floods, hurricanes, water shortages, droughts, and acidification - could affect the company's operation and raw material supply. The Company has poised for risk mitigation by analyzing the potential impacts on the business and subsequently developing a business continuity plan to ensure the operation continues during such inevitable circumstances, as well as preparing countless initiatives related to climate change. One of these key initiatives is water management. The company has put in place procedures to track the water level as well as water management plan and the weather daily in order to reduce the risk of floods caused by the changing climate.

## **7) Emerging Risk**

### *Global Pandemic*

In December 2019, the first Coronavirus Disease 2019 (COVID-19) case was reported in Wuhan, China. Thereafter, this communicable disease has swiftly and widely spread across the country and extensively infected people around the world until the recent days. Thai government has implemented measures in response to COVID-19; such as commencing the self-isolation, providing various economic stimulus measures etc. Although these measures have alleviated the rise of confirmed cases, they inevitably disrupted various business operations in the country, one of which was the automotive industry which is the Company's core business.

Fortunately, the Company had foreseen the severity and duration of the pandemic circumstance. The Company placed utmost importance on employees' health and sanitation by initiating a number of strategies, as well as implementing health & safety-related practices. These strategies and practices include health temperature check before entering the workplace, encouraging the use of masks, providing hand sanitizer in communal area, complying social distancing measure, cleaning equipment, supplies, workplace and employee shuttle, and conducting health and safety training. In addition, in case that an employee has to travel to other provinces that has potential risk in connecting with the pandemic, the employee must inform their supervisor and get the permission from the Personnel Department before travelling. After returning, the employees must quarantine at home for 14 days and report their location and health condition to the supervisor daily.

### 3.1. Policy and Goal of Sustainability Management

Concerning the more severe COVID-19 pandemic in 2021, including the disasters in Thailand, AAPICO recognizes the importance of sustainable business operations and stakeholder accountability. Not only must the Company focus on economic growth, it should also be concerned with reducing environmental impacts through a variety of activities, such as resource efficiency management, waste and pollution management, and taking responsibility for the community and related stakeholders.

AAPICO annually revises the sustainable development policy and strategy, stakeholder engagement, and sustainable development framework and guidelines to properly evaluate and adapt our company operations to be in line with the company strategy as well as to the global current affairs, and to improve the efficiency of achieving stakeholders' expectations. In 2021, the Company established its sustainability commitment as well as its targets in terms of economic, social, and environmental factors. In addition, the Company has modified its sustainability framework and strategy to align with the company's vision and mission, set up sustainable development action plans in each department to provide the greatest possible results in achieving those targets, and placed a greater emphasis on good corporate governance and stakeholder engagement.

The Company also prepared the sustainability report in accordance with the GRI Standards (Global Reporting Initiative) to communicate the Company's sustainability performance to the stakeholders – both inside and outside the organization - on the subjects of economy, environment, social and corporate governance, as well as a complete set of reported data, stakeholder engagement and a business materiality matrix. It will be able to provide the stakeholders with the necessary information to understand the nature of the Company's operations, and its management of sustainability issues in accordance with the United Nations Sustainable Development Goals –including the Company's performance and its related impacts. Furthermore, the

information in this report was reviewed by the Company's management prior to the publication to ensure accuracy and completeness.

#### 3.1.1. Sustainable Development policy

The OEM Auto Parts Manufacturing Business plays an important part in helping to drive the country's industry forward. Many different businesses – such as materials, equipment, machines, parts manufacturer, and transportations – are involved in the supply chain. However, as the business operations both positively and negatively affect the economy, social, and environment – be it directly or indirectly; the Company has taken care to set in place the Sustainable Development Policy to encourage sustainable growth and development within the Company which entails the consideration for the topics of economy, social, and environment as follows:

1. Conducting business according to both short-term and long-term plans, while also considering both internal and external risk factors.
2. Conducting business with transparency and good governance.
3. Conducting business with consideration to the stakeholders and the environment.
4. Conducting business by increasing values with innovation.

#### Sustainability Committee Structure

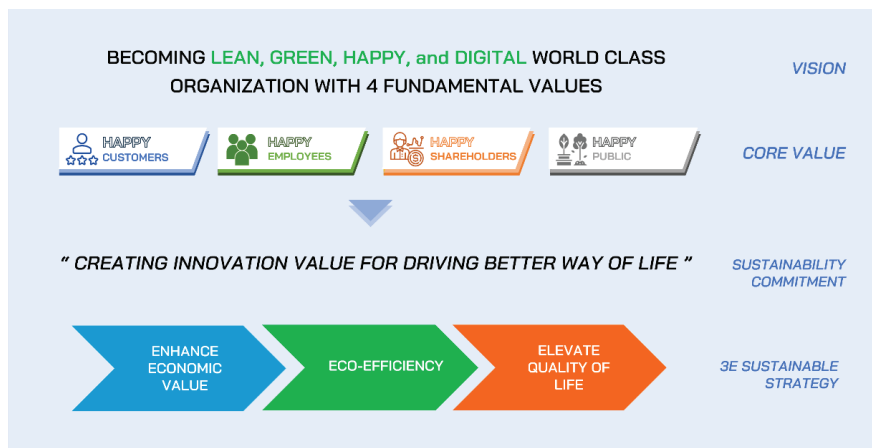
The Board of directors and Sustainability committee have continuously been driving the Company's operations concerning the sustainability of the business; with a member of the top management acting as the committee's chairman, and the middle management and the representatives from every department acting as the committee's members – with duties, authorities, and responsibilities. This is to ensure that operations are in line with sustainability to motivate cross-departmental cooperation in order to carry out sustainability projects, and to coordinate with each department in raising

employee and stakeholder awareness of the importance of business operations with social responsibilities and sustainability. The sustainability committee constantly monitors and follows up on any initiatives to evaluate their performance, review policy in order to improve

management guidelines, and report the results of their follow-ups to the Chairman of the Sustainability Committee, who then prepares a report for the Board of Directors and the public.

### 3.1.2. Sustainable Operations Framework, Strategy and Targets

With the Company's intention of becoming the world's leading OEM automotive parts manufacturer, car dealership, and IoT connectivity & mobility company, AAPICO places great importance on innovation and environment. In keeping with our sustainability commitment of **"Creating innovative value for driving better way of life"**, we aim to ensure business long-term viability and integrity by balancing three dimensions: environmental, social, and governance to deliver high-quality products and service using precise and various innovations with resource optimization and less environmental and social impacts. We also reduce any repercussions to all stakeholders in order to demonstrate the Company's conscientious business conduct.



### Sustainability Framework

In terms of the Company's commitment, AAPICO's sustainable development is guided by the "3E" principle, which consists of three primary components: Enhance Economic Value, Elevate Quality of Life, and Eco-Efficiency. This is the company's strategy for collaboration and developing a solid and long-term basis for business development in accordance with the company's vision and mission.



For more details about Sustainability performance and result in all 3 aspects which are Economic, environment and Social, they could be found in the Sustainability report 2021 via AAPICO's website or scan the QR code.

## Sustainability Targets and Performance in 2021


### Economic: Enhance Economic Value

Concept	UN SDGs	Material issue to Sustainability	Long Term Targets	Short Term Targets	Performance in 2021
AAPICO commits to conduct business with integrity, transparency, impartiality, and accountability to all stakeholders in the sake of good corporate governance and economic growth. We also aim to expand our business by implementing effective risk management and innovating for quality improvement and operational efficiency at all levels.	 	Customers' trust and satisfaction in our high-quality goods and services, through our efficient and innovative operations and manufacturing	<ul style="list-style-type: none"> <li>Achieve average of 95% of customer satisfaction by 2026</li> </ul>	<ul style="list-style-type: none"> <li>Achieve average of 92% customer satisfaction in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Average of customer satisfaction in 2021 at 91.25%</li> </ul>
	 	Trust and attractiveness of shareholders and investors by conducting business with integrity, impartiality, transparency and responsibility to all stakeholders in accordance with a good corporate governance	<ul style="list-style-type: none"> <li>Increase frequencies of IR meetings and events to 15% by 2026 in order to disclose the Company's information transparently as well as gain more opportunity for shareholders and investors to access the information</li> </ul>	<ul style="list-style-type: none"> <li>Increase the volume of traffic in the company's online media with efficient and attractive information such as factsheets, analyst coverage reports, and newsletters by 5% YOY in 2022</li> <li>The number of shareholders increases by 5% in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a 5% increase in the number of shareholders in 2021</li> <li>Achieve Excellent Level (5 stars) in Corporate Governance Report of Thai Listed Company by Thai Institute of Directors (IOD)</li> </ul>
	  	Supply chain management based on good corporate governance principles and a code of conduct that takes environmental and social factors into account. This aims to raise awareness of sustainable development businesses and to provide local communities with business opportunities for economic growth	<ul style="list-style-type: none"> <li>Achieve 80% of 1st tier critical direct suppliers pass ESG assessment in 2025</li> <li>2 direct suppliers have been assessed on ESG evaluation form third party by 2026</li> </ul>	<ul style="list-style-type: none"> <li>100% of suppliers acknowledge and comply with the company's supplier code of conduct and anti-corruption policy in 2022</li> </ul>	<ul style="list-style-type: none"> <li>80% of suppliers were evaluated as Grade A being marked as having satisfactory performance both in quality, logistics, price, safety and environmental management</li> </ul>

## Environment: Eco-Efficiency

Concept	UN SDGs	Material Issue to Sustainability	Long Term Targets	Short Term Targets	Performance in 2021
OEM car parts production contributes considerably to greenhouse gas emissions and a large amount of waste, both of which have severe negative effects for the environment and surrounding communities. The Company has taken steps to implement an environmental policy and raise resource efficiency awareness by applying innovation and the 3R principles (Reduce, Reuse, and Recycle) to our operations in order to improve resource management and reduce our carbon footprint, with the goal of becoming a 100% zero waste operation.	   	Carbon footprint emission reduction through creative operations innovations to maximize the reduction of negative environmental consequences	<ul style="list-style-type: none"> <li>Reduce GHG Emission Per Production Unit of Scope 1 GHG emission (from manufacturing process) by 3% in 2024 in comparison to the baseline year of 2019</li> </ul>	<ul style="list-style-type: none"> <li>Reduce GHG Emission Per Production Unit of Scope 1 GHG emission (from manufacturing process) by 0.60% per year</li> <li>Reduce GHG Emission Per Production Unit of Scope 2 GHG emission (from electricity consumption) by 4% in 2022 in comparison to 2021</li> <li>Reduce GHG Emission Per Production Unit of Scope 3 GHG emission (from fuel and paper) by 6.50% in 2022 in comparison to 2021</li> </ul>	<ul style="list-style-type: none"> <li>GHG Emission per ton of production of Scope 1 GHG emission (from manufacturing process) reduced by 8.83% compared to 2020</li> <li>GHG Emission Per Production Unit of Scope 2 GHG emission (from electricity consumption) reduced by 10.71% compared to 2020</li> </ul>
		Awareness on the enhancement of water conservation and efficient consumption	-	Reduce Water Usage by 3% in 2022 compared to 2021	Water Usage increased from 2020 by 70.61%



Concept	UN SDGs	Material Issue to Sustainability	Long Term Targets	Short Term Targets	Performance in 2021
	  	Enhancing resource recycling and waste management awareness in order to increase efficiency and achieve zero waste operations	<ul style="list-style-type: none"> <li>Reduce Waste generated per production unit by 5% in 2026 in comparison to the baseline year of 2021</li> </ul>	<ul style="list-style-type: none"> <li>Reduce Waste generated per production unit by 1% per year</li> </ul>	<ul style="list-style-type: none"> <li>Waste generated per production unit decreased by 17% compared to 2020</li> </ul>
	 	Strict compliance with environmental laws and regulation	<ul style="list-style-type: none"> <li>The volume of air pollution is within the permissible range of environmental laws and regulations</li> </ul>	-	<ul style="list-style-type: none"> <li>The volume of air pollution is within the permissible range of environmental laws and regulations</li> </ul>

**Social: Elevate Quality of Life**

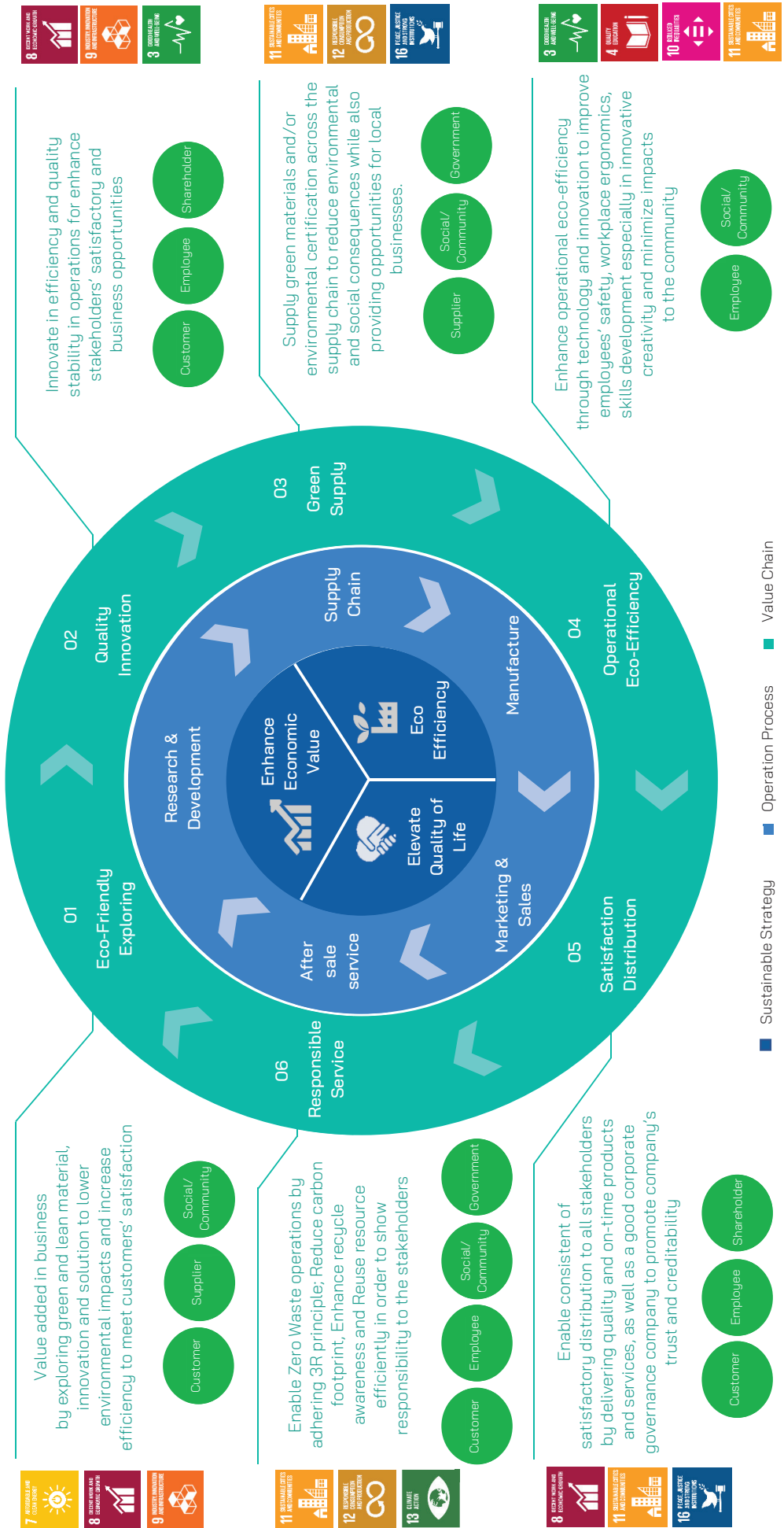
Concept	UN SDGs	Material Issue to Sustainability	Long Term Targets	Short Term Targets	Performance in 2021
<p>AAPICO views human's values and opportunities as key factors for improving society. The Company respects human's rights and fair labor treatment of laborers by promoting workplace ergonomics, suitable benefits, employees' safety as well as skills development, especially on innovation and creativity for all management and employees. Not only our employees, but we also care about the community. We intend to extend sustainability to nearby communities through organizing social events, supporting education for schools in the area, assisting in community development, and conserving the environment.</p>	   	<p>Promoting employee well-being and quality of life in a variety of areas;</p> <ul style="list-style-type: none"> <li>Fair salary and benefits, as well as a willingness to listen to employees' opinions, are all important factors in increasing employee engagement and loyalty.</li> <li>Innovative creations are applied at all levels of operations to improve employees' safety, occupational health, and productivity.</li> <li>Promoting employees' skills development especially on innovation and creativity</li> </ul>	<ul style="list-style-type: none"> <li>Achieve at least 75% of average employees' satisfaction and loyalty level by 2026</li> <li>Creating 3 innovation training courses for employees' skill enhancement by 2026</li> <li>100% of employees trained on Code of Conduct and Anti-corruption policy by 2023</li> <li>0% level of IFR (Injury Frequency Rate) and LTIFR (Lost Time Injury Frequency Rate)</li> </ul>	<ul style="list-style-type: none"> <li>Achieve at least 60% of satisfaction and loyalty level by 2022</li> <li>100% of employees will have access to their welfare and training courses through a variety of platforms especially online provided by the company by 2022</li> <li>Creating 1 innovation training course for employees' skill enhancement by 2022</li> <li>IFR rate of employees not more than 5</li> <li>LTIFR rate of employees is 0</li> </ul>	<ul style="list-style-type: none"> <li>The average IFR rate in 2021 was 3.74 times per million working hours, which was better than the target provided.</li> <li>In 2021, the average LTIFR rate was 2.80 times per million working hours, and we're working to get to zero by 2022.</li> </ul>

Concept	UN SDGs	Material issue to Sustainability	Long Term Targets	Short Term Targets	Performance in 2021
		Fair labor treatment, good human resource management in terms of employees' diversity, and human rights promotion	<ul style="list-style-type: none"> <li>0 case of Fair Treatment and human rights violation issue</li> </ul>	-	<ul style="list-style-type: none"> <li>0 case of Fair Treatment and human rights violation issue</li> </ul>
	    	Taking responsibility for the community, which is impacted by the Company's operations, as well as community development, both in terms of environmental conservation and educational opportunities.	<ul style="list-style-type: none"> <li>0 complaint from the community on environmental and social issues</li> <li>0 complaint on human rights violation and other social issues from the community</li> <li>Achieve 80% of average community satisfaction score by 2026</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 50% of average community satisfaction score by 2022</li> </ul>	<ul style="list-style-type: none"> <li>0 complaint from the community on environmental and social issues</li> <li>0 complaint on human rights violation and other social issues from the community</li> <li>The company sponsored 22 activities totaling over 8 million Baht to help and support the social and community during the tragedy and the Covid-19 pandemic.</li> </ul>

## 3.2. Impact Management to Stakeholders in the Business Value Chain

### 3.2.1. Business Value Chain




With the intention to deliver innovative products and services with minimal impact on stakeholders and the environment, the Company blends its vision, mission, and 3E sustainability framework with our business value chain and stakeholder analyses as well as their expectations in order to contribute to 6 AAPICO's sustainability strategies, as follows:







### 3.2.2 Stakeholder Engagement in the Business Value Chain

AAPICO recognizes that stakeholders are critical to the Company's operations, and that stakeholders are highlighted in the Company's vision on four sustainable happiness goals. As a result, the firm places high value on stakeholder engagement and management, which includes analyzing all stakeholders, prioritizing the company's effects on stakeholders and the stakeholders' influence on the Company, and considering relevant topics and scopes that affect and interest all stakeholders and the Company. This approach aims to satisfy stakeholders' expectations for long-term growth, as well as to take responsibility for them and maintain excellent relationships with them via various platforms.

#### Factors that the Stakeholders are Interested in and Communication Channels

Stakeholder	Expectations	Treatment of Stakeholders	Communication Channels	Sustainability Issues
<b>Customer</b> 	Quality Products, Competitive Price, Punctual Delivery, Safe Working Conditions, Good Cooperation, Transparent Operations, Environmental Management	1) Improving the qualities of products and services to meet the customers' demands 2) Managing good relations with customers 3) On-time delivery 4) Improving Operational Efficiency in the Effort to Achieve Zero Defect	<ul style="list-style-type: none"> <li>Conference</li> <li>Meetings</li> <li>Reports</li> <li>Training / Seminar</li> </ul>	<ul style="list-style-type: none"> <li>Managing good relations</li> <li>Improving products quality</li> <li>Implementing innovations in the Company's operations</li> <li>Efficient cost management</li> <li>Environmental Management</li> </ul>
<b>Employee</b> 	Good pay and welfare, Fairness, Loyalty and Engagement, Human Rights, Safety, Good quality of life, Self-improvement, Advancement in job position	1) Managing good compensation and welfare 2) Managing work environment and safety 3) Developing employees' skills to fit the Companies' growth 4) Improving the employees' quality of life 5) Fair treatment and respect in human rights	<ul style="list-style-type: none"> <li>Weekly conference</li> <li>Minor conference</li> <li>Intranet</li> <li>Email</li> <li>Employees' training</li> <li>Employees' relation activities</li> <li>Whistleblower</li> </ul>	<ul style="list-style-type: none"> <li>Safe working conditions</li> <li>Personnel development</li> <li>Human rights</li> <li>Loyalty to the Company</li> <li>Fair treatment of labors</li> <li>Stable income and welfare</li> </ul>
<b>Shareholder</b> 	Remunerations, Transparency in management, Future investment plans and Competitiveness, Business' sustainability, Organization risk management	1) Building up the investors' confidence 2) Disclosure of traceable factual information 3) Reporting corporate social responsibilities	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Annual report</li> <li>Investor relation activities</li> <li>Website</li> <li>Company visits</li> <li>Whistleblower</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business ethics</li> <li>Risk management</li> <li>Stable and sustainable performance</li> <li>Transparent and traceable operations</li> </ul>

Stakeholders	Expectations	Treatment of Stakeholders	Communication Channels	Sustainability Issues
<b>Supplier</b> 	Profits, Business stability, On-time payment, Transparent business conduct, Fair and clear business contracts, Improving along with the customers	1) Managing the Company's credibility and the business partners' confidence 2) Improving business partners' capabilities by increasing competitiveness 3) Communicating anti-corruption policy and CSR policy 4) Improving relations with win-win strategy	<ul style="list-style-type: none"> <li>Annual conference</li> <li>Visiting the business partners' company</li> <li>Meetings</li> <li>Arranging social activities with business partners</li> <li>Training / Seminar</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management</li> <li>Fair and transparent purchasing</li> <li>Joint sustainable growth</li> </ul>
<b>Community/ Society</b> 	Health safety, No pollution to the community, Community engagement and development	1) Managing complaints 2) Arranging community activities for engagement contribution 3) Building good relations between the factories and the surrounding communities	<ul style="list-style-type: none"> <li>Community visit</li> <li>Accepting complaints</li> <li>Activities' support</li> <li>Providing assistance</li> </ul>	<ul style="list-style-type: none"> <li>Community development</li> <li>Encouraging community activities</li> <li>Taking care of the community's environment</li> <li>Improving and supporting economic growth within the community / society</li> </ul>
<b>Government</b> 	Fully abiding by the law, Paying taxes, Giving cooperation, Managing complaints with the community	1) Following the government's regulations 2) Cooperate with the government	<ul style="list-style-type: none"> <li>Joining seminar conference</li> <li>Visiting in important occasions</li> </ul>	<ul style="list-style-type: none"> <li>Coming up with and enforcing regulations for clean factories</li> <li>Encouraging recycling for zero waste</li> <li>Operate in compliance with laws and regulations</li> </ul>
<b>Competitor</b> 	Fair competitions	1) Transparent and fair business operations	<ul style="list-style-type: none"> <li>Becoming a member of an association</li> <li>Meetings and sharing experience</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Code of conducts</li> </ul>



### 3.3. Environmental Sustainability Management

#### 3.3.1. Environmental Policy and Guidelines

One of AAPICO Group's main businesses is the manufacturing of OEM auto parts, dies, and jigs. This means that the Company's operations will inevitably involve factories and the subsequent waste and emission that such operations entail. However, the Company does recognize the importance of the environment and has therefore established an environmental management system and policy to be followed in order to preserve and improve the environment for the better.

In 2021, the Company is determined to preserve environmental-friendly conditions inside and around its area of operations – with annual measurement and collection of the Company's greenhouse gas emission data, and subsequently report said data in the hope that they may be beneficial to the Company's planning to achieve net zero greenhouse gas emission. However, as this is the first year that the Company categorized and reported data on greenhouse gas emission by grouping them into 3 Scopes, the Company will only be reporting a concise version of the Company's greenhouse gas emission in this performance report, with the full version being made available in the Company's 2021 Sustainability Development Report. It should be noted that these data were not yet audited by organizations registered with the Thailand Greenhouse Gas Management Organization (TGO), but are currently in the process of applying for approval by the TGO. The Company expected to be reporting an audited and approved version of greenhouse gas emission data by the following year.

As the Company has made some adjustments to the structure of the Sustainability Committee this year to cover a wider area of the Company's operation, the collected data relating to Environmental topics have also undergone some changes to be more standardized; with details as follows:

#### Energy Consumption

- The Company annually collects and reports data of Energy Consumption in the form of both Fuel and Electricity

Consumption. In 2021, the Company made some adjustments to the calculation method so that each year's Energy Consumption is calculated in relation with their respective Annual Production Volume – with the unit being Ton of Production, or 1,000 Production Unit – so that each year's Energy Consumption can be more accurately portrayed and analyzed so that, in turn, guidelines and innovations can be implemented to further improve the efficiency of the Company's Energy Consumption.

- In addition, since the previous year, the Company is in the process of installing Solar Rooftops around its base of operations – including the manufacturing factories and car parking space. The results and performances of the solar rooftops will be collected and reported by next year.

#### Water Usage

- The Company collects data on its Water Usage every year. In 2021, the Company now reports the comparison in water usage of the 3 most recent years (including the current year) in order to provide a clearer overview and trend of how the Company's operation is proceeding in terms of water usage, and to see the results of the Company's water usage reduction measures. In addition, the Company made some adjustments to the calculation method – the same as for Energy Consumption – by calculating each year's Water Usage in relation with their respective Annual Production Volume (Unit: Ton of Production) so that each year's Water Usage can be more accurately portrayed and analyzed in order to further improve the efficiency of the Company's Water Usage.

#### Waste

- The Company collects and reports data on the comparison of amount of Waste the Company generated in order to provide a clearer overview and trend of how the Company's operation is proceeding in terms of waste management, and to limit the amount of waste generated as much as possible. In 2021, the Company made some adjustments to the calculation method – the same for Energy Consumption and Water Usage – by calculating each year's Waste generated in relation with their

respective Annual Production Volume (Unit: Ton of Production) so that each year's Waste management can be more accurately portrayed and analyzed in order to further improve the efficiency of the Company's Waste Management.

- To improve cost-efficiency in the Company's operations, the Company has begun setting action plan in 2021 to find ways to control and reduce the number of tatters usage for clean-up processes in the Company's operations and thus reducing the number of tatters that end up as waste, with the results to likely be observable by year 2022.

#### Greenhouse Gas (GHG) Emission

- The Company's usual reporting of GHG emission in previous years is mostly unorganized – with no specific categorization of which part of the Company's operation the GHG emission originated from. This made it hard to accurately pinpoint which part of the Company's operation contributed to the major portion of the Company's GHG emission – thus, making it difficult to plan and set up efficient targets for reducing GHG emission. To address this issue, in 2021, the Company categorized the source of GHG emission into 3 scopes in accordance with the GHG Protocol Corporate Standard – with details as follows:

Scope-1 – GHG emission originating from the Company's manufacturing process

Scope-2 – GHG emission originating from the Company's electricity consumption

Scope-3 – GHG emission originating from the Company's fuel consumption and paper usage.

In addition, the Company made some adjustments to the calculation method so that each year's individual GHG emission scope is calculated in relation to their respective Annual Production Volume (Unit: Ton of Production) so that each year's GHG emission can be more accurately portrayed and analyzed in order to further improve the efficiency of the Company's GHG emission management.

- In 2021, in response to the COVID-19 pandemic, the Company came up with a solution and laid the groundwork to limit employees' physical contact and proximity via

shifting the Company's operational process to be conducted online wherever applicable. This means that some of the Company's operations that usually entails paperwork has been switched over to online systems, thus improving convenience and quickness, while also reducing paper usage and contact between personnel. The reduction of paper usage therefore caused the resulting GHG emission to be reduced as well, while the convenience provided by the utilization of online systems also reduced the needs for transportation and – by extension – the GHG emission from fuel combustion.

#### **3.3.2. Environmental Management Performance**

In 2021, the Company had arranged for various activities and guidelines in the Environment sustainability dimension, with the intention to manage various environmental concerns as efficiently as possible – be it limiting fuel and electricity consumption, managing water usage, controlling amount of waste created, or monitoring GHG emission. A comprehensive summary of the environmental performance in 2021 is made available in the form of infographics in the next page.

The Company has written up the Company's 2021 Sustainability Development Report, with further detailing on policies, guidelines, and performances of the Environment sustainability dimension – including the activities relating to said guidelines and performances. More details are available by directly accessing the Company's website, or by scanning the following QR Code to access the Sustainability page of the Company's website.



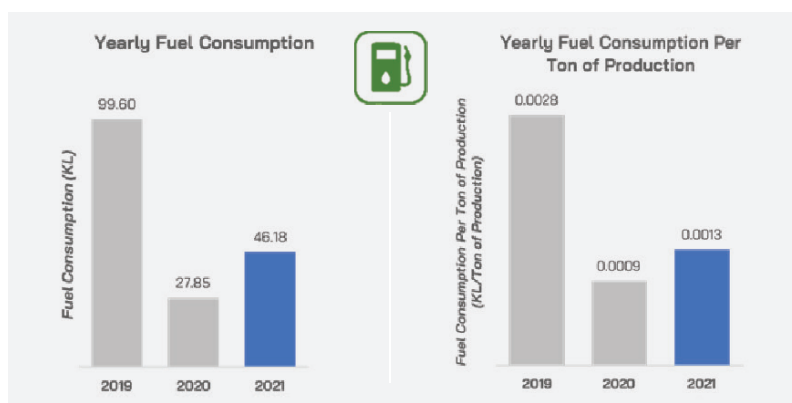
## Environmental Management Performance in Year 2021

### Fuel Consumption

In 2021, the Company reported annual fuel consumption of 46.18 KL, which increased by 65.79% from year 2020.

After taking into account each year's annual production volume, fuel consumption in 2021 was reported at 0.0013 KL/Ton of Production, which is higher than year 2020 by 37.15%.

As the Company operated on a similar scale as when the situation was normal before the COVID-19 pandemic – albeit many operations were still conducted online – reported fuel consumption in 2021 compared to year 2019 was therefore much lower, but increased when compared to last year due to the halt to some production line in 2020.



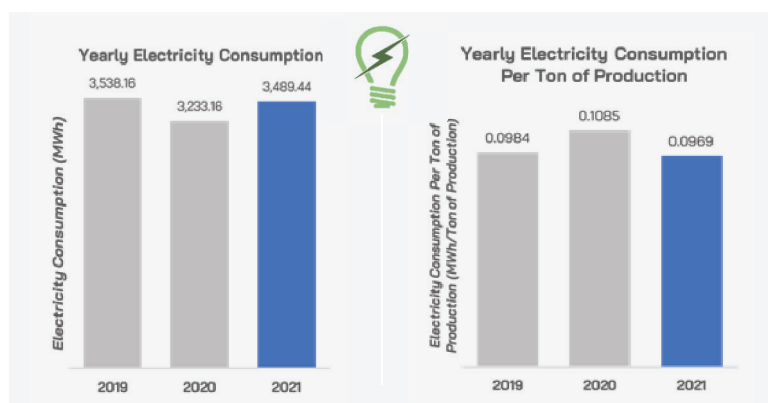
\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

### Electricity Consumption

In 2021, the Company reported annual electricity consumption of 3,489.44 MWh, which increased by 7.93% from year 2020.

After taking into account each year's annual production volume, electricity consumption in 2021 was reported at 0.0969 MWh/Ton of Production, which decreased from year 2020 by 10.71%.

As the Company operated on a similar scale as when the situation was normal before the COVID-19 pandemic, the production volume in 2021 increased from the last two years. Therefore, when annual electricity consumption was calculated in relation with said production volume, the Company was found to have an efficient electricity usage in average. This was in part owing to the Company's initiative to reduce electricity usage (e.g., by controlling when lights and air conditioners are switched off).

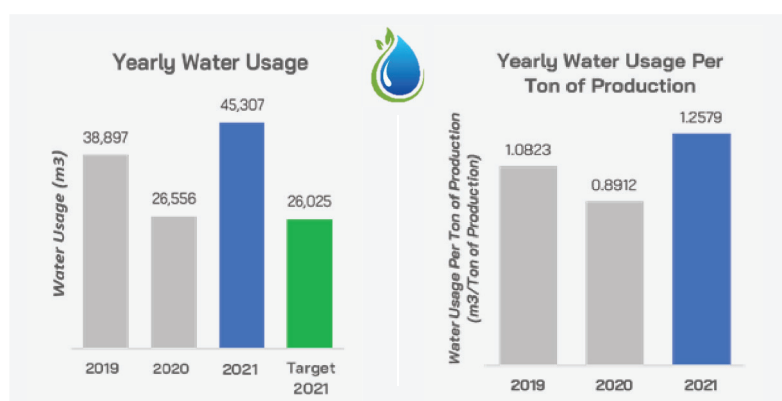


\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

### Water Usage

The Company had previously set Water Usage target of no more than 26,025 m<sup>3</sup>. However, in 2021, the Company reported Water Usage of 45,307 m<sup>3</sup> – increased from 2020 by 70.61% and more than the set target by 42.55%. This could likely be attributed to the fact that employees are encouraged to wash their hands regularly as a precaution for the situation with COVID-19.

After taking into account each year's annual production volume, it was found that water usage in year 2021 has indeed increased from the year 2020, as per the previously mentioned reasoning that the Company encourages its employees to regularly wash their hands as a means for keeping safe from COVID-19 – as the Company is primarily concerned about the employees' safety and well-being.



\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

## Waste Management

In 2021, the Company reported total waste generated of 7,633.07 Tons, which increased by 0.32% from year 2020.

After taking into account each year's annual production volume, it was found that year 2021 reported waste generated of 0.2119 Tons/Ton of Production, which decreased from year 2020 by 17.00%.

This indicates that the Company has an excellent resource and waste management, as the Company utilized the 3R principle – consisting of Reduce, Reuse, and Recycle – in its operations. The Company also fosters employees' awareness in valuing resources and to categorize waste so that as many resources can be recycled and reuse as much as possible. Finally, the Company places great importance in choosing environmental-friendly suppliers for its supply chain.



\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

## Greenhouse Gas Emission

### Scope-1 Emission (From Manufacturing Process):

In 2021, the Company reported total Scope-1 GHG emission of 2,086.00 tCO<sub>2</sub>e, which increased by 10.20% from year 2020.

After taking into account each year's annual production volume, Scope-1 GHG emission in 2021 was reported at 0.0579 tCO<sub>2</sub>e/Ton of Production, which decreased from the previous year by 8.83% and therefore indicating an improvement to lower emission from the Company's manufacturing operations.

### Scope-2 Emission (From Electricity Consumption):

In 2021, the Company reported total Scope-2 GHG emission of 1,744.38 tCO<sub>2</sub>e, which increased by 7.93% from year 2020.

After taking into account each year's annual production volume, Scope-2 GHG emission in 2021 was reported at 0.0484 tCO<sub>2</sub>e/Ton of Production, which decreased from the previous year by 10.71% and thus suggesting that the Company's operations in 2021 became more efficient in controlling GHG emission from electricity consumption.

### Scope-1 and Scope-2 Emission (Combined):

In 2021, the Company reported a combination of Scope-1 and Scope-2 GHG emission of 3,830.38 tCO<sub>2</sub>e, which increased by 9.16% from year 2020.

After taking into account each year's annual production volume, the combination of Scope-1 and Scope-2 GHG emission in 2021 was reported at 0.1063 tCO<sub>2</sub>e/Ton of Production, which decreased from the previous year by 9.70% – indicating that the Company's overall GHG emission improved in year 2021.



\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

### 3.4. Social Sustainability Management

#### 3.4.1. Social Policy and Guidelines

The Company places great importance and care in both internal and external human resources, with considerations to various factors – whether it be employment and fair treatment of labors, employees’ diversity, respecting human’s rights, personnel development and educational opportunities for the community, building workplace with good safety and occupational health, or providing assistance to the community and showing corporate social responsibilities. The Company regards human resources as highly precious and as an important factor in driving business and social sustainability growth and success, which is reflected in the Company’s vision and mission of “Happy Employees and Happy Public”.

The Company follows the laws and regulations of labor laws as per the Thai Labor Standards (TLS 8001-2010): Thai Corporate Social Responsibility on the subjects of forced labor, work remuneration, working hour, equal treatment, discipline and punishment, child and female labor, freedom to negotiate, safety and occupational health, work environment, and welfare. The Company has announced policies to maintain a good quality of life for the employees and people in the community in the form of Fair and Equal Employment Policy, Fair Remuneration Policy, and Human Rights Policy. In addition, the Company wrote up the Code of Conduct to serve as operational guidelines for the employees, while also preparing the preventive Safety and Occupational Health planning in order to educate and increase the employees’ awareness on the topic of safety.

Following the seriousness of COVID-19 pandemic and coupled with the necessity to reduce employees’ working hours due to the decrease in purchasing orders from customers and the announcement of the social distancing and other measures by the Company in 2020 to combat the spread of COVID-19, the Company has made revision to and announced new policies in year 2021 to keep up with

the changing situation that is gradually transitioning into a digitally-focused trend, and to cover the topics of safety and hygiene during the pandemic. These revisions and additions of policies and guidelines can be seen as follows:

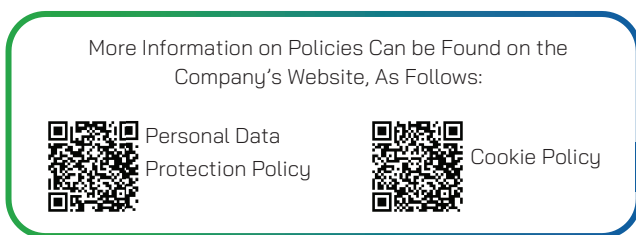
#### Safety and Occupational Health

- Revisions and adjustments were made to the preventive measures for the spread of COVID-19 on the Policy of Traveling During the Holiday and the guidelines for Working from Home. Changes were made in accordance with the seriousness of the situation and all the measures announced by the government in 2021 so that there were clearer guidelines regarding how to behave in the workplace and when working from home – all in order to further increase employees’ awareness and safety.
- Revisions and adjustments were made to policies on Occupational Health, Safety, and Work Environment so that these policies now stated that individuals related to the Company’s operations must follow the regulations and policies related to safety. The Company also actively attempted to locate dangerous areas and evaluate risks both inside and outside the Company’s manufacturing areas. Furthermore, the Company is determined to keep the pandemic away from the Company’s operations and improve the quality of life for the employees.

#### Human Rights

- New policy on “Personal Data Protection Act (PDPA)” was written up and announced due to the Company seeing the importance of protecting its employees’ and stakeholders’ personal privacy and is determined to make sure that said parties are fully protected in accordance with the law. To this end, the Company has informed the intention, guidelines, rights, and duration for using any personal information to its owner, while asking for approval to do so. The PDPA is disclosed and made accessible on the Company’s website.
- New policy on “Cookie Usage” was written up and announced due to the Company’s intention to deliver a good experience to users in navigating the Company’s website through the improvement of the website’s quality

in accordance with users' needs. To this end, the Company has prepared the policy to inform the users of the Company's objectives in utilizing Cookie, while also asking for the users' consent in installing Cookie on their equipment in order to record website page usage so that the data can be used to analyze and further improve the users' convenience in navigating the website. In any case, the Company fully allows the users to accept or refuse the usage of Cookie as they wish without any repercussions. The data collected via this process will be handled according to the Personal Data Protection Act in order to ensure users that their rights are being upheld by the law.



#### Personnel Development

- The Company places great importance in equal personnel development for every level of personnel. However, due to the situation with COVID-19 pandemic in 2021, the Company's trainings were all conducted online.

#### **3.4.2. Social Management Performance**

In 2021, the Company's performances and activities in the Social dimension focused on building and maintaining good relations with various stakeholders, including employees, customers, community, and society – with a comprehensive summary of the Company's social performance in 2021 being made available in the form of infographics in the next page.

The Company has written up the Company's 2021 Sustainability Development Report, with further details on policies, guidelines, and performances of the Social sustainability dimension – including the activities relating to said guidelines and performances. More details are available by directly accessing the Company's website, or by scanning the following QR Code to access the Sustainability page of the Company's website.



In any case, the Company strives to adapt the training courses to best suit the online platform so that every of the existing courses can be covered. However, some courses such as Walk Rally, Team Building, and other courses that require practical sessions needed to be split into theoretical and practical sessions – with the theoretical sessions being held normally and the practical sessions being canceled and postponed to the following year for the safety of all parties involved, therefore increasing employees' training hours by a little from year 2020.

#### Social Responsibilities and Community Development

- In 2021, the Company sees the importance in providing assistance to the community and society and has therefore proceeded with the project to donate medical equipment to medical institutes around the Company's operation areas with the intention to help and alleviate the situation during this crisis. The Company also provided assistance to employees by selling consumer products to them at a reasonably low price, as opposed to the rising prices during the pandemic, while also giving out foods and necessities to infected employees as a form of monetary and mental support for them during their recovery.



## Social Management Performance in Year 2021

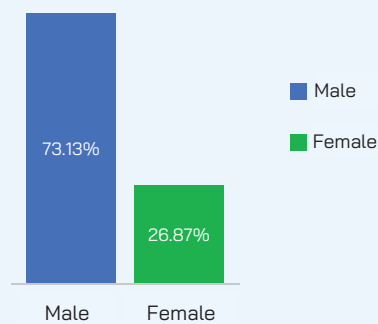
### Human Resources Management

The Company places great importance in the equality between every individual in the Company without discriminating by gender, age, education, nationality, religion, citizenship, or even disabilities. The Company takes care that every decision and management concerning employees are made ethically in accordance with Human Rights. In this regard, the Company has set in place a policy to fairly treat the candidates during the Company's employment process based on their skills and necessity to the Company's operations. Furthermore, there are also various welfares, advancement opportunities, and skills development that are equally accessible; with channels for employees to freely express their opinions and creativities.

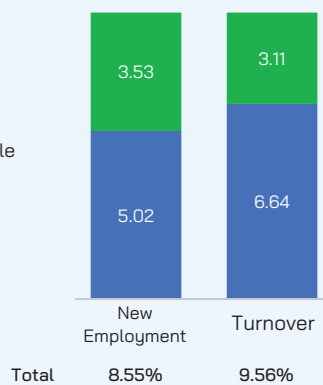
In 2021, the Company's employee diversity by gender is 73.13% male and 26.87% female – with 21.10% being under 30 years of age, 44.56% are between 30-40 years of age, 28.70% are between 41-50 years of age, 5.27% are between 51-60 years old, and 0.37% are more than 60 years old.

On another note, in 2021, employee turnover rate is at 9.65% which is higher than last year, while new employment rate is at 8.55% - decreasing from that of the previous year.

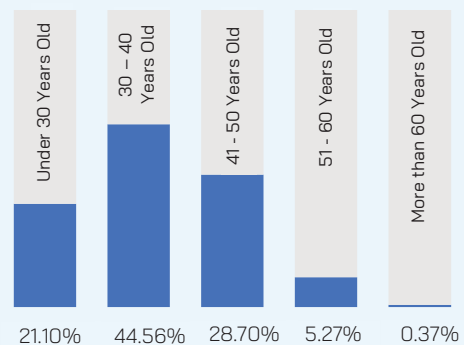
Employees' Diversity by Gender



Employees' Hiring - Turnover



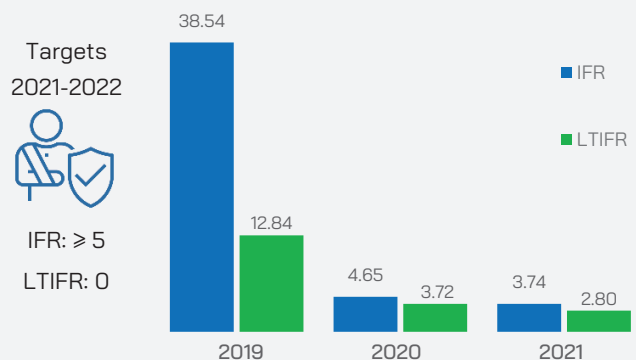
Employees' Diversity by Age



### Promoting Occupational Health and Safety

With the determination to reduce number of accidents to zero, in 2021, the Company reported average Injury Frequency Rate (IFR) of 3.74 accidents per 1 million working hours – which is lower than the previous year and is better than the set short-term target. The Company also reported average Lost-Time Injury Frequency Rate (LTIFR) – frequency rate of injuries that require employees to take time-off for 1 day or more – of 2.80 accidents per 1 million working hours, which is lower than the previous year but still unable to achieve the set target. In any case, the Company is determined to foster employees' awareness in following safety regulations, and to survey potentially dangerous areas in order to analyze and evaluate potential risks – therefore minimizing chances of accidents occurring.

Injury Frequency Rate (IFR) and Lost-Time Injury Frequency Rate (LTIFR)



\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

## Respecting Human Rights and Fair Treatment of Labors

The Company treats its employees in accordance with the policies and regulations in the Company's Code of Conduct and Thai Labor Standards, and has provided an accessible whistleblowing channel for every employee to report any evidence or complaints of inequality and violation of rights. In 2021, the Company and the audit committee received no complaint or report regarding said issues from both internal and external stakeholders.



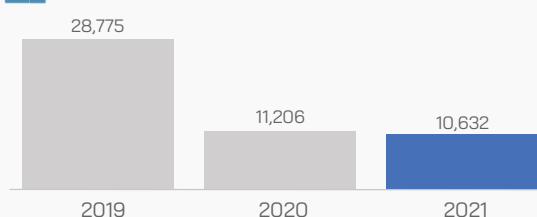
	Target	2019	2020	2021
No. of complaints regarding Human Rights Violation	0	0	0	0
No. of complaints regarding Conducts of Inequality	0	0	0	0

## Personnel Development

In 2021, the Company made adjustments to training courses and skills development to be increasingly held online. However, due to the worsening situation with the spread of COVID-19, the Company was limited to only holding theoretical sessions for the employees – with practical sessions being suspended and postponed to keep in line with government's measures and to minimize risks to the employees. This, in turn, caused the total training hours in 2021 to be slightly lower than the previous year; and lower by around 63% comparing to year 2019 which marked the beginning of the pandemic.



Total Training Hours of AAPICO Group's Employees



Year	2019	2020	2021
No. of employees that attended training (Persons)	3,120	1,768	1,545

Score	2019	2020	2021
Grade A	11	39	36
Grade B	4	2	9
Grade C	-	-	-
No. of suppliers evaluated	15	41	45
Proportion of Grade A Suppliers (Percent)	73.33	95.12	80

\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH**

## Supplier Relations Management

The Company operates in accordance with the Company's Code of Conduct, along with holding various activities as a means to create opportunities to communicate and relay the Company's important information and policies to the suppliers to acknowledged and follow. In every year, the Company evaluates risks, opportunities, and risks response of suppliers as per IATF1949 system in order to evaluate and review the performances of the purchasing department and the supplier companies.

Furthermore, the Company also evaluate the efficiency of its suppliers' operations in order to follow-up and motivate suppliers to continuously improve. In 2021, the Company evaluated a total of 45 suppliers – with number of suppliers with satisfactory Grade A performances at 36 companies, amounting to 80% of all evaluated suppliers. Comparing to the previous year, the proportion of Grade A suppliers reduced by around 8%.

This result indicates that the Company will have to continuously audited its suppliers' operations and communicate the Company's operative guidelines so that the suppliers understand an achieve the Company's expectation.

### Customer Relations Management

The Company is determined to operate efficiently and deliver quality products and services to customers as per their specifications. To improve the efficiency of its operations in various areas and to collect the opinions and information on various issues from the customers, the Company therefore conducts Customer Satisfaction Survey to achieve these targets.

The result of Customer Satisfaction Survey in 2021 reported an average customer satisfaction score of 91.25%, which increased from the previous year – with the customers being more satisfied with various factors such as each department's operations, on-time delivery, and pricing. This indicates an improvement in the Company's management and how said improvement contributed to securing the customers' trust. In this regard, the Company is still striving to improve its operations to greater heights in every year.



\*The information reported in this topic includes those of the following plants belonging to AAPICO Group: **AH, AHP, and AHR**

### Social Responsibilities and Community Development

AAPICO Group has always placed great importance on the livelihood and quality of life of people in the society whether they belong to the organization or not – in accordance with the Company's fundamental value of 4 Happy. In 2021 which reported a worsening situation of COVID-19 pandemic with rapidly increasing numbers of infected individuals, along with an economic crisis, AAPICO Hitech was determined to help the employees, surrounding community, and society by setting a budget of approximately Baht 4 million to support and improve medical institutes, developmental institutes for handicapped individuals, the community, and employees – as a part in helping to alleviate the distress affecting the society.

In 2021, AAPICO Group has conducted a total of 22 Community and Social Responsibilities Activities – amounting to a total monetary value of Baht 8 million, which can be categorized as follows:

1. Joined the donation to purchase medical equipment for donation, including face masks, oximeters, face shields, and PPE kits. The donation was made to medical institutes, field hospitals, and various regional government units – list of these institutes include Chonburi Hospital, Rayong Hospital, Ayutthaya Hospital, Ayutthaya Field Hospital for Industrial Workers, Bangbo Hospital, Thammasat Hospital, Srithanya Hospital, Bangpakong Home for the Disabled, Association for Intellectually Disabled of Rayong, Chonburi Autistic Center, and Thai Industrial Standards Institute.
2. Alleviating the stress of employees infected with COVID-19 by donating money and various consumer products, while also providing moral support via phone call.
3. Donating 700 kg. worth of recycle paper box to SCG Packaging Public Company Limited – Panthong Branch, for the purpose of making field beds for COVID-19 patients.
4. Making donation to aid employees and people in the community who were affected by the fire outbreak at the King Kaew factory, Samutprakarn.

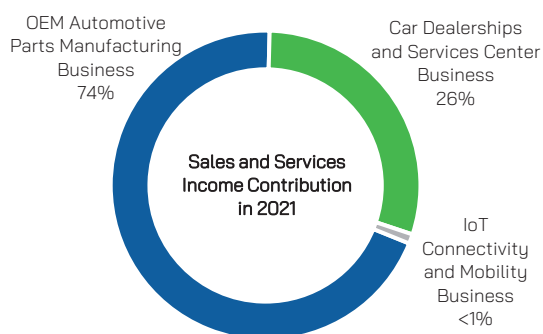


## 4. Management Discussion and Analysis

### 4.1 Performance & Financial Status Analysis and Major Changes

#### AAPICO Business in 2021

AAPICO Group (“The Company”) businesses are primarily engaged in the automotive industry. Its three core pillars of businesses are OEM Automotive Parts Manufacturing business, Car Dealerships and Services Center business, and the IoT Connectivity and Mobility business. AAPICO’s main operations and facilities are located in four countries, namely Thailand, Malaysia, China, and Portugal. The Company also has an operation in India through Sakthi Global Auto Holding (SGAH), a Holding Company in UK.

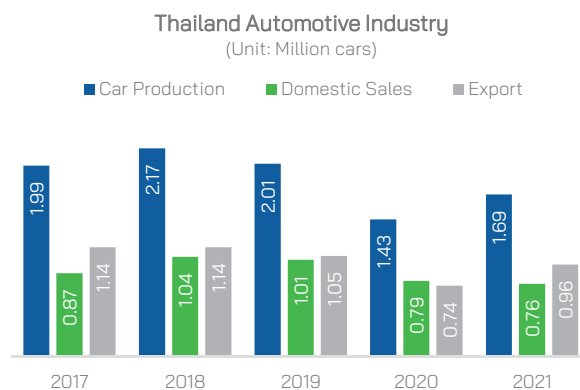


AAPICO’s sales and services income are mainly contributed from two core businesses, which are the OEM Automotive Parts Manufacturing business and Car Dealerships and Services Center business, with the income contribution in 2021 of 74% and 26% respectively. Sales of the technology sector in 2021 was still nominal at approximately 0.04% of total sales and services income.

The OEM automotive parts manufacturing business comprises of metal forming parts, plastic parts, forging and machining parts, casting parts, and toolings (Assembly Jigs and Stamping Dies). Thailand operations are focused on most every automobile component except casting parts. China operation is manufacturing forging and machining parts and Portugal operation is producing casting parts.

The Company operates car dealerships and service center for Ford, Mitsubishi, Mazda and MG vehicles in Thailand and Honda and Proton vehicles in Malaysia.

#### Industry and Market in 2021



**Thailand:** The car production in Thailand increased by 18.1% to 1.69 million cars in 2021. Export showed an improvement by 30.4% which amounted to 0.96 million cars. Domestic volume decreased by 4.2% to 0.76 million cars, due to COVID-19 pandemic which causing a partial lockdown in Thailand between July to August 2021 along with the microchip shortage.

**Malaysia:** Total Industry Volume (TIV) of new car sales for 2021 decreased slightly by 3.9% to 508,911 cars. Perodua, a national car, ranked first in terms of units sold; at 190,291 cars, which decreased 13.6% YoY. Its market share dropped to 37% in 2021 from 42% in 2020. Proton, a national car, ranked second at 111,695 cars, which increased 2.9% YoY. Toyota, which is a non-national car, was ranked third with a growth of 22.4% YoY to 71,585 cars. Honda was fourth at 53,031 cars which decreased 12.3% YoY.

**Portugal:** In 2021, total car production in Europe declined by 4.8% YoY to 15.7 million cars. Even though there was a strong recovery during the 1H2021, but due to the microchip shortage during the 2H2021 causing the production volume to drop significantly since Q3 and hit the lowest in Q4 of 2021.

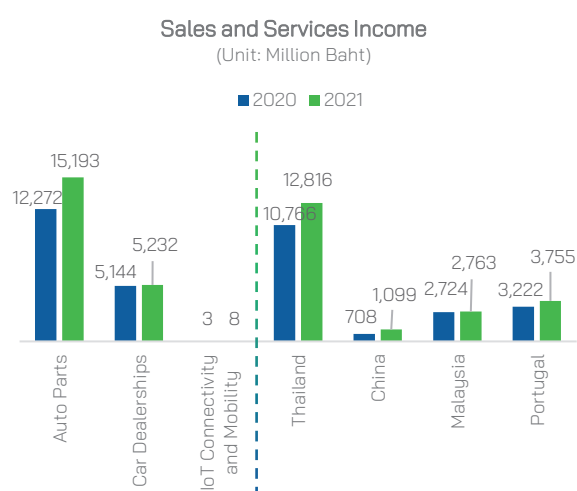
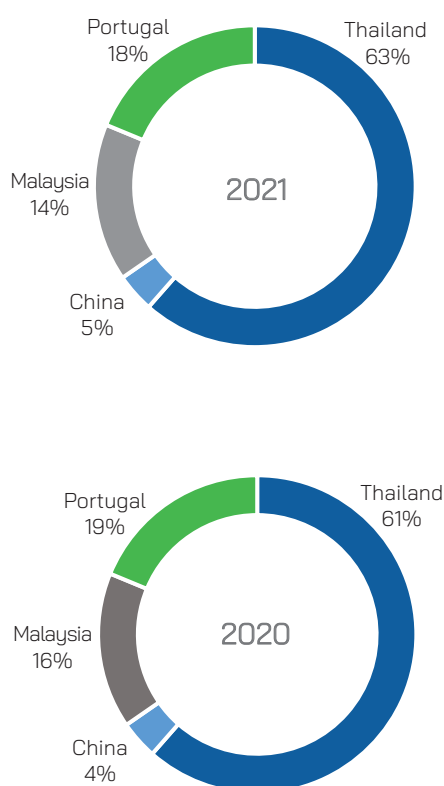
**China:** Total car production in 2021 increased by 3.4% to 26.1 million cars. Domestic car sales increased by 3.8% to 26.3 million cars. Car production is mainly for domestic market. In 2021, the New-Energy Vehicle (NEV) production in China was 3.5 million units and sales volumes of 3.5 million units. Although the COVID-19 pandemic and microchip shortage in 2021 had a significant influence on the global automobile sector, but the aforementioned setback reasons had a minor impact in China due to the government stimulus package and lesser impact from chip shortage.

## Profit and Loss Analysis

### Sales and services income

Sales and services income increased by 17.3% YoY from Baht 17,419 million in 2020 to Baht 20,433 million in 2021, driven by higher sales from automotive parts

and car dealership segment which increased by 23.8% YoY and 1.7% YoY respectively. Increase in total revenues were attributable to strong recovery of automotive parts business, especially in China and Thailand. Dealership businesses contributed lower growth in 2021 due largely to COVID-19 pandemic driven issues. Malaysia went through a full lockdown from June to Mid of August 2021 and Thailand had partial lockdown from July to August 2021. Overall, the increase in revenue was in line with industry growth in terms of demand.



Thailand is still the largest sales contribution for AAPICO with 62.7% in 2021, followed by Portugal at 18.4%, Malaysia at 13.5% and China at 5.4%. For Thailand and China, sales contributions increased; whilst Portugal and Malaysia contributions decreased. In 2021, contribution in Thailand increased by 19.0% YoY largely from the growth in OEM automotive parts manufacturing business. For China, sales increased strongly by 55.4% YoY and Portugal sales rose by 16.5% YoY from the robust recovery in the first half year. However, the microchip shortage has affected the production in Europe which affected Portugal's performance in 2H2021. For car dealerships in Malaysia, sales growth increased slightly by 1.4% YoY due to the aforesaid pandemic which led to the full lockdown during June to mid of August 2021.

Profit and Loss Statement (Unit: Million Baht)	2020	2021	Change	%
Sales and service income	17,419	20,433	3,014	17.3%
Other income (Include other irregular items)	379	534	155	40.9%
<b>Total Revenues</b>	<b>17,798</b>	<b>20,967</b>	<b>3,169</b>	<b>17.8%</b>
<u>Less</u> Cost of Sales and services	16,054	18,225	2,171	13.5%
Gross Profit	1,364	2,208	844	61.9%
Gross Profit Margin (%)	7.8%	10.8%	3.0%	-
<b>Total expenses</b>	<b>17,385</b>	<b>19,754</b>	<b>2,369</b>	<b>13.6%</b>
<b>Profit from operating activities</b>	<b>412</b>	<b>1,213</b>	<b>801</b>	<b>194.4%</b>
Share of profit from associates and JVs	101	281	180	178.2%
Finance income	35	3	(32)	(91.4%)
<u>Less</u> Finance cost and Tax expenses	385	459	74	19.2%
<u>Less</u> Non-controlling interests	15	13	(2)	(13.3%)
<b>Net Profit attributable to equity holders</b>	<b>148</b>	<b>1,024</b>	<b>876</b>	<b>591.9%</b>
<b>Net Profit Margin (%)</b>	<b>0.8%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>-</b>
<b>Earnings per shares</b>	<b>0.46</b>	<b>2.89</b>	<b>2.43</b>	<b>529.98%</b>

#### Other income

Other income, mainly comprised of technical fees, promotional fees from car sales, government subsidy on labor compensation and gain on exchange rate. In 2021, gain on exchange rate was at Baht 222 million compared to loss on exchange rate of Baht 13 million in 2020. Gain on exchange rate was caused by weaker Thai Baht at year-end 2021 vs. 2020. Gain on exchange rate was non-cash and mainly associated with the USD loan related to the SGAH transaction.

Unit: Million Baht	2020	2021	Change	%
Other income	379	312	(67)	(17.7%)
Gain on exchange rate	0	222	222	N/A
<b>Other income - Total</b>	<b>379</b>	<b>534</b>	<b>155</b>	<b>40.9%</b>

#### Total Revenues

Total consolidated revenues increased by 17.8% YoY from Baht 17,798 million in 2020 to Baht 20,967 million in 2021.

#### Gross Profit

Gross profit increased from Baht 1,364 million to Baht 2,208 million in 2021 mainly from higher sales and higher sales contribution of automotive parts business which contributed to a higher margin. In addition, in Q2 2020, during the first wave of COVID-19 pandemic, revenues dropped significantly which caused the gross profit margin in Q2 2020 to be negative and gross profit margin for the full year 2020 was thus at low level.

Unit: Million Baht	2020	2021	Change	%
Sales and service income	17,419	20,433	3,014	17.3%
Cost of sales and services	16,054	18,225	2,171	13.5%
<b>Gross Profit</b>	<b>1,364</b>	<b>2,208</b>	<b>844</b>	<b>61.9%</b>
<b>Gross Profit Margin (%)</b>	<b>7.8%</b>	<b>10.8%</b>	<b>3.0%</b>	

#### Selling and Administrative Expenses

Selling and administrative expenses increased from Baht 1,333 million to Baht 1,540 million in 2021 in line with the revenue growth.



Unit: Million Baht	2020	2021	Change	%
Selling and distribution expenses	289	333	44	15.2%
Administrative expenses	1,043	1,207	164	15.7%
<b>Total SG&amp;A expenses</b>	<b>1,333</b>	<b>1,540</b>	<b>207</b>	<b>15.5%</b>

#### Other expenses

There was a reversal on the earlier provisioned credit losses of account receivables of Baht 10 million compared to Baht 15 million in 2020 due to the better debt collection management.

Unit: Million Baht	2020	2021	Change	%
Loss on exchange rate	13	0	(13)	(100.0%)
Expected Credit Losses (Reversal)	(15)	(10)	5	33.3%

#### Interest and Tax Expenses

Interest expense decreased from Baht 373 million in 2020 to Baht 346 million as the interest-bearing debt was gradually reduced. Tax expenses increased from Baht 12 million in 2020 to Baht 113 million in 2021 due to the fact that BOI certificates of the Company and some subsidiaries had expired.

Unit: Million Baht	2020	2021	Change	%
Finance cost	373	346	(27)	(7.2%)
Corporate tax expense (income)	12	113	101	841.7%
<b>Finance cost and Corporate Tax expense</b>	<b>385</b>	<b>459</b>	<b>74</b>	<b>19.2%</b>

#### Share of profit (loss) from Equity Investments

The company recognized share of profit (loss) from associates and joint ventures totaling Baht 281 million in 2021 compared to Baht 101 million in 2020. In 2020, associated and joint ventures companies were impacted by the COVID-19 pandemic which led to the lower revenues and profit. Thus in 2021, the situation

has returned to normal which can be seen from the total car production volume which grew 18.1% YoY. As a result, sales and profits of associated companies increased significantly. Sumino AAPICO (Thailand) Co., Ltd., on the other hand, has a lower profit sharing as a result of the product mix, resulting in a lower gross margin. This also included a provision for employee receivables due to the employees' misbehavior. Therefore, the company is in the process of litigation and lawsuits against the employees.

Share of profit (loss) from Equity Investments Unit: Million Baht	2020	2021	Change	%
Hyundai Motor (Thailand) Company Limited	57	121	64	112.3%
Able Sanoh Industries (1996) Company Limited	71	139	68	95.8%
Sumino AAPICO (Thailand) Company Limited	18	7	(11)	(61.1%)
Edscha AAPICO Automotive Company Limited	12	17	5	41.7%
Thai Takagi Seiko Company Limited	(5)	4	9	180.0%
Sakthi Auto Component Limited	(19)	16	35	184.2%
Other companies	(31)	(23)	8	25.8%
<b>Profit Sharing from Investments</b>	<b>101</b>	<b>281</b>	<b>180</b>	<b>178.2%</b>

<b>Balance Sheet</b> Unit: Million Baht	<b>2020</b>	<b>2021</b>	<b>Change</b>	<b>%</b>
Cash and cash equivalents	652	690	38	5.8%
Trade and other receivables	2,846	2,237	(609)	(21.4%)
Inventories	2,596	3,031	435	16.8%
Investments in associates, joint ventures and others	3,716	4,150	434	11.7%
Long-term loans to related parties	637	96	(541)	(84.9%)
Property, Plant, and Equipment	7,773	8,222	449	5.8%
Goodwill	1,094	1,118	24	2.2%
Other Intangible Assets	1,576	1,599	23	1.5%
Right-of-use assets	473	600	127	26.8%
Other Assets	983	979	(4)	(0.4%)
<b>Total Assets</b>	<b>22,346</b>	<b>22,722</b>	<b>376</b>	<b>1.7%</b>
Trade and other payables	4,119	4,884	765	18.6%
Short-term loans from banks	1,918	1,710	(208)	(10.8%)
Current portion of long-term loans and debentures	1,901	1,941	40	2.1%
Long-term loans	3,998	3,138	(860)	(21.5%)
Long-term debentures	1,599	1,099	(500)	(31.3%)
Advances received from customers	143	157	14	9.8%
Other Liabilities	928	978	50	5.4%
<b>Total Liabilities</b>	<b>14,605</b>	<b>13,908</b>	<b>(697)</b>	<b>(4.8%)</b>
<b>Total Shareholders' Equity</b>	<b>7,741</b>	<b>8,815</b>	<b>1,074</b>	<b>13.9%</b>

## Financial Position Analysis

### Assets

Total assets increased by Baht 376 million in 2021 largely attributable to the increase in inventories, property, plant, equipment, and investment in associates.

Account receivables decreased from Baht 2,846 million to Baht 2,237 million in 2021 as the Company entered into a factoring agreement with financial institution on its accounts receivable, which led to the lower accounts receivable level. Without such factoring contract, the level of accounts receivable would be higher.

Long term loans to related parties decreased from Baht 637 million to Baht 96 million due to the loan repayment received from SAGUSA.

### Liabilities

Total liabilities decreased by Baht 697 million due to the interest-bearing debt repayments such as short-term, long-term loans and long-term debentures.

Other liabilities increased by Baht 50 million from an increase in accrued wages due to the higher number of full-time and day-to-day employees along with other accrued advisory fees.

### Shareholders' Equity

Total shareholders' equity increased by Baht 1,074 million in 2021 due to the higher profits during the period.

## Key Financial Performance

Unit: In % or times	2020	2021
Gross Profit Margin (%)	7.8%	10.8%
Net Profit Margin (%)	0.8%	4.9%
Return on Assets (%)	0.7%	4.6%
Return on Equity (%)	2.0%	12.8%
Average Sales Period (Days)	61.7	55.6
Average Collection Period (Days)	49.7	44.8
Average Payment Period (Days)	95.5	88.9
Cash Conversion Cycle (Days)	16.0	11.4
Current Ratio (Times)	0.78	0.69
Quick Ratio (Times)	0.47	0.36
Interest bearing Debt to Equity Ratio (Times)	1.22	0.89
Net Debt to Equity Ratio (Times)	1.80	1.50
Interest Coverage Ratio (Times)	1.47	4.33

**Gross Profit Margin (%)** increased from 7.8% to 10.8% in 2021 due to higher sales and higher sales contribution of automotive parts business which contributed to a higher margin. In addition, in Q2 2020, during the first wave of COVID-19 pandemic, revenues dropped significantly which caused the gross profit margin in Q2 2020 to be negative and gross profit margin for the full year 2020 was thus at low level.

**Net Profit Margin (%)** increased from 0.8% to 4.9% in 2021 due to the following major reasons:

- 1) Strong performance of our automotive parts business in Thailand and China
- 2) The increase in profit sharing from associates and joint ventures from Baht 101 million in 2020 to Baht 281 million in 2021 in the previous year
- 3) Gain on Exchange Rate of Baht 222 million compared to Loss on Exchange Rate of Baht 13 million

**Return on Assets (ROA) and Return on Equity (ROE)** improved to 4.6% and 12.8% respectively. The Company's profitability indicators were significantly higher than 2020 as the profit continues to improve.

**Average Sales Period (days) and Average Payment Period (days)** decreased mainly due to the lower inventory of car dealership businesses in Thailand and Malaysia. The cost of sales in 2021 was significantly increased from 2020. Meanwhile, the increase in inventories and accounts payable level in 2021 was less than the increase in cost of goods sold.

**Average Collection Period** decreased from 50 days to 45 days in 2021. As the Company has entered into a factoring agreement in 2021, but not enter into the aforesaid agreement in 2020. Therefore, the average collection period was lower than normal level. Allowance for doubtful accounts was provided for estimated losses that may incur from inability to collect outstanding receivables. Note that allowance provision is generally based on collection experience and analysis of aging nature of these receivables.

**Current Ratio** decreased from 0.78 to 0.69 times and **Quick Ratio** decreased from 0.47 times to 0.36 times in 2021. The decrease in current assets in a proportion greater than current liabilities due to the Company has entered into factoring agreement in 2021, but not enter into the aforesaid agreement in 2020. Although

the abovementioned ratios were lower than 1 time, the Company believes that its liquidity risk is low thanks to positive cash flow from operations; strong balance sheet and continued strong support from its lenders.

**Interest-Bearing Debt to Equity and Net Debt to Equity Ratios** decreased to 0.89x and 1.50x respectively in 2021 due to the decrease in interest-bearing debt. The ratios were still in compliance with financial covenants imposed in its bank loan agreements and debentures at below 1.75x and 2.0x respectively.

**Interest Coverage Ratio** increased from 1.47x to 4.33x in 2021, as in 2020 the company was affected from the COVID-19 pandemic, and the situation gradually recovered in 2021. As a result, the Company's profit was improved.

In terms of the off-balance sheet obligations, the Company guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 10 million and its local associates amounting to Baht 100 million compared to RMB 18 million and Baht 100 million respectively. Consideration of such guaranteed obligations are within the scope of manageable. Furthermore, the company has no policy to guarantee loans for additional companies in the group in 2021.

However, the credit risk of foreign subsidiaries and domestic associated companies is low.

### Cash Flow Analysis

Net cash flows from operations in 2021 was Baht 3,299 million compared to Baht 316 million in 2020, the increase was mainly in line with an increase in profit and factoring of accounts receivable at year-end 2021. Net cash flows used in investing activities amounted to Baht 791 million, was largely due to investment in machinery and equipment amounted to Baht 1,328 million for the new projects as well as maintenance capital expenditures. There was cash dividend received from subsidiaries and associates of Baht 108 million, loan repayment from related parties of Baht 558 million.

Net cash flows used in financing activities was Baht 2,277 million, mainly from short-term & long-term loan and debenture repayments. In 2021, total net cash increased to Baht 39 million compared to net cash increased of Baht 114 million in 2020. Cash and cash equivalents at the end of the year 2021 stood at Baht 690 million and Baht 652 million in 2020.

Cash flow statement (Unit: Million Baht)	2020	2021	Change	%
Net cash flows from operating activities	316	3,299	2,983	944.0%
Capital expenditures	(638)	(1,328)	(690)	(108.2%)
Net cash flows from (used in) investing activities	(408)	(791)	(383)	(93.9%)
Net cash flows from (used in) financing activities	281	(2,277)	(2,558)	(910.3%)
<b>Net cash increase (decrease)</b>	<b>114</b>	<b>39</b>	<b>(75)</b>	<b>(65.8%)</b>
<b>End of Year Cash and Cash equivalents</b>	<b>652</b>	<b>690</b>	<b>38</b>	<b>5.8%</b>
<b>Major cash transactions:</b>				
Investments in associates and joint ventures	(50)	(2)	48	96.0%
Loans to related parties decrease (increase)	(129)	558	687	532.6%
Interest received	29	1	(28)	(96.6%)
Dividend received from subsidiaries and associates	295	108	(187)	(63.4%)

#### **4.2 Factors or Events can be Significantly Affect Performance and Financial Status in the Future**

AAPICO's main businesses are in the automotive industry. The Company's performance therefore is related to the automotive demands and markets in Thailand, Malaysia, Europe and China. For the year 2022, the Federation of Thai Industries (FTI) expects a stable automotive production volume of approximately 1.80 million cars which will increase by 6.8% YoY, of which 1.0 million cars for export and 0.80 million cars for domestic car sales. The Malaysian Automotive Association (MAA) has predicted an increase of 17.9% YoY in total industry volume for 2022 to 600,000 units as in 2021 there was a full lockdown in Malaysia from June to mid of August 2021, which led to the lower-than-expected of car sales in Malaysia. The Malaysia Government extended tax exemption period to 30 June 2022. European car production volume is expected to grow 18.4% YoY to 18.6 million cars. Chinese automotive market expects to grow 5.4% from 2021 to 27.5 million cars.

The Company estimates that sales growth will be in tandem with the automotive industry. The demand for automotive parts remains robust, and the microchip shortage situation is expected to ease. Most of the company's plants in Thailand and overseas are currently operating in two shifts.

With the continual TURBO action programs, the Company will continue its focus on improving efficiency, controlling its activities and cost reduction, as well as looking for opportunities and new markets to expand its business into the global arena. The Company is gearing toward sustainability with emphasis on quality, cost, delivery, management, and engineering innovation to maintain operational standards and to continually develop throughout the AAPICO Group organization.

#### 4.3 Financial Highlights and Ratios for the Past 3 years

Statement of Financial Position	Consolidated Financial Statements					
	2019 (Restated)		2020		2021	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
<b>Assets</b>						
Cash and Cash Equivalents	537,807	2.53%	651,781	2.92%	690,391	3.04%
Current Investment	54,474	0.26%	-	0.00%	-	0.00%
Trade and Other Receivables	1,968,152	9.24%	2,846,045	12.74%	2,236,600	9.84%
Inventories	2,908,727	13.66%	2,595,736	11.62%	3,030,653	13.34%
Long-term Loans to Related Parties	489,567	2.30%	637,152	2.85%	95,804	0.42%
Investment in Associates and Joint Ventures	3,994,159	18.76%	3,716,279	16.63%	4,150,377	18.27%
Goodwill	1,020,920	4.79%	1,094,249	4.90%	1,117,992	4.92%
Property, Plant and Equipment	7,931,869	37.25%	7,773,139	34.79%	8,221,984	36.18%
Other Assets	2,387,149	11.21%	3,031,673	13.57%	3,178,694	13.99%
<b>Total Assets</b>	<b>21,292,826</b>	<b>100.00%</b>	<b>22,346,054</b>	<b>100.00%</b>	<b>22,722,495</b>	<b>100.00%</b>
<b>Liabilities</b>						
Short-term Loans from Banks	1,800,279	8.45%	1,918,214	8.58%	1,710,423	7.53%
Trade and Other Payables	4,397,197	20.65%	4,118,763	18.43%	4,883,735	21.49%
Current Portion of Long-term Loans and Debentures	1,742,903	8.19%	1,900,656	8.51%	1,940,997	8.54%
Short-term Loans from Related Parties	32,613	0.15%	33,119	0.15%	35,696	0.16%
Long-term Loans	2,823,901	13.26%	3,997,519	17.89%	3,138,251	13.81%
Long-term Debentures	2,198,310	10.32%	1,599,079	7.16%	1,099,486	4.84%
Other Liabilities	816,447	3.83%	1,037,417	4.64%	1,099,108	4.84%
<b>Total Liabilities</b>	<b>13,811,651</b>	<b>64.87%</b>	<b>14,604,766</b>	<b>65.36%</b>	<b>13,907,695</b>	<b>61.21%</b>
<b>Shareholders' equity</b>						
Registered Capital	322,649	1.52%	322,649	1.44%	354,842	1.56%
Issued and Paid-up Capital	322,584	1.51%	322,584	1.44%	354,842	1.56%
Premium on Ordinary Shares	2,164,354	10.16%	2,164,354	9.69%	2,164,354	9.53%
Premium on Treasury Shares	33,580	0.16%	33,580	0.15%	33,580	0.15%
Deficit from the change in interests in a subsidiary	-	0.00%	-	0.00%	(1,533)	(0.01%)
Retained Earnings - Appropriated	212,635	1.00%	219,135	0.98%	219,135	0.96%
- Unappropriated	4,694,636	22.05%	4,761,037	21.31%	5,537,584	24.37%
Other Components of Shareholders' Equity	(198,239)	(0.93%)	(27,548)	(0.12%)	205,042	0.90%
Non-Controlling Interests of the Subsidiaries	251,625	1.18%	268,146	1.20%	301,796	1.33%
<b>Total Shareholders' Equity</b>	<b>7,481,175</b>	<b>35.13%</b>	<b>7,741,288</b>	<b>34.64%</b>	<b>8,814,799</b>	<b>38.79%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>21,292,826</b>	<b>100.00%</b>	<b>22,346,054</b>	<b>100.00%</b>	<b>22,722,495</b>	<b>100.00%</b>

Remark: 1) Percent of Total Assets or Total Liabilities and Equities

Income Statement and Cash Flow Statement	Consolidated Financial Statement			
	2019 (Restated)		2020	
	'000 Baht	%	'000 Baht	%
<b>Income Statement</b>				
<b>Total Revenues</b>	<b>19,109,414</b>	<b>100.00%</b>	<b>17,797,594</b>	<b>100.00%</b>
Revenue from Contracts with Customers	18,732,332	98.03%	17,418,930	97.87%
Other Income	226,410	1.18%	378,665	2.13%
Gain on Changes in Interest in investment in associate and joint venture	150,672	0.79%	-	0.00%
Cost of Sales and Services	16,701,807	87.40%	16,054,462	90.21%
Selling and Administrative Expenses	1,090,776	5.71%	1,332,705	7.49%
Loss on Exchange Rate	189,329	0.99%	13,289	0.07%
Loss on Change in Status of Investment	563,904	2.95%	-	0.00%
Doubtful Debts	507,761	2.66%	-	0.00%
Expected Credit Losses (Reversal)	-	0.00%	(15,145)	(0.09%)
Loss on Impairment of Investments	11,375	0.06%	-	0.00%
Share of Profit from Investment in Associates and Joint Ventures	115,389	0.60%	101,363	0.57%
Finance Income	194,635	1.02%	34,507	0.19%
Finance Cost	(295,748)	(1.55%)	(372,917)	(2.10%)
Tax Income (Expenses)	(224,785)	(1.18%)	(12,153)	(0.07%)
<b>Profit (Loss) Attributable to Equity Holders of the Company</b>	<b>(179,512)</b>	<b>(0.94%)</b>	<b>147,764</b>	<b>0.83%</b>
Profit (Loss) Attributable to Non-Controlling Interests of the Subsidiaries	13,466	0.07%	15,318	0.09%
<b>Profit (Loss) for the year</b>	<b>(166,046)</b>	<b>(0.87%)</b>	<b>163,082</b>	<b>0.92%</b>
Basic Earnings (Loss) per share (Par Value of Baht 1 per share)	(0.56)		0.46	
<b>Cash Flow Statement</b>				
Net Cash Flow from Operating Activities	1,514,887		316,195	
Net Cash Flows from (used in) Investing Activities	(1,614,550)		(408,107)	
Net Cash Flows from (used in) Financing Activities	(47,924)		280,745	
Increase (decrease) in Translation Adjustments	147,951		(74,859)	
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>364</b>		<b>113,973</b>	

Remarks: 1) Percent of Total Revenue

2) Scrap Income has been reclassified from other income to sales and services income started from Q1'2021



Financial Ratio	Consolidated Financial Statements		
	2019 (Restated)	2020	2021
<b><u>Liquidity Ratio</u></b>			
Current Ratio (Times)	0.70	0.78	0.69
Quick Ratio (Times)	0.35	0.47	0.36
Cash Flow Ratio (Times)	0.22	0.04	0.37
Account Receivable Turnover Ratio (Times)	8.55	7.24	8.04
Average Collection Period (Days)	42.12	49.75	44.77
Inventory Turnover Ratio (Times)	7.72	5.83	6.48
Average Sales Period (Days)	46.64	61.72	55.57
Account Payable Turnover Ratio (Times)	4.71	3.77	4.05
Average Payment Period (Days)	76.42	95.48	88.91
Cash Conversion Cycle (Days)	12.34	15.98	11.43
<b><u>Profitability Ratio</u></b>			
Gross Profit Margin (%)	10.84%	7.83%	10.81%
Operating Profit Margin (%)	0.84%	2.89%	7.12%
Profit margin from investments in associates (%)	0.60%	0.57%	1.34%
Cash to Income Ratio (%)	3666.56%	101.28%	295.10%
Net Profit Margin (%)	(0.94%)	0.83%	4.88%
Return on Equity (%)	(2.41%)	2.01%	12.81%
<b><u>Operating Efficiency Ratio</u></b>			
Return on Assets (%)	(0.85%)	0.75%	4.60%
Return on Fixed Assets (%)	8.07%	14.78%	25.86%
Asset Turnover Ratio (Times)	0.98	0.82	0.93
<b><u>Financial Policy Ratio</u></b>			
Debt to Equity Ratio (Times)	1.85	1.89	1.58
Net Debt to Equity Ratio (Times) <sup>2</sup>	1.77	1.80	1.50
Interest bearing Debt to Equity Ratio (Times)	1.14	1.22	0.89
Interest Coverage Ratio (Times)	1.20	1.47	4.33
Dividend Payout Ratio (%)	N/A	54.60%	32.57%

Remarks: 1) Financial Ratios are calculated according to SEC

2) Adjusted Debt calculated from Debt less Cash and Cash Equivalents

3) Scrap Income has been reclassified from other income to sales and service income started from Q1'2021

## 5. General Information and Other Significant Information

### 5.1 Company General Information

#### Company General Information

AAPICO Hitech Public Company Limited	
Head Office:	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane, Amphur Bang Pa-In, Ayutthaya Province, 13160, Thailand
Branch Office:	Unit No. 100/11, 9th Floor (Low Zone), Sathorn Nakorn Tower Building, North Sathorn Road, Silom Subdistrict, Bangrak District, Bangkok, 10500, Thailand
Telephone:	+66 (0) 3535 0880
Facsimile:	+66 (0) 3535 0881

#### Reference Entities General Information

Security Deposit Registrar	
Address:	Thailand Securities Depository Company Limited, The Stock Exchange of Thailand, 93 Ratchadapisek Road, Dindaeng, Bangkok, 10400, Thailand
Telephone:	+66 (0) 2009 0900 +66 (0) 2009 9999
Facsimile:	+66 (0) 2009 9991
Debenture Representative	
Address:	Bangkok Bank Public Company Limited, 333 Silom Road, Bangrak, Bangkok, 10500, Thailand
Telephone:	+66 (0) 2626 3568
Facsimile:	+66 (0) 2626 4545-6
Debenture Registrar	
Address:	Bangkok Bank Public Company Limited, 333 Silom Road, Bangrak, Bangkok, 10500, Thailand
Telephone:	+66 (0) 2626 3568
Facsimile:	+66 (0) 2626 4545-6
EY Office Limited	
Address:	Lake Rajada Office Complex, Floor 33rd, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok, 10110, Thailand
Telephone:	+66 (0) 2264 0777 +66 (0) 2264 9090
Facsimile:	+66 (0) 2264 0789

## 5.2 Other Important Information

### 5.2.1 Other Information which may affect the investors decision

None

### 5.2.2 Any limitation on the allocation of new ordinary shares in the capital increase to shareholders in foreign countries under the law of other jurisdictions

None

## 5.3 Legal Dispute

None

## 5.4 Secondary Market

AAPICO Hitech is a listed company in the Stock Exchange of Thailand



## **Part 2:**

### **Corporate Governance**

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6. Corporate Governance Policy
7. Corporate Governance Structure, Board of Directors, Committees, Management, Employees and Others
8. Report on Key Performance of Corporate Governance
9. Internal Control and Connected Transaction

## 6. Corporate Governance Policy

AAPICO Hitech Public Company Limited (hereinafter referred to as “The Company”) is committed to conduct our business responsibly and with integrity, honesty, transparency, and fairness. AAPICO’s business principles are defined by its ethical framework and continuous improvement in response to changes in the economy, society, environment, and corporate governance circumstances.

### 6.1 Policy and Corporate Governance Practice

The Company places great importance on operating under good corporate governance and is determined to continuously improve its governance practices and standards across the organization in order to gain and maintain stakeholders’ trust and confidence in its operations. The Board of Directors is responsible for developing the corporate governance policy, overseeing the drafting process thereof, and approving the final version. The Board also ensures that the Company adheres to good corporate governance principles and acts in compliance with its corporate governance policy.

#### 6.1.1 Policy and Guideline: The Board of Directors

The Company has established significant principles and regulations related to the Board of Directors in order to conduct business in a transparent manner. These policies and guidelines cover the nomination and remuneration of directors and executives that are aligned with their duties and responsibilities, the independence of the board of directors from management, director development, and performance evaluation, as well as supervision of subsidiaries and associated companies.

#### 6.1.2 Policy and Guideline: Shareholders and Stakeholders

##### 1) Rights of Shareholders

The Company respects the rights of shareholders to help steer the Company’s business directions and seeks their approval on important matters that may

affect the Company’s operations and shareholders’ benefits. Apart from the election of directors to supervise the Company’s operations on their behalf, shareholders are also encouraged to attend shareholders’ meetings to express their opinions, ask questions, and vote on important affairs of the Company.

### Scheduling Shareholders’ Meetings

The Company makes efforts to encourage and facilitate shareholders in exercising their rights and emphasizes the best practice and high standards for its shareholders’ meetings. The Company schedules the shareholders’ annual general meeting within 4 months of the annual closing of its accounts. The Company takes the shareholders’ convenience as a main factor in fixing the date and time as well as selecting a meeting venue in areas that are easily accessible by public transport. The Annual General Meeting (AGM) of shareholders for the year 2021 was set at Amari Watergate Bangkok on April 23, 2021 at 10:00 A.M. The hotel was located on Phetchaburi Road, which was easily accessible by public transport (e.g. taxi, bus, boat, rail mass transit, etc.) and had sufficient capacity to accommodate meeting attendees. Due to the 3<sup>rd</sup> wave of the Coronavirus Disease 2019 (COVID-19) pandemic, the Company had to set stricter standards by limiting the number of attendees as per the government’s notice. However, the Company had arranged for live broadcast of the Annual General Meeting year 2021 to provide a convenient channel for shareholders who wished to join the meeting via online platform.

### Notice of Shareholders' Meeting

The Company disclosed the Board of Directors' decision on the AGM date, the AGM agenda, and the Board's opinions via the Stock Exchange of Thailand (SET) website in order to notify shareholders prior to sending out meeting notices. The Company ensured that the shareholders' meeting notice contained correct and complete information regarding the time, date, venue, and agenda of the meeting, and provided facts and opinions of the Board Meeting for each agenda item. The notice of shareholders' meeting and supporting documents – including the minutes of the previous meeting, the annual report, and proxy forms with complete instructions – will be made available in both Thai and English on AAPICO's website 30 days prior to the meeting date. The same documents were mailed to shareholders 14 days in advance of the meeting date to allow enough time for shareholders to prepare for the meeting. In addition, the Company also conducted 2021's AGM via an online platform for shareholders to observe the proceedings using electronic devices.

### Appointing Proxies

For shareholders who were unable to attend the meeting in person, the Company provided an option to appoint proxies or delegate their votes to other individuals or to the Company's independent directors. The Company had specified independent directors' names in the proxy forms defined by the Ministry of Commerce. Shareholders could exercise their voting rights without conditions by using Proxy Form B attached to the meeting notice or download other proxy forms – including those proxy forms required for investors who authorize custodians in Thailand – from AAPICO's website. The Company considered and treated proxies as if they were shareholders and had included their votes in the voting system in accordance with their wishes.

### At the Meeting

During registration, the Company used technology to facilitate and smoothen the shareholder registration process. The Company provided adequate staffs and facilitated the affixing of stamp duty on proxy forms to assist shareholders at the registration table.

Prior to the meeting, the Company Secretary introduced the Board of Directors, Management, and external auditors to the meeting. At the 2021 AGM meeting, every member of the Board of Directors, including the Chairman of every committee, was present.

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

The AGM meeting in 2021 proceeded according to the agenda published on the meeting notice. There were no changes in the order of the agenda and no request to consider any other matters. For each agenda item, the Chairman ensured that shareholders had adequate time to freely express their opinions and raise questions. The Chairman also welcomed additional comments and inquiries regarding shareholders' interests and arranged for the management to answer all questions clearly and thoroughly.

The policy regarding conflict-of-interest matters is that any director with vested interests or involvement

on any agenda item must inform the meeting, recuse themselves, and abstain from voting on that agenda item. At the 2021 AGM, nominated directors were requested to leave the meeting room for shareholders to duly consider the appointment of directors and vote on individual basis.

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

After the meeting, the Company disclosed the resolution with the voting results for each agenda item on the SET website at the end of the same day. The meeting minutes were completely and accurately recorded with details of the number of shareholders and proxies in attendance, the voting results, shareholders' comments and questions, as well as the explanations from the directors and the management. The minutes of the 2021 AGM meeting were prepared and submitted to the SET within 14 days after the meeting as per the SET rule, and was made available to the public on AAPICO's website in both Thai and English.

## **2) Equitable Treatment of Shareholders**

The Company treats every shareholder fairly and equally regardless of their shareholding proportions and of their gender, age, race, nationality, religion, beliefs, social status, physical abilities, and political views. Shareholders receive equal voting rights: one share is equal to one vote. No shares have extra privileges over other shares – a shareholder's voting power is equal to the number of shares they hold.

### **Proposing Agenda Items and Nominating Directors**

The Company protects the interests of every shareholder, whether they be major or minor, individual

or institutional, and Thai or foreign. All shareholders have equal rights to express their opinions, propose agenda items, and nominate the Company's directors. The Company defined the criteria and procedures for shareholders to propose agenda items or nominate directors – or both – in advance for the Board of Directors to deliberate and include in the AGM meeting agenda. This information is publicly available on AAPICO's website in both Thai and English and was also announced on the SET website. For the 2021 AGM, the Company invited all eligible shareholders to propose agenda items and/or nominate directors during the period from November 2020 to January 2021. However, there were no proposals from shareholders to be considered for the 2021 AGM.

### **Facilitating Shareholders' Convenience at the Meeting**

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

At the 2021 AGM, the Company arranged for registration to begin at least one hour prior to the scheduled meeting time and to remain open until the last meeting agenda item. The Company used an online tool to support the registration and voting process.

The 2021 AGM was conducted in Thai, as most shareholders are Thai. However, for the benefit of foreign directors and shareholders, the Company had prepared supplementary documents and presentations in English. English-speaking members of the staffs were also on hand to provide any necessary translation during the discussion and question sessions for the convenience of shareholders.

The Company provided disclosures of information in both Thai and English and made this information available to the public via the AAPICO website, the SET website, and other relevant channels to ensure that all



shareholders had access to this information in an equitable and timely fashion.

### **3) Role of Stakeholders**

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

The Company endeavors to protect the basic rights of its stakeholders in accordance with relevant laws and regulations, and has carefully defined the policy, guidelines and practices that appropriately address the needs of each stakeholder. The Company categorizes key stakeholders into 8 groups, as follows:

#### **Shareholders**

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

AAPICO arranges activities with shareholders and provides equal access for shareholders to reach out to the Company. Its key activity is the shareholders' factory visit which is arranged on an annual basis. The Company provides an equal opportunity for all shareholders to sign up and participate in this activity. Shareholders can register their names in person at the AGM, by telephone call, or via email. Due to the limited

availabilities, the Company selects the participants on a first come first served basis, regardless of the number of shares held. However, due to the COVID-19 pandemic situation in 2021 and in an effort to prevent the spread of the disease, the annual factory visit has been put on hold.

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

#### **Customers**

AAPICO focuses on the principle of Safety, Quality, Cost, Delivery, Engineering and Management (SQCDME) as the key success factor for a high standard of operations and customers' satisfaction. AAPICO emphasizes expert production and the delivery of high-quality products to its customers in a timely manner and at a competitive and reasonable price. The Company ensures the continuity of its production and on-time delivery to support the overall supply chain of the automotive industry.

AAPICO values good relationships with customers. As a large tier 1 supplier in Thailand, the Company commits to continuously developing and improving its product quality and services according to the SQCDME principle in order to meet and exceed the expectations of its customers. The consistent recognition of its quality management system – as well as numerous awards

and accolades from many customers – are clear confirmations of AAPICO’s commitment to excellence.

AAPICO has a policy of keeping each customer’s information strictly confidential in accordance with the Personal Data Protection Act B.E. 2562 (2019). The Company ensures that employees are aware not to share any business information with its partners or other parties. The Company works closely with each customer and operates in compliance with customer guidelines and policies for good management and good corporate governance.

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

The Company also conducts customer satisfaction surveys to pinpoint areas for improvement and to get a good idea of the customers’ satisfaction level, then use this information to improve the Company’s products, services, and customer-relative operations. The customer satisfaction survey results of 2021 show a score of 91.25%.

### **Suppliers**

AAPICO conducts business with its suppliers in a fair and transparent way in accordance with the Company’s Code of Conduct. The Company has a policy of selecting its suppliers in a fair and open manner, where no parties have the unfair advantage of a separate, prior, closed-door negotiation for a contract. The purchase of materials and hire of services are decided based on the quality, price, service, punctual delivery provided according to the agreement and product requirements, and safety and environmental concerns. Procurement officers shall refrain from demanding or accepting – and shall not be influenced by – the offer of gifts, favors, or benefits of

any kind from suppliers. Employees must adhere to the Company’s policy regarding the gifts and the anti-corruption policy to avoid any incidents leading to corruption.

Suppliers are the Company’s valued business partners. The Company is committed to promoting cooperation between the Company and its suppliers to create good relationships and to improve the efficiency, capabilities, skills, and knowledge of suppliers to ensure that they operate in compliance with good corporate governance practices and consistently achieve the quality standards as required by the customers. Activities in 2021 include the annual supplier meeting, the supplier audit, CSR activities, etc.

The Company supports environmental-friendly procurement and is determined to avoid doing business with suppliers who do not operate in compliance with laws and regulations related to human rights, intellectual property, and other related regulations.

### **Joint Venture Partners**

AAPICO treats its joint venture and business partners with respect, impartiality, and fairness. The Company honors its business agreements and acts in compliance with business ethics, restrictions, and applicable regulations and laws of the countries where it operates. The Company collaborates with its partners to promote and support the joint venture business operations and encourages the exchange of ideas, opinions, and suggestions to drive the business towards mutual goals.

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

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

### **Creditors**

AAPICO commits to operate its businesses in compliance with good corporate governance practices in order to create confidence on the part of its creditors. The Company follows all terms and conditions as agreed upon with creditors, including trade creditors, guaranteed creditors, financial institutions, and debenture holders. AAPICO maintains consistent communication with creditors. The Company reports to its creditors with full transparency and sufficient disclosure in a timely manner, while also striving to fulfill its obligations under its credit agreements. Should there be any events that may have a material impact on its financial position and inevitably delay payment as scheduled, the Company endeavors to communicate and reach alignment with its creditors for a waiver or other suitable solutions to resolve such matters.

### **Competitors**

AAPICO operates with openness and integrity by adhering to the principle of fair and honest competition. The Company conducts its business operations in compliance with laws and relevant regulations, and with concern for trade ethics and transparency. The Company shall not operate in any manner or under any circumstances that may cause or result in any violation of general or special competition regulations. It refuses to gain unfair advantage over its competitors through inappropriate, unethical, and unlawful activities, such as illegal market sharing and illegal pricing cooperation, or to engage in any actions that violate relevant competition laws, competitors' intellectual property rights, or that may damage competitors' reputations via untruthful statements. The Company

affirms its support for free trade and avoids any acts that may result in a market monopoly or limit fair competition.

### **Employees**

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

#### *Remuneration*

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

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

#### *Training and Development*

The Company places great importance on human resource development as one of its management priorities. In 2021, the Company has structured the AAPICO training and development program for employees at different levels and functions within the

AAPICO Group. Each employee is free to choose to attend training programs that best serve each individual's self-development skills and needs, enabling them to advance in their career and prepare for the next level of responsibility and leadership. During COVID-19 pandemic, the Company move most of its' training courses to online to ensure the safety of employees.

#### *Health and Safety*

Employees' health and safety is a top priority at AAPICO. The Company has established the 5S principles and practices to promote a clean and proper workplace environment. In order to maintain high standards of safety and discipline within the organization and reduce the risk of workplace accidents, the Company arranges for regular safety training and organizes the Safety Week activity. Due to the COVID-19 pandemic in 2021, the Company has taken steps to ensure that there are preventative measures to protect the employees – including setting up coordination with the employees to follow-up on any symptoms, proactive testing, and arranging for vaccination for the employees.

#### *Child Labor and Human Rights*

Human rights is included in the Company's Code of Conduct. AAPICO respects human rights in all its activities and will not act in violation of local and/or international human rights laws or child labor protection regulations. The Company ensures that its employees are treated fairly and equally, promotes mutual respect and openness in its corporate culture, and aims to create a happy workplace for every employee. The Company commits to maintain the well-being of its employees and has shared its efforts and commitment towards sustainability with suppliers and customers throughout the automotive part supply chain.

#### *Community and Society*

AAPICO carries out its businesses with consideration for its responsibilities to communities surrounding its

facilities. As a part of the management agenda, the Company supports and contributes to many activities and community projects. It also encourages employees to be involved in improving the lives of people in the community.

The Company operates in compliance with social and environmental protection laws and related regulations, and the requirements of the Labor and Social Welfare Ministry, the Industrial Ministry, the Industrial Estate Authority of Thailand and other relevant agencies.

The Company has a policy for all companies of AAPICO Group to manage and use their resources in the most efficient ways and aims for environmental protection in every part of its operations. With its "Green" vision, the Company promotes awareness of energy conservation and continuously implements the concept of using minimum input of natural resources to achieve maximum output. Additional information on the Company's corporate social responsibility activities can be found in the sustainability report section.

#### **4) Disclosure and Transparency**

AAPICO has defined and implemented measures concerning disclosures to investors and stakeholders. The disclosure of information, both financial and non-financial, should be complete, sufficient, transparent, reliable & up-to-date and should reflect the true and actual status of the Company. Such information is distributed in an equitable and timely manner. The Company has designated parties to handle the disclosure of information to the public, established guidelines for the disclosure of various types of information, as well as defined public disclosure period. This includes setting a period for prohibiting directors, executives, or personnel of the Company from buying, selling, or accepting transfers of securities to prevent the usage of inside information before disclosing important information to the public. The Company follows the laws, rules and regulations, and

obligations required by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and other relevant government agencies.

The Company ensures that any disclosure of financial results has been reviewed and audited by an external auditor and must be certified by the Audit Committee and the Board of Directors prior to public release. The quarterly and annual financial statements and 56-1 One Report were prepared fairly and accurately according to the generally accepted accounting principles in a complete and accurate manner and were made available in the public domain as required by the SEC and the SET.

The Company compiles and submits reports related to the directors and executives as required by law. The Company has a policy requiring directors and executives to report their interests relating to the management of the Company or its subsidiaries and reports any changes in the holding of the Company's shares – whether under their own names or those of their related parties – to the SEC in a timely manner as required. Details of directors, their duties and responsibilities, their attendance at meetings, training, and directors' remunerations are disclosed in Section 2.7 and 2.8 of 56-1 One Report and on the AAPICO website.

AAPICO provides information concerning Company's operations and the shareholding arrangements of its subsidiaries, joint ventures, and affiliated entities in form 56-1 One Report and on the AAPICO website. Furthermore, in accordance with SET regulations, the Company ensures that stakeholders, investors, shareholders, and the stakeholders are adequately and accurately informed of essential major investment initiatives and any developments within the Company.

#### **Report of Changes in Securities Holding of Directors and Executives**

The Company has a policy that requires the directors and executives of the Company, including their spouse

and minor children (if any), to report the change in their holding of the Company's securities (Form 59) to the SEC within 3 days starting from the transaction date – except in the case that the change in securities holdings is the result of an Employee Joint Investment Program (EJIP) or other scheme which are exempted from reporting by SEC.

There were changes in securities holdings of Directors and Executives during the year as follows:

### Changes in Securities Holdings of Directors and Executives During the Year of the Company

Name	Position	Number of Shares		
		At the book-closing date March 16, 2021	Increase (Decrease) during the year	At the book-closing date February 28, 2022
1. Mr. Yeap Swee Chuan	President and Chief Executive Officer	44,122,773	4,412,277	48,535,050
2. Mrs. Teo Lee Ngo	Executive Director	31,811,346	3,181,134	34,992,480
3. Mr. Kenneth Ng	Independent Director	-	-	-
4. Mr. John Parker	Independent Director	-	-	-
5. Mr. Wichian Mektrakarn	Independent Director	20,000	2,000	22,000
6. Mrs. Vachira Na Ranong	Independent Director	35,000	3,500	38,500
7. Mr. Kaikhushru (Kai) Taraporevala	Independent Director	-	-	-
8. Ms. Yeap Xin Rhu	Chief Financial Officer	25,959,760	2,074,276	28,034,036
9. Mr. Sattha Peth-in	General Manager, Sales and Marketing	85	50,008	50,093
10. Mr. Yongxiang Li	Assistant General Manager, Accounting	-	-	-
11. Mr. Tiwa Boontam	Assistant General Manager, Operation	1,500	2,850	4,350

Note: The Company has paid stock dividend on May 20, 2021

### Investor Relations

The Company designated Investor Relations (hereinafter referred to as "IR") Department as the principal point of contact for communication with shareholders, investors, analysts, SEC, SET and other relevant authorities. The Investor Relations Department is responsible of disclosing and disseminating information in accordance with the SET, SEC, and the Ministry of Commerce announcements, which are made available in both Thai and English on several channels, including the SET website and Company's website. The following below channels are also available for shareholders and others to communicate with:

- 1) The Opportunity Day Conference and SET digital Roadshow held by SET
- 2) Analyst Meeting
- 3) Company visits between management team and shareholders, investors, and analysts
- 4) Meeting with investors in Non-Deal roadshow
- 5) Forums or panel discussion events for knowledge sharing
- 6) Communication via email, intranet, internal bulletin boards, and activities with employees

- 7) The Company website "www.aapico.com" and email address [aapicohitech@aapico.com](mailto:aapicohitech@aapico.com)
- 8) Annual General Meeting of Shareholders of the Company

In 2021, the Investor Relations Department organizes activities to increase contact and interaction with different groups of stakeholders and allocates time for executives to be able to attend and participate in meetings both in Thailand and abroad. The list of activities indicated below:

#### 2021 IR Activity Lists:

Activities	Frequencies
1. Annual General Meeting 2021	1
2. Opportunity Day <sup>1</sup>	4
3. SET Digital Roadshow <sup>1</sup>	2
4. Analyst Meeting <sup>1</sup>	4
5. Non-Deal Roadshow <sup>1,2</sup>	4
6. Company Visits <sup>1,3</sup>	10
7. Interviews via TV and/or online programs of executives <sup>1</sup>	7

#### Remarks

- 1) Due to the outbreak of COVID-19 in the previous year, changes were made to the channels to participate in the Investor Relations activities, wherein the executives and the Investor Relations met with various groups and provided information through various channels, such as phone calls and virtual conferencing via MS Teams, Zoom, WebEx and Google Meets etc.
- 2) An event hosted by the securities companies whereby the investors and analysts can meet the management team and IR department
- 3) Meeting with the management team directly via physical meetings and/or online meeting which investors will be able to inquire regarding the Company's business and operations, performance, and others.

Additionally, the Investor Relations Department has strengthened its digital operations by minimizing the usage of paper and providing information via digital channels in order to minimize greenhouse gas emissions and preserve the environment.

## 6.2 Code of Conduct

AAPICO Group is determined to conduct business with ethics, integrity, fairness, and transparency; while being responsible to all shareholders and stakeholders within the framework of law, morality, and ethical business conduct of the Company. For this reason, the Company has implemented a policy and developed a guideline for all employees on good corporate governance and code of conduct that are in compliance with the principles of good corporate governance for listed companies by the SEC.

The Company's Code of Conduct consists of several essential points, including regulatory compliance, anti-corruption guidelines, Company's conflict of interest prevention guidelines, safeguarding of the Company's confidential information, risk management and internal control, intellectual property and information and communications technology, political rights and neutrality, human rights, responsibility to stakeholders, reporting of non-compliance, and protection of whistleblowers. These codes of conduct form standard guidelines of behavior that employees of all ranks and positions must strictly adhere to. The Company has provided 3 communication channels to promote awareness on the conduct among the employees, including internal communication in the form of policy announcement, new employee orientation, and the development of employee handbooks.

The Company regularly follows up on the matter of compliancy with the Company's code of conduct and advocate for the employees and stakeholders to express their opinions, suggest, complain, or report any wrongdoing or suspicion of such at any time, so that the Company can take actions to resolve the problems in time and prevent any impact to the Company's reputation or operation. The Company takes care to ensure that no unfair treatment will take place as a result of refusal to take part in acts of corruption, or from the reporting of wrongdoings. To this end, the Company has set in place measures to



protect the information and identity of the whistleblowers by allowing the whistleblower and the related source to remain anonymous. The evidence will be reported to the supervisor – whether anonymously or otherwise as desired – and then further reported along to the audit committee via email. In the case that the reported act is a violation of rights, corruption, or violation of laws and the code of conducts; it will be reported to the Board of Directors and the Company's president for further investigation. Should any violation and non-compliance be discovered, the Company shall carry out a fair interrogation and consider disciplinary and/or legal penalties deemed appropriate if found guilty.

In addition, for the purpose of communicating the Company's intention of conducting a business that is fair, transparent, and accountable, the Company has delivered our code of business conduct to our suppliers and business partners, as well as made the information available on the Company's website in the Investor Relation section – under the Corporate Governance: Corporate Governance Policies – for the shareholders, investors, regulators, stakeholders, and anyone who might be interested.

### **6.3 Milestones of Policy, Guideline, and Corporate Governance of This Past Year**

#### **6.3.1 Milestones of Policy, Guideline, and Corporate Governance System**

In 2021, the Board of Directors reviewed the policy, practices, and systems related to corporate governance. In addition, the Board of Directors had to consider the election of directors who were to retire by rotation, the Board's performance appraisal form and the assessment results, the structure of the board of directors and sub-committees, etc.

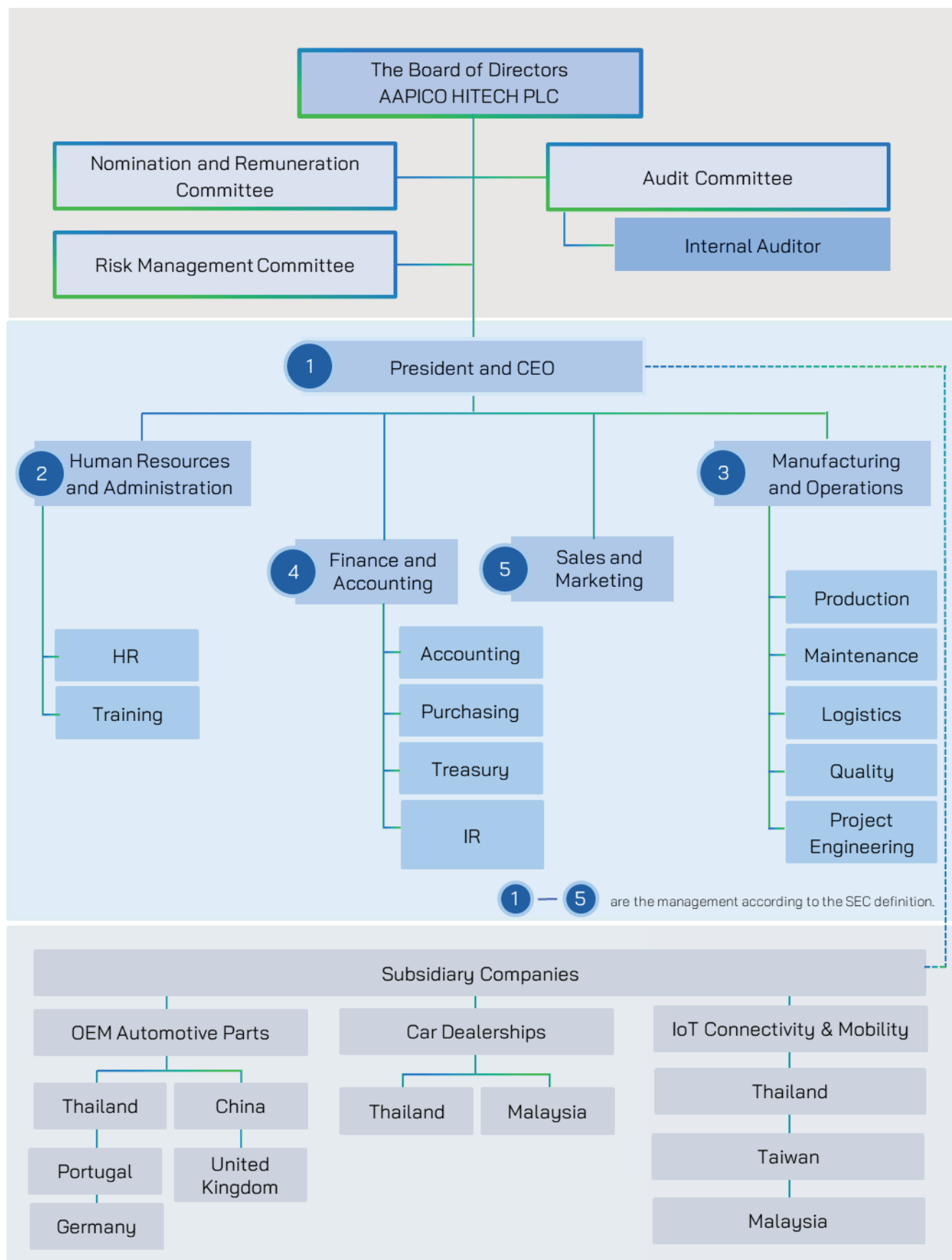
#### **6.3.2 Other practices under CG Code**

AAPICO places great importance on being good corporate governance by conduct its business with integrity, transparency, impartiality as shown in the

evidence that the Company have been ranked in "Excellent" score, equivalent to 5 stars in 2021 CG rating with the total average score of 90% increased from 87% in the previous year. This award reflects the Company's sincere attitude towards all stakeholders which the Company commit to respect the right of the shareholder and build good relationships with all stakeholders.

## 7. Corporate Governance Structure, Board of Directors, Committees, Management, Employees and Others

### 7.1 Corporate Governance Structure



## 7.2 Board of Directors

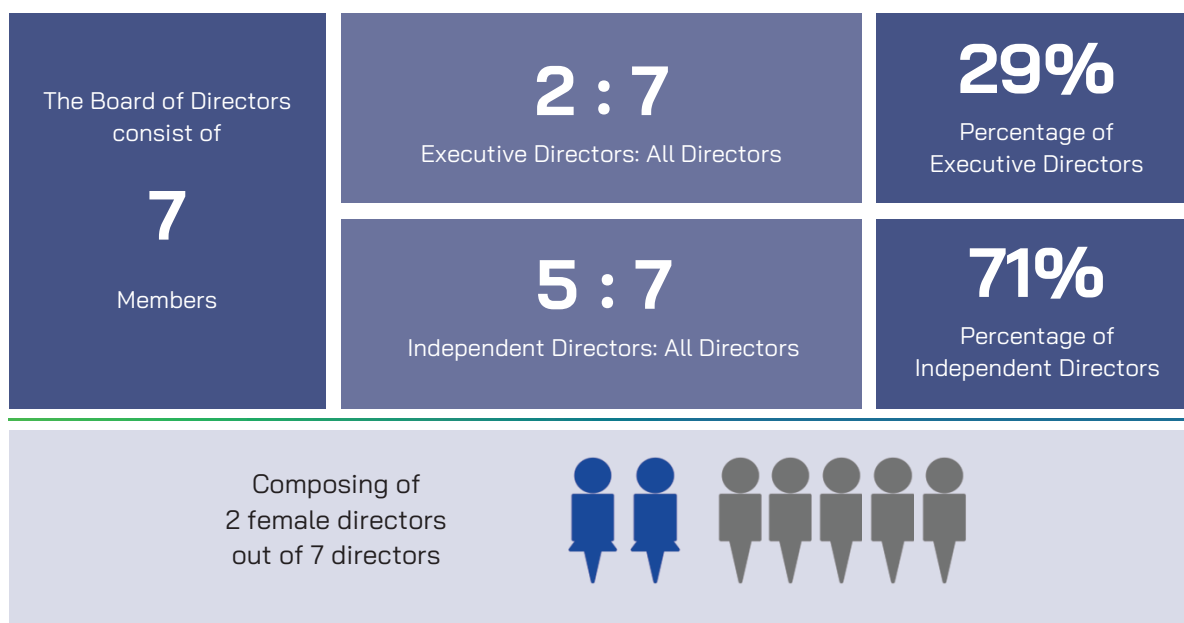


### 7.2.1 Composition of the Board of Directors

The Company structures the size of its Board of Directors to be appropriate to the size of its business. The AAPICO Board of Directors consists of seven members, two of whom are executive directors namely Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo who also are executive and authorized directors to jointly sign on behalf of the Company, and five are independent directors. The Company ensures its Board

composition reflects diversity of gender, culture, skillset, knowledge as well as experience in different areas of the Company's business. None of the Board of Directors has any position in the external audit firm that the Company uses.

The Company ensures that the number of independent directors constitutes more than half of the total number of directors. Each director holds the necessary qualifications required by law and does not indicate



any disqualifications against being entrusted with the administration of the Company, as per SEC notice and the law. Additionally, the Company set a policy for the Board's diversity in genders, skill, professions, and specialization (Skill Matrix). To date, the number of the Company's Independent Directors exceeded that required by law.

Furthermore, the Board has set the policy regarding the criteria of the number of directorships in listed companies, in which directors can serve no more than three listed companies in the SET to assure that the Board devotes their time and effort to perform their duties for the highest benefit of the Company.

## 7.2.2 Details of the Board of Directors

### Board of Directors of AAPICO Hitech PLC as of December 31, 2021 (7 Directors)

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

Remarks:

- 1) Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are the authorized directors who can jointly sign on behalf of the Company and affix with the Company's seal.
- 2) Mr. Kenneth Ng and Mr. Kaikhushru (Kai) Taraporevala are audit committee members whose qualifications are met in accordance with Notification of the Capital Market Supervisory Board and related notifications of the SET.

The Board of Directors has been appointed through a resolution of the shareholders' meeting and is entrusted with the power and duties to approve the appointment of executives, senior managements, and directors of the Company. It also has the duty to supervise the proceedings and operations of the Company. Roles, duties, and responsibilities between the Board of Directors and the executives are clearly separated and are in accordance with the law, requirements, ethics, and business ethics.

### **7.2.3 Roles and Duties of the Board of Directors**

The Board of Directors plays an important role in overseeing and advising the business to ensure that the operation is to the shareholders' long-term benefits. The Board of Directors is composed of respectable, knowledgeable, and competent individuals with the skills and experience in various areas that are relevant and beneficial to the Company.

#### **Roles and Responsibilities of the Board of Directors**

The Board of Directors has roles and responsibilities that are clearly separated from those of the Company's management in order to ensure that business is conducted in a lawful and ethical manner, and that operations are run efficiently. The roles and responsibilities of the Board of Directors include - but are not limited to - the following:

- 1) Consider, advise, and approve key business matters, including the Company's vision and mission, business strategy, financial targets, business risks, annual operation plan, and budget. The Board of Directors is also responsible for ensuring that the management operates in an efficient and a productive manner.
- 2) Set up and review the Company's Corporate Governance policy and monitor compliance with the policy at least once a year.
- 3) Ensure that the Company's Code of Conduct is in a written form so that the Company's directors, executives, and employees are aware of the Company's ethical standards, and that they act in compliance with said Code of Conduct.

- 4) Define guidelines for related transactions with conflicts of interest for the benefit of the Company and shareholders, whereby persons with a vested interest cannot participate in the voting or decision-making process of that matter. Ensure that the Company complies with regulatory requirements and that disclosures of any transactions with conflicts of interest are correct and complete.
- 5) Ensure that an internal control system is in place and in effect and that financial reporting and operations are in compliance with rules and regulations; and assign a person or unit to independently audit and report on the Company's internal control system to the Board of Directors at least once a year.
- 6) Establish the risk management policy and assign a team to manage the Company's risks and to look for business opportunities that may arise from these risks and report to the Board of Directors on a regular basis.
- 7) Provide communication channels between the shareholders and ensure that disclosures of information are correct, concise, transparent, and reliable.
- 8) Understand the roles and responsibilities of the Board of Directors and the Company's nature of business and is willing to voice opinions freely
- 9) Perform duties with honesty and due care, heeding the Company's best interest and ensuring fair treatment towards the shareholders.
- 10) Oversee and monitor business operations through accurate and complete financial reports, as well as devote sufficient time and effort to carry out roles and responsibility to the best of ability

#### **Roles and Responsibilities of the Chairman of the Board of Directors**

The Chairman of the Board of Directors leads the Board of Directors and ensures that work is carried out smoothly and efficiently as planned. The roles and responsibilities of the Chairman of the Board of Directors are as follows:

- 1) Supervise, regulate, and follow up on the administrative progress of the board of directors and its sub-committees to ensure an efficient workflow that meets all the Company's objectives and targets
- 2) Call for meetings of the board of directors, or delegate the call for a meeting
- 3) Serve as the head of board meetings and as the head of the Company's shareholder meetings.
- 4) Manage the meetings to progress efficiently and smoothly, while also encouraging and supporting the expression of free opinions.
- 5) Serve as the deciding voice in the event of a tie during voting at a meeting.
- 6) Encourage and support the board of directors to fulfill their duties and responsibilities to the fullest of their abilities in accordance with the principle of good corporate governance.
- 7) Determine the composition, size, and the Board structure in order to create a balance between executive directors and independent directors.
- 8) Ensure comprehensive induction programs for new directors.
- 9) Ensure that the Company has succession plans for senior executives.
- 10) Appoint the Company Secretary to assist with Board functions.
- 11) Manage the Board meeting to allocate sufficient time for agenda presentation and upcoming issues discussion
- 12) Engage the board regularly in assessing and improving the performance.

#### **7.2.4 Powers and Duties of the Board of Directors**

The Board of Directors is responsible for overseeing and governing the Company to operate in compliance with laws, objectives, the Articles of Association, and resolutions of shareholders' meeting; and acts in accordance with criteria and regulations of the SET and SEC with honesty and due attention to the best interests of the Company and its shareholders, which must follow good moral and ethical concerns.

The Board of Directors has come to an agreement that it will have the responsibilities to consider and approve the following matters.

- 1) The quarterly business performance and financial statements of the Company in comparison to the forecast, budget, and the consideration of future trends of the year.
- 2) Related party transactions among the Company, its subsidiaries, associates, and related companies or individuals so that they do not violate the regulations of the SET and SEC.
- 3) Any transactions that would materially affect the Company's capital structure, financial position, business operation, strategy, or reputation.
- 4) Payment of interim dividends.
- 5) Employment of the President and senior executives.
- 6) Determine and consider the change of the approval authority of the Company.
- 7) Acquisitions and disposals of businesses and assets – including investment in joint ventures – that have transactional value which requires the board's approval according to SET announcements. These transactions shall not violate any rules of the SET relating to the acquisition and disposal of assets or connected transactions.
- 8) Oversee contracts that may or may not be related to the ordinary course of business, which are significant in value and material to the Company's business.
- 9) Changes of policy and operations that have a material impact on the Company's accounting, risk management, and internal audit.
- 10) The appointment and determination of authority of the Company's sub-committees.
- 11) The proposal, appointment, and termination of the Company's directors and secretary.
- 12) Any other actions in accordance with laws, objectives, Articles of Association, and resolutions of shareholders' meetings.

The Board of Directors may authorize directors or the committee to perform any acts on their behalf, except

on the following subjects, which can only be done upon the approval via the shareholders' meeting

- 1) Matters on which the law requires approval via shareholders' meeting.
- 2) Transactions in which directors have vested interests in and for which the law or regulations of the SET require a resolution via the shareholders' meeting. Directors with vested interests in the matter, or who have a conflict of interest with the Company or its affiliated companies, shall be excused from voting.

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

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

### 7.3 Details of Sub-Committees

#### 7.3.1 Structure of Sub-Committees

The Board of Directors has delegated some of its duties and responsibilities to its committees – composed of independent directors – to assist the Board in reviewing and providing their independent opinions on particular matters. These committees are:

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

#### Audit Committee

The Audit Committee is composed of 3 independent directors whose qualifications are met in accordance with Notification of the Capital Market Supervisory Board and related notifications of the SET. The details are as follows:

#### Audit Committee

Name	Position
1) Mr. Kenneth Ng	Chairman of Audit Committee
2) Mr. Wichian Mektrakarn	Audit Committee
3) Mr. Kaikhushru (Kai) Taraporevala	Audit Committee

#### *Powers and Duties of the Audit Committee*

- 1) Review the Company's financial statements every quarter and on an annual basis to ensure that its financial position is true, correct, and in accordance with generally accepted accounting standards and relevant laws.
- 2) Review and ensure the appropriateness and effectiveness of internal control systems and internal audits to confirm that the operations have been carried out in compliance with relevant rules, policies, and guidelines. Evaluate the independence of the internal auditor by reviewing its performance and report, including reporting structure, and approve the appointment, transfer, and termination of the internal auditor.
- 3) Consider, propose, and appoint an external auditor by considering their independence and set the audit fee to propose to the Board of Directors. Review the external auditor's performance and arrange meetings with the external auditor without the management's presence at least once a year. Consider and propose the termination of the external auditor if presented with compelling and appropriate reasons to do so.



- 4) Review and adhere to the Securities and Exchange Act and the SET regulations, as well as relevant laws and regulations concerning the business of the Company.
  - 5) Establish and review the corporate governance policy in compliance with the good governance principles of SET at least once a year.
  - 6) Review disclosures of information, particularly related transactions or transactions that may have conflicts of interest, to ensure the information is transparent, correct, and complete; and is in accordance with relevant SET regulations.
  - 7) Review complaints from and concerns of stakeholders and report to the Board of Directors.
  - 8) Report the Audit Committee's performance to the Board of Directors every quarter. Prepare the Audit Committee report – including any suggestions and the signature of the chairman of the audit committee – and disclose it in the Annual Report.
  - 9) Consider and review the duties and responsibilities, and evaluate performance of the Audit Committee on an annual basis.
  - 10) Perform any other matters as assigned by the Board of Directors.
- 2) Consider the criteria, type of remunerations, and other benefits provided to the Board of Directors and its committees and propose for approval to the Board of Directors and shareholders' meeting respectively.
  - 3) Select and nominate qualified individuals and propose to the Board of Directors to be appointed as the Company's directors and top executives.
  - 4) Review appropriate proportion and size of the Board of Directors and experience of individual directors to be suitable for the Company's business and that adjustments are appropriate in response to the changing environment.
  - 5) Establish guidelines for evaluating performance of directors and adjustment of directors' remuneration, considering the duties, responsibilities, and risks involved.
  - 6) Consider a succession plan for CEO and executives in key management positions and review the list of qualified candidates.
  - 7) Perform any other matters as assigned by the Board of Directors.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is composed of 3 independent directors. The details are as follows:

#### **Nomination and Remuneration Committee**

Name	Position
1) Mr. Kenneth Ng	Chairman of Nomination and Remuneration Committee
2) Mr. Kaikhushru (Kai) Taraporevala	Nomination and Remuneration Committee
3) Mrs. Vachira Na Ranong	Nomination and Remuneration Committee

#### *Power and Duties of Nomination and Remuneration Committee*

- 1) Consider the criteria and procedures for the nomination of qualified directors according to the Company's requirements and in consideration of the Company's strategy.

#### **Risk Management Committee**

The Risk Management Committee is composed of 3 independent directors. The details are as follows:

#### **Risk Management Committee**

Name	Position
1) Mr. John Parker	Chairman of Risk Management Committee
2) Mr. Wichian Mektrakarn	Risk Management Committee
3) Mrs. Vachira Na Ranong	Risk Management Committee

#### *Powers and Duties of the Risk Management Committee*

- 1) Establish the Company's risk management policy and determine risk appetite, as well as give advice on the risk management plan for the organization and ensure that control measures are adequate and appropriate.
- 2) Consider and propose to the Board of Directors regarding the management, strategy, direction, and resources used in the risk management processes – as well as the risk tolerance level – for approval.

- 3) Conduct risk assessments and review corporate risks at least once a year and follow up on the risk management plan.
- 4) Review and make recommendations to the Board of Directors on an overall risk management and standard practices in order to improve risk management processes of the organization.

## 7.4 Management

### 7.4.1 (1) Roles and Responsibilities of the Chief

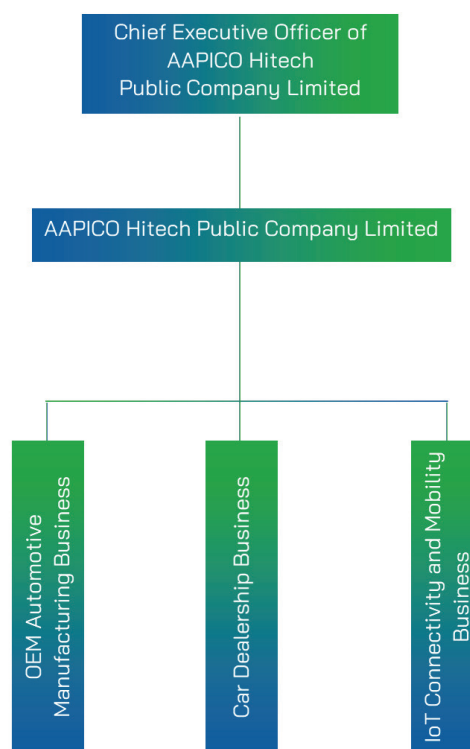
#### Executive Officer

The Company has authorized the Chief Executive Officer (CEO) to be the leader of the Company's management and administration affairs with the following roles and responsibilities:

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

conduct; while also supporting and following up on Sustainability, Social Responsibility, and holding up the anti-corruption policies within the Company.

- 11) Maintain good relationships with the Company's stakeholders.
- 12) Analyze the current and potential overall global industry trends for signs of future changes within the industry and adjust the Company's strategy accordingly.
- 13) Set up employee performance evaluation standards and review such standards periodically.
- 14) Operate according to the Board of Directors' decisions, following the resolutions of the board's meetings.



#### Performance Evaluation of Chief Executive Officer

The CEO's performance evaluation was assessed by the Company's independent directors. The scoring was based on the CEO's skills and knowledge, yearly accomplishments, and the planning and execution of the Company's long-term plan. The results of the CEO's performance evaluation were then taken into consideration for both the CEO's short-term and long-term remuneration.

For this year of 2021, the average score of the CEO's performance evaluation results has increased from 92% in 2020 to 94% in 2021.

#### **Remuneration Policy of the Chief Executive Officer**

The CEO's remuneration is determined in accordance with fair and suitable methods and is defined in conformity with the guidelines that are unbiased, reasonable, acceptable, and transparent. The remuneration is determined by his/her performance, tasks and responsibilities, the Company's performance, the remuneration of comparable listed companies in size and industry, and the overall economic condition. It includes both short-term and long-term agreements. The CEO's and other top executives' remuneration are also addressed in Topic 7.4.3 Remuneration of the Executive Management.

#### **7.4.1 (2) Management of AAPICO Hitech PLC**

AAPICO Hitech PLC operations are managed by teams of professional top executives, headed by the President and CEO of the AAPICO Group. Top executives are empowered with the authority to operate and manage the business that is in line with the policies, strategies, and goals which have been agreed upon with the Board of Directors. Their duties encompass controlling and keeping expenses and capital expenditures within the limits approved in the annual operating plan, managing human resources in line with Company policy, resolving problems or conflicts that affect the Company, and maintaining effective communication with related parties to ensure that operations are carried out smoothly and efficiently.

#### **7.4.1 (3) Management of Major Subsidiaries**

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

The management of subsidiaries shall ensure that they apply the same policies and regulations as the Company and operate in compliance with good corporate governance principles.

#### **7.4.2 Remuneration Policy for the Executive Management**

The Board of Directors has delegated to the CEO and the Company's management the responsibility for approving remuneration for executives, which is to be considered based on their duties and responsibilities, individual performance, and the performance of business under their supervision.

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

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

### Management Team of AAPICO Hitech PCL according to SEC Definition

Name <sup>1</sup>	Position
1) Mr. Yeap Swee Chuan	President and Chief Executive Officer
2) Mrs. Teo Lee Ngo	Executive Director, Human Resources and Administration
3) Ms. Yeap Xin Rhu	Chief Financial Officer, Director – Purchasing, Company Secretary
4) Mr. Sattha Peth-in	General Manager, Sales and Marketing
5) Mr. Yongxiang Li	Assistant General Manager, Accounting
6) Mr. Tiwa Boontam	Assistant General Manager, Production

Remark: 1) The ranks were arranged according to the corporate governance structure

### Name and Position of Management of Major Subsidiaries

Name	Position	Company
<b>Manufacture of OEM Automotive Parts</b>		
1. Mr. Tiwa Boontam	Assistant General Manager, Production	<ul style="list-style-type: none"> <li>AAPICO Hitech Parts Company Limited</li> <li>AAPICO Lemtech Company Limited</li> </ul>
2. Mr. Yong Prathuangsookh	Chief Operating Officer (COO)	<ul style="list-style-type: none"> <li>AAPICO Amata Company Limited</li> <li>AAPICO Structural Products Company Limited</li> </ul>
3. Mr. Gao Xue Guang	Chief Operating Officer (COO)	<ul style="list-style-type: none"> <li>AAPICO Forging Public Company Limited</li> <li>AAPICO Precision Company Limited</li> <li>Kunshan Chaitai-Xincheng Precision Forging Company Limited (China)</li> </ul>
4. Mr. Jorge Fesch	Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>AAPICO Maia, S.A. (Portugal)</li> <li>AAPICO Águeda, S.A. (Portugal)</li> <li>Sakthi Portugal GmbH (Germany)</li> </ul>
5. Mr. Jin Nakamura	Plant Director	<ul style="list-style-type: none"> <li>AAPICO Plastics Public Company Limited</li> </ul>
6. Mr. Amnat Tayanunupat	Factory Manager	<ul style="list-style-type: none"> <li>AAPICO Plastics Public Company Limited (Rayong Branch)</li> </ul>
<b>Car Dealerships and Services Center Business</b>		
7. Ms. Tang Kim Koh	General Manager	<ul style="list-style-type: none"> <li>New Era Sales (M) Sdn. Bhd. (Malaysia)</li> <li>Tenaga Setia Resources Sdn. Bhd. (Malaysia)</li> <li>AAPICO Motors Sdn. Bhd. (Malaysia)</li> <li>AAPICO Motors (Kuantan) Sdn Bhd. (Malaysia)</li> <li>AAPICO Motors (Temerloh) Sdn Bhd. (Malaysia)</li> </ul>
8. Ms. Yeap Xin Yi	General Manager	<ul style="list-style-type: none"> <li>New Era Sales Company Limited (Thailand)</li> <li>Able Motors Company Limited (Thailand)</li> <li>Able Motors Pakkret Company Limited (Thailand)</li> <li>Able Motors Pathumthani Company Limited (Thailand)</li> <li>MG Able Motors Company Limited</li> </ul>
<b>IoT Connectivity &amp; Mobility Business</b>		
9. Ms. Yeap Xin Rhu	General Manager	<ul style="list-style-type: none"> <li>AAPICO ITS Company Limited</li> </ul>

### 7.4.3 Remuneration of the Executive Management

Management compensation is determined in accordance with Company's policy and corresponds to the duties and responsibilities of individual management positions. Vehicles are also provided to top executives to facilitate their duties. In 2021, the Company paid compensation to 6 executives according to SEC definition from general manager-level positions and above which amounted to Baht 26.63 million.

Executives Remuneration (Baht Million)	2020	2021
Cumulative Monthly Wages	23.39	22.53
Bonus	3.90	2.98
Provident Fund	0.85	1.12
Total	28.14	26.63
Number of Executives	5 People	6 People

## 7.5 Employees Information

### 7.5.1 Total Employees

Number of personnel in AAPICO Group (Excluding directors and executives according to the definition of the Office of the SEC) at the end of 2020 and 2021 are a total of 4,579 and 4,699 employees, respectively – divided into main divisions as shown in the table.

### 7.5.2 Employees Remuneration

The Company paid salaries, wages, and benefits to employees totaling Baht 2,345 million in 2021, an increase from Baht 2,054 million in 2020.

### 7.5.3 Other Remuneration

#### Provident Fund

The Company has jointly established a provident fund with its employees, whereby the Company and employees who are members of the funds made monthly contributions at the rate of 3% - 7% of wages or basic salary. Employees will be compensated upon termination according to the fund rules. In 2021, the Group contributed Baht 39 million to the provident fund, as compared to Baht 35 million in 2020.

#### Long-term Employee Benefit

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

### 7.5.4 Personnel Development Policy

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

The Company focuses on developing the skills and abilities of employees at all levels. Employees shall perform their duties safely and efficiently and continuously improve their capabilities to quickly adapt and respond to changes in business needs, technology, and industry requirements. The Company defines training and development programs based on

### Total Employees

Product/Business	Thailand		Malaysia		China		Portugal		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Automotive Parts	2,834	2,970	-	-	301	337	723	670	3,858	3,978
Car Dealerships	410	403	294	301	-	-	-	-	704	704
Technology (IoT) and Others	17	17	-	-	-	-	-	-	17	17
Total Employees	3,261	3,390	294	301	301	337	723	670	4,579	4,699

business objectives and learning needs. In cases where the Company does not have in-house expertise, employees can attend training courses organized by other reputable organizations that are relevant to their responsibilities.

AAPICO Training Center has been assigned to coordinate and manage the overall human resource development program and training courses for the AAPICO Group. Even though many training courses were put on hold because of the COVID-19 situation, the Company still organized more than 70 in-house training courses made available under 7 types of training topics, which are as follows:

- 1) Technical Training educates and trains employees to have sufficient knowledge and skills to perform their functions & duties safely and sufficiently according to operating procedures and quality standards. The Company has more than 150 technical training courses covering areas of production, design, systems, and technology, purchasing, accounting, and others.
- 2) Management Training aims to increase knowledge and develop supervising and coaching skills for managers and supervisors. Topics include strong team building, supervisory skill development, roles, and skills for leaders in the automotive industry, and others.
- 3) Participative Management Training aims to develop skills and knowledge related to the automotive industry. The topics covered include TPS, Productivity Improvement, TPM, 5S for productivity, QCC for productivity, and others.
- 4) Safety and Environment Training is related to quality and environment management standards, and safety practices for operations. Topics are related to safety operations, ISO/IATF standards, relevant laws and regulations, and others.
- 5) Language Training focuses on developing and improving employees' communication skills in foreign languages.
- 6) Computer Training aims to educate employees in the use of computers and technology, enabling them to manage their work efficiently and effectively.
- 7) Quality of Life Training is an essential part of the HR development program of AAPICO Group. Employees

gain a better understanding of the success factors for personal well-being, such as refraining from vices, identifying the root cause of problems and finding ways to resolve such problems, and fostering the bond of love and relationships within the family. This program places great importance on the development of self-discipline, teamwork, and good leadership, as well as continuous personal development. The Company aims to create awareness of and encourage employees to enjoy a good quality of living. In 2020, the Company started a new course on personal finance planning. This course is aimed to give basic knowledge of personal finance to all employees, such as path to financial security, time value of money, getting out of debt, building wealth, and retirement planning. The Company believes that it will help the employees to better manage their personal finance, especially during the year of COVID-19. A good quality of life will result in good quality of work and, hence, a sustainable growth.

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

Employees Training	2020	2021
Total Training (Hours)	11,206	10,632
Numbers of Employees (Person)	1,768	1,545
Average Training Hours per Employee (Hour per Person)	6.34	6.88

#### 7.5.5 Significant Labor Disputes

-None-

#### 7.6 Other Important Information

##### 7.6.1 (1) Company Secretary

The Board of Directors assigns the duties and responsibilities of the company secretary to organize meetings for the board, committees, and shareholders;

and to coordinate activities and training for directors. The company secretary is responsible for preparing notices of meetings, minutes of meetings, annual reports, as well as the filing of documents as required by law and relevant regulations of the SEC and SET. The Board of Directors has determined that the qualifications of the company secretary should include, but not limited to, knowledge of law and/or finance and accounting.

Currently, Ms. Yeap Xin Rhu holds the position of Company Secretary – effective since 14th August 2019. The Company Secretary acts as a secretary to the Board and is accountable directly to the Board; with the duties and responsibilities to organize and facilitate Board and Board committee meetings, to ensure that the Board is in compliance with all laws and regulations related to the Company's business, to handle corporate governance issues and provide advice to the Board, to assist in matters related to the Board, members of management, and shareholders, and to undertake any other actions specified in the Securities and Exchange Act, B.E. 2535 or related laws and regulations, including notifications issued by the Capital Market Supervisory Board. (For details and biography of the Company Secretary, please see Enclosure 1.

#### **7.6.1 (2) Head of Internal Audit**

AAPICO assigns Mr. Ramachandran Balasubramanian to operate as a Head of Internal Audit. More information can be found in Enclosure 3.

#### **7.6.2 Head of Investor Relations and Contact Information**

The Company assigns Ms. Pocharee Busrathepkul as a Head of Investor Relations. The contact information is as follows:

Telephone: (+66) 02-613-1504 ext. 1385

E-mail: [ir@aapico.com](mailto:ir@aapico.com)

Address: Unit No. 100/11, 9th Floor (Low Zone), Sathorn Nakorn Tower Building, North Sathorn Road, Silom Subdistrict, Bangrak District, Bangkok 10500

#### **7.6.3 Auditors and Auditors' Remuneration**

The Board of Directors, with approval from the shareholders' meeting, has appointed EY Office Limited as its external auditor to audit the Company's financial statements for fiscal year 2021, ending December 31, 2021. The remuneration of the auditor is described in detail below:

##### **Audit fee**

The Company and its subsidiaries paid an audit fee to EY Office Limited in the year 2021 in the amount of Baht 10,050,000, of which Baht 3,400,000 is the audit fee for the Company, including the review of its form 56-1 One Report.

Not all subsidiaries of the Company are using the auditing services of EY Office Limited, as some of its businesses are not complicated and the contribution to the group is not significant. In such cases, the Company decided to use local audit firms whose costs are more appropriate.

##### **Non-Audit fee**

In addition to the audit fee for accounting and financial process, the Company and some of its subsidiaries have engaged other services from EY Office Limited to audit compliance with the conditions stipulated in the investment promotion certificate (BOI audit). The total payment for BOI audit service in 2021 was a total of Baht 460,000, of which the BOI audit fee for the Company amounted to Baht 110,000.



## 8. Report on Key Performance of Corporate Governance

### 8.1 Report of the Board of Directors' Responsibilities for the Past Year

The Board of Directors reviewed the Company's vision, strategies, and core values in 2021 to ensure that all matters were up-to-date and in line with the Company's long-term business plan, including the annual business plan and budget, as well as the adequacy of internal control systems and risk management. The Board of Directors also supervised and monitored management to ensure that activities were carried out in accordance with the company's policies, corporate strategy, and business goals, as well as the rules and regulations of connected government agencies and the resolutions of shareholders meetings.

#### 8.1.1 (1) Director Selection Criteria

##### Board of Directors' Structural Properties

The Company has established minimum qualifications for the board of directors as a whole in order for the board to have the essential competencies to support the Company's business operations. The following are the requirements:

- 1) Independent directors must make up more than 50% of the total number of the Company's directors.
- 2) Female directors must make up at least 25% of the total number of the Company's directors.
- 3) At least 1 director must have experience in the automotive industry.
- 4) At least 1 director must have sufficient knowledge and experience in Finance and Accounting.
- 5) Each director must hold a position in no more than 3 other listed companies.

##### Qualification of Directors

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

- 1) Possess qualifications according to the rules and regulations of the Securities and Exchange Act, the

Stock Exchange of Thailand, and the Public Company Act B.E. 2535, and be of sufficiently good character to manage the Company from the point of view of shareholders, the law, and the Articles of Association.

- 2) Not disqualified under Section 68 of the Public Company Act, B.E. 2535.
- 3) Have knowledge, skills, and experience in the automotive industry and/or be capable of performing directors' duties by virtue of a diversified background which is beneficial to the Company's business.
- 4) Able to devote time, especially for making key decisions and handling duties in the best interest of the Company, and able to attend all board meetings and shareholders' meetings, except in the case of necessity or emergency.
- 5) Refrain from any actions contrary to the interest or benefit of the Company, or actions that benefit specific parties.

##### Qualifications of Independent Director

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

- 1) Shall not hold more than one-half (0.5) percent of the voting shares of the Company, its subsidiaries, associates, and major shareholders. Shares held by related persons of independent directors are also included for the purposes of this threshold calculation.

- 2) Shall not be or have been an executive director, employee, staff member, or advisor who receives a salary from the Company, its subsidiaries, associates, or major shareholders, or from a juristic person with a conflict of interest (unless this relationship ceased not less than two years prior to the date of becoming an independent director).
- 3) Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child, of the Company and its subsidiaries' executives (be they in nomination or currently in office) or major shareholders.
- 4) Shall not be or have been an auditor of the Company, its subsidiaries, associates, or major shareholders; and shall not be or have been a major shareholder of the audit firms of the Company, its subsidiaries, associates (unless this relationship ceased not less than two years prior to the date of becoming an independent director).
- 5) Shall not be or have been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its subsidiaries, associates, or major shareholders (unless this relationship ceased not less than two years prior to the date of becoming an independent director).
- 6) Shall neither have, nor ever have had, a business relationship with the Company, its subsidiaries, associates, or major shareholders; or have any relations that may limit the expression of free opinions about the Company's operations – unless the relationship ceased no less than two years prior to the date of becoming an independent director. The term "business relationship" refers to any normal business transactions in an amount greater than Baht 20 million, or more than 3% of net tangible assets after deducting the liabilities and equity of minority shareholders, whichever is lower.
- 7) Shall not be a director appointed as a representative of the Company's directors, major shareholders, or shareholders with a connection to the major shareholders.
- 8) Shall not operate or be part of businesses that operate in the same industry or in direct competition with the Company's operations; and shall not be a partner, director, management, employee, or advisor that receives regular wages from businesses that operate in the same industry or in direct competition with the Company's operations.
- 9) Shall be capable of performing duties, giving opinions, and reporting results of work performance according to the duties entrusted by the Board, independently and free from the control of the management or major shareholders of the Company.

#### **8.1.1 (2) Nomination of Directors and Executives**

##### **Appointment of Directors**

The Company's Articles of Association stipulate that the Board of Directors shall compose of at least 5 and no more than 12 directors, not less than half of whom shall have their ordinary residence in Thailand. The Nomination and Remuneration Committee is responsible for selecting qualified candidates to be the Company's directors – taking into account their knowledge, education, expertise, ethics, integrity, and availability to perform directors' duties. The Company provides an opportunity for shareholders to nominate persons to the Board of Directors 3 months prior to fiscal year end which are subjected to the shareholders' meeting.

The nomination of directors shall be conducted in order to replace the retiring directors on rotation at the end of their terms. The appointment of directors must receive more than half the votes of shareholders attending the meeting, either in person or by proxy, in accordance with the following rules and procedures:

- 1) Each shareholder shall have voting rights equal to one vote per share.
- 2) Each shareholder may exercise all the votes he/she has as per stated in rule no. 1 to elect one or several persons as director or directors.

## Board Skill Matrix

Directors	Independent Director	Industry Knowledge / Experience				Technical Skills/Expertise										
		Automotive	Banking and Finance	Communication Services	Real Estate	Accounting	Finance	Business Administration	International Business	Merger & Acquisition	Information & Technology	Engineering / Science	Strategy	Corporate Governance	Risk Management	Public Company Board Experience
Mr. Yeap Swee Chuan		•							•	•		•	•	•		•
Mrs. Teo Lee Ngo		•				•	•	•	•				•	•		
Mr. Kenneth Ng	•		•			•	•		•		•	•	•	•	•	•
Mr. John Parker	•	•						•	•			•	•			•
Mr. Wichian Mektrakarn	•		•	•	•		•				•	•		•		•
Mrs. Vachira Na Ranong	•		•			•	•	•						•		•
Mr. Kaikhushru (Kai) Taraporevala	•		•				•		•	•		•		•		•

- 3) The candidates shall be ranked in a descending order, from the highest to the lowest number of votes received and shall be appointed in that order until all the director positions have been filled. In the event of a tied vote, causing the number of directors to exceed the allowed number, the chairman of the meeting shall have the deciding vote.

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

### Appointment of Senior Executives

The appointment of executives is considered by executive directors and the Company's management. The Company's executives are professionals who perform their duties independently from the major shareholders and other shareholders. Top executives are chosen for their ability to contribute to the Company's operations through their knowledge, abilities, and experience. Their knowledge of business and the automotive industry's business cycle are critical to the Company's growth and achievement of its objectives.

### **8.1.1 (3) Orientation of New Directors**

Newly appointed directors will attend an orientation to better understand the Company's information and policies that are relevant to their roles as directors, such as rules, regulations, businesses, minutes of

Board of Directors meetings, and minutes of previous audit committee sessions. There will also be introductions to other directors and corporate executives, factory excursions, and training/seminars to offer the essential expertise for a director's role.

#### 8.1.1 (4) Development of Directors

The Company encourages directors to continuously develop and enhance their skills and knowledge in relation to their duties and responsibilities. Directors are provided with useful information that is relevant to the Company's business, as well as details of the duties and responsibilities of the board of directors and committees. The Company Secretary sends the directors information about training, conferences, and seminars that are relevant to the Company's business or directors' duties.

The Company supports directors to attend basic training as required by the SEC. Such training provides an overview for directors of their roles and responsibilities, the concept of corporate governance, applicable laws, financial reporting, risk management, strategy, and effectiveness of the board. The Company's independent directors have all passed the fundamental training courses organized by the Thai Institute of Directors (IOD) or other similar courses, which can be summarized as follows:

Name	Courses
1) Mr. Yeap Swee Chuan	• Director Certification Program (DCP108/2008)
2) Mrs. Teo Lee Ngo	-
3) Mr. Kenneth Ng	• Director Certification Program (DCP189/2014)
4) Mr. John Parker	-
5) Mr. Wichian Mektrakarn	<ul style="list-style-type: none"> <li>• IT Governance and Cyber Resilience Program (ITG 13/2020)</li> <li>• Advance Audit Committee Program (ACCP 36/2020)</li> <li>• Ethical Leadership Program (ELP 12/2018)</li> <li>• Role of Chairman (RCP40/2017)</li> <li>• Board that Makes the Difference (BMD3/2016)</li> <li>• Director Certification Program (DCP107/2008)</li> </ul>
6) Mrs. Vachira Na Ranong	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP61/2007)</li> <li>• Role of Compensation Committee (RCC2/2007)</li> <li>• Director Certification Program (DCP124/2009)</li> </ul>
7) Mr. Kaikhushru (Kai) Taraporevala	<ul style="list-style-type: none"> <li>• Listed Company Director Program, Singapore Institute of Directors</li> <li>• Master Class for Directors, Institute of Directors (IOD) India Corporate Governance &amp; Board</li> </ul>

Apart from IOD training, directors and executives have attended seminars and conferences to expand their expertise and network with executives from other public listed and companies in the same or related industries. These conferences included those hosted by the SEC, SET, banks, and securities firms, as well as those hosted by clients' suppliers, such as the Ford Thailand Supplier Forum, FTM Supplier Conference, and Toyota Annual Supplier Conference.

In 2021, none of the directors attended training courses of note due to the grave intensity regarding the COVID-19 pandemic.

### 8.1.1 (5) Terms of Service

#### Terms of Service for Directors

##### *Years of Service in each rotation*

The Company's Articles of Association indicate the number of years served on the Board of Directors in accordance with the Public Limited Company Act, which specifies that one-third of the total number of directors must retire from office at the Annual General Meeting. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third, but not exceeding one-third is applied. In choosing which directors should retire, the directors who have served the longest tenure are the most eligible to retire. Nevertheless, retiring directors are eligible for re-election.

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

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

#### Number of Consecutive Terms of Service

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

### 8.1.1 (6) Limitation on Directors' Positions in Listed Companies

The Board of Directors has a policy of limiting the number of positions held on the boards of listed companies other than the Company's own subsidiaries to no more than three companies. Directors shall not sit on the boards of any company that operates in the same industry or that is in direct competition with the Company's operations. Holding positions as directors in other companies must also be reported to the Board of Directors for approval. Currently, there are no executive directors who hold directorships and be a senior executive in other listed companies or be the chairman of the board of executive directors and/or authorized directors in more than 3 other listed companies.

### 8.1.1 (7) Performance Evaluations

#### Directors' Performance Evaluations

The Board of Directors conducts a self-assessment of its own performance on an annual basis. The Company applies assessment criteria according to the guidelines of the SET. There are three sets of assessment forms: for the evaluation of the Board of Directors as a collective body and as individuals; and the assessment of committee performance. The Board of Directors is assessed in 6 areas, as follows:

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

The self-assessment of the directors' performance for the year 2021 was conducted with the full participation of the directors. The assessment results have shown improvement in the performance of the collective Board of Directors, individual directors, and individual committees.

The self-assessment results of the Board of Directors as a collective body maintained the same excellent rating of 95% in 2021 compared to 2020. The self-assessment on an individual basis improved from an average of 95% in 2020 to 97% in 2021. The self-assessment of committee performance also increased from 92% in 2020 to 96% in 2021.

#### **8.1.1 (8) Succession Plan**

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

#### **8.1.2 Meeting Attendance and Remuneration of Individual Director**

##### **Board Meetings**

The Company plans the schedule of board meetings for the year in advance. The Board of Directors is scheduled to meet at least 6 times per year, 4 of which are general meetings to consider and approve financial statements, and the other two are performance review meetings to review the business operations and business plans. In the event that there are other matters requiring board approval, special meetings may be arranged on an ad hoc basis. Directors are kept informed of the board meeting schedule to ensure their availability.

Directors are encouraged to attend the board meetings and the performance review meetings, as well as shareholders' meetings. The attendance of directors at meetings held during 2021 is disclosed in the table below:

### Attendance Record of the Board of Directors' Meetings in 2021

Name	Meeting Attendance in 2021				
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	Annual General Meeting of Shareholders
	(Total 4)	(Total 4)	(Total 2)	(Total 2)	(Total 1)
1) Mr. Yeap Swee Chuan	4/4	-	-	-	1/1
2) Mrs. Teo Lee Ngo	3/4	-	-	-	1/1
3) Mr. Kenneth Ng	3/4	4/4	2/2	-	1/1
4) Mr. John Parker	4/4	-	-	2/2	1/1
5) Mr. Wichian Mektrakarn	4/4	4/4	-	2/2	1/1
6) Mrs. Vachira Na Ranong	4/4	-	2/2	2/2	1/1
7) Mr. Kaikhushru (Kai) Taraporevala	4/4	4/4	2/2	-	1/1

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

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

Board meetings are planned for the entire year. Every year, the Company schedules meetings for the Board of Directors and its committees to perform their duties on a regular basis. These regular meetings in 2021 consist of:

- 4 Board of Directors meetings
- 4 Audit Committee meetings

- 2 Nomination and Remuneration meetings
- 2 Risk Management meetings

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

In 2021, AAPICO held 4 meetings of the Board of Directors. The Audit Committee met 4 times on a quarterly basis to consider and approve the disclosure of the Company's financial statements, one of which was conducted with the Company's auditor in the absence of management to allow independent discussions on the Company's performance. The Risk Management Committee held 2 meetings to assess and review key risk factors and the risk assessment process according to IATF 16949 standards. The Nomination and Remuneration Committee held 2 meetings to consider directors' nominations and remuneration and to advise on the succession plan for key management positions in the Company.



### Directors' Remuneration

The Board of Directors approved the remuneration of the Board of Directors and its committees according to the principles and policies set by the Nomination and Remuneration Committee, which are within the framework and limits approved by the shareholders' meeting. Directors' remuneration is considered based mainly on the scope of duties and responsibilities, directors' performance and benchmarking against other listed companies engaged in the same business regarding performance, business size, and directors' accountability. The directors' remuneration is proposed to the Board of Directors for approval before being passed for approval at the Annual General Meeting of Shareholders.

The Nomination and Remuneration Committee is responsible for considering and approving the remuneration of the CEO. The consideration process took into account the responsibilities, the performance, and the performance evaluation of the CEO as the consideration factors for CEO remuneration.

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

The directors' remuneration is composed of annual remuneration, attendance fee, and incentive bonus. The Annual General Meeting of Shareholders for the year 2021 passed a resolution concerning the remuneration of the Board of Directors and committees as follows:

#### Directors' Remuneration Structure in 2021

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

### Directors' Remuneration in 2021

Name	Annual Remuneration (Baht)	Attendance Fee (Baht)	Incentive Bonus (Baht)	Total Remuneration (Baht)
1) Mr. Yeap Swee Chuan <sup>1</sup>	-	-	-	-
2) Mrs. Teo Lee Ngo <sup>1</sup>	-	-	-	-
3) Mr. Kenneth Ng	325,000	140,000	59,106	524,106
4) Mr. John Parker	275,000	100,000	59,106	434,106
5) Mr. Wichian Mektrakarn	300,000	160,000	59,106	519,106
6) Mrs. Vachira Na Ranong	275,000	120,000	59,106	454,106
7) Mr. Kaikhushru (Kai) Taraporevala	300,000	160,000	59,106	519,106

Remark:

1) Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo's remunerations are already included in the management's remuneration.

The Company's independent directors received remuneration in accordance with their individual performance in the capacity of directors. The special bonus was calculated at a ratio of 0.2% of total profit in the part concerning shareholders of the Company's finances, or a total amount of no more than 3 million Baht, which was divided equally among the independent directors. In any case, the directors who are also the Company's management did not receive remuneration for their role as directors, as their remuneration as managing directors has already been included in the management's remuneration. Apart from this, the Company did not provide any other special benefits for the directors.

### 8.1.3 The Governance of Subsidiaries and Associates

AAPICO has put in place effective and efficient corporate governance, risk management, and internal controls that conform to international standards and the regulations of the respective authorities. The Company's subsidiaries and associates are aligned with the same principles. The Company has established a mechanism and process for overseeing and monitoring the management and operations of its subsidiaries and associates. To that effect, the Board of Directors has empowered the President/CEO to perform such duties as selecting representatives to be executives of these entities and reporting to the

Board. The number of representatives in each entity is determined by the percentage holding of the Company in that entity.

The management of the Company is responsible for carrying out operations to achieve targets and drive business growth, controlling costs, reducing expenses, and monitoring capital investments in line with business plans. Their responsibilities cover human resource management, resolving problems or conflicts affecting the organization, and maintaining effective communication throughout the organization. In addition, the management of the subsidiaries & associates need to ensure sustainable development of the company they are in charge. Significant issues requiring a board resolution are proposed to the board for approval before taking any action.

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

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

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

#### **8.1.4 Monitoring of Compliance with Corporate Governance Policies and Practices**

##### **8.1.4 (1) Conflict of Interest Prevention Policy**

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

- 1) The Company ensures that the shareholding structure in subsidiaries, associates, joint venture companies, and other investments is clear,

transparent, and disclosed to the public. There is no crossholding among major shareholders.

- 2) The Company advises that directors and executives, including their related persons, shall report their vested interests to the Company upon their appointment and again at every year-end.
- 3) At directors' meetings, directors or executives who have vested interests in the agenda must abstain from voting on such agenda items. This is to ensure that decisions are made in a fair and transparent manner for the best interests of the shareholders.
- 4) Transactions with related parties shall be conducted fairly, on an arm's length basis, under normal commercial terms, or based upon agreements between the Company and any related party that will benefit the Company as a group.
- 5) Connected transactions requiring shareholders' approval must be duly carried out in compliance with the regulations and requirements of the SEC and SET.

##### **8.1.4 (2) The use of Internal Information Policy**

AAPICO is aware of the possibility that internal information could be misused or abused and has a policy to protect the confidentiality of financial and commercial information and transactions that have not yet been publicly disclosed and could have an impact on the share price. The Board of Directors, executives, and employees who have access to such internal information must keep this information strictly confidential and must be cautious not to disclose information to any party not involved in the transactions.

The Company prohibits the use of internal information for personal benefit. In compliance with good corporate governance practices, the Company has established guidelines for directors, executives, relevant employees, and their related persons, including spouses and minor children, concerning the transfer of Company securities, which are as follows:

- 1) Black out period: Directors, executives, and employees – including their related persons, shall refrain from trading in Company securities (i) for a

period of 30 days prior to the release of financial statements or public disclosures of significant matters and (ii) for at least a further 24 hours thereafter, depending on the degree of materiality.

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

Failure to comply with, or violation of, this policy may result in derogation or damage to the Company and is therefore subject to penalty measures such as warnings, suspension without pay, termination, and possible legal action taken by relevant regulatory authorities. The Board of Directors and top executives shall report any changes in their holdings of the Company's securities to the Company. The movements of securities held by directors and top executives are also disclosed in the annual report, with the data during the opening and closing of terms – including any movements in between – being made available.

#### 8.1.4 (3) Anti-Corruption Policy

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

The anti-corruption policy outlines the required conduct and responsibilities for preventing fraud. The Company clearly advises and trains its employees in relevant functions—especially those who operate in areas perceived to be high-risk—in recognizing and dealing with bribery and corruption effectively. The Company ensures that the business and its partners—including suppliers, contractors, and agents—act in compliance with relevant laws and regulations and refuses to engage in any act that may involve inappropriate or unlawful deeds, with the following important guidelines:

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

The Company has expressed intention to join the Thai Private Sector Collective Action Against Corruption (CAC), and has implemented actions in accordance with the anti-corruption policy as follows:

- 1) The Company has notified the board of directors, executives, and personnel that all processes are strictly adhered to within the framework of the law, and that if a mistake happens in the operation process due to negligence. The penalties shall be punished without advocating for an acquittal.

- 2) The Company has a reporting system in place for any policy infractions or suspected corruption, as well as have protection measures for reporters.

Details of the company's anti-corruption policies and measures can be found on the Company's website, [www.aapico.com](http://www.aapico.com), under Investor Relations > Corporate Governance > Anti-Corruption Policy.

#### **8.1.4 (4) Whistle Blower Policy**

The Company encourages employees and stakeholders to give comments or raise concerns about any issues or suspicions of misconduct to the Company at any time for the Company to take immediate necessary actions to resolve such issues or prevent severe damage to its operations or reputation.

Employees and stakeholders can file a report with the Whistleblowing Box, which is placed in front of the entrance of the canteen or send an email directly to [AC@aapico.com](mailto:AC@aapico.com). The whistleblower can be reported with his/her identity or anonymously to supervisor/manager then appealed to the independent directors/audit committee via e-mail. The cases of rights violations, corruption, non-compliance with laws and ethical practices will be discussed at the next Board of Directors' meeting. Then the matters will be sent to the president for further processing and investigation.

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

The Audit Committee did not receive any comments or concerns about organizational malpractice or wrongdoing for consideration in 2021.

Furthermore, the Company has established a list of regulations to serve as a framework for effective corporate governance. Among these policies are:

#### **Tax Policy**

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

#### **Intellectual Property Policy**

Intellectual property refers to mental inventions that come from an individual's or team's innovativeness and inventiveness, and which are within that individual's or team's legal rights to manage as they see appropriate. With this in mind, the Company has established rules to foster respect for both the Company's own intellectual property rights as well as the rights of others—policies that every director, manager, and employee shall scrupulously adhere with.

- 1) Creations, knowledge, or ideas born from creativity will be treated as property of the Company. Employees are forbidden from duplicating, modifying, or doing anything with said property – be it for their own benefit, or the benefit of others – without permission from the Company; except in the case that the Company has already given permission for the creation to be the property of its innovator(s).
- 2) The Company disapproves of any act of violation of others' intellectual property rights perpetrated by employees, or any other individuals associated with the Company, and has decreed that every

employee has a duty to inform their supervisors should they happen to come across any act of violation of intellectual property rights.

- 3) It is the duty of every employee to prevent any violation of the Company's intellectual property rights.
- 4) In the event that an employee is discovered by the Company to be violating the Company's intellectual property rights, and is indeed found to be guilty, the Company will consider taking any disciplinary or legal actions that it may deem appropriate.
- 5) In the event that an employee's employment status with the Company has ceased, the employee must return any and all Company intellectual property back to the Company.
- 6) The Company has provided a contact channel, namely the corporate email address "AC@aapico.com" for any stakeholders seeking to report violations of their intellectual property rights by other parties.

#### **No Gift Policy**

The Company has informed the employees of the policy and guidelines on receiving gifts, favors, gratuities, and business amenities ("Gifts") from business partners or related individuals. The Company's employees may receive Gifts from business partners and related individuals as expressions of appreciation for the business relationship in order to maintain a healthy business relationship, given that such Gifts are given voluntarily and involve normal sales, promotion, advertising, or publicity.

Employees are expected to report and promptly turn over all Gifts received from business contacts or third parties to the HR department of their respective companies, who will distribute Gifts to other parties in the appropriate manner.

#### **Personal Data Protection Policy**

The Company emphasizes the importance of personal data privacy and has implemented a Personal Data Protection Policy. This policy outlines the Company's personal data collection, storing, utilization, and disclosure procedures, as well as the data owners' rights.

The Personal Data Protection Policy is available on the Company's website under "About Us" > "Privacy Policy."

#### **8.2 Reporting of the Audit Committee's Performance**

The Company disclosed the performance of the audit committee in this year in the enclosure 6. For information on meeting attendance and remuneration please refer to section 8.1.2

#### **8.3 Reporting of Other Committees' Performance**

The Company disclosed the performance of other committees, namely the Nomination and Remuneration Committee and the Risk Management Committee, in the enclosure 6. For the data on their respective remuneration, please refer to section 8.1.2.



## 9. Internal Control and Connected Transaction

### 9.1 Internal Control

The Board of Directors emphasizes on adequate and effective internal control framework and risk management. They have assigned the Audit Committee to assess the adequacy of the Company's internal control through the performance reports of internal auditor. The independent internal auditor has audited key operational activities and reported their findings and recommendations to the management and the Audit Committee at the quarterly meetings.

In their findings, the Company has carried out its operations according to work instructions, within the policy and procedures, and acted in compliance with relevant laws and regulations and good corporate governance principles. The reported weaknesses have been resolved and implemented the corrective actions to improve control in those areas. In conclusion, there were no major risk of internal control deficiency for the year 2021. Internal auditor has assessed the Company's internal control practices according to the guideline from SEC which can be prescribed into 5 major components as follows:

#### 1. Control Environment

The Company demonstrates a commitment to integrity and ethical values and the tone is set at the top. Management establishes, with Board Oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of the objectives.

Executive directors and top management are to be role models for the employees in performing their duties ethically, honestly, with due care and in accordance with the Company's code of conduct, the anti-corruption policy, the corporate governance policy, etc. The Company communicates these policies to employees as part of orientation and working procedures. Any suspicion or wrongdoings are investigated and escalated to directors.

Offenses and violations are penalized according to the severity of the actions. The essential aspects of the Company's code of conduct are as follows:

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



- 12) Operate businesses so that the damaging impact to the society, the environment, and the population's quality of life is kept to a minimum.

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

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

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

## 2. Risk Assessment

The Company has established the risk management policy as a framework for the organization's risk assessment process. The Company assesses potential risks associated with the organization from both internal and external factors and their impact on the achievement of objectives. At least once a year, the Risk Management Committee reviews these risk factors and risk matrix.

The committee reviews the impact and the likelihood of occurrence, with consideration to the changes of regulatory, business environment, the potential impacts of new business lines, rapid growth, changing on foreign geographies, and new technologies, and re-assessed the appropriateness of the Company's risk management and mitigation plan to ensure that the impact is controlled to an acceptable level.

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

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

### 3. Control Activities

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

The Company has defined the duties and responsibilities, and the approval authority of the Company's management and executives in each level. Access for operating system and database is controlled and monitored by IT department. The segregation of duties is defined and strictly applied for key functions responsible for authorization, record transactions, and custody of assets. Connected transactions are carefully reviewed and carried out at arm's length basis that applies to normal business with third parties. Major contracts and agreements including those involving major shareholders, executives, and their related parties are duly considered and approved with consideration by the independent directors who have no vested interest in the matter.

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

### 4. Information and Communication

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

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

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

## 5. Monitoring Activities

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

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

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

## 9.2 Connected Transaction

### 9.2.1 Significant Connected Transaction during 2021

AAPICO Hitech PLC and subsidiaries ("The Company") have normal business transactions with individual or juristic person that may cause the conflicts of interest in accordance with commercial term and agreement. However, all significant connected transactions must be considered and approved by the Audit Committee.

The connected transactions with associated companies, jointly controlled businesses, and related companies that could be seen as conflicts of interest during 2021, 2020 and 2019 consisted of the following:

(Unit: Million Baht)

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Sakthi Automotive Group USA, Inc.  (Wholly owned by the Company)	- Long-term loans to related parties	-	597.3	459.0	<p>The Company provided loans to Sakthi Automotive Group USA, Inc. with interest rate not less than average financial cost to support working capital. The credit facility was approved by the Board of Directors' Meeting in proportion to the Company's shareholding. Sakthi Automotive Group USA, Inc. had entered receivership and the process ended. At present, the company as above is during the process of liquidation</p> <p><u>Remark.</u></p> <p>In 2020, the Company has provided loans to Sakthi Automotive Group USA, Inc. which was in the receivership process because the Company would like to maintain the conditions with the bank.</p>	<p>The Audit Committee had an opinion that the loans and other relevant transactions were provided as financial support</p>
	- Interest income	-	30.7	-		

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Sakthi Global Auto Holdings Limited (Wholly owned by the Company)	<ul style="list-style-type: none"> <li>- Short-term loans to related parties</li> <li>- Long-term loans to related parties</li> <li>- Interest receivable</li> <li>- Interest receivables converted to investment</li> <li>- Interest income</li> </ul>	-	-	-	<ul style="list-style-type: none"> <li>- The Company provided loans to Sakthi Global Auto Holdings Limited to support business operation. The credit facility was approved by the Board of Directors' Meeting in proportion to the Company's shareholding.</li> <li>- Sakthi Global Auto Holdings Limited had failed to make the principal repayment. As a result, the Company exercised its rights as secured lender to convert interest receivables to investment</li> </ul>	The Audit Committee had an opinion that the loans and other relevant transactions were provided as financial support
AAPICO ITS Company Limited (60% owned by the Company)	<ul style="list-style-type: none"> <li>- Other accounts payable</li> </ul>	5.0	4.6	4.6	<ul style="list-style-type: none"> <li>- The Company had accrued software expense</li> </ul>	The Audit Committee had an opinion that the software purchases were in accordance with normal business practice
Thai Takagi Seiko Company Limited (49.20% owned by the Company)	<ul style="list-style-type: none"> <li>- Long-term loans to related parties</li> <li>- Interest income</li> </ul>	4.0 0.2	4.0 0.5	14.0 0.5	<ul style="list-style-type: none"> <li>- The Company provided loans to Thai Takagi Seiko Company Limited with interest rate not less than average financial cost to support working capital. The loan limit was less than share proportion held by the Company. The credit facility was approved by the Board of Directors' Meeting, and not in line with proportion to the Company's shareholding</li> </ul>	The Audit Committee had an opinion that the long-term loans and Interest income were provided as financial support, and the conditions were as agreed under the agreement

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Thai Takagi Seiko Company Limited (49.20% owned by the Company)	- Trade accounts receivable - Sales of goods and services	9.0 59.3	12.1 52.0	15.0 79.1	- The Company sold parts to Thai Takagi Seiko Company Limited to produce for sale. The price is close to selling price to third party	The Audit Committee had an opinion that the sale transactions were in accordance with normal business practice
	- Other accounts receivable - Other income - Rental income	1.6 0.6 12.8	1.5 0.6 9.8	5.2 0.6 12.8	- The Company provided storage and forklift service to Thai Takagi Seiko Company Limited - The Company provided area rental to Thai Takagi Seiko Company Limited	The Audit Committee had an opinion that other income and rental income were in accordance with normal business practice
	- Trade accounts payable - Purchases of goods and service	3.9 33.0	8.6 -	8.5 56.5	- The Company purchased plastic granules from Thai Takagi Seiko Company Limited to produce for sale	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice
	- Other accounts payable	-	-	2.2	- The Company purchased die from Thai Takagi Seiko Company Limited to use in production	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Edscha AAPICO Automotive Company Limited (49% owned by the Company)	- Trade accounts receivable - Sales of goods and services	38.3 147.7	35.2 103.3	8.9 141.6	- The Company sold parts to Edscha AAPICO Automotive Company Limited to produce for sale, which is normal operation. The price is close to selling price to third party	The Audit Committee had an opinion that the sale transactions were in accordance with normal business practice
	- Other accounts receivable - Other income - Dividend income - Rental income - Management fee income	3.9 6.1 11.6 1.3 7.1	1.9 2.6 14.9 1.3 5.4	1.1 5.4 24.8 1.8 7.3	- The Company signed IT services agreement with Edscha AAPICO Automotive Company Limited - The Company received dividend from Edscha AAPICO Automotive Company Limited as approved by the Annual General Meeting (AGM) in proportion to the Company's shareholding - The Company provided area rental to Edscha AAPICO Automotive Company Limited - The Company signed a 1-year management services agreement with Edscha AAPICO Automotive Company Limited. The agreement will renew for a further term of 1 year to support business operation	The Audit Committee had an opinion that other income, dividend income, rental income and management fee income were in accordance with normal business practice
	- Trade accounts payable - Purchases of goods and service	54.5 215.5	72.6 183.1	46.2 163.2	- The Company purchased raw materials and parts from Edscha AAPICO Automotive Company Limited for sale and to produce for sale	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice



Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Edscha AAPICO Automotive Company Limited (49% owned by the Company)	- Other accounts payable	0.1	-	1.2	- Edscha AAPICO Automotive Company Limited made claims against the Company	The Audit Committee had an opinion that the claim transactions were in accordance with normal business practice
	- Other expenses	0.2	-	-		
Sumino AAPICO (Thailand) Company Limited (49% owned by the Company)	- Dividend income	2.5	4.7	-	- The Company received dividend from Sumino AAPICO (Thailand) Company Limited as approved by the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) in proportion to the Company's shareholding	The Audit Committee had an opinion that the dividend distributed from operating profits which were in accordance with normal business practice
	- Trade accounts payable	4.3	3.8	3.3		
	- Purchases of goods and service	44.3	32.0	11.6		
	- Fixed assets payable	-	-	1.1	- The Company purchased die from Sumino AAPICO (Thailand) Company Limited to use in production	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Able Sanoh Industries (1996) Company Limited (45.62% owned by the Company)	- Trade accounts receivable - Sales of goods and services	4.4 16.0	3.6 9.3	3.7 10.3	- The Company sold products to Able Sanoh Industries (1996) Company Limited to produce for sale, which is normal operation. The price is close to selling price to third party	The Audit Committee had an opinion that the sale transactions were in accordance with normal business practice
	- Other accounts receivable - Other income - Dividend income - Management fee income	2.5 2.2 70.3 7.0	2.4 - 271.1 6.9	2.3 2.0 226.1 6.5	- The Company signed IT services agreement with Able Sanoh Industries (1996) Company Limited - The Company received dividend from Able Sanoh Industries (1996) Company Limited as approved by the Annual General Meeting (AGM) in proportion to the Company's shareholding - The Company signed a 1-year management services agreement with Able Sanoh Industries (1996) Company Limited. The agreement will renew for a further term of 1 year to support business operation	The Audit Committee had an opinion that other income, dividend income and management fee income were in accordance with normal business practice
	- Trade accounts payable - Purchases of goods and service	11.5 42.3	12.6 30.2	11.5 47.7	- The Company purchased parts from Able Sanoh Industries (1996) Company Limited to produce for sale	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Hyundai Motor (Thailand) Company Limited (20% owned by the Company)	- Dividend income	22.0	-	548.3	- The Company received dividend from Hyundai Motor (Thailand) Company Limited as approved by the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) in proportion to the Company's shareholding	The Audit Committee had an opinion that the dividend distributed from operating profits which were in accordance with normal business practice
	- Other accounts payable - Other expense	- 0.1	0.1 -	- -	- Hyundai Motor (Thailand) Company Limited provided motor vehicle repair and maintenance service to the Company	The Audit Committee had an opinion that motor vehicle repair and maintenance were in accordance with normal business practice
	- Purchases of assets	1.4	-	-	- The Company purchased motor vehicle from Hyundai Motor (Thailand) Company Limited for operational use	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Sanoh Industries (Thailand) Company Limited (20% owned by the Company)	- Dividend income	2.2	4.5	-	- The Company received dividend from Sanoh Industries (Thailand) Company Limited as approved by the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) in proportion to the Company's shareholding	The Audit Committee had an opinion that the dividend distributed from operating profits which were in accordance with normal business practice
	- Sales of goods and services	0.8	-	-	- The Company sold motor vehicle to AAPICO Electronics Company Limited for operational use. The price is close to selling price to third party	The Audit Committee had an opinion that the sale transactions were in accordance with normal business practice
AAPICO Electronics Company Limited (51% owned by the Company)	- Other accounts receivable - Other income	0.5 0.5	0.3 -	- -	- AAPICO Electronics Company Limited had accrued rental and operating expenses, which advanced by the Company	The Audit Committee had an opinion that the transactions were in accordance with normal business practice
	- Purchases of assets	0.2	-	-	- The Company purchased air purifiers from AAPICO Electronics Company Limited for operational use	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
AAPICO Electronics Company Limited (51% owned by the Company)	- Purchases of goods and service	0.4	-	-	- The Company purchased cameras from AAPICO Electronics Company Limited for sale	The Audit Committee had an opinion that the purchase transactions were in accordance with normal business practice
	- Other accounts receivable	0.3	-	-	- AAPICO Sodectia (Thailand) Company Limited had accrued operating expense, which advanced by the Company	The Audit Committee had an opinion that the transactions were in accordance with normal business practice
Vroom Company Limited (40% owned by the Company)	- Other accounts receivable	-	-	0.4	- The Company provided area rental to Vroom Company Limited	The Audit Committee had an opinion that other income were in accordance with normal business practice
	- Other income	1.3	3.9	-		
	- Long-term loans to related parties	69.8	13.8	-	- The Company provided loans to Vroom Company Limited with interest rate not less than average financial cost to support working capital. The loan limit was more than share proportion held by the Company due to voting right. The credit facility was approved by the Board of Directors' Meeting, and not in line with proportion to the Company's shareholding	The Audit Committee had an opinion that the long-term loans were provided as financial support, and the conditions were as agreed under the agreement
	- Interest receivable	0.2	-	-		
	- Interest income	1.1	-	0.1		

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
Dee Mak Sdn. Bhd. (Wholly owned by the Company's common director)	- Trade accounts receivable - Other income	1.5 9.9	1.6 10.2	0.8 9.0	- The Company provided car insurance service	The Audit Committee had an opinion that the service transactions were in accordance with normal business practice
	- Short-term loans from related parties	27.5	25.5	25.1	- Dee Mak Sdn. Bhd. provided loans to the Company with no interest to support business operation. The credit facility was approved by the Board of Directors' Meeting, and not in line with proportion to the Company's shareholding	The Audit Committee had an opinion that the conditions of short-term loans were as agreed under the agreement
Smoothlane Company Limited (11.89% owned by Subsidiary)	- Short-term loans to related parties - Long-term loans to related parties - Interest receivable - Interest income	- 22.1 1.5 0.4	- 22.1 1.1 0.8	- 16.5 0.3 0.3	- The Company provided loans to Smoothlane Company Limited with interest rate not less than average financial cost to support working capital. The loan limit was more than share proportion held by the Company since the Company has a stronger financial position. Besides, the Company has closely monitored its operating results. The credit facility was approved by the Board of Directors' Meeting, and not in line with proportion to the Company's shareholding	The Audit Committee had an opinion that the short-term loans, long-term loans, interest receivable and interest income were provided as financial support, and the conditions were as agreed under the agreement

Related Company	Type of Transactions	Consolidated financial statement			Necessity and Reasonableness of Transactions	The Audit Committee's Opinion
		2021	2020	2019		
YLN Enterprise Sdn. Bhd. (Malaysia) (80% owned by the Company's common director)	- Short-term loans from related parties	8.2	7.6	7.5	- YLN Enterprise Sdn. Bhd. (Malaysia) provided loans to the Company with no interest to support business operation. The credit facility was approved by the Board of Directors' Meeting, and not in line with proportion to the Company's shareholding	The Audit Committee had an opinion that the conditions of short-term loans were as agreed under the agreement



### **9.2.2 Preconditions and Reasons for Connected Transactions**

The Audit Committee reviewed the connected transactions which were recorded during the fiscal year 2021 and considered them to be reasonable, fair and on an arm's length basis. All transactions with related companies were approved based on the potential growth of business aiming to enhance the benefits for the Company.

### **9.2.3 Policy and Outlook for Future Connected Transactions**

In the future, the Company will continue considering the connected transactions under the reasonableness and commercial appropriateness. The pricing of products and services based on normal business practices and reflected market prices, or within the arm's length basis, or the details stipulated in commercial contracts.

Moreover, the Audit Committee is responsible for reviewing the undertaking future connected transactions to ensure transparency in accordance with the Company's corporate governance policy, rules, and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), as well as the accounting standards.

The connected transactions with potential conflict of interest, that may be carried out in the future, shall be considered under the necessity and appropriateness. However, the Audit Committee can engage any professional consultant or person with independent opinion to provide advice or opinions if deemed necessary.



## **Part 3:**

### **Financial Statements**

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10. Report of the Board of Directors' Responsibilities for the Financial Statement
11. Audited Financial Statements for Fiscal Year Ended 31 December 2021 and Independent Auditor's Report

## Report of Board of Directors' Responsibility for Financial Statement

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

The Company's separated and consolidated financial statements were audited by a certified auditor from EY Office Limited. During the auditing process, the Company supported the auditor with various information and documents in order for the auditor to be able to audit and express their opinions in accordance with the accounting standards. The opinions of the auditor are included in the Auditor's Report as at December 31, 2021.

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



**Mr. Yeap Swee Chuan**

President and CEO

**AAPICO Hitech Public Company Limited  
and its subsidiaries  
Report and financial statements  
31 December 2021**

## **Independent Auditor's Report**

To the Shareholders of AAPICO Hitech Public Company Limited

### **Qualified Opinion on the Consolidated Financial Statements**

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

In my opinion, except for the possible effects on the matters described in the *Basis for Qualified Opinion on the Financial Statements* section on my report, the financial statements referred to above present fairly, in all material respects, the financial position of AAPICO Hitech Public Company Limited and its subsidiaries and of AAPICO Hitech Public Company Limited as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Qualified Opinion on the Financial Statements**

- a) As at 31 December 2021, the Group had an investment in an overseas associate, Sakthi Auto Component Limited ("SACL"), of which the value was Baht 2,728 million under the equity method (Baht 2,576 million under the cost method) which was included in investments in associates in the consolidated statement of financial position. The Group's share of associate's profit for the year of Baht 16 million was included in the consolidated statement of income, and the share of associate's gain on translation adjustment of Baht 257 million was included in the consolidated statement of comprehensive income for the year then ended, as mentioned in the Note 11 to financial statements. The investment in the associate accounted for under the equity method was valued based on the associate's management accounts that had not been audited or reviewed by the auditor of the associate. I have been informed by the auditor of the associate that they were unable to provide me with the auditor's report since they have not been engaged as the associate's auditor to audit the consolidated financial statements for the year ended 31 December 2021 of the associate for the group reporting purposes. I was unable to apply other audit procedures to satisfy myself regarding the consolidated financial position and the consolidated financial performance of the associate. I am therefore unable to determine whether and to what extent it is necessary to adjust the value of the investment in the associate at equity method, share of profit and share of gain on translation adjustment of the associate in the consolidated financial statements for the year ended 31 December 2021. This matter is regarded as a scope limitation imposed by circumstance.

- b) Furthermore, as at 31 December 2021, the Company had an investment in an overseas subsidiary, Sakthi Global Auto Holdings Limited (“SGAH”) of Baht 779 million, and loans to (including interest receivable) provided directly and indirectly through the Company’s subsidiary to SGAH of Baht 2,580 million, which were included in investments in subsidiaries and loans to related parties and other receivables, respectively, in the separate statement of financial position. Because the main business of SGAH is to invest in SACL, the recoverable amount of these accounts mainly depends on the financial position and financial performance of SACL. As a result of the scope limitation imposed by circumstance, as described in a), I am unable to determine whether and to what extent it is necessary to adjust the recoverable amount of investment in SGAH and loans to and interest receivable from SGAH, together with related expenses, in the separate financial statements for the year ended 31 December 2021.
- c) In the course of my audit of the consolidated and separate financial statements for the year 2020, I was unable to obtain sufficient appropriate audit evidence related to the investment in SACL under the equity method, presented as investments in associates in the consolidated statement of financial position. This is because the associate’s auditor had not yet been engaged by the associate to audit the associate’s consolidated financial statements for the year 2020 for the purpose of reporting to me, as group auditor for the consolidated financial statements for the year 2020. Furthermore, I did not receive any notification that this associate had appointed a replacement auditor and I was unable to obtain sufficient appropriate audit evidence related to the consolidated financial position and financial performance of the associate. This scope limitation also affected collection of evidence for a review of impairment of the investment in SGAH and the loans (including interest receivable) provided directly and indirectly through the Company’s subsidiary to SGAH, in the separate statement of financial position as described in b). My opinion on the consolidated and separate financial statements for the year 2020 was qualified in respect of the investment in this associate under the equity method in the consolidated statement of financial position, together with share of associate’s profit or loss and share of associate’s gain/loss on translation adjustment in the consolidated income statement and the consolidated statement of comprehensive income, respectively, and investments in subsidiaries and loans to related parties and other receivables in the separate statement of financial position, together with related expenses in the separate income statement. To date, the above limitations on scope imposed by circumstance have not been resolved.

My opinion on the consolidated and separate financial statements for the current year is, therefore, also qualified in respect of the effects of the above matters, since they affect the comparability of the current year’s figures and the comparative figures.

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

### **Emphasis of Matters**

I draw attention to Note 7.2 to the financial statements regarding the litigation cases between the Group and Sakthi group relating to the appropriation of collateral shares of SGAH. My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.



In addition to the matters described in the *Basis for Qualified Opinion on the Financial Statements* section, key audit matters and how audit procedures respond for each matter are described below.

*Impairment of plant and equipment in the consolidated financial statements and impairment of investment in a subsidiary and allowance for expected credit losses for loans to and interest receivable from a subsidiary in the separate financial statements*

As disclosed in Note 13 to the financial statements, AAPICO Forging Public Company Limited (a subsidiary) had a capital deficit. This subsidiary had plant and equipment used in its operations with a net book value of Baht 644 million as at 31 December 2021, which was presented in the Group's consolidated financial statements. As of 31 December 2021, the Company's separate financial statements included net investment in this subsidiary of Baht 542 million and loans provided to the subsidiary, including interest receivable, net of allowance for expected credit losses, totaling Baht 2,074 million. I have paid particular attention to the determination of allowance for impairment loss of investment in the subsidiary, impairment loss of plant and equipment and the allowance for expected credit losses with respect to loans and interest receivable from the subsidiary in the financial statements. Since these accounts require management to exercise significant judgement with respect to projections of the future operating performance and cash flows of the subsidiary and the determination of an appropriate discount rate and key assumptions, there is a risk with respect to the amount of impairment loss and the allowance for expected credit losses.

For impairment of plant and equipment and investment in the subsidiary, I assessed the management's identification of cash-generating units. I also gained an understanding of and assessed the cash flow projections of the subsidiary, based on the understanding I gained of the process by which management arrived at the figures and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections, comparison of the long-term growth rate with economic and industry forecasts and assessment of the discount rate based on comparison of the average cost of capital and other data with those used by comparable organisations in the same industry. Furthermore, I assessed the assumptions relevant to the expected future cash flows, and recalculated expected credit losses on loans to and interest receivable from the subsidiary, assessed on an individual basis.

*Impairment of goodwill and intangible assets*

I have focused my audit on the consideration of the impairment of goodwill and other intangible assets with indefinite useful lives i.e. development cost for production enhancement, as discussed in Notes 4.7, 4.8, 5, 16 and 17 to the financial statements, because the assessment of impairment of goodwill and intangible assets is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term revenue growth rates. There are thus risks with respect to the amount of goodwill and intangible assets.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and intangible assets, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Sumalee Reewarabandith  
Certified Public Accountant (Thailand) No. 3970

EY Office Limited  
Bangkok: 28 February 2022

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position**
**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	6	690,391,411	651,780,570	40,700,384	68,888,270
Trade and other receivables	7, 8	2,236,600,309	2,846,045,362	1,389,936,149	1,351,846,226
Short-term loans to related parties	7	-	-	336,000,000	336,000,000
Inventories	9	3,030,652,696	2,595,735,602	149,479,860	145,657,218
Other current financial assets	10	51,678,744	37,797,221	22,999,828	11,000,082
Other current assets					
Advances for purchases of goods		22,603,527	21,075,127	16,560,142	10,234,871
Others		254,555,921	413,516,937	21,257,635	89,900,095
Total current assets		6,286,482,608	6,565,950,819	1,976,933,998	2,013,526,762
Non-current assets					
Restricted bank deposits	20	27,000,000	-	-	-
Long-term loans to related parties	7	95,804,000	637,151,949	3,877,831,347	4,356,578,480
Other non-current financial assets	10	-	-	-	-
Investments in associates	11	4,030,131,549	3,579,023,481	568,283,233	568,283,233
Investments in joint ventures	12	120,245,299	137,255,391	177,600,000	175,250,000
Investments in subsidiaries	13	-	-	4,968,888,645	4,682,947,045
Property, plant and equipment	14	8,221,984,023	7,773,139,050	1,013,540,688	1,025,304,940
Right-of-use assets	15	600,196,246	473,082,596	15,096,326	21,049,034
Goodwill	16	1,117,991,984	1,094,249,487	-	-
Other intangible assets	17	1,599,071,508	1,575,584,459	10,253,171	8,876,031
Assets recognised from the costs to fulfill					
contracts with customers	18	564,179,838	434,604,208	-	-
Deferred tax assets	19	-	-	64,132,301	66,881,701
Other non-current assets		59,407,792	76,012,713	7,308,848	12,964,060
Total non-current assets		16,436,012,239	15,780,103,334	10,702,934,559	10,918,134,524
Total assets		22,722,494,847	22,346,054,153	12,679,868,557	12,931,661,286

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	20	1,710,423,229	1,918,214,362	109,000,000	175,500,000
Trade and other payables	21	4,883,734,756	4,118,762,762	479,774,932	557,859,283
Current portion of long-term loans	22	1,441,025,335	1,300,825,732	1,087,432,379	1,115,265,778
Current portion of long-term debentures	23	499,971,667	599,830,000	499,971,667	599,830,000
Current portion of lease liabilities	15	104,593,639	81,770,313	6,672,226	6,365,781
Short-term loans from related parties	7	35,695,692	33,118,608	1,298,494,768	747,634,092
Provision for product warranty	24	32,022,879	19,229,698	-	-
Other current liabilities					
Income tax payable		28,299,427	15,795,517	4,128,070	-
Advances received from customers		157,060,855	142,599,141	61,382,960	20,387,664
Others		265,280,175	216,130,156	4,040,169	3,304,092
Total current liabilities		9,158,107,654	8,446,276,289	3,550,897,171	3,226,146,690
Non-current liabilities					
Long-term loans	22	3,138,251,156	3,997,519,159	1,808,478,884	2,865,436,365
Long-term debentures	23	1,099,486,000	1,599,079,000	1,099,486,000	1,599,079,000
Lease liabilities	15	180,303,942	237,024,794	8,811,395	14,241,318
Provision for long-term employee benefits	25	264,938,392	251,467,848	45,266,075	42,588,108
Deferred tax liabilities	19	49,316,981	23,324,273	-	-
Other non-current liabilities	26	17,291,328	50,075,108	-	-
Total non-current liabilities		4,749,587,799	6,158,490,182	2,962,042,354	4,521,344,791
Total liabilities		13,907,695,453	14,604,766,471	6,512,939,525	7,747,491,481

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2021**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Shareholders' equity</b>					
Share capital	27				
Registered					
354,842,228 ordinary shares of Baht 1 each					
(2020: 322,649,160 ordinary shares					
of Baht 1 each)		354,842,228	322,649,160	354,842,228	322,649,160
Issued and paid-up					
354,842,012 ordinary shares of Baht 1 each					
(2020: 322,583,844 ordinary shares					
of Baht 1 each)		354,842,012	322,583,844	354,842,012	322,583,844
Premium on ordinary shares		2,164,354,332	2,164,354,332	2,164,354,332	2,164,354,332
Premium on treasury shares		33,579,968	33,579,968	33,579,968	33,579,968
Deficit from the change in the interests in a subsidiary	13	(1,533,465)	-	-	-
Retained earnings					
Appropriated					
Statutory reserve - the Company	29	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		159,593,631	159,593,631	-	-
Unappropriated		5,537,584,150	4,761,036,569	3,554,611,720	2,604,110,661
Other components of shareholders' equity		205,041,656	(27,547,610)	-	-
Equity attributable to owners of the Company		8,513,003,284	7,473,141,734	6,166,929,032	5,184,169,805
Non-controlling interests of the subsidiaries		301,796,110	268,145,948	-	-
<b>Total shareholders' equity</b>		<b>8,814,799,394</b>	<b>7,741,287,682</b>	<b>6,166,929,032</b>	<b>5,184,169,805</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,722,494,847</b>	<b>22,346,054,153</b>	<b>12,679,868,557</b>	<b>12,931,661,286</b>
		-	-	-	-

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

Directors



**AAPICO Hitech Public Company Limited and its subsidiaries**
**Income statement**
**For the year ended 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
<b>Revenues</b>					
Revenue from contracts with customers		20,433,153,030	17,418,929,993	2,020,619,401	1,875,951,036
Other income					
Dividend income	11, 13	-	-	1,028,532,566	352,787,730
Gain on exchange rate		221,612,273	-	207,048,961	-
Others		312,461,244	378,664,501	150,815,820	155,337,904
Total		534,073,517	378,664,501	1,386,397,347	508,125,634
<b>Total revenues</b>		<b>20,967,226,547</b>	<b>17,797,594,494</b>	<b>3,407,016,748</b>	<b>2,384,076,670</b>
<b>Expenses</b>					
Cost of sales and services		18,224,761,985	16,054,462,118	1,822,189,594	1,695,247,807
Selling and distribution expenses		332,592,215	289,217,873	31,390,303	31,180,920
Administrative expenses		1,207,314,740	1,043,487,087	254,888,669	213,469,326
Loss on exchange rate		-	13,289,385	-	14,898,650
Expected credit losses (reversal)	7, 8	(10,414,483)	(15,144,503)	(1,317,205)	110,222,200
Loss on impairment of investments		-	-	-	19,999,400
<b>Total expenses</b>		<b>19,754,254,457</b>	<b>17,385,311,960</b>	<b>2,107,151,361</b>	<b>2,085,018,303</b>
<b>Profit from operating activities</b>		<b>1,212,972,090</b>	<b>412,282,534</b>	<b>1,299,865,387</b>	<b>299,058,367</b>
Share of profit from investments in associates	11	299,873,575	122,149,083	-	-
Share of loss from investments in joint ventures	12	(19,360,093)	(20,786,027)	-	-
Finance income		3,351,523	34,506,935	161,013,554	204,458,568
Finance cost	30	(345,995,386)	(372,917,382)	(227,232,500)	(260,500,104)
<b>Profit before tax income (expenses)</b>		<b>1,150,841,709</b>	<b>175,235,143</b>	<b>1,233,646,441</b>	<b>243,016,831</b>
Tax income (expenses)	19	(113,407,386)	(12,153,087)	(35,724,643)	29,377,096
<b>Profit for the year</b>		<b>1,037,434,323</b>	<b>163,082,056</b>	<b>1,197,921,798</b>	<b>272,393,927</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		1,023,968,320	147,764,296	1,197,921,798	272,393,927
Non-controlling interests of the subsidiaries		13,466,003	15,317,760		
		1,037,434,323	163,082,056		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	33	2.89	0.42	3.38	0.77

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

**AAPICO Hitech Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b>Profit for the year</b>	1,037,434,323	163,082,056	1,197,921,798	272,393,927
<b>Other comprehensive income</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Translation adjustments	(2,477,241)	293,127,006	-	-
Share of other comprehensive income from associates and joint ventures	259,717,201	(121,232,342)	-	-
<b>Other comprehensive income for the year</b>	257,239,960	171,894,664	-	-
<b>Total comprehensive income for the year</b>	1,294,674,283	334,976,720	1,197,921,798	272,393,927
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	1,256,557,586	318,455,346	1,197,921,798	272,393,927
Non-controlling interests of the subsidiaries	38,116,697	16,521,374		
	1,294,674,283	334,976,720		

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Cash flow statement**
**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Profit before tax	1,150,841,709	175,235,143	1,233,646,441	243,016,831
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities				
Depreciation and amortisation	1,030,851,626	997,861,562	127,536,876	132,478,183
Unrealised loss (gain) on exchange rate from loan receivables/payables	28,422,506	(46,373,147)	(156,840,333)	11,811,805
Gain on sales/write-off of equipment, right-of use assets				
and other intangible assets	(8,309,135)	(8,106,669)	(696,521)	(7,928,226)
Share of profit from investments in associates and joint ventures	(280,513,482)	(101,363,056)	-	-
Loss on write-off of other assets	-	3,556,027	-	-
Loss on impairment of investment	-	-	-	19,999,400
Reversal of loss on impairment of equipment	(77,470)	-	-	-
Allowance for expected credit losses (reversal)	(10,414,483)	(15,144,503)	(1,317,205)	110,222,200
Reduction of cost of inventories to net realisable value (reversal)	16,356,559	(9,040,400)	993,708	(63,442)
Dividend income from subsidiaries and associates	-	-	(1,028,532,566)	(352,787,730)
Provision for product warranty	14,115,899	2,032,136	-	-
Provision for long-term employee benefits	25,005,190	27,536,888	4,849,367	4,490,925
Finance income	(3,351,523)	(34,506,935)	(161,013,554)	(204,458,568)
Finance cost	345,995,386	372,917,382	227,232,500	260,500,104
Profit from operating activities before changes in				
operating assets and liabilities	2,308,922,782	1,364,604,428	245,858,713	217,281,482
Operating assets (increase) decrease				
Trade and other receivables	620,461,078	(907,827,199)	121,115,080	320,648,203
Inventories	(530,142,374)	248,911,194	(4,816,350)	(10,758,867)
Other current financial assets	(13,881,523)	16,677,255	(11,999,746)	(11,000,082)
Other current assets	158,125,077	(53,067,582)	54,516,548	(22,868,953)
Other non-current assets	18,200,368	7,099,382	5,655,212	(3,650,435)
Operating liabilities increase (decrease)				
Trade and other payables	775,352,037	(329,908,526)	(72,136,866)	(251,695,147)
Other current liabilities	63,611,733	113,414,904	41,731,373	(55,947,261)
Other non-current liabilities	(14,468,710)	20,120,603	-	-
Cash flows from operating activities	3,386,180,468	480,024,459	379,923,964	182,008,940
Cash paid for long-term employee benefits	(11,534,646)	(19,556,432)	(2,171,400)	(840,598)
Cash paid for product warranty	(1,322,718)	(4,270,674)	-	-
Recovery of bad debts	1,120,622	100,000	1,120,622	100,000
Cash paid for income tax	(96,783,032)	(148,176,674)	(28,847,139)	(79,946,821)
Cash received from income tax	21,264,815	8,074,590	9,635,616	-
<b>Net cash flows from operating activities</b>	<b>3,298,925,509</b>	<b>316,195,269</b>	<b>359,661,663</b>	<b>101,321,521</b>

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Cash flow statement (continued)**
**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(27,000,000)	-	-	-
Decrease (increase) in loans to related parties	557,969,544	(128,723,447)	680,631,567	136,574,504
Acquisitions of investments in subsidiaries, associates and joint ventures	(2,350,000)	(50,000,000)	(288,291,600)	(71,000,000)
Acquisitions of non-controlling interests of a subsidiary	(6,000,000)	-	-	-
Dividend received from subsidiaries and associates	108,482,707	295,217,791	1,028,532,566	352,787,730
Proceeds from disposals of equipment	73,206,782	83,971,855	1,466,802	24,999,690
Acquisitions of plant, equipment, other intangible assets and assets recognised from the costs to fulfill contracts with customers	(1,327,754,885)	(637,564,788)	(110,626,756)	(82,147,550)
Cash paid for investing in right-of-use assets	(168,931,578)	-	-	-
Cash received from interest income	1,129,358	28,991,232	2,005,134	22,589,324
<b>Net cash flows from (used in) investing activities</b>	<b>(791,248,072)</b>	<b>(408,107,357)</b>	<b>1,313,717,713</b>	<b>383,803,698</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	(207,791,133)	117,935,342	(66,500,000)	(567,500,000)
Increase (decrease) in loans from related parties	-	-	550,860,676	(121,359,983)
Cash received from long-term loans	443,720,649	1,723,841,891	-	1,500,000,000
Repayment of long-term loans	(1,267,276,882)	(786,819,250)	(1,131,669,989)	(696,385,000)
Payment of lease liabilities	(77,022,513)	(102,409,517)	(6,464,059)	(8,613,881)
Repayment of debentures	(600,000,000)	(300,000,000)	(600,000,000)	(300,000,000)
Cash paid for dividends	(215,162,571)	-	(215,162,571)	-
Cash paid for interest expenses	(353,627,146)	(371,803,674)	(232,631,319)	(261,312,748)
<b>Net cash flows from (used in) financing activities</b>	<b>(2,277,159,596)</b>	<b>280,744,792</b>	<b>(1,701,567,262)</b>	<b>(455,171,612)</b>
Decrease in translation adjustments	(191,907,000)	(74,859,479)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>38,610,841</b>	<b>113,973,225</b>	<b>(28,187,886)</b>	<b>29,953,607</b>
Cash and cash equivalents at beginning of year	651,780,570	537,807,345	68,888,270	38,934,663
<b>Cash and cash equivalents at end of year</b>	<b>690,391,411</b>	<b>651,780,570</b>	<b>40,700,384</b>	<b>68,888,270</b>
	-	-	-	-

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Cash flow statement (continued)**
**For the year ended 31 December 2021**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Increase (decrease) in accounts payable for purchases				
and construction of assets	(2,199,617)	51,033,934	-	-
Increase in deposits for purchases of assets	1,595,447	301,000	-	-
Transfer inventories to equipment	78,868,721	73,120,910	-	-
Transfer equipment, leasehold rights and other current assets				
to right-of-use assets	-	233,019,176	-	-
Transfer assets recognised from the costs to fulfill contracts				
with customers and right-of-use assets to equipment	7,463,164	-	-	-
Transfer equipment to other intangible assets	439,690	-	-	-
Increase in right-of-use assets from lease liabilities	43,124,987	76,875,470	1,340,581	-
Transfer other non-current liabilities to long-term loans	18,315,070	-	-	-
Stock dividends paid	32,258,168	-	32,258,168	-

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

## AAPICO Hitech Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2021

(Unit: Baht)

Consolidated financial statements												
	Equity attributable to owners of the Company											
	Other components of equity - other comprehensive income											
	Share of other											
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Deficit from the change in the interests in a subsidiary	Retained earnings		Translation adjustments	Income from associates and joint ventures	Total	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated	Unappropriated						
					The Company	Subsidiaries						
					59,541,000	153,093,631	(130,100,935)	(68,137,725)	(198,238,660)	7,154,686,388	251,624,574	7,406,310,962
Balance as at 1 January 2020	322,583,844	2,164,354,332	33,579,968	-	-	4,619,772,273	-	-	-	-	15,317,760	163,082,056
Profit for the year	-	-	-	-	-	147,764,296	-	(121,232,342)	170,691,050	170,691,050	1,203,614	171,894,664
Other comprehensive income for the year	-	-	-	-	-	-	291,923,392	(121,232,342)	170,691,050	170,691,050	1,203,614	171,894,664
Total comprehensive income for the year	-	-	-	-	-	147,764,296	291,923,392	(121,232,342)	170,691,050	318,455,346	16,521,374	334,976,720
Transfer to statutory reserve - subsidiaries	-	-	-	-	-	6,500,000	-	-	-	-	-	-
Balance as at 31 December 2020	322,583,844	2,164,354,332	33,579,968	-	59,541,000	159,593,631	161,822,457	(189,370,067)	(27,547,610)	7,473,141,734	268,145,948	7,741,287,682
Balance as at 1 January 2021	322,583,844	2,164,354,332	33,579,968	-	59,541,000	159,593,631	161,822,457	(189,370,067)	(27,547,610)	7,473,141,734	268,145,948	7,741,287,682
Profit for the year	-	-	-	-	-	-	-	-	-	1,023,968,320	13,466,003	1,037,434,323
Other comprehensive income for the year	-	-	-	-	-	-	(27,127,935)	259,717,201	232,589,266	232,589,266	24,650,694	257,239,960
Total comprehensive income for the year	-	-	-	-	-	-	(27,127,935)	259,717,201	232,589,266	1,256,557,586	38,116,697	1,294,674,283
Purchase of non-controlling interests of a subsidiary (Note 13)	-	-	-	(1,533,465)	-	-	-	-	-	(1,533,465)	(4,466,535)	(6,000,000)
Dividends paid (Note 28)	-	-	-	-	-	-	-	-	-	(215,162,571)	-	(215,162,571)
Stock dividends (Note 27 and 28)	32,258,168	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	354,842,012	2,164,354,332	33,579,968	(1,533,465)	59,541,000	159,593,631	134,694,522	70,347,134	205,041,656	8,513,003,284	301,796,110	8,814,799,394
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

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

**AAPICO Hitech Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2021**

(Unit: Baht)

**Separate financial statements**

	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
<b>Balance as at 1 January 2020</b>	322,583,844	2,164,354,332	33,579,968	59,541,000	2,331,716,734	4,911,775,878
Profit for the year	-	-	-	-	272,393,927	272,393,927
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	272,393,927	272,393,927
<b>Balance as at 31 December 2020</b>	322,583,844	2,164,354,332	33,579,968	59,541,000	2,604,110,661	5,184,169,805
<b>Balance as at 1 January 2021</b>	322,583,844	2,164,354,332	33,579,968	59,541,000	2,604,110,661	5,184,169,805
Profit for the year	-	-	-	-	1,197,921,798	1,197,921,798
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,197,921,798	1,197,921,798
Dividends paid (Note 28)	-	-	-	-	(215,162,571)	(215,162,571)
Stock dividends (Note 27 and 28)	32,258,168	-	-	-	(32,258,168)	-
<b>Balance as at 31 December 2021</b>	354,842,012	2,164,354,332	33,579,968	59,541,000	3,554,611,720	6,166,929,032
	-	-	-	-	-	-
	-	-	-	-	-	-

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



## **AAPICO Hitech Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2021**

#### **1. General information**

##### **1.1 General information of the Company**

AAPICO Hitech Public Company Limited is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of automobile parts, dies and jigs. The registered office of the Company is at 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Ampur Bang Pa-in, Ayutthaya.

##### **1.2 Coronavirus disease 2019 Pandemic**

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

#### **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

##### **2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited (hereinafter called as "the Company") and the following subsidiaries (hereinafter called as "the Group").

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			(%)	(%)
<b>Held by the Company</b>				
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100
New Era Sales Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 (%)	2020 (%)
Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 (%)	2020 (%)
Able Motors Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
AAPICO Hitech Parts Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Hitech Tooling Company Limited	Design and manufacture of car stamping dies and assemble jigs	Thailand	100	100
AAPICO Forging Plc.	Manufacture of autoparts	Thailand	100	100
AAPICO Structural Products Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Technology Company Limited	Not yet operated	Thailand	100	100
AAPICO Training Center Company Limited	Provide training services	Thailand	100	100
AAPICO Venture Company Limited	Venture capital	Thailand	100	100
Able Motors Pakkret Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Pathumthani Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Import and exports of vehicles and parts	Thailand	97	97
AERP Company Limited	IT consulting and advisory	Thailand	94	94
Katsuya (Thailand) Company Limited	Under the process of liquidation	Thailand	76	76
AAPICO Lemtech (Thailand) Company Limited	Manufacture of autoparts	Thailand	60	60
AAPICO ITS Company Limited	Manufacture of car navigation systems and its derivatives	Thailand	60	60
AAPICO Mitsuike (Thailand) Company Limited	Design and distribution of autoparts and dies	Thailand	51	51
AAPICO Hitech Automation Company Limited (formerly known as "AAPICO Hyojin Autotech Company Limited")	Design and manufacturing of automotive assembly jigs	Thailand	100	70
MG Able Motors Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			(%)	(%)
New Era Sales (M) Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Tenaga Setia Resources Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			(%)	(%)
AAPICO Motors Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Manufacture and sales of autoparts	China	100	100
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100
AAPICO Maia, S.A.	Manufacture of autoparts	Portugal	100	100
Sakthi Global Auto Holding Limited	Investment in other companies	United Kingdom	100	100

**Held by the Company's subsidiaries**

AAPICO Plastics Plc. (100% held by AAPICO Forging Plc.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Precision Company Limited (100% held by AAPICO Forging Plc.)	Manufacture of autoparts	Thailand	100	100
Katsuya (Thailand) Company Limited (24% held by AAPICO Plastics Plc.)	Under the process of liquidation	Thailand	24	24
AAPICO Engineering Sdn. Bhd. (49% held by Tenaga Setia Resources Sdn. Bhd. and 51% held by New Era Sales (M) Sdn. Bhd.)	Holding company	Malaysia	49	49
AAPICO ITS Sdn. Bhd. (49% held by AAPICO ITS Company Limited)	Manufacture of software for car navigation systems and distribution of its derivatives	Malaysia	29	29
AAPICO Agueda, S.A. (100% held by AAPICO Maia, S.A.)	Manufacture of autoparts	Portugal	100	100
Sakthi Portugal GmbH (100% held by AAPICO Maia, S.A.)	Technical support services	Germany	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 (%)	2020 (%)
AAPICO Motors (Kuantan) Sdn. Bhd. (100% held by AAPICO Motors Sdn. Bhd.)	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
AAPICO Motors (Temerloh) Sdn. Bhd. (100% held by AAPICO Motors Sdn. Bhd.)	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
  - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in associates, joint ventures and subsidiaries under the cost method.

### 3. New financial reporting standards

#### 3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue and expense recognition**

###### **Sales of goods**

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customers, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.

The obligation to transfer goods to a customer for which the Group has received consideration or an amount of consideration is due from the customer is presented under the caption of "Advance received from customers" in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

###### **Service income**

Service income are recognised at a point in the upon completion of the service.

###### **Interest income**

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

###### **Dividends**

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

###### **Finance cost**

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

###### **Other income and expenses**

Other income and expenses are recognised on an accrual basis.

##### **4.2 Cash and cash equivalents**

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

##### **4.3 Inventories**

Finished goods and work in process are valued at the lower of average cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Merchandise inventories are valued at the lower of cost (specific basis for automobiles and the first-in, first-out method for others) and net realisable value.

Raw materials, spare parts and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Certain subsidiaries record other merchandise inventories using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to the consolidated financial statements.

#### 4.4 Investments in associates, joint ventures and subsidiaries

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in associates, joint ventures and subsidiaries are accounted for in the separate financial statements using the cost method.

#### 4.5 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment (except for some of factory equipment, on a production unit method and diminishing method) are calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Building on leasehold land	Lease term
Buildings and building improvements	5 - 40 years
Machinery and factory equipment	3 - 40 years
Motor vehicles and office equipment	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.7 Goodwill

Goodwill is initially recorded at cost, which is equal to the excess of the cost of a business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of the business combination, the excess is immediately recognised as a gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units or group of cash-generating units that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit or group of cash-generating units. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.



#### 4.8 Intangible assets and costs to fulfill contracts with customers and amortisation

Intangible assets acquired through business combination such as development cost for production enhancement, are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases and costs to fulfill contracts with customers are recognised at cost. Following the initial recognition, the intangible assets and costs to fulfill contracts with customers are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite useful lives and costs to fulfill contracts with customers are amortised over the economic useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets and costs to fulfill contracts with customers are reviewed at least at each financial year end. The amortisation expense is charged to the income statement on the following basis.

Computer software	Straight-line basis over useful lives of 3, 5 and 10 years
Product development cost	Based on number of units sold and straight-line basis over useful lives of 3 years
Costs to fulfill contracts with customers	Based on number of units sold and straight-line basis over useful lives of 3 and 6 years

No amortisation is provided on works under development.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

#### 4.9 Leases

##### The Group as a lessee

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

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

Land	2 - 50	years
Buildings and building improvement	3 - 50	years
Machinery and factory equipment	2 - 12	years
Furniture, fixtures and office equipment	2 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Depreciation is included in determining income.

#### *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### **4.10 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets or other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.11 Employee benefits**

##### **Short-term employee benefits**

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

##### **Post-employment benefits and other long-term employee benefits**

###### *Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

###### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefits plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the income statement.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

#### **4.12 Grants from the government**

Government grants, which are measured at fair value are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and that they will be received.

Non-repayable grants received to finance investment in property, plant and equipment are recorded as deferred income in other non-current liabilities and are reflected in the income statement on the straight-line basis over its estimated useful life.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The economic benefit obtained with government loans at interest rate below that of the market is treated as a government subsidy. Government loans are recognised and measured at fair value. The economic benefit derived from the contracted interest rate below market rate is measured by the difference between the initial book value of the loan and the amount received.

#### **4.13 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.14 Financial instruments**

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

##### **Classification and measurement of financial assets**

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

##### *Financial assets at amortised cost*

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

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

##### *Financial assets at FVTPL*

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

##### *Financial assets designated at FVOCI*

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

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to the income statement.

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

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

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

### **Regular way purchases and sales of financial assets**

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the date on which the Group commits to purchase or sell the asset.

### **Derecognition of financial instruments**

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

#### **Offsetting of financial instruments**

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

#### **4.15 Derivatives**

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **4.16 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements as measured using the functional currency of the entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange rate are included in determining income.

#### **4.17 Fair value measurement**

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

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

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

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

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

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

#### **4.18 Income tax**

Income tax expenses represent the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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



#### **4.19 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **5. Significant accounting judgements and estimates**

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

##### **Costs to fulfill contracts with customers**

The recognition of the costs incurred to fulfill a performance obligation in the future as an asset requires management to use judgement regarding whether such costs relate directly to an existing contract or an anticipated contract, and whether the Group is able to specifically identify those costs and expects them to be recoverable, as well as what amortisation method should be used.

##### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Group determined that the Group has control over Tenaga Setia Resources Sdn. Bhd., New Era Sales (M) Sdn. Bhd., AAPICO Engineering Sdn. Bhd., AAPICO ITS Sdn. Bhd., AAPICO Motors Sdn. Bhd., AAPICO Motors (Kuantan) Sdn. Bhd. and AAPICO Motors (Temerloh) Sdn. Bhd. even though the Group holds shares and voting rights that is less than half of shares and voting rights. This is because the Group has the ability to direct the significant activities of these companies. As a result, those companies are the subsidiaries of the Group and deemed to be included in the consolidated financial statements from the date on which the Group assumed control.

##### **Non-consolidation of the company that the Company holds more than half of shares**

The management of the Group determined that the Group has no control over AAPICO Electronics Company Limited, even though the Group holds shares and voting rights that is more than half of shares. This is because the joint venture agreement stipulates the key matters, as defined in the agreement, must be approved by each venture. As a result, the Group determined that it has no control over this company, thus the investment is investment in joint venture, and this company is not to be included in the consolidated financial statements.

The management of the Group determined that the Group has no control over Sakthi Auto Component Limited. Although the Group holds more than half of its shares, the Company does not have the ability to direct the significant activities of this company. The investment is, therefore, investment in associate and this company is not to be included in the consolidated financial statements.

## **Leases**

### ***The Group as a lease***

#### *Determining the lease term with extension and termination options*

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### *Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### **Reduction of inventory cost to net realisable value**

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from obsolete and slow-moving inventories based upon aging profile of inventories and the prevailing economic condition.

### **Classification of loans to related parties**

In classifying the current portion of loans to related parties, the management is required to use judgement to estimate cashflows that are expected to be received from related parties within one year.

### **Allowance for expected credit losses of financial assets**

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

In estimating allowance for expected credit losses of loans to related parties, management uses judgement in preparing discounted future cash flow estimates and assessing the realisable values of collateral.

### **Property, plant and equipment and depreciation**

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

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

### Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

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

### Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment, goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different cash-generating units are disclosed and further explained in Note 16 to financial statements.

### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
Cash	17,709	14,629	174	138
Bank deposits	672,682	637,152	40,526	68,750
Total	690,391	651,781	40,700	68,888

As at 31 December 2021, bank deposits in savings accounts and fixed deposits of the Group carried interest at the rates between 0.01% and 2.00% per annum (2020: between 0.01% and 2.00% per annum), the Company only: between 0.04% and 0.40% per annum (2020: between 0.05% and 0.50% per annum).

## 7. Related party transactions

- 7.1 During the years, significant business transactions with related parties, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

Transactions	Pricing policies			
Sales of goods and services	Close to selling price to third party			
Dividend income	As declared			
Interest income	3.20% to 4.00% p.a. (2020: 3.71% to 5.00% p.a.)			
Rental income	Contract price			
Management fee income	Contract price			
Other income	Approximate cost			
Purchases of goods and services	Cost plus margin, averaging around 3% and 35% depend on product type			
Other expenses	Contract price			
Interest expense	3.20% to 3.74% p.a. (2020: 3.71% to 3.77% p.a.)			

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Sales of goods and services</b>				
Subsidiaries	-	-	295,287	247,106
Associates	222,952	164,643	6,656	1,729
Joint ventures	794	-	-	-
Total	223,746	164,643	301,943	248,835
<b>Dividend income</b>				
Subsidiaries	-	-	920,050	57,570
Associates	-	-	108,483	295,218
Total	-	-	1,028,533	352,788
<b>Interest income</b>				
Subsidiaries	-	-	158,914	175,796
Associates	158	515	158	515
Joint ventures	1,492	-	1,492	-
Related company (common director)	-	31,487	-	30,701
Total	1,650	32,002	160,564	207,012
<b>Rental income</b>				
Subsidiaries	-	-	1,560	1,776
Associates	14,122	11,122	1,332	1,332
Total	14,122	11,122	2,892	3,108

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Management fee income</b>				
Subsidiaries	-	-	73,881	70,155
Associates	14,024	12,335	14,024	12,335
Joint ventures	128	-	128	-
Total	14,152	12,335	88,033	82,490
<b>Other income</b>				
Subsidiaries	-	-	17,662	14,869
Associates	8,964	3,254	4,554	-
Joint ventures	1,802	3,928	101	-
Related company (common director)	9,860	10,235	-	-
Total	20,626	17,417	22,317	14,869
<b>Purchases of goods and service</b>				
Subsidiaries	-	-	298,190	345,484
Associates	336,542	245,292	222,622	192,905
Joint ventures	593	-	16	-
Total	337,135	245,292	520,828	538,389
<b>Other expenses</b>				
Subsidiaries	-	-	18,461	25,977
Associates	346	1,270	77	199
Joint ventures	23	-	-	-
Total	369	1,270	18,538	26,176
<b>Interest expense</b>				
Subsidiaries	-	-	14,844	15,576
Total	-	-	14,844	15,576

7.2 The balances of the accounts between the Company and those related parties as at 31 December 2021 and 2020

		(Unit: Thousand Baht)		
		Consolidated	Separate	
		financial statements	financial statements	
		2021	2020	
		2021	2020	
<b>Trade and other receivables - related parties (Note 8)</b>				
Subsidiaries	-	-	1,206,855	1,046,543
Associates	59,609	56,760	7,431	4,420
Joint ventures	946	284	613	10
Related company (common directors)	80,316	73,193	20,791	-
Less: Allowance for expected credit losses	(77,153)	(70,163)	(82,957)	(81,580)
Total	63,718	60,074	1,152,733	969,393

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Trade and other payables - related parties (Note 21)</b>				
Subsidiaries	-	-	57,161	92,077
Associates	74,362	97,687	56,778	78,225
Related company (common director)	4,961	4,603	-	-
Total	<u>79,323</u>	<u>102,290</u>	<u>113,939</u>	<u>170,302</u>
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	360,000	360,000
Less: Allowance for expected credit losses	-	-	(24,000)	(24,000)
Total	<u>-</u>	<u>-</u>	<u>336,000</u>	<u>336,000</u>
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	3,933,081	3,870,480
Associates	4,000	4,000	4,000	4,000
Joint ventures	69,750	13,750	69,750	13,750
Related company (common director)	545,301	1,089,269	368,708	928,577
Less: Allowance for expected credit losses	(523,247)	(469,867)	(497,708)	(460,229)
Total	<u>95,804</u>	<u>637,152</u>	<u>3,877,831</u>	<u>4,356,578</u>
<b>Short-term loans from related parties</b>				
Subsidiaries	-	-	1,298,495	747,634
Related company (common director)	35,696	33,119	-	-
Total	<u>35,696</u>	<u>33,119</u>	<u>1,298,495</u>	<u>747,634</u>

#### The appropriation of shares of SGAH

As at 1 January 2019 the balance of loans to an associate includes the following loans.

##### 2017 Loan Agreement

During the 2<sup>nd</sup> quarter of 2017, the Group granted SGAH a synthetic convertible loan of USD 50 million, or Baht 1,530 million, carrying interest at a rate of 20% per annum, due and payable in full on 31 March 2020.

##### 2018 Loan Agreement

During the 3<sup>rd</sup> quarter of 2018, the Company granted SGAH a loan of USD 40 million, or Baht 1,217 million, carrying interest at a rate of 10% per annum, due and payable within 3 years.

Both loans are fully guaranteed by individual directors of SGAH's parent company and the parent company of SGAH (ABT Auto Investments Limited or "ABT"). Both loans are also secured by, among other things, a charge (the Share Charge) over 50.01% of the shares in SGAH owned by ABT.

As of 31 March 2019, SGAH had failed to make the principal repayment due in March 2019 in accordance with the 2018 Loan Agreement signed with the Company. The Company, as a lender, served acceleration notices and demand letters on SGAH and ABT, requiring immediate repayment of all outstanding amounts under the 2017 Loan Agreement and the 2018 Loan Agreement. SGAH again failed to pay the outstanding amounts, and ABT also failed to pay the outstanding amounts. As a result, the security over the remaining 50.01% shares of SGAH owned by ABT, created under the Share Charge became enforceable. In August 2019, the Company exercised its rights as secured lender, and in October 2019 completed the process of appropriating the remaining 50.01% shareholding held by ABT in SGAH, in accordance with the Share Charge, resulting an increase in the Company's shareholding in SGAH from 49.99% to 100%. SGAH holds interests in the following companies.

- a) 77.04% in Sakthi Auto Component Limited ("SACL"), a company incorporated in India. SGAH determined that the Group has no control over SACL. Even though the Group holds more than half of shares and voting rights. Therefore, the Group invoked arbitration under the Shareholders Agreement seeking to settle such dispute. The case has been under the arbitration proceeding at SIAC since 2020. In October 2021, the tribunal issued the Final Award of the case. One of the tribunal's significant decisions is that the Group is entitled to appoint number of directors proportionate to its 77.04% shareholding in SACL as indicated in the shareholders agreement made between the Group and Sakthi. The result of the Final Award reaffirms the Group's right to appoint its directors as mentioned.

Further to the arbitration proceeding, the Group has managed to amend the Articles of Association of SACL through postal ballot system allowed by law, so as to incorporate the terms of the shareholders agreement. This amended Articles of Association have been successfully taken on record by Indian Registrar of Companies.

In addition, Oxy Capital ("OXY"), a secured creditor of Sakthi Services, S.A. ("SS") and a company incorporated in Portugal that is 100% held by SACL, exercised its rights under a pledge it held in respect of the shares of Sakthi Portugal, S.A. ("SP"). The Group subsequently acquired 100% of shares from OXY at a purchase price of EUR 24.5 million or Baht 823 million. Previously, the Group held 77.04% of shares in SP through SGAH and SACL.

- b) 100% in Sakthi Automotive Group USA, Inc. ("SAGUSA"), a company incorporated in the United States of America. SAGUSA is currently under receivership and in the process of liquidation. SGAH had set up full allowance for impairment loss on the investment.



There are a number of legal cases proceeding between the Group and Sakthi Group ("Sakthi"). As of 31 December 2021, there are two relevant cases that have been advanced and the results of which may directly affect the total amount of outstanding debt owed by Sakthi to the Group, including interest, default interest and costs. The details of these two cases are as follows.

- a) Legal proceeding by ABT, which is a company within Sakthi, against the Group challenging the value of SGAH shares which have been appropriated by the Group as enforcement of security.

ABT has brought a legal case in the English Commercial Court to challenge the valuation of SGAH's shares by the independent appraiser assigned by the Group. The Group is vigorously contesting ABT's claims.

Should the English Commercial Court rule in favor of the Group, there will be no change to the Group's current position, where it has appropriated SGAH's shares and applied a value for those shares in accordance with a valuation by an independent appraiser. Should the English Commercial Court rule in favor of ABT, the value of SGAH shares appropriated by the Group will be adjusted as per the Court ruling.

In the realistic worst-case scenario where the English Commercial Court agrees entirely with ABT and decides the value of SGAH's shares should be adjusted as claimed by ABT, the Group will need to adjust value of SGAH's shares in its statement of financial position. An account will need to be taken of the difference between the valuation applied and the valuation decided. If the English Commercial Court agrees that some other adjustment should be made, an account will need to be taken of that difference.

At present, the case is in the stage where ABT and the Group are stating the outlines of their case. The trial and hearing process are expected to be held in the second half of 2022.

- b) Legal proceeding by the Group to enforce four personal guarantees

The Group is pursuing arbitration proceedings at the Singapore International Arbitration Centre (SIAC) under four personal guarantees issued by individuals currently and/or formerly connected to Sakthi as security for loans from the Group.

On 21 December 2021, the arbitrator issued the Partial Award on the case. The arbitrator decided that the Guarantors are personally liable to pay Group under the guarantees. However, the arbitrator has decided that the amount due by Guarantors can only be determined after the conclusion of the English share charge proceedings.

As a result of the above mentioned, the Group will take further action to enforce the payment under the guarantees as soon as the English Court's judgement is obtained.

7.3 The movement of loans to and loans from related parties accounts for the year ended 31 December 2021

(Unit: Thousand Baht)

Loans to related parties	Consolidated financial statements	Separate financial statements
As at 31 December 2020	637,152	4,692,578
Increase	56,000	1,798,246
Decrease	(613,970)	(2,478,877)
Effect from foreign exchange rate	16,622	201,885
As at 31 December 2021	95,804	4,213,831

(Unit: Thousand Baht)

Loans from related parties	Consolidated financial statements	Separate financial statements
As at 31 December 2020	33,119	747,634
Increase	-	4,093,932
Decrease	-	(3,543,071)
Translation adjustments	2,577	-
As at 31 December 2021	35,696	1,298,495

7.4 The movement of allowance for expected credit losses of trade and other receivables - related parties and loans to related parties for the years 2021 and 2020

(Unit: Thousand Baht)

Trade and other receivables - related parties	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	70,163	50,773	81,580	-
Adjustments due to TFRS9 adoption	-	-	-	4,210
Expected credit losses (reversal)	10,532	19,390	(380)	77,370
Effect from foreign exchange rate	(3,542)	-	1,757	-
Ending balance	77,153	70,163	82,957	81,580

(Unit: Thousand Baht)

Loans to related parties	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	469,867	429,564	484,229	293,351
Adjustments due to TFRS9 adoption	-	-	-	150,000
Expected credit losses	-	32,555	-	32,555
Effect from foreign exchange rate	53,380	7,748	37,479	8,323
Ending balance	523,247	469,867	521,708	484,229

## 7.5 Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Short-term employee benefits	38,296	33,195	38,296	33,195
Post-employment and other long-term benefits	215	203	215	203
Total	38,511	33,398	38,511	33,398

## 7.6 Guarantee obligations with related parties

The Company has outstanding guarantee obligations for credit facilities of its related parties, as described in Note 35.4 to the financial statements.

## 8. Trade and other receivables

### 8.1 Details of trade and other receivables and aging of trade receivables as at 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due and past due not over 3 months	52,614	51,775	30,497	35,068
Past due 3 - 12 months	-	-	-	-
Past due more than 12 months	51,502	46,202	-	-
Total	104,116	97,977	30,497	35,068
Less: Allowance for expected credit losses	(51,502)	(46,529)	-	(327)
Total trade receivables - related parties, net	52,614	51,448	30,497	34,741
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due and past due not over 3 months	2,064,100	2,591,569	232,518	294,760
Past due 3 - 12 months	17,061	13,237	586	1,535
Past due more than 12 months	15,467	41,461	543	3,975
Total	2,096,628	2,646,267	233,647	300,270
Less: Allowance for expected credit losses	(29,056)	(47,651)	(833)	(1,213)
Total trade receivables - unrelated parties, net	2,067,572	2,598,616	232,814	299,057
Total trade receivables - net	2,120,186	2,650,064	263,311	333,798

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Other receivables</b>				
Receivable from sale of investment	-	31,140	-	31,140
Advances - unrelated parties	37,653	26,417	-	-
Interest receivable - related parties	23,798	21,576	1,180,427	991,760
Accrued income - related parties	-	300	-	-
Accrued income - unrelated parties	44,325	103,980	2,470	51,398
Others - related parties	12,957	10,384	24,766	24,145
Others - unrelated parties	90,704	94,466	20,707	20,204
Total	209,437	288,263	1,228,370	1,118,647
Less: Allowance for expected credit losses	(93,023)	(92,282)	(101,745)	(100,599)
Total other receivables - net	116,414	195,981	1,126,625	1,018,048
Total trade and other receivables - net	2,236,600	2,846,045	1,389,936	1,351,846

The normal credit term is 30 to 120 days.

- 8.2 Set out below is the movement of the allowance for expected credit losses of trade and other receivables account for the years 2021 and 2020.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Beginning balance	186,462	150,669	102,139	20,262
Adjustments due to TFRS9 adoption	-	80,696	-	4,210
Expected credit losses (reversal)	(10,414)	(47,699)	(1,317)	77,767
Amount written-off	-	(100)	-	(100)
Effect from foreign exchange rate	(2,467)	2,896	1,756	-
Ending balance	173,581	186,462	102,578	102,139

## 9. Inventories

- 9.1 Details of inventories as at 31 December 2021 and 2020

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Reduce cost to					
	Cost		net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	1,463,712	951,208	(17,787)	(10,748)	1,445,925	940,460
Raw materials, spare parts and supplies	716,486	781,074	(39,035)	(40,029)	677,451	741,045
Work in process	926,528	910,946	(33,131)	(22,820)	893,397	888,126
Goods in transit	13,880	26,105	-	-	13,880	26,105
Total	3,120,606	2,669,333	(89,953)	(73,597)	3,030,653	2,595,736

(Unit: Thousand Baht)

## Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	63,123	80,755	(4,148)	(2,416)	58,975	78,339
Raw materials, spare parts and supplies	78,983	61,793	(8,593)	(11,875)	70,390	49,918
Work in process	24,618	19,359	(4,503)	(1,959)	20,115	17,400
Total	<u>166,724</u>	<u>161,907</u>	<u>(17,244)</u>	<u>(16,250)</u>	<u>149,480</u>	<u>145,657</u>

- 9.2 During the year 2021, the Group reduced cost of inventories by Baht 16 million (the Company only: Baht 1 million), to reflect the net realisable value. This was included in cost of sales.

During the year 2020, the Group reversed the write-down of cost of inventories by Baht 9 million (the Company: None), and reduced the amount of inventories recognised as expense during the year.

- 9.3 As at 31 December 2021, certain subsidiaries have pledged finished goods of Baht 254 million (2020: Baht 318 million) to secure loans from banks.

## 10. Financial assets

- 10.1 Other current financial assets as at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Investment in debt instruments at FVPL				
Opened-end fund	51,679	37,797	23,000	11,000
Total	<u>51,679</u>	<u>37,797</u>	<u>23,000</u>	<u>11,000</u>

- 10.2 Other non-current financial assets as at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Investment in equity instruments designated at FVOCI				
Unquoted equity investments	11,375	11,375	11,375	11,375
Less: Allowance for expected credit losses	(11,375)	(11,375)	(11,375)	(11,375)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**11. Investments in associates****11.1 Details of investments in associates as at 31 December 2021 and 2020**

	Company	Nature of business	Consolidated financial statements						(Unit: Thousand Baht)
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			2021	2020	2021	2020	2021	2020	
			(%)	(%)					
<b>Associates in Thailand</b>									
	Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	45.62	45.62	30,700	30,700	559,303	490,739	
	Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	20	20	29,250	29,250	105,737	100,750	
	MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	40	40	115,400	115,400	71,902	76,137	
	Thai Takagi Seiko Company Limited	Distribution of dies	49.20	49.20	59,587	59,587	16,866	12,870	
	Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	20	20	110,000	110,000	278,713	179,319	
	Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	49	49	25,480	25,480	44,364	39,271	
	Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	49	49	147,000	147,000	188,396	183,439	
<b>Associates in overseas</b>									
	Nuro Technology Incorporated	Provision of electronic information services	20.36	20.36	50,866	50,866	36,524	40,818	
<b>Associated in overseas Held by the Company's subsidiaries</b>									
	Sakthi Auto Component Limited (77.04% held by Sakthi Global Auto Holdings Limited)	Manufacture and distribution of autoparts	77.04	77.04	2,575,977	2,575,977	2,728,327	2,455,680	
	Total				3,144,260	3,144,260	4,030,132	3,579,023	

The value of the investment under the equity method of Sakthi Auto Component Limited ("SACL") as at 31 December 2021 and 2020 prepared by the management of SACL.



### 11.2 Share of profit (loss), share of other comprehensive income and dividend income

During the years, the Group recognised its share of profit (loss), share of other comprehensive income from investments in associates in the consolidated financial statements, and the Company recognised dividend income from associates in the separate financial statements as follows.

Company	Consolidated financial statements						(Unit: Thousand Baht)	
	Share of profit (loss)			Share of other comprehensive income			Separate financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Associates in Thailand</b>								
Able Sanoh Industries (1996) Company Limited	138,855	70,600	-	-	70,291	271,067	70,291	271,067
Sanoh Industries (Thailand) Company Limited	7,138	2,029	-	-	2,151	4,511	2,151	4,511
MINTH AAPICO (Thailand) Company Limited	(4,235)	(7,707)	-	-	-	-	-	-
Thai Takagi Seiko Company Limited	3,996	(5,033)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	121,394	57,473	-	-	22,000	-	22,000	-
Edscha AAPICO Automotive Company Limited	16,681	11,648	-	-	11,588	14,906	11,588	14,906
Sumino AAPICO (Thailand) Company Limited	7,409	17,597	-	-	2,453	4,734	2,453	4,734
<b>Associates in overseas</b>								
Nuro Technology Incorporated	(7,027)	(5,006)	2,733	1,534	-	-	-	-
Sakthi Auto Component Limited	15,663	(19,452)	256,984	(122,766)	-	-	-	-
<b>Total</b>	<b>299,874</b>	<b>122,149</b>	<b>259,717</b>	<b>(121,232)</b>	<b>108,483</b>	<b>295,218</b>	<b>108,483</b>	<b>295,218</b>



### 11.3 Summarised financial information of material associates

Summarised information about financial position as at 31 December 2021 and 2020

	(Unit: Million Baht)					
	Associates held by the Company				Associate held by a subsidiary	
	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited		Sakthi Auto Component Limited	
	2021	2020	2021	2020	2021	2020
Current assets	1,336	1,106	1,894	1,335	1,406	1,106
Non-current assets	424	464	258	282	3,856	3,494
Current liabilities	(483)	(446)	(884)	(856)	(1,978)	(1,436)
Non-current liabilities	(51)	(48)	(37)	(31)	(862)	(1,002)
Net assets	1,226	1,076	1,231	730	2,422	2,162
Non-controlling interests	-	-	-	-	(209)	(185)
	1,226	1,076	1,231	730	2,213	1,977
Shareholding percentage (%)	45.62	45.62	20.00	20.00	77.04	7.04
Share of net assets	559	491	246	146	1,705	1,523
Goodwill	-	-	33	33	1,061	970
Translation adjustments	-	-	-	-	(38)	(37)
Carrying amounts of associates based on equity method	559	491	279	179	2,728	2,456

Summarised information about comprehensive income for the years ended 31 December 2021 and 2020.

	(Unit: Million Baht)					
	Associates held by the Company				Associate held by a subsidiary	
	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited		Sakthi Auto Component Limited	
	2021	2020	2021	2020	2021	2020
Revenue	2,793	2,197	5,614	4,004	4,767	2,921
Profit (loss)	304	154	606	253	27	(25)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	304	154	606	253	27	(25)

## 12. Investments in joint ventures

### 12.1 Details of investments in joint ventures as at 31 December 2021 and 2020

Investments in joint ventures represent investments in entities which is jointly controlled by the Group and other company. Detail of these investments is as follows.

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts	
						based on equity method	
		2021	2020	2021	2020	2021	2020
		(%)	(%)				
Joint ventures in Thailand							
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	50	50	82,500	82,500	73,342	73,558
AAPICO Electronics Company Limited	Distribution of electronics equipment inventive	51	51	15,100	12,750	4,886	4,770
Vroom Company Limited	Distribution of motorcycles	40	40	80,000	80,000	42,017	58,927
Total				177,600	175,250	120,245	137,255

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2021	2020	2021	2020
	(%)	(%)		
<b>Joint ventures in Thailand</b>				
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500
AAPICO Electronics Company Limited	51	51	15,100	12,750
Vroom Company Limited	40	40	80,000	80,000
Total			<u>177,600</u>	<u>175,250</u>

### 12.2 Changes in investments in joint ventures

On 2 August 2021, the Extraordinary General Meeting of Shareholders of AAPICO Electronics Company Limited passed a resolution to approve an increase in its registered capital, from Baht 25.0 million to Baht 29.6 million, by issuing 46,000 new ordinary shares with a par value of Baht 100 each. The Company purchased the additional share capital increase in order to maintain its shareholding percentage totaling Baht 2.4 million.

### 12.3 Share of profit (loss), share of other comprehensive income and dividend income

During the years, the Group recognised its share of loss and share of comprehensive income from investments in joint ventures in the consolidated financial statements, and the Company recognised dividend income in the separate financial statements as follows.

Joint venture	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of other comprehensive		Dividend income	
	Share of loss	income		
	2021	2020	2021	2020
AAPICO Sodectia (Thailand)				
Company Limited	(216)	(154)	-	-
AAPICO Electronics Company Limited	(2,234)	(2,314)	-	-
Vroom Company Limited	(16,910)	(18,318)	-	-
Total	(19,360)	(20,786)	-	-

### 12.4 Summarised financial information of material joint ventures

Summarised information about financial position as at 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	AAPICO Sodectia (Thailand)			
	Company Limited	Vroom Company Limited		
	2021	2020	2021	2020
Cash and cash equivalents	2,617	2,862	8,216	45,364
Current assets	22,649	22,532	166,019	91,942
Non-current assets	121,858	121,857	51,936	46,321
Current liabilities	(441)	(136)	(50,585)	(36,309)
Non-current liabilities	-	-	(70,542)	-
Net assets	146,683	147,115	105,044	147,318
Shareholding percentage (%)	50	50	40	40
Carrying amounts of joint ventures based on equity method	73,342	73,558	42,017	58,927

Summarised information about comprehensive income for the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	AAPICO Sodectia (Thailand)			
	Company Limited	Vroom Company Limited		
	2021	2020	2021	2020
Revenue	88	147	190,391	40,778
Loss	(432)	(308)	(42,274)	(45,795)
Other comprehensive income	-	-	-	-
Total comprehensive income	(432)	(308)	(42,274)	(45,795)

### 13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as at 31 December 2021 and 2020 and dividend income for the years 2021 and 2020

Company	Called-up capital		Shareholding percentage		(Unit: Thousand Baht)			
					Separate financial statements		Dividend income	
	2021	2020	2021	2020	2021	2020	2021	2020
			(%)	(%)				
<b>Subsidiaries in Thailand</b>								
New Era Sales Company Limited	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Company Limited	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	70,000	-
Able Motors Company Limited	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Hitech Parts Company Limited	Baht 120 million	Baht 120 million	100	100	120,000	120,000	150,000	-
AAPICO Hitech Tooling Company Limited	Baht 65 million	Baht 65 million	100	100	65,000	65,000	50,050	50,050
AAPICO Forging Public Company Limited	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907	-	-
AAPICO Structural Products Company Limited	Baht 200 million	Baht 200 million	100	100	200,000	200,000	650,000	-
AAPICO Technology Company Limited	Baht 0.25 million	Baht 0.25 million	100	100	250	250	-	-
AAPICO Training Center Company Limited	Baht 3 million	Baht 3 million	100	100	3,000	3,000	-	-
AAPICO Venture Company Limited	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
Able Motors Pakkret Company Limited	Baht 15 million	Baht 15 million	100	100	15,000	15,000	-	-
Able Motors Pathumthani Company Limited	Baht 15 million	Baht 15 million	100	100	15,000	15,000	-	-
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Baht 25 million	Baht 25 million	97	97	24,250	24,250	-	-
AERP Company Limited	Baht 1.25 million	Baht 1.25 million	94	94	1,175	1,175	-	7,520
Katsuya (Thailand) Company Limited	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675	-	-
AAPICO Lemtech (Thailand) Company Limited	Baht 40 million	Baht 40 million	60	60	24,000	24,000	-	-

Company	(Unit: Thousand Baht)			
	Separate financial statements			
	Called-up capital		Cost	
	2021	2020	2021	2020
	Shareholding percentage		Dividend income	
	2021	2020	2021	2020
	(%)	(%)		
AAPICO ITS Company Limited	Baht 100 million	Baht 100 million	62,175	62,175
AAPICO Mitsuike (Thailand) Company Limited	Baht 33 million	Baht 33 million	16,830	16,830
AAPICO Hitech Automation Company Limited	Baht 30 million	Baht 30 million	27,000	21,000
(formerly known as "AAPICO Hyojin Autotech Company Limited")				
MG Able Motors Company Limited	Baht 15 million	-	15,000	-
<b>Subsidiaries in overseas</b>				
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 8.1 million	277,426	277,426
AAPICO Investment Pte., Ltd.	SGD 6.97 million	SGD 6.97 million	167,950	167,950
Tenaga Setia Resources Sdn. Bhd.	RM 6 million	RM 6 million	31,393	31,393
New Era Sales (M) Sdn. Bhd.	RM 1.5 million	RM 1.5 million	8,263	8,263
AAPICO Motors Sdn. Bhd.	RM 2 million	RM 2 million	7,650	7,650
AAPICO Maia, S.A.	EUR 6 million	EUR 6 million	1,401,752	1,136,810
Sakthi Global Auto Holdings Limited	USD 0.015 million	USD 0.015 million	2,877,855	2,877,855
Total			8,424,689	8,138,747
Less: Allowance for impairment			(3,455,800)	(3,455,800)
Net			4,968,889	4,682,947

The above net investments in subsidiaries included investment in AAPICO Forging Public Company Limited which has a capital deficit. The Group's management is implementing financial and operational measures to improve the subsidiary's future performance and this subsidiary's operating results have been improved since prior year.

During 2020, the Company recognised loss on impairment of investment in Able Motors Company Limited amounting to Baht 20 million in the separate income statement.

### 13.2 Changes in investments in subsidiaries

#### *The Company*

- a) In May 2021, the Board of Directors' Meeting of the Company passed a resolution to approve an investment in 100% of the ordinary shares of MG Able Motors Company Limited, a newly established company in Thailand that is engaged in sales of automobiles and automobile repair service. The company has a registered share capital of Baht 15 million, which is fully paid-up.
- b) In June 2021, the Company purchased additional shares of AAPICO Hyojin Autotech Company Limited from the unrelated existing shareholders at a price of Baht 6 million. The additional investment increased the Company's shareholding from 70% to 100%.
- c) During 2021, the Company has additionally invested in AAPICO Maia, S.A, amounting to EUR 7 million or Baht 265 million.

### 13.3 Details of subsidiaries that have material non-controlling interests

Company	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(%)	(%)								
Tenaga Setia Resources Sdn. Bhd.	51	51	180	156	11	16	13	2	-	-
New Era Sales (M) Sdn. Bhd.	51	51	86	76	3	5	7	2	-	-
AAPICO Motors Sdn. Bhd.	51	51	(1)	4	(5)	(2)	-	-	-	-

(Unit: Million Baht)

### 13.4 Summarised financial information that based on amounts before inter-company elimination of subsidiaries that have material non-controlling interests

#### Summarised information about financial position as at 31 December 2021 and 2020

Company	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Non-controlling interests	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Tenaga Setia Resources Sdn. Bhd.	317	299	75	59	37	48	3	3	-	-
New Era Sales (M) Sdn. Bhd.	171	186	299	136	66	75	223	84	12	14
AAPICO Motors Sdn. Bhd.	122	119	27	40	144	138	6	14	-	-

(Unit: Million Baht)

## Summarised information about comprehensive income for the years ended 31 December 2021 and 2020

Company	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2021	2020	2021	2020	2021	2020	2021	2020
Tenaga Setia Resources Sdn. Bhd.	1,252	1,466	21	32	25	4	46	36
New Era Sales (M) Sdn. Bhd.	650	789	6	10	13	5	19	15
AAPICO Motors Sdn. Bhd.	916	536	(10)	(4)	-	-	(10)	(4)

(Unit: Million Baht)

## Summarised information about cash flows for the years ended 31 December 2021 and 2020

Company	Cash flows of operating activities		Cash flows of investing activities		Cash flows of financing activities		Net increase (decrease) in cash and cash equivalents	
	2021	2020	2021	2020	2021	2020	2021	2020
Tenaga Setia Resources Sdn. Bhd.	89	49	(15)	(60)	(11)	(20)	63	(31)
New Era Sales (M) Sdn. Bhd.	52	73	(171)	(45)	127	(22)	8	6
AAPICO Motors Sdn. Bhd.	20	(10)	4	(13)	(16)	44	8	21

(Unit: Million Baht)



#### 14. Property, plant and equipment

14.1 Detail of property, plant and equipment as at 31 December 2021 and 2020 and the movement of property, plant and equipment for the years 2021 and 2020.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Building on leasehold land	Building and building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation
<b>Cost</b>						<b>Total</b>
1 January 2020	1,142,346	116,782	3,568,665	12,607,914	821,279	344,285
18,601,271						
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(7,429)	(114,808)	(17,465)	-
Acquisitions	-	11,308	19,755	3,368	81,979	379,557
Disposals/write-off	-	-	(97)	(315,032)	(72,524)	-
Transfer in (out)	-	-	765	227,268	420	(228,453)
Transfer from inventories	-	-	-	73,121	-	-
Translation adjustments	16,806	-	112,897	226,328	44,152	15,010
31 December 2020	1,159,152	128,090	3,694,556	12,708,159	857,841	510,399
19,058,197						
Acquisitions	-	567	72,282	427,536	96,087	469,687
Disposals/write-off	-	-	(22)	(144,559)	(78,652)	(27)
Transfer in (out)	-	17,866	-	82,365	(18,748)	(81,483)
Transfer from assets recognised from the cost to fulfill contracts with customers	-	-	-	4,680	-	-
Transfer from right-of-use assets	-	-	-	-	2,783	-
Transfer to other intangible assets	-	-	-	-	-	(440)
Transfer from inventories	-	-	-	78,869	-	-
Translation adjustments	4,870	-	76,815	134,702	19,813	22,403
258,603						
31 December 2021	1,164,022	146,523	3,843,631	13,291,752	879,124	920,539
20,245,591						

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Building on leasehold land	Building and building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation
<b>Accumulated depreciation</b>						<b>Total</b>
1 January 2020	-	33,723	1,642,225	8,508,346	424,996	-
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(3,905)	(6,794)	(8,151)	-
Depreciation for the year	-	5,984	137,211	585,874	33,762	-
Depreciation on disposals/write-off	-	-	(97)	(258,903)	(32,584)	-
Translation adjustments	-	-	32,051	127,293	27,301	-
31 December 2020	-	39,707	1,807,485	8,955,816	445,324	-
Depreciation for the year	-	6,413	134,805	596,317	38,892	-
Depreciation on disposals/write-off	-	-	(22)	(133,474)	(25,655)	-
Transfer in (out)	-	-	-	13,461	(13,461)	-
Translation adjustments	-	-	29,470	78,599	13,281	-
31 December 2021	-	46,120	1,971,738	9,510,719	458,381	-
						11,986,958

(Unit: Thousand Baht)

## Consolidated financial statements

	Land	Building on leasehold land	Building and building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation	Total
<b>Allowance for impairment loss</b>							
1 January 2020	-	-	-	60,112	-	-	60,112
Increase	-	-	-	77	-	-	77
Decrease	-	-	-	(23,463)	-	-	(23,463)
31 December 2020	-	-	-	36,726	-	-	36,726
Decrease	-	-	-	(77)	-	-	(77)
31 December 2021	-	-	-	36,649	-	-	36,649
<b>Net book value</b>							
31 December 2020	1,159,152	88,383	1,887,071	3,715,617	412,517	510,399	7,773,139
31 December 2021	1,164,022	100,403	1,871,893	3,744,384	420,743	920,539	8,221,984
<b>Depreciation for the years</b>							
2020 (Baht 670 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							762,831
2021 (Baht 682 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							776,427

	Separate financial statements					(Unit: Thousand Baht)
	Land	Building and building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation	Total
<b>Cost</b>						
1 January 2020	163,406	653,976	1,429,012	75,522	14,680	2,336,596
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(2,800)	(2,911)	-	(5,711)
Acquisitions	-	-	59,608	4,350	18,189	82,147
Disposals/write-off	-	-	(69,762)	(2,339)	-	(72,101)
Transfer in (out)	-	-	14,229	-	(14,229)	-
31 December 2020	163,406	653,976	1,430,287	74,622	18,640	2,340,931
Acquisitions	-	9,000	13,644	10,212	71,282	104,138
Disposals/write-off	-	-	(4,558)	(2,601)	-	(7,159)
Transfer in (out)	-	-	1,141	-	(1,141)	-
31 December 2021	163,406	662,976	1,440,514	82,233	88,781	2,437,910
<b>Accumulated depreciation</b>						
1 January 2020	-	356,959	814,174	49,740	-	1,220,873
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(1,760)	(1,819)	-	(3,579)
Depreciation for the year	-	29,281	81,498	6,785	-	117,564
Depreciation on disposals/write-off	-	-	(30,303)	(2,315)	-	(32,618)
31 December 2020	-	386,240	863,609	52,391	-	1,302,240
Depreciation for the year	-	29,380	77,763	7,989	-	115,132
Depreciation on disposals/write-off	-	-	(4,133)	(2,256)	-	(6,389)
31 December 2021	-	415,620	937,239	58,124	-	1,410,983

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Building and building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation
					Total
<b>Allowance for impairment loss</b>					
1 January 2020	-	-	36,849	-	36,849
Decrease	-	-	(23,463)	-	(23,463)
31 December 2020	-	-	13,386	-	13,386
31 December 2021	-	-	13,386	-	13,386
<b>Net book value</b>					
31 December 2020	163,406	267,736	553,292	22,231	18,640
31 December 2021	163,406	247,356	489,889	24,109	88,781
<b>Depreciation for the years</b>					
2020 (Baht 101 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)					117,564
2021 (Baht 101 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)					115,132

14.2 As at 31 December 2021, certain building, machinery and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 6,815 million (2020: Baht 6,587 million), the Company only: Baht 600 million (2020: Baht 578 million).

14.3 Two subsidiaries have mortgaged their land, building and machinery with a net book value as at 31 December 2021 of Baht 1,086 million (2020: Baht 1,227 million) to secure the credit facilities granted by a bank.

## 15. Leases

### The Group as a lessee

The Group has lease contracts for various items of land, building and equipment used in its operations. Leases generally have lease terms between 2 - 50 years.

#### 15.1 Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Total
1 January 2020	76,194	216,916	164,070	11,796	468,976
Additions	775	18,168	44,819	13,113	76,875
Cancellation	-	(1,052)	(39)	(2,091)	(3,182)
Depreciation for the year	(5,328)	(51,652)	(26,869)	(5,977)	(89,826)
Translation adjustments	3,154	3,740	13,039	307	20,240
31 December 2020	74,795	186,120	195,020	17,148	473,083
Additions	184,927	8,257	14,582	4,291	212,057
Cancellation	(371)	-	-	(410)	(781)
Transfer to equipment	-	-	-	(2,783)	(2,783)
Depreciation for the year	(7,432)	(52,314)	(36,595)	(3,999)	(100,340)
Translation adjustments	7,508	5,534	4,895	1,023	18,960
31 December 2021	259,427	147,597	177,902	15,270	600,196

(Unit: Thousand Baht)

	Separate financial statements			
	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Total
1 January 2020	28,458	1,040	1,092	30,590
Cancellation	(1,052)	-	-	(1,052)
Depreciation for the year	(7,347)	(560)	(582)	(8,489)
31 December 2020	20,059	480	510	21,049
Additions	-	1,340	-	1,340
Depreciation for the year	(6,283)	(579)	(431)	(7,293)
31 December 2021	13,776	1,241	79	15,096

## 15.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	298,229	334,880	16,390	22,099
Less: Deferred interest expenses	(13,331)	(16,085)	(907)	(1,492)
	284,898	318,795	15,483	20,607
Less: Portion due within one year	(104,594)	(81,770)	(6,672)	(6,366)
Portion due more than one year	180,304	237,025	8,811	14,241

A maturity analysis of lease payments is disclosed in Note 37.1 to financial statements under the liquidity risk.

## 15.3 Expenses relating to leases that are recognised in the income statement for the years 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	100,340	89,826	7,293	8,489
Interest expense on lease liabilities	7,859	5,662	612	827
Expense relating to short-term leases	2,248	1,894	216	1,106
Expense relating to leases of low-value assets	368	221	50	-

15.4 The Group had total cash outflows for leases for the year 2021 of Baht 246 million (2020: Baht 102 million) the Company only: Baht 6 million (2020: Baht 9 million). Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 43 million (2020: Baht 77 million) the Company only: Baht 1 million (2020: None).

- 15.5 Two subsidiaries have mortgaged their right of use of land and machinery with a net book value as at 31 December 2021 of Baht 384 million (2020: Baht 181 million) to secure the credit facilities granted by banks.

## 16. Goodwill

- 16.1 Detail of goodwill account as at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Cost	2,270,324	2,246,581
Less: Allowance for impairment	(1,152,332)	(1,152,332)
Net book value	1,117,992	1,094,249

- 16.2 The movement of the net book value of goodwill account for the years 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Net book value at beginning of year	1,094,249	1,020,920
Translation adjustment	23,743	73,329
Net book value at end of year	1,117,992	1,094,249

- 16.3 The Company allocates goodwill acquired through business combination and development cost for production enhancement with indefinite useful lives to an asset's cash-generating unit for annual impairment testing as follows.

(Unit: Thousand Baht)

	AAPICO Amata Co., Ltd.	AAPICO Forging Plc.	AAPICO Maia, S.A.	Others	Total
As at 31 December 2021					
Goodwill	229,368	-	883,462	5,162	1,117,992
Development cost for production enhancement	-	-	1,454,895	-	1,454,895
Total	229,368	-	2,338,357	5,162	2,572,887

(Unit: Thousand Baht)

	AAPICO Amata Co., Ltd.	AAPICO Forging Plc.	AAPICO Maia, S.A.	Others	Total
As at 31 December 2020					
Goodwill	229,368	-	859,719	5,162	1,094,249
Development cost for production enhancement	-	-	1,415,796	-	1,415,796
Total	229,368	-	2,275,515	5,162	2,510,045



The Group has determined the recoverable amounts of its cash-generating units based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period for AAPICO Amata Co., Ltd. and AAPICO Maia, S.A.

Key assumptions used in value in use calculations are as follows.

	AAPICO Amata Co., Ltd.	AAPICO Maia, S.A.
	(% per annum)	(% per annum)
Growth rate	1.52	3.00
Pre-tax discount rate	7.91	7.91 - 8.70

Management has considered growth rate from growth rate and discount rate as a pre-tax rate to reflect the risks specific to each cash-generating unit.

Management believes that any reasonably possible change in the key assumptions on which the units' recoverable amount are based would not cause the units' carrying amount to exceed its recoverable amount.

## 17. Other intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Computer software	Product development cost	Development cost for production enhancement	Works under development	Total
<b>Cost</b>					
1 January 2020	214,958	146,528	1,295,036	79,264	1,735,786
Addition	2,212	1,566	-	37,165	40,943
Translation adjustments	3,289	6,310	120,760	7,390	137,749
31 December 2020	220,459	154,404	1,415,796	123,819	1,914,478
Addition	7,939	-	-	18,794	26,733
Transfer from equipment	440	-	-	-	440
Transfer in (out)	-	116,037	-	(116,037)	-
Write-off	(7,523)	(3,000)	-	-	(10,523)
Translation adjustments	1,923	2,043	39,099	3,419	46,484
31 December 2021	223,238	269,484	1,454,895	29,995	1,977,612
<b>Accumulated amortisation</b>					
1 January 2020	169,465	120,790	-	-	290,255
Amortisation for the year	17,667	24,376	-	-	42,043
Translation adjustments	1,966	4,630	-	-	6,596
31 December 2020	189,098	149,796	-	-	338,894
Amortisation for the year	14,718	31,965	-	-	46,683
Amortisation on write-off	(7,514)	(3,000)	-	-	(10,514)
Translation adjustments	1,513	1,964	-	-	3,477
31 December 2021	197,815	180,725	-	-	378,540
<b>Net book value</b>					
31 December 2020	31,361	4,608	1,415,796	123,819	1,575,584
31 December 2021	25,423	88,759	1,454,895	29,995	1,599,072

	(Unit: Thousand Baht)
	Separate
	financial statements
	Computer software
<b>Cost</b>	
1 January 2020	89,045
Addition	-
31 December 2020	89,045
Addition	6,489
31 December 2021	95,534
<b>Accumulated amortisation</b>	
1 January 2020	73,745
Amortisation for the year	6,424
31 December 2020	80,169
Amortisation for the year	5,112
31 December 2021	85,281
<b>Net book value</b>	
31 December 2020	8,876
31 December 2021	10,253

# **18. Assets recognised from the costs to fulfill contracts with customers**

- 18.1 Detail of assets recognised from the costs to fulfill contracts with customers account as at 31 December 2021 and 2020

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
Cost	1,876,447	1,607,913
Less: Accumulated amortisation	(1,312,267)	(1,173,309)
Net book value	564,180	434,604

- 18.2 The movement of the assets recognised from the costs to fulfill contracts with customers account for the years 2021 and 2020

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
Net book value at beginning of year	434,604	359,543
Additions	231,071	151,989
Transfer to equipment	(4,680)	-
Amortisation for the year	(107,402)	(103,162)
Translation adjustments	10,587	26,234
Net book value at end of year	564,180	434,604

## 19. Deferred tax and income tax

### 19.1 Tax expenses (income) for the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Current income tax				
Current income tax charge	91,754	51,863	32,975	-
Adjustment in respect of income tax of previous year	-	(11,585)	-	(11,585)
Deferred tax				
Relating to origination and reversal of temporary differences	21,653	(28,125)	2,750	(17,792)
Tax expenses (income) reported in the income statements	113,407	12,153	35,725	(29,377)

### 19.2 The reconciliation between accounting profit and tax expenses (income) for the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Accounting profit before tax	1,150,842	175,235	1,233,646	243,017
Applicable tax rates	15% - 24%	15% - 24%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	226,522	32,348	246,729	48,603
Adjustment in respect of income tax of previous year	-	(11,585)	-	(11,585)
Unrecognised deferred tax assets/liabilities:				
Tax losses	47,489	88,403	-	-
Share of profit from investments in associates and joint ventures	(56,103)	(20,273)	-	-
	(8,614)	68,130	-	-
Utilisation of unrecognised deferred tax assets - tax losses	(22,494)	(6,306)	-	-
Deferred tax assets recognised during the year:				
Tax losses	-	(21,394)	-	-
Write-off deferred tax assets - tax losses	-	15,850	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Effects of:				
Promotional privileges (Note 32)	(101,197)	(69,612)	(6,213)	-
Income not subject to tax	(5,566)	(194)	(205,707)	(70,558)
Non/double deductible expenses, eliminations and others	24,756	4,916	916	4,163
	(82,007)	(64,890)	(211,004)	(66,395)
Tax expenses (income) reported in the income statements	113,407	12,153	35,725	(29,377)

19.3 The components of deferred tax assets and liabilities as at 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	23,355	29,799	49,744	55,994
Allowance for diminution in value of inventories	10,785	8,312	1,180	423
Allowance for asset impairment	8,701	6,809	2,677	2,677
Provision for product warranty	8,380	5,846	-	-
Provision for long-term employee benefits	51,182	47,185	8,462	8,019
Tax credit	131,305	127,777	-	-
Unused tax losses	100,767	124,193	-	-
Others	7,088	1,079	2,176	63
Total	341,563	351,000	64,239	67,176
Deferred tax liabilities				
Government grants	9,793	6,083	-	-
Fair value of assets from acquisition of subsidiaries	350,471	341,052	-	-
Others	30,616	27,189	107	294
Total	390,880	374,324	107	294
Net	(49,317)	(23,324)	64,132	66,882

19.4 The movements of deferred tax assets and liabilities during the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Balance at beginning of year	(23,324)	(45,325)	66,882	18,668
Adjustments due to TFRS9 adoption	-	16,525	-	30,422
Deferred tax income (expense) recognised				
in the income statement	(21,653)	28,125	2,750	17,792
Translation adjustments	(4,340)	(22,649)	-	-
Balance at end of year	<u>(49,317)</u>	<u>(23,324)</u>	<u>64,132</u>	<u>66,882</u>

19.5 A group of subsidiaries in Portugal have unused corporate income tax credits of EUR 3.5 million or Baht 131.3 million (2020: EUR 3.5 million or Baht 129.1 million), on which deferred tax assets have been recognised in amount expected to allow utilisation of the unused tax credit.

As at 31 December 2021 and 2020, the unused tax credit will expire by 2026.

19.6 As at 31 December 2021, the Group has unused tax losses totaling Baht 435 million (2020: Baht 625 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. (the Company only: None).

As at 31 December 2021 and 2020, most of unused tax losses of the subsidiaries will expire by 2026.

**20. Short-term loans from banks**

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2021	2020	2021	2020	2021	2020
	(% per annum) (% per annum)					
Promissory notes	1.90	2.15 - 2.50	109,000	175,500	109,000	175,500
Short-term loans	1.08 - 6.95	3.72 - 7.22	1,601,423	1,742,714	-	-
Total			<u>1,710,423</u>	<u>1,918,214</u>	<u>109,000</u>	<u>175,500</u>

*The Company*

The Company's short-term loans are clean loans and long-term loans from banks are clean loans with a negative pledge of assets belonging to the Company and its subsidiaries.

The loan agreements contain several covenants relating to various matters specified in the agreements, including restrictions on providing loans other than loans to intercompany and covenants relating to the shareholding of the major shareholders, and the maintenance of certain financial ratios.

*The subsidiaries*

Certain subsidiaries' short-term loans and long-term loans from banks are secured by the pledge of bank deposits, inventories, right-of-use assets in land, land, buildings, machines, a letter of guarantee, a letter of credit, and guarantees provided by the Company or subsidiaries, with a negative pledge of assets by the Group.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Related parties				
Trade payables	74,267	97,557	82,826	140,425
Share subscription payable	-	-	19,450	19,450
Accrued interest expenses	-	-	1,207	1,828
Accrued expenses	5,056	4,733	10,456	8,599
Total	79,323	102,290	113,939	170,302
Unrelated parties				
Trade payables	4,305,503	3,560,336	290,731	319,769
Accrued interest expenses	7,292	12,010	6,684	12,010
Payables for purchase of assets	150,895	153,095	-	-
Accrued expenses	172,880	143,081	30,634	32,829
Others	167,842	147,951	37,787	22,949
Total	4,804,412	4,016,473	365,836	387,557
Total trade and other payables	4,883,735	4,118,763	479,775	557,859

## 22. Long-term loans

### 22.1 Details of long-term loans from banks account as at 31 December 2021 and 2020

(Unit: Thousand Baht)

Loan	Interest rate	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
	(% per annum)		2021	2020	2021	2020
1	BLR - 2.1	Repayable in 60 quarterly installments, with the first due in March 2008	23,002	17,782	-	-
		Repayable in 40 quarterly installments, with the first due in November 2016	7,299	7,954	-	-
2	BLR - 2.2	Repayable in 240 monthly installments, with the first due in July 2021	124,441	-	-	-
3	3.98	Repayable in quarterly installments within 5 years, with the first due in March 2018	405,000	675,000	405,000	675,000

(Unit: Thousand Baht)						
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2021	2020	2021	2020
4	3.02	Repayable in monthly installments within 3 years, with the first due in January 2018	-	51,000	-	51,000
5	LIBOR + 2.5	Repayable in quarterly installments within 5 years, with the first due in March 2018	302,336	453,102	302,336	453,102
6	2.85	Repayable in quarterly installment within 3 years, with the first due in September 2018	-	100,000	-	100,000
7	115% of PBOC	Repayable in quarterly installments within 4 years, with the first due in October 2018	-	4,239	-	-
		Repayable in quarterly installment within 3 years with the first due in October 2019	17,502	26,552	-	-
8	MLR - 2	Repayable in monthly installments within 5 years, with the first due in January 2019	649,600	909,760	649,600	909,760
9	MLR - 2.87	Repayable in quarterly installments within 5 years, with the first due in March 2019	-	150,000	-	150,000
10	MLR - 2.58	Repayable in monthly installment within 3 years, with the first due in October 2019	82,400	149,600	82,400	149,600
11	Euribor 6M + 3.25	Repayable in quarterly installments within 3 years, with the first due in September 2017	6,524	12,292	-	-
12	Euribor 6M + 3.25	Repayable in quarterly installments within 3 years, with the first due in December 2017	4,794	9,280	-	-

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2021	2020	2021	2020
13	Euribor 12M + 2.875	Repayable in monthly installments within 3 years, with the first due in June 2018	17,368	21,511	-	-
14	Euribor 12M + 2.65	Repayable in monthly installments within 3 years, with the first due in December 2018	38,954	43,023	-	-
15	Euribor 6M + 3.80	Repayable in semi-annually installments within 7 years, with the first due in January 2017	147,104	156,165	-	-
16	Euribor 12M + 2.80	Repayable in semi-annually installments within 8 years, with the first due in June 2017	448,209	498,473	-	-
17	1.5	Repayable in monthly installments within 6 years, with the first due in July 2020	28,421	27,657	-	-
18	1.5	Repayable in monthly installments within 6 years, with the first due in July 2020	28,421	27,657	-	-
19	1.5	Repayable in monthly installments within 6 years, with the first due in August 2020	37,895	36,877	-	-
20	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	18,947	18,439	-	-
21	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	75,790	73,753	-	-
22	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	22,737	22,126	-	-



(Unit: Thousand Baht)						
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2021	2020	2021	2020
23	Non-interest bearing	Repayable in semi-annually installments within 8 years, with the first due in November 2017	340,846	313,863	-	-
24	BIBOR 3M + 2.62	Repayable in quarterly installments within 5 years, with the first due in September 2021	262,500	300,000	262,500	300,000
25	MLR - 1.5	Repayable in quarterly installments within 5 years, with the first due in March 2022	1,200,000	1,200,000	1,200,000	1,200,000
26	MLR - 1.5	Repayable in monthly installments within 7 years, with the first due in July 2023	200,000	-	-	-
27	1.5	Repayable in semi-annually installments within 3 years, with the first due in October 2022	37,895	-	-	-
28	1.5	Repayable in semi-annually installments within 3 years, with the first due in January 2023	37,895	-	-	-
29	1.5	Repayable in monthly installments within 6 years, with the first due in July 2021	21,070	-	-	-
Total			4,586,950	5,306,105	2,901,836	3,988,462
Less: Deferred financing fees			(7,674)	(7,760)	(5,925)	(7,760)
Long term loans - net			4,579,276	5,298,345	2,895,911	3,980,702
Less: Portion due within one year			(1,441,025)	(1,300,826)	(1,087,432)	(1,115,266)
Portion due more than one year			3,138,251	3,997,519	1,808,479	2,865,436

The loan agreements contain conditions and covenants as discussed in Note 20 to the financial statements.

During 2020, the Company and a subsidiary received a relaxation letter from banks granting 6-month and 12-month, respectively, pause in long-term loan repayment.

22.2 The movement in the long-term loans from banks account for the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

Movements	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	5,306,105	4,268,638	3,988,462	3,179,804
Additions	443,721	1,723,842	-	1,500,000
Repayments	(1,267,277)	(786,819)	(1,131,670)	(696,385)
Transfer from other non-current liabilities	18,315	-	-	-
Effect from foreign exchange rate	45,044	5,043	45,044	5,043
Translation adjustments	41,042	95,401	-	-
Balance at end of year	4,586,950	5,306,105	2,901,836	3,988,462
Less: Deferred financing fees	(7,674)	(7,760)	(5,925)	(7,760)
Long-term loans from banks - net	4,579,276	5,298,345	2,895,911	3,980,702
Less: Portion due within one year	(1,441,025)	(1,300,826)	(1,087,432)	(1,115,266)
Portion due more than one year	3,138,251	3,997,519	1,808,479	2,865,436

**23. Long-term debentures**

**23.1** The Company issued the unsecured, name-registered and unsubordinated debentures and offered them to institutional and large investors by private placement as detailed below.

(Unit: Thousand Baht)

Debentures	Interest rate (% per annum)	Term (years)	Due date	Consolidated/Separate financial statements	
				2021	2020
No. 1/2018	3.50	5	26 July 2023	300,000	300,000
No. 2/2018	3.75	3	27 September 2021	-	600,000
No. 1/2019	3.95	3	29 March 2022	500,000	500,000
No. 2/2019	4.10	5	28 June 2024	800,000	800,000
Total debentures - at face value				1,600,000	2,200,000
Less: Deferred debenture issuing costs				(542)	(1,091)
Long-term debentures - net				1,599,458	2,198,909
Less: Portion due within one year				(499,972)	(599,830)
Portion due more than one year				1,099,486	1,599,079

23.2 Movements in the long-term debentures account for the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2021	2020
Balance at beginning of year	2,200,000	2,500,000
Repayments	(600,000)	(300,000)
Balance at end of year	1,600,000	2,200,000
Less: Deferred debenture issuing costs	(542)	(1,091)
Long-term debentures - net	1,599,458	2,198,909
Less: Portion due within one year	(499,972)	(599,830)
Portion due more than one year	1,099,486	1,599,079

The debentures contain terms of the issuer relating to the transfer or disposal of assets that need to be used in or maintained for the operation of the business, negative pledges of assets and the maintenance of certain financial ratio at the end of each quarter.

24. Provision for product warranty

(Unit: Thousand Baht)

	Consolidated financial statements
As at 1 January 2020	21,468
Increase	5,694
Utilisation	(4,271)
Reversal of provisions	(3,661)
As at 31 December 2020	19,230
Increase	19,690
Utilisation	(1,323)
Reversal of provisions	(5,574)
As at 31 December 2021	32,023

The subsidiaries recognises a provision for expected warranty claims on products sold, based on past experience of the level of repairs and returns.

## 25. Provision for long-term employee benefits

25.1 Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Group and long service awards, was as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for retirement benefits	Provision for other long-term benefits	Total
As at 1 January 2020	233,345	10,142	243,487
Included in profit or loss:			
Current service cost	23,078	885	23,963
Interest cost	3,416	158	3,574
Benefits paid during the year	(18,170)	(1,386)	(19,556)
As at 31 December 2020	241,669	9,799	251,468
Included in profit or loss:			
Current service cost	19,516	1,487	21,003
Interest cost	3,524	140	3,664
Transfer from a related party	337	-	337
Benefits paid during the year	(10,551)	(983)	(11,534)
As at 31 December 2021	254,495	10,443	264,938

(Unit: Thousand Baht)

	Separate financial statements		
	Provision for retirement benefits	Provision for other long-term benefits	Total
As at 1 January 2020	36,920	2,018	38,938
Included in profit or loss:			
Current service cost	3,682	184	3,866
Interest cost	571	54	625
Benefits paid during the year	(557)	(284)	(841)
As at 31 December 2020	40,616	1,972	42,588
Included in profit or loss:			
Current service cost	3,757	217	3,974
Interest cost	580	26	606
Transfer from a related party	270	-	270
Benefits paid during the year	(1,738)	(434)	(2,172)
As at 31 December 2021	43,485	1,781	45,266

- 25.2 As at 31 December 2021, the Group expects to pay Baht 14.9 million of long-term employee benefits during the next year (2020: Baht 6.4 million), the Company only: Baht 2.7 million (2020: Baht 0.2 million).
- 25.3 As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits is 11 years (2020: 11 years).
- 25.4 Significant actuarial assumptions

	Consolidated/Separate financial statements	
	2021	2020
	(% per annum)	(% per annum)
Discount rate	1.5	1.5
Salary increase rate	5.0	5.0

- 25.5 The result of sensitivity analysis for significant assumptions that affect the increase (decrease) in present value of long-term employee benefit obligations as at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Provision for retirement benefits			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate				
Increase by 1%	(19,513)	(19,969)	(3,682)	(3,783)
Decrease by 1%	19,513	19,969	3,682	3,783
Salary increase rate				
Increase by 1%	23,338	23,871	4,232	4,349
Decrease by 1%	(17,888)	(18,323)	(3,182)	(3,271)

(Unit: Thousand Baht)

	Provision for other long-term benefits			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate				
Increase by 1%	(980)	(970)	(222)	(219)
Decrease by 1%	980	970	222	219

## 26. Government grants

A group of subsidiaries in Portugal has received grants from AICEP Portugal Global, a foreign investment promotion agency in forms of non-interest bearing loans, as discussed in Note 22 to the financial statements both reimbursable and non-reimbursable portions, to invest in fixed assets, intangible assets including training costs. Under the grants, the group of subsidiaries is required to fulfill conditions attaching to the recognised grants namely creating and maintaining a minimum number of employment jobs and targeted sales and gross value added, including the maintenance of equity-to-asset ratio. As at 31 December 2021 and 2020, the grants were recorded as deferred income which were presented under the caption of other non-current liabilities in the consolidated statement of financial position.

## 27. Share capital

On 23 April 2021, the Annual General Meeting of the Company's shareholders passed a resolution to decrease the registered capital of the Company by Baht 65,316 by eliminating the 65,316 unissued shares, and to increase the registered capital of the Company from the existing registered capital of Baht 322,583,844 to a new registered capital of Baht 354,842,228 by issuing 32,258,384 new ordinary shares with a par value of Baht 1 per share to support the stock dividend payment totaling 32,258,384 shares.

Movements of registered share capital and issued and paid-up share capital for the year ended 31 December 2021 is summarised as below.

	Registered share capital	Date of registration	Issued and paid- up share capital	Date of registration
	(Thousand shares/ Thousand Baht)		(Thousand shares/ Thousand Baht)	
As at 1 January 2021	322,649		322,584	
Capital decrease by eliminating unissued shares	(65)	11 May 2021	-	
Capital increase due to stock dividend payment	32,258	14 May 2021	32,258	20 May 2021
As at 31 December 2021	<u>354,842</u>		<u>354,842</u>	

## 28. Dividends paid

Dividends	Approved by	Dividend per share (Baht)	Total dividends (Thousand Baht)
Cash dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	0.15	48,388
Stock dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	0.10	32,258
Interim dividend for 2021	The Board of Directors' Meeting on 16 August 2021	0.47	166,775
Total dividend paid in 2021			<u>247,421</u>

## 29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**30. Finance cost**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Interest expenses on loans and debentures	338,136	367,255	226,621	259,673
Interest expenses on lease liabilities	7,859	5,662	612	827
Total	345,995	372,917	227,233	260,500

**31. Expenses by nature**

Significant expenses classified by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Salaries, wages and other employee benefits	2,345,208	2,053,746	224,141	266,505
Depreciation and amortisation	1,030,852	997,862	127,537	132,478
Loss on exchange rate	-	13,289	-	14,899
Loss on impairment of investments	-	-	-	19,999
Expected credit losses (reversal)	(10,414)	(15,145)	(1,317)	110,222
Transportation expenses	301,644	219,829	26,810	14,577
Raw materials and consumables used	10,142,418	6,961,460	1,441,959	1,406,084
Purchases of merchandise goods	5,842,579	4,750,863	-	22,882
Changes in finished goods and work in process	(528,086)	266,950	12,373	(33,139)

**32. Promotional privileges**

The Group has received promotional privileges from the Board of Investment for various operations. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net profit of the following activities.

	Exemption from corporate income tax for the periods of		
	3 years	7 years	8 years
	commencing from	commencing from	commencing from
<b>The Company</b>			
Manufacture of stamping parts	-	-	19 May 2011
Manufacture of stamping parts	Not yet utilised	-	-

Exemption from corporate income tax for the periods of			
	3 years	7 years	8 years
	commencing from	commencing from	commencing from
<b>Subsidiaries</b>			
AAPICO Hitech Parts Company Limited			
Manufacture of metal and electronic parts	-	-	18 December 2012 (Expired during 2021)
Manufacture of metal	Not yet utilised	-	-
Manufacture of autoparts	Not yet utilised	-	-
AAPICO Hitech Tooling Company Limited			
Manufacture of die and grapple parts	-	-	8 January 2013
AAPICO Precision Company Limited			
Manufacture of autoparts	-	-	17 July 2014
AAPICO Plastics Public Company Limited			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	Not yet utilised	-	-
AAPICO Structural Products Company Limited			
Manufacture of autoparts	-	3 January 2012	-
Manufacture of autoparts	-	1 October 2019	-
AAPICO Amata Company Limited			
Manufacture of autoparts	Not yet utilised	-	-
Manufacture of autoparts	-	Not yet utilised	-
Manufacture of autoparts	9 June 2021	-	-
AAPICO Lemtech (Thailand) Company Limited			
Manufacture of metal parts	-	3 January 2017	-

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

Separate financial statements			
2021			
Promoted operations	Promoted Operations 50%	Non-promoted operations	Total
Sales and service income			
Domestic	-	797,799	1,211,290
Export	-	4,364	7,166
Total	-	802,163	1,218,456
			2,009,089
			11,530
			2,020,619



(Unit: Thousand Baht)

	Separate financial statements			
	2020			
	Promoted operations	Promoted Operations 50%	Non-promoted operations	Total
Sales and service income				
Domestic	-	641,096	1,137,752	1,778,848
Export	-	14,888	82,215	97,103
Total	-	655,984	1,219,967	1,875,951

**33. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares used to calculate earnings per share for the year ended 31 December 2021 in proportion to the change in the number of shares as a result of the distribution of the stock dividend of 32.26 million shares, following with the resolutions of the Annual General Meeting of the Company's shareholders on 23 April 2021 as if the stock dividend had been issued at the beginning of the earliest period reported. For the purpose of comparable of the earnings per share, the Company has also adjusted the number of shares in issue for the year ended 31 December 2020.

(Unit: Thousand Baht/Thousand shares)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit attributable to shareholders				
of the Company	1,023,968	147,764	1,197,922	272,394
Number of ordinary shares issued	354,842	354,842	354,842	354,842
Earnings per share (Baht)	2.89	0.42	3.38	0.77

**34. Provident fund**

The Company and certain subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees who are member of the funds and the Company and certain subsidiaries contribute to the funds monthly at rates of 3% - 7% of wage or basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to Baht 39 million (2020: Baht 35 million), the Company only: Baht 6 million (2020: Baht 6 million) were recognised as expenses.

### 35. Commitments and contingent liabilities

#### 35.1 Capital commitments

As at 31 December 2021 and 2020, the Group had capital commitments relating to the installation of computer software, acquisition of machinery and building from unrelated parties as follows.

(Unit: Million)

Currency	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
THB	165.2	132.9	22.2	28.8
RMB	19.6	10.3	-	-
EUR	0.8	-	-	-

#### 35.2 Uncalled portion of long-term investments commitment

As at 31 December 2021 and 2020, the Group had outstanding commitments in respect of uncalled portion of investments as follows.

(Unit: Million Baht)

Investment type	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Subsidiaries	223	223	77	77
Associate	25	25	25	25
Joint venture	68	68	68	68

#### 35.3 Long-term service commitments

Two local subsidiaries have entered into technical assistance agreements with a Japanese company and a German company, under which they have to pay fees at rates stipulated in the agreements, on sales of certain products. The first agreement is for one year and automatically renews annually for a further period of one year, while the other agreement is effective until 2027. Other two local subsidiaries have entered into memorandums with a Japanese company, under which the subsidiaries have to pay fees at certain rates on sales of particular products. These agreements are effective for as long as the products are sold.

The fees for the year ended 31 December 2021 amounting to Baht 13 million (2020: Baht 11 million) were recognised as expenses under these agreements.

#### 35.4 Guarantees

- As at 31 December 2021, the Company has guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 10 million and its local associate amounting to Baht 100 million (2020: RMB 18 million and Baht 100 million, respectively).
- As at 31 December 2021, two foreign subsidiaries have provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 1 million and RM 19 million, respectively (2020: RM 2 million and RM 3 million, respectively).

- c) As at 31 December 2021 and 2020, there were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

Letter of guarantee	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Contractual performance	Baht 59 million	Baht 31 million	Baht 59 million	Baht 31 million
Electricity use and others	Baht 29 million	Baht 30 million	Baht 14 million	Baht 14 million
	RM 0.5 million	RM 0.5 million		

- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limit of Baht 200 million. As at 31 December 2021 and 2020, the Company and its subsidiary had no guarantee liabilities under these agreements.

### 35.5 Contingent liabilities

A subsidiary in China calculates social welfare payments for employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precinct in which it is located. However, according to central government regulations on this issue, the subsidiary should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiary could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiary's management has assessed, as at 31 December 2021, would not exceed RMB 21.7 million (2020: not exceed RMB 18.1 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

### 36. Segment information

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

For management purposes, the Group is organised into business units based on its products and services and have 3 reported segments.

- 1) Manufacture of auto parts
- 2) Sales of automobiles and provision of automobiles repair service
- 3) Others represent the manufacture and sales of car navigation systems and services relating to technology

No operating segments have been aggregated from the above reportable operating segments.

The basis of accounting for any transactions among reportable segments is consistent with that for third party transactions.

36.2 The following tables present revenues and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Million Baht)

	Sales of automobiles and provision of automobiles repair				Others		Total segments		Adjustments and eliminations		Consolidated	
	Manufacture of auto parts segment		service segment		2021	2020	2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenues from contracts with customers</b>												
External customers	15,193	12,272	5,232	5,144	8	3	20,433	17,419	-	-	20,433	17,419
Inter-segment	1,462	1,331	882	742	18	13	2,362	2,086	(2,362)	(2,086)	-	-
<b>Total revenues</b>	<b>16,655</b>	<b>13,603</b>	<b>6,114</b>	<b>5,886</b>	<b>26</b>	<b>16</b>	<b>22,795</b>	<b>19,505</b>	<b>(2,362)</b>	<b>(2,086)</b>	<b>20,433</b>	<b>17,419</b>
Finance income	3	29	-	3	-	3	3	35	-	-	3	35
Depreciation and amortisation	944	924	83	70	4	4	1,031	998	-	-	1,031	998
Finance cost	298	361	47	12	1	-	346	373	-	-	346	373
<b>Segment profit (loss)</b>	<b>871</b>	<b>30</b>	<b>(13)</b>	<b>52</b>	<b>1</b>	<b>(23)</b>	<b>859</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>859</b>	<b>59</b>
Reversal of expected credit losses											10	15
Share of profit from investments in associates and joint ventures											281	101
<b>Profit before income tax expenses</b>											<b>1,150</b>	<b>175</b>
Income tax expenses											<b>(113)</b>	<b>(12)</b>
<b>Profit for the year</b>											<b>1,037</b>	<b>163</b>

### 36.3 Geographic information

(Unit: Million Baht)		
For the years ended 31 December		
	2021	2020
Revenues from external customers based on country of domicile		
Thailand	12,816	10,804
China	1,099	669
Malaysia	2,763	2,724
Portugal	3,755	3,222
Total	20,433	17,419

(Unit: Million Baht)		
As at 31 December		
	2021	2020
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	6,665	6,723
China	782	587
Malaysia	431	150
Portugal	5,707	5,227
India	2,728	2,456
Total	16,313	15,143

### 36.4 Major customers

For the year 2021, the Group had revenues from a major customer in amount of Baht 5,053 million (2020: Baht 4,155 million derived from 1 major customer), arising from the manufacture of auto parts segment.

## 37. Financial instruments

### 37.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, restricted bank deposits, trade receivables, loans to, investments, short-term and long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risks primarily with respect to trade receivables, loans to, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### *Trade receivables and contract assets*

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group do has high concentrations of credit risk since it has a small customer base in automotive industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

#### *Financial instruments and cash deposits*

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are two types of market risk comprising interest rate risk and currency risk.

#### *Interest rate risk*

The Group's exposure to interest rate risk relates primarily to its debentures, interest-carrying loan receivable and payable. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities of the Group classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Consolidated financial statements

	Fixed interest rates						Floating		Non-interest bearing		Total		Interest rate	
	Within 1 year		1 - 5 years		In over 5 years		interest rate		bearing		Total		(% per annum)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Financial assets</b>														
Cash and cash equivalents	195	167	-	-	-	-	148	241	347	244	690	652	Note 6	Note 6
Other current financial assets	-	-	-	-	-	-	-	-	52	38	52	38	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	2,237	2,846	2,237	2,846	-	-
Loans to related parties	-	-	96	637	-	-	-	-	-	-	96	637	3.7 - 4.0	3.7 - 5.0
Restricted bank deposits	27	-	-	-	-	-	-	-	-	-	27	-	0.6	-
Other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>222</b>	<b>167</b>	<b>96</b>	<b>637</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>241</b>	<b>2,636</b>	<b>3,128</b>	<b>3,102</b>	<b>4,173</b>		
<b>Financial liabilities</b>														
Short-term loans from banks	1,710	1,918	-	-	-	-	-	-	-	-	1,710	1,918	Note 20	Note 20
Trade and other payables	-	-	-	-	-	-	-	-	4,884	4,119	4,884	4,119	-	-
Short-term loans from related parties	36	33	-	-	-	-	-	-	-	-	36	33	5.0	5.0
Long-term loans	312	421	402	612	-	-	3,532	3,951	340	314	4,579	5,298	Note 22	Note 22
Long-term debentures	500	600	1,099	1,599	-	-	-	-	-	-	1,599	2,199	Note 23	Note 23
<b>Total</b>	<b>2,558</b>	<b>2,972</b>	<b>1,501</b>	<b>2,211</b>	<b>-</b>	<b>-</b>	<b>3,532</b>	<b>3,951</b>	<b>5,224</b>	<b>4,433</b>	<b>12,808</b>	<b>13,567</b>		

(Unit: Million Baht)

Separate financial statements													
	Fixed interest rates				Floating		Non-interest bearing			Total		Interest rate (% per annum)	
	Within 1 year		1 - 5 years		interest rate		bearing			Total		Interest rate (% per annum)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Financial assets													
Cash and cash equivalents	-	-	-	-	11	69	30	-	41	69	Note 6	Note 6	
Other current financial assets	-	-	-	-	-	-	23	11	23	11	-	-	
Trade and other receivables	-	-	-	-	-	-	1,390	1,352	1,390	1,352	-	-	
Loans to related parties	-	-	1,893	2,249	2,321	2,444	-	-	4,214	4,693	3.7 - 4.0	3.7 - 4.0	
Other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-	-	
Total	-	-	1,893	2,249	2,332	2,513	1,443	1,363	5,668	6,125			
Financial liabilities													
Short-term loans from banks	109	176	-	-	-	-	-	-	109	176	Note 20	Note 20	
Trade and other payables	-	-	-	-	-	-	480	558	480	558	-	-	
Short-term loans from related parties	-	-	-	-	1,298	748	-	-	1,298	748	3.7	3.7 - 3.8	
Long-term loans	270	421	135	405	2,491	3,155	-	-	2,896	3,981	Note 22	Note 22	
Long-term debentures	500	600	1,099	1,599	-	-	-	-	1,599	2,199	Note 23	Note 23	
Total	879	1,197	1,234	2,004	3,789	3,903	480	558	6,382	7,662			



### Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and purchasing fixed assets that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

In addition, the Group is exposed to foreign exchange risk on its investment in overseas subsidiaries and overseas associates. The investments are currently not hedge by derivative financial instruments.

As at 31 December 2021 and 2020, the balances of significant financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Average exchange rate		Consolidated financial statements			
			Financial assets		Financial liabilities	
	2021	2020	2021	2020	2021	2020
	(Baht per 1 foreign currency unit)		(Million)	(Million)	(Million)	(Million)
USD	33.42	30.04	11.6	31.6	9.0	15.9

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and banks and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of Baht 673 million (2020: Baht 637 million). The Group has assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders.

### Financing Management

As at 31 December 2021 and 2020, the credit facilities of the Group which have not yet been drawn down are summarised below.

	Consolidated		(Unit: Million Baht)	
			Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Short-term credit facilities	4,313	3,892	2,916	3,125
Long-term credit facilities	-	350	-	-
Total	4,313	4,242	2,916	3,125

### *Maturity of financial liabilities*

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows.

(Unit: Million Baht)

	2021					
	Consolidated financial statements					
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	Carrying amount
Non-derivatives						
Short-term loans from banks	1,459	278	-	-	1,737	1,710
Trade and other payables	-	4,884	-	-	4,884	4,884
Short-term loans from related parties	36	-	-	-	36	36
Long-term loans	-	1,632	3,168	180	4,980	4,579
Debentures	-	548	1,155	-	1,703	1,599
Lease liabilities	-	109	179	10	298	285
Total	1,495	7,451	4,502	190	13,638	13,093

(Unit: Million Baht)

	2020					
	Consolidated financial statements					
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	Carrying amount
Non-derivatives						
Short-term loans from banks	1,878	70	-	-	1,948	1,918
Trade and other payables	-	4,119	-	-	4,119	4,119
Short-term loans from related parties	33	-	-	-	33	33
Long-term loans	-	1,452	4,211	-	5,663	5,298
Debentures	-	680	1,703	-	2,383	2,199
Lease liabilities	-	89	238	7	334	319
Total	1,911	6,410	6,152	7	14,480	13,886

(Unit: Million Baht)

2021						
Separate financial statements						
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	Carrying amount
<b>Non-derivatives</b>						
Short-term loans from banks	110	-	-	-	110	109
Trade and other payables	-	480	-	-	480	480
Short-term loans from related parties	1,323	-	-	-	1,323	1,298
Long-term loans	-	1,176	1,894	-	3,070	2,896
Debentures	-	548	1,155	-	1,703	1,599
Lease liabilities	-	7	9	-	16	15
Total	1,433	2,211	3,058	-	6,702	6,397

(Unit: Million Baht)

2020						
Separate financial statements						
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	Carrying amount
<b>Non-derivatives</b>						
Short-term loans from banks	107	70	-	-	177	176
Trade and other payables	-	558	-	-	558	558
Short-term loans from related parties	748	-	-	-	748	748
Long-term loans	-	1,237	3,033	-	4,270	3,981
Debentures	-	680	1,703	-	2,383	2,199
Lease liabilities	-	7	15	-	22	21
Total	855	2,552	4,751	-	8,158	7,683

### 37.2 Fair values of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loan receivables and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

As at 31 December 2021 and 2020, the Group had the assets that were measured at fair value and liabilities that were disclosed at fair value using different levels of inputs as follows.

(Unit: Million Baht)

	Consolidated financial statements				
	2021				
		Fair value			
	Carrying				
	amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	52	-	52	-	52
Investment in unquoted market	-	-	-	-	-
<b>Liabilities disclosed at fair value</b>					
Debentures	1,599	-	1,621	-	1,621

(Unit: Million Baht)

	Consolidated financial statements				
	2020				
		Fair value			
	Carrying				
	amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	38	-	38	-	38
Investment in unquoted market	-	-	-	-	-
<b>Liabilities disclosed at fair value</b>					
Debentures	2,199	-	2,271	-	2,271

(Unit: Million Baht)

	Separate financial statements				
	2021				
		Fair value			
	Carrying				
	amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	23	-	23	-	23
Investment in unquoted market	-	-	-	-	-
<b>Liabilities disclosed at fair value</b>					
Debentures	1,599	-	1,621	-	1,621

(Unit: Million Baht)

	Separate financial statements				
	2020				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	11	-	11	-	11
Investment in unquoted market	-	-	-	-	-
<b>Liabilities disclosed at fair value</b>					
Debentures	2,199	-	2,271	-	2,271

During the current year, there were no transfers within the fair value hierarchy.

### 38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital position with reference to their debt-to-equity ratio in order to comply with a condition in long-term loan agreements with financial institutions and issuance of debentures, which require the Group to maintain a debt-to-equity ratio of not more than 1.75:1 and 2.00:1, respectively.

As at 31 December 2021, the Group's debt-to-equity ratio was 1.6:1 (2020: 1.9:1) and the Company's was 1.1:1 (2020: 1.5:1).

As at 31 December 2020, the Company was unable to maintain a financial ratio covenanted under loan agreements. However, the Company received waiver letters from the banks within the end of the reporting period.

No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

### 39. Events after the reporting period

On 28 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose for consideration and approval by the Annual General Meeting of the Company's shareholders a dividend payment of Baht 0.47 per share to the holders of 354,842,012 shares, or a total of not more than Baht 166,775,745.64, from the operating results of the Company for the accounting period from 1 July 2021 to 31 December 2021. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

#### 40. Reclassification

Certain amounts in the income statements for the year ended 31 December 2020 have been reclassified to conform with the current year's classification as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As		As	
	As reclassified	previously reported	As reclassified	previously reported
Revenues from contracts with customers	17,418,930	17,172,495	1,875,951	1,823,404
Other income - others	378,665	625,100	155,338	207,885

The reclassifications had no effect to previously reported profit or shareholders' equity.

#### 41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2022.



## **Part 4:**

### **Enclosures**

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Enclosure 1: Details of Directors, Executives, and Company Secretary

Enclosure 2: Details on Directorship of Directors and Executives in  
Subsidiaries, Associated Companies and Joint Venture

Enclosure 3: Details about the Head of Internal Audit

Enclosure 4: Assets for Business Operation and  
Details about the Appraisal Items

Enclosure 5: Policy and Practice of Corporate Governance and  
Business Ethics

Enclosure 6: Report of Sub-Committees



## Enclosure 1:

### Details of Directors, Executives and Company Secretary

#### 1. Mr. Yeap Swee Chuan

President and Chief Executive Officer  
Chairman and Executive Director  
Authorized Director

**Age:** 74 Years  
**Date of Appointment:** 1 August 2002  
**Tenure (Term/Year):** 20 Years  
**AH Shareholding:**  
• **Individual:** 13.68%  
• **Spouse:** 9.86%

**Education:**  
• Bachelor's Degree in Technology (Industrial Management), Massey University, New Zealand

**Training Program:**  
• Director Certification Program (DCP103/2008) *Thai Institute of Directors (Thai IOD)*  
• Capital Market Academy Class 8 (CMA8) *The Stock Exchange of Thailand (SET)*

#### Experience:

2017 - Present	Honorary Chairman <i>Malaysian-Thai Chamber of Commerce</i>
2010 - Present	Vice Chairman <i>Peace Network of Thailand</i>
2000 - Present	Independent Director Member of Audit Committee Chairman of Nomination and Governance Committee <i>Goodyear (Thailand) PLC</i>
1996 - Present	President and CEO <i>AAPICO Hitech PLC</i>
2010 - 2018	Director <i>Board of Trade</i>
2005 - 2017	Chairman <i>Malaysian-Thai Chamber of Commerce</i>

#### Position(s) in Other Listed Companies:

2000 - Present	Independent Director Member of Audit Committee Chairman of Nomination and Governance Committee <i>Goodyear (Thailand) PLC</i>
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#### Position(s) in Non-Listed Companies:

2017 - Present	Honorary Chairman <i>Malaysian-Thai Chamber of Commerce</i>
2010 - Present	Vice Chairman <i>Peace Network of Thailand</i>

#### Family Relationship Between Other Directors and Executives:

- Spouse of Mrs. Teo Lee Ngo
- Father of Ms. Yeap Xin Rhu

#### 2. Mrs. Teo Lee Ngo

Executive Director  
Authorized Director

**Age:** 71 Years  
**Date of Appointment:** 1 August 2002  
**Tenure (Term/Year):** 20 Years  
**AH Shareholding:**  
• **Individual:** 9.86%  
• **Spouse:** 13.68%

**Education:**  
• Bachelor's Degree in Commerce (Industrial and Business Management), Nanyang University, Singapore

#### Training Program:

- None

#### Experience:

2003 - Present	Authorized Director <i>AAPICO Forging PLC</i>
2003 - Present	Authorized Director <i>AAPICO Plastic PLC</i>
1996 - Present	Executive Director <i>AAPICO Hitech PLC</i>
1996 - Present	Director <i>Able Sanoh Industries (1996) Co., Ltd.</i>
1992 - Present	Director <i>AAPICO Amata Co., Ltd.</i>

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

- None

#### Family Relationship Between Other Directors and Executives:

- Spouse of Mr. Yeap Swee Chuan
- Mother of Ms. Yeap Xin Rhu



### 3. Mr. Wichian Mektrakarn

Independent Director  
Member of Audit Committee  
Member of Risk Management Committee

**Age:** 68 Years  
**Date of Appointment:** 27 April 2015  
**Tenure (Term/Year):** 7 Years

#### AH Shareholding:

- **Individual:** 0.01%
- **Spouse:** None

#### Education:

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

#### Training Program:

- IT Governance and Cyber Resilience Program (ITG 13/2020)  
*Thai Institute of Directors (Thai IOD)*
- Advance Audit Committee Program (ACCP 36/2020)  
*Thai Institute of Directors (Thai IOD)*
- Ethical Leadership Program (ELP 12/2018)  
*Thai Institute of Directors (Thai IOD)*
- Role of Chairman (RCP40/2017)  
*Thai Institute of Directors (Thai IOD)*
- Board that Makes the Difference (BMD3/2016)  
*Thai Institute of Directors (Thai IOD)*
- Director Certification Program (DCP107/2008)  
*Thai Institute of Directors (Thai IOD)*
- Capital Market Academy Class 8 (CMA8)  
*The Stock Exchange of Thailand (SET)*
- Advance Certificate Course in Politics and Governance in Democratic Systems for Executives Class 17  
*College of Politics and Governance, King Prajadhipok's Institute*
- Advance Executive Program  
*Kellogg School of Management, Northwestern University, USA*
- Mini MBA for Shinawatra Executives  
*Chulalongkorn University*
- Advanced Technical in Microwave  
*California State University, Northridge*

#### Experience:

2019 - Present	Chairman of Audit Committee <i>Thanachart Insurance PLC</i>
2016 - Present	Director Member of Executive Committee

	Member of Nomination and Remuneration Committee <i>Pruksa Holding PLC</i>
2015 - Present	Independent Director <i>AAPICO Hitech PLC</i>
2015 - Present	Chairman of the Board of Directors <i>Aira &amp; Aiful PLC</i>
2014 - Present	Director <i>Thanachart Insurance PLC</i>
2014 - 2019	Member of Audit Committee <i>Thanachart Insurance PLC</i>
2016 - 2018	Chairman of the Board of Directors <i>CS LoxInfo PLC</i>
2014 - 2018	Director <i>Pruksa Real Estate PLC</i>
2011 - 2016	Member of Executive Committee <i>Intouch Holdings PLC</i>
2014 - 2016	Advisor <i>Advanced Info Service PLC</i>
2014 - 2016	Director <i>International School of Engineering, Chulalongkorn University</i>
2009 - 2014	Chief Executive Officer <i>Advanced Info Service PLC</i>
2006 - 2009	President <i>Advanced Info Service PLC</i>

#### Position(s) in Other Listed Companies:

2016 - Present	Director Member of Executive Committee Member of Nomination and Remuneration Committee <i>Pruksa Holding PLC</i>
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#### Position(s) in Non-Listed Companies:

2019 - Present	Chairman of Audit Committee <i>Thanachart Insurance PLC</i>
2015 - Present	Chairman of the Board of Directors <i>Aira &amp; Aiful PLC</i>
2014 - Present	Director <i>Thanachart Insurance PLC</i>

#### Family Relationship Between Other Directors and Executives:

- None

#### 4. Mr. Kenneth Ng

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

**Age:** 52 Years  
**Date of Appointment:** 1 December 2008  
**Tenure (Term/Year):** 13 Years  
**AH Shareholding:**  
• **Individual:** None  
• **Spouse:** None

#### Education:

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

#### Training Program:

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

#### Experience:

2015 - Present	Commissioner <i>PT Catur Sentosa Adiprana, Indonesia</i>
2008 - Present	Independent Director <i>AAPICO Hitech PLC</i>
2005 - Present	Director <i>KNKN Co., Ltd.</i>
2005 - Present	Director <i>NT Asset (Thailand) Co., Ltd.</i>
2018 - 2020	Chairman of the Board <i>Holmusk, Singapore</i>
2016 - 2019	Independent Director <i>Pushfor</i>
2007 - 2013	Director <i>Bun Co., Ltd.</i>
2003 - 2005	Director <i>Macquarie Securities (Thailand) Co., Ltd.</i>
1996 - 2003	Head of Research/Equity Analyst <i>ING Securities (Thailand) Co., Ltd.</i>
1993 - 1996	Equity Research <i>Worldsec Securities / UMBC Securities Malaysia</i>
1990 - 1993	Auditor <i>Ernst &amp; Young, London</i>

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

2015 - Present	Commissioner <i>PT Catur Sentosa Adiprana, Indonesia</i>
2005 - Present	Director <i>KNKN Co., Ltd.</i>
2005 - Present	Director <i>NT Asset (Thailand) Co., Ltd.</i>

#### Family Relationship Between Other Directors and Executives:

- None

#### 5. Mr. John Parker

Independent Director  
Chairman of Risk Management Committee

**Age:** 74 Years  
**Date of Appointment:** 26 April 2011  
**Tenure (Term/Year):** 11 Years  
**AH Shareholding:**  
• **Individual:** None  
• **Spouse:** None

#### Education:

- Bachelor's Degree in Engineer, Port Elizabeth College of Education, Republic of South Africa
- Master's Degree in Cost and Management Accounting, University of South Africa, Republic of South Africa

#### Training Program:

- None

#### Experience:

2011 - Present	Independent Director <i>AAPICO Hitech PLC</i>
2014 - 2019	Director <i>Asian Advisory Board, Pinnacle Engines Inc</i>
2006 - 2010	Executive Vice President, Asia Pacific and Africa <i>Ford Motor Company</i>
2003 - 2006	Vice Chairman and Chief Operating Officer <i>Mazda Motor Corporation</i>
2003 - 2006	Vice President <i>Ford Motor Company</i>

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

- None

#### Family Relationship Between Other Directors and Executives:

- None

#### 6. Mr. Kaikhushru (Kai) Taraporevala

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

**Age:** 57 Years  
**Date of Appointment:** 14 August 2017  
**Tenure (Term/Year):** 5 Years

**AH Shareholding:**

- **Individual:** None
- **Spouse:** None

#### Education:

- Bachelor of Science (Physics), University of Bombay, India
- Master of Science (Physics), Indian Institute of Technology, India
- Master of Science (Materials Science), University of Dundee, Scotland
- Master of Business Administration, INSEAD, France

#### Training Program:

- Listed Company Director Program  
*Singapore Institute of Directors*
- Masterclass for Directors  
*Institute of Directors (India)*

#### Experience:

2021 - Present	Independent Director <i>InSolare Energy Pvt Ltd.</i>
2019 - Present	Independent Director <i>Ishan Infotech (India) Ltd.</i>
2017 - Present	Independent Director <i>AAPICO Hitech PLC</i>
2015 - Present	Founder and Managing Director <i>Tethys Ventures (Singapore) Pte. Ltd.</i>
2014 - 2015	President – Investment Banking <i>Tata Capital Limited</i>
2014 - 2015	Managing Director <i>Tata Securities Limited</i>
2011 - 2014	Managing Director <i>Tethys Ventures (Singapore) Pte. Ltd.</i>
1997 - 2011	Founder and Managing Director <i>India Advisory Partners Pvt Ltd.</i>

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

2021 - Present	Independent Director <i>InSolare Energy Pvt Ltd.</i>
2019 - Present	Independent Director <i>Ishan Infotech (India) Ltd.</i>
2015 - Present	Founder and Managing Director <i>Tethys Ventures (Singapore) Pte. Ltd.</i>

#### Family Relationship Between Other Directors and Executives:

- None

#### 7. Mrs. Vachira Na Ranong

Independent Director  
Member of Risk Management Committee  
Member of Nomination and Remuneration Committee

**Age:** 68 Years  
**Date of Appointment:** 14 August 2017  
**Tenure (Term/Year):** 5 Years

**AH Shareholding:**

- **Individual:** 0.01%
- **Spouse:** None

#### Education:

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

#### Training Program:

- Director Accreditation Program (DAP61/2007)  
*Thai Institute of Directors (Thai IOD)*
- Role of Compensation Committee (RCC2/2007)  
*Thai Institute of Directors (Thai IOD)*
- Director Certification Program (DCP124/2009)  
*Thai Institute of Directors (Thai IOD)*
- Capital Market Academy Class 8 (CMA8)  
*The Stock Exchange of Thailand (SET)*

#### Experience:

2019 - Present	Advisor <i>Thai Investors Association</i>
2017 - Present	Independent Director <i>AAPICO Hitech PLC</i>
2017 - Present	Vice President Chairman of Audit Committee <i>S11 Group PLC</i>
2013 - Present	Independent Director <i>S11 Group PLC</i>
2012 - 2019	President and Director <i>Thai Investors Association</i>
2003-2010	Assistant Secretary General

2002-2003	Government Pension Fund Researcher
1998-2002	Fiscal Policy Research Institution Assistant Secretary General Financial Sector Restructuring Authority
1989-1997	Assistant Managing Director Finance One PLC
1988-1989	Vice President SICCO
1979-1987	Manager TISCO

#### Position(s) in Other Listed Companies:

2017 - Present	Vice Chairman Chairman of Audit Committee S11 Group PLC
2013 - Present	Independent Director S11 Group PLC

#### Position(s) in Non-Listed Companies:

2019 - Present	Advisor Thai Investors Association
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#### Family Relationship Between Other Directors and Executives:

- None

### 8. Ms. Yeap Xin Rhu

Chief Financial Officer  
Company Secretary

<b>Age:</b>	43 Years
<b>Date of Appointment:</b>	
Company Secretary	14 August 2019
Chief Financial Officer	28 February 2018
<b>Tenure (Term/Year):</b>	
Company Secretary	2 Years
Chief Financial Officer	3 Years
<b>AH Shareholding:</b>	
• <b>Individual:</b>	7.90%
• <b>Spouse:</b>	None

#### Education:

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

#### Training Program:

- Executive Development Program (EDP6)  
Thai Listed Companies Association
- Leadership Development Program 4: Enhancing the Competitiveness of Thai Companies, IMD program  
Thai Listed Companies Association

- Strategic CFO in Capital Markets Program  
Thailand Securities Institute, The Stock Exchange of Thailand
- Certificate in Investor Relations 2017  
Thai Listed Companies Association

#### Experience:

2020-Present	General Manager AAPICO ITS Co., Ltd.
2019-Present	Company Secretary AAPICO Hitech PLC
2018-Present	Chief Financial Officer AAPICO Hitech PLC
2014-Present	Director: Information Technology Department AAPICO Hitech PLC
2014-Present	Vice President Thai Auto Parts Manufacturers Association (TAPMA)
2002-Present	Purchasing Director AAPICO Hitech PLC
2014-2018	Director: Financial & Accounting AAPICO Hitech PLC
2002-2018	P.A. to the President & CEO AAPICO Hitech PLC
2012-2019	Chief Operating Officer AAPICO Forging PLC

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

2014-Present	Vice President Thai Auto Parts Manufacturers Association (TAPMA)
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#### Family Relationship Between Other Directors and Executives:

- Daughter of Mr. Yeap Swee Chuan and  
Mrs. Teo Lee Ngo

### 9. Mr. Sattha Peth-In

General Manager, Sales and Marketing

<b>Age:</b>	55 Years
<b>Date of Appointment:</b>	1 June 2020
<b>Tenure (Term/Year):</b>	1 Years
<b>AH Shareholding:</b>	
• <b>Individual:</b>	0.01%
• <b>Spouse:</b>	None

#### Education:

- Bachelor's Degree in Engineering, King Mongkut's  
University of Technology North Bangkok

**Training Program:**

- None

**Experience:**

2020-Present	General Manager, Purchasing and Marketing <i>AAPICO Hitech PLC</i>
2016-2020	Assistant General Manager, Purchasing and Marketing <i>AAPICO Hitech PLC</i>
2014-2015	Assistant General Manager, Accounting and Finance <i>AAPICO Hitech PLC</i>
2010-2013	Assistant General Manager, Production <i>AAPICO Hitech PLC</i>

**Position(s) in Other Listed Companies:**

- None

**Position(s) in Non-Listed Companies:**

- None

**Family Relationship Between Other Directors and Executives:**

- None

**10. Mr. Yong Xiang Li**

Assistant General Manager, Accounting

**Age:** 50 Years  
**Date of Appointment:** 1 February 2020  
**Tenure (Term/Year):** 1 Years  
**AH Shareholding:**

- **Individual:** None
- **Spouse:** None

**Education:**

- Bachelor's Degree in Accounting, East China University of Science and Technology, China

**Training Program:**

- None

**Experience:**

2020-Present	Assistant General Manager, Accounting <i>AAPICO Hitech PLC</i>
2010-2018	Plex System Manager <i>Minth AAPICO (Thailand) Co.,Ltd</i>

**Position(s) in Other Listed Companies:**

- None

**Position(s) in Non-Listed Companies:**

- None

**Family Relationship Between Other Directors and Executives:**

- None

**11. Mr. Tiwa Boontam**

Assistant General Manager, Production

**Age:** 56 Years  
**Date of Appointment:** 1 February 2020  
**Tenure (Term/Year):** 1 Years  
**AH Shareholding:**

- **Individual:** 0.001%
- **Spouse:** None

**Education:**

- Bachelor's Degree in Management Science, Sukhothai Thammathirat University

**Training Program:**

- None

**Experience:**

2020-Present	Assistant General Manager, Production <i>AAPICO Hitech PLC</i>
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**Position(s) in Other Listed Companies:**

- None

**Position(s) in Non-Listed Companies:**

- None

**Family Relationship Between Other Directors and Executives:**

- None



## Enclosure 2:

### Details on Directorship of Directors and Executives in Subsidiaries, Associated Companies and Joint Venture

Company Name		Mr. Yeap Swee Chuan	Mrs. Teo Lee Ngo	Mr. Kenneth Ng	Mr. John Parker	Mr. Wichian Mektrakarn	Mrs. Vachira Na Ranong	Mr. Kaikhushru (Kai) Taraporevala	Ms. Yeap Xin Rhu	Mr. Sattha Peth-in	Mr. Yong Xiang Li	Mr. Tiwa Boonthem
Company	AH	x, //	//	///	///	///	///	///	o	o	o	o
Subsidiaries	AA	x, //	//	-	-	-	-	-	//	-	-	-
	ASP	x, //	//	-	-	-	-	-	//	-	-	-
	AF	x, //	//	-	-	-	-	-	//	/	-	-
	APC	x, //	//	-	-	-	-	-	//	-	-	-
	AP	x, //	//	-	-	-	-	-	//	-	-	-
	AHP	x, //	//	-	-	-	-	-	-	-	-	-
	AMK	x, //	-	-	-	-	-	-	-	-	-	-
	AL	x, //	//	-	-	-	-	-	-	-	-	-
	AHT	x, //	//	-	-	-	-	-	-	-	-	-
	KCX	x, /	/	-	-	-	-	-	/	-	-	-
	NESC	x, /	/	-	-	-	-	-	//	-	-	-
	AM	x, /	/	-	-	-	-	-	//	-	-	-
	NESM	x, /	/	-	-	-	-	-	-	-	-	-
	TSR	x, /	/	-	-	-	-	-	-	-	-	-
	AITC	x, //	//	-	-	-	-	-	/	-	-	-
	AERP	-	-	-	-	-	-	-	//	-	-	-
	AIPL	/	/	-	-	-	-	-	/	-	-	-
	AT	x, //	//	-	-	-	-	-	-	-	-	-
	Foton	x, //	//	-	-	-	-	-	-	-	-	-
	ATC	x, //	//	-	-	-	-	-	//	-	-	-
	AV	x, //	//	-	-	-	-	-	//	-	-	-
	KT	-	-	-	-	-	-	-	-	-	-	-
	SGAH	/	/	-	-	-	-	-	/	-	-	-
	AMI	/	-	-	-	-	-	-	/	-	-	-
	AAG	/	-	-	-	-	-	-	/	-	-	-
	SPG	-	-	-	-	-	-	-	-	-	-	-
	AMPK	/	/	-	-	-	-	-	/	-	-	-
	AMPT	/	/	-	-	-	-	-	/	-	-	-
	AMM	/	/	-	-	-	-	-	-	-	-	-
	AHA	/	/	-	-	-	-	-	-	-	-	-
	AMKM	/	/	-	-	-	-	-	-	-	-	-
	AMTM	/	/	-	-	-	-	-	-	-	-	-
	AMMG	/	/	-	-	-	-	-	/	-	-	-
Associated Companies and Joint Ventures	ASICO	x, /	//	-	-	-	-	-	-	-	-	-
	MA	x, /	/	-	-	-	-	-	-	-	-	-
	SI	/	-	-	-	-	-	-	-	-	-	-
	TTSC	x, /	-	-	-	-	-	-	/	-	-	-
	HM	-	-	-	-	-	-	-	/	-	-	-
	EA	/	/	-	-	-	-	-	-	-	-	-
	SA	/	/	-	-	-	-	-	-	-	-	-
	ASD	/	/	-	-	-	-	-	-	-	-	-
	AEC	/	-	-	-	-	-	-	/	-	-	-
	VROOM	/	-	-	-	-	-	-	-	-	-	-

Remarks:

x = Chairman

/ = Director

// = Executive Director

/// = Independent Director

o = Executive

## Subsidiaries

### OEM Automotive Parts Manufacturing Business

AA	=	AAPICO Amata Co., Ltd.
AAG	=	AAPICO Águeda, S.A.
AF	=	AAPICO Forging PLC
AHA	=	AAPICO Hitech Automation Co., Ltd.
AHP	=	AAPICO Hitech Parts Co., Ltd.
AHT	=	AAPICO Hitech Tooling Co., Ltd.
AL	=	AAPICO Lemtech (Thailand) Co., Ltd.
AMI	=	AAPICO Maia, S.A.
AMK	=	AAPICO Mitsuike (Thailand) Co., Ltd.
AP	=	AAPICO Plastics PLC
APC	=	AAPICO Precision Co., Ltd.
ASP	=	AAPICO Structural Products Co., Ltd.
KCX	=	Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
KT	=	Katsuya (Thailand) Co., Ltd.
SGAH	=	Sakthi Global Auto Holdings Limited
SPG	=	Sakthi Portugal GmbH

### Car Dealership Business

AM	=	Able Motors Co., Ltd.
AMKM	=	AAPICO Motors (Kuantan) Sdn. Bhd.
AMM	=	AAPICO Motors Sdn. Bhd.
AMMG	=	MG Able Motors Co., Ltd.
AMPK	=	Able Motors Pakkret Co., Ltd.
AMPT	=	Able Motors Pathumthani Co., Ltd.
AMTM	=	AAPICO Motors (Temerloh) Sdn. Bhd.
NESC	=	New Era Sales Co., Ltd.
NESM	=	New Era Sales (M) Sdn. Bhd.
TSR	=	Tenaga Setia Resources Sdn. Bhd.

### IOT Connectivity and Mobility Business and Others

AERP	=	A ERP Co., Ltd.
AIPL	=	AAPICO Investment Pte. Ltd.
AITS	=	AAPICO ITS Co., Ltd.
AT	=	AAPICO Technology Co., Ltd.
ATC	=	AAPICO Training Center Co., Ltd.
AV	=	AAPICO Venture Co., Ltd.
FOTON	=	Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.

## Associates and Joint Ventures

### OEM Automotive Parts Manufacturing Business

ASICO	=	Able Sanoh Industries (1996) Co., Ltd.
MA	=	Minth AAPICO (Thailand) Co., Ltd.
SI	=	Sanoh Industries (Thailand) Co., Ltd.
TTSC	=	Thai Takagi Seiko Co., Ltd.
EA	=	Edscha AAPICO Automotive Co., Ltd.
SA	=	Sumino AAPICO (Thailand) Co., Ltd.
ASD	=	AAPICO Sodecia (Thailand) Co., Ltd.

### Car Dealership Business

HM	=	Hyundai Motor (Thailand) Co., Ltd.
VROOM	=	Vroom Co., Ltd.

### IOT Connectivity and Mobility Business and Others

AEC	=	AAPICO Electronics Co., Ltd.
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## Enclosure 3:

### Details about the Head of Internal Audit

AAPICO Hitech Public Company Limited ("The Company") has appointed Mr. Ramachandran Balasubramanian to be the Head of Internal Audit since 2021 to perform the duties of the Company's internal auditors, which include auditing and assessing the internal control system's sufficiency and reporting the audit results to the Audit Committee at least once a year. Due to his independence and expertise in completing internal audits, the Audit Committee has determined that Mr. Ramachandran Balasubramanian is qualified to execute such activities.

The Internal Auditor is responsible for implementing the Company's internal control practices in accordance with the Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET") laws, rules, regulations, policies, and procedures, which can be summarized as follows:

- 1) Assess the risks associated with the transactions to be audited and schedule the audited work for each transaction to be in accordance with plan.
- 2) Examine the working document as well as the preparation of the audit's observations.
- 3) Organize an internal meeting with the team to discuss the audit's progress.
- 4) Monitor improvement plans to decrease the risk of observation or to avoid the spread of risks, as well as supervise meetings with those being audited on the concerns identified in the audit.
- 5) Report the audited result of the adequacy of the internal control system to the Company's Audit Committee on a quarterly basis.

#### Mr. Ramachandran Balasubramanian

**Age:** 49 Years  
**Position:** Head of Internal Audit  
**Nationalities:** Indian  
**AH Shareholding:**

- **Individual:** None
- **Spouse:** None

#### Education:

- Bachelor of Commerce, University of Madras, India
- Chartered Accountant (ACA), Institute of Chartered Accountants of India (ICAI)

#### Certifications:

- Certification on "Forensic Accounting and Fraud Examination" (2020)  
*West Virginia University*
- Certification on "Google Analytics for Power Users" (2020)  
*Data Analytics Certification*
- Certification with Honors on "Financial Markets" (2020)  
*Yale University*

#### Experience:

2018 - Present	Financial Co-Ordinator <i>AAPICO Hitech PLC</i>
1998 - 2018	Audit Senior Manager <i>Deloitte Touche Tohmatsu India, United States of America and United Kingdom offices</i>

#### Position(s) in Other Listed Companies:

- None

#### Position(s) in Non-Listed Companies:

- None

#### Family Relationship Between Other Directors and Executives:

- None





## Enclosure 4:

### Assets for Business Operation and Details about the Appraisal Items

#### 4.1. Assets for Business Operation

The Company and its subsidiaries possess land, office and factory buildings, machinery, and equipment for operation. This also includes vehicles and office equipment. The net book value as of December 31, 2021, shows the following categories:

Lists of Fixed Assets	Proprietary Type	(Net) Book Value (Unit: Baht mn)	Obligation
Tangible Assets			
Land	Owner	1,164.02	The Company's two overseas subsidiaries have mortgaged the land, building and machinery with the net book value as of 31 December 2021 of Baht 1,086 million in bank credit.
Building & Building Improvements and Apartment	Owner	1,871.89	
Building on Leasehold Land	Owner	100.40	
Machinery and Factory Equipment	Owner/Finance Lease	3,744.38	
Motor Vehicles and Office Equipment	Owner/Finance Lease	420.74	
Building under construction, Machinery and Factory Equipment under production and installation	Owner	920.54	None
Land, Land Improvement and Building for Dealership in Thailand	Rental Period: 3 Years	None	None
Land, Land Improvement, Building and Machinery for Dealership in Thailand	Rental Period: 3 Years	None	None
Land and Building for Dealership in Thailand	Rental Period: 3 - 18 Years	None	None
Land, Building and Services Center for Dealership in Malaysia	Rental Period: 3 - 50 Years	None	None
Land, Building and Office in China	Rental Period: 50 Years	None	None
Intangible Assets			
Computer Software	Owner	25.42	None
Product Development Cost	Owner	88.76	None
Development Cost for Production Enhancement	Owner	1,454.90	None
Works under Development	Owner	30.00	None
Leasehold Rights			
Leasehold Rights	Owner	None	None

#### 4.1.1 Long Term Lease Agreement

##### 1) Lease Agreement of Land and Building for Ford Showroom in Thailand

Counterparties	Mr. Monthawat Puangsalee and New Era Sales Co., Ltd.
Location	Title deed no. 102276, land no. 3677, Ramintra KM 7 road, area of approximately 1 rai 2 ngan 21 sq.wah
Contract Date	1 November 2020
Contract Period	3 Years (31 October 2024)

##### 2) Lease Agreement of Land for Car Parking at Ford Showroom in Thailand

Counterparties	P.S.T Property Co., Ltd. and New Era Sales Co., Ltd.
Location	Title deed for business purposes, Ramintra road, area of approximately 184 sq.wah
Contract Date	1 November 2021
Contract Period	3 Years (31 October 2024)

##### 3) Lease Agreement of Land and Building for Ford Showroom in Thailand

Counterparties	Everest Estate Co., Ltd. and New Era Sales Co., Ltd.
Location	Title deed no. 86435, no. 5823, Bang Mueang Subdistrict, Mueang District, Samutprakarn Province
Contract Date	7 August 2017
Contract Period	11 Years (6 August 2028)

##### 4) Lease Agreement of Land for Mazda Showroom in Thailand

Counterparties	Mrs. Wanlapa Yansomboon and Able Motors Co., Ltd.
Location	Title deed no. 1731, land no. 7, dealing file no. 321, Khlong Nueng Subdistrict, Khlong Luang District, Pathum Thani Province
Contract Date	1 January 2014
Contract Period	10 Years (Renew the contract every 3 years until the expiration date)

##### 5) Lease Agreement of Land for Mitsubishi Showroom in Thailand

Counterparties	Mr. Chaloemphon Huabcham and Able Motors Co., Ltd.
Location	Title deed no. 105204, land no. 514, dealing file no. 18298, Racha Thewa Subdistrict, Bang Pli District, Samutprakarn Province
Contract Date	1 March 2021
Contract Period	18 Years 1 Month (8 April 2039)

##### 6) Lease Agreement of Land for MG Showroom in Thailand

Counterparties	Y L N Co., Ltd. and MG Able Motors Co., Ltd.
Location	Title deed no. 76263, land no. 199, dealing file no. 9301, Bangpoorn Subdistrict, Mueang Pathum Thani District, Pathum Thani Province
Contract Date	1 July 2021
Contract Period	3 Years (30 June 2024)

**7) Lease Agreement of Land for Honda Showroom in Malaysia**

Counterparties	MOSAT LAND and New Era Sales (M) Sdn. Bhd. (Malaysia)
Location	No. 39821, Jalan Semenyi Kajang, State of Selangor 43000, Malaysia
Contract Date	1 April 2020
Contract Period	3 Years (31 March 2023)

**8) Lease Agreement of Building for Honda Showroom in Malaysia**

Counterparties	AAPICO Engineering Sdn. Bhd. and Tenega Setia Resources Sdn. Bhd. (Malaysia)
Location	No. 10 Jalan 51/217 Petaling Jaya, Malaysia
Contract Date	23 December 2020
Contract Period	2 Years (31 December 2022)

**9) Lease Agreement of Proton Automobile Repair and Services Center in Malaysia**

Counterparties	Eon Properties Sdn. Bhd. and AAPICO Motors (Kuantan) Sdn. Bhd. (Malaysia)
Location	No. 7138, Semambu Industrial Estate, Kuantan, Pahang 25350 Malaysia
Contract Date	1 October 2020
Contract Period	3 Years (30 September 2023)

**10) Lease Agreement of Land and Building for Proton Showroom in Malaysia**

Counterparties	Eon Properties Sdn. Bhd. and AAPICO Motors (Kuantan) Sdn. Bhd. (Malaysia)
Location	No. B4342 & B4344, Jalan Beserah, Kuantan, Pahang 25300, Malaysia
Contract Date	1 October 2020
Contract Period	3 Years (30 September 2023)

**11) Lease Agreement of Land for Proton Showroom in Malaysia**

Counterparties	Teck Seong Automotive and AAPICO Motors (Temerloh) Sdn. Bhd. (Malaysia)
Location	No. 2142 Batu 1 Jalan Temerloh-Mentacab, Temerloh, Pahang 28000, Malaysia
Contract Date	3 December 2563
Contract Period	3 Years (30 September 2023)

**12) Lease Agreement of Building for Proton Showroom in Malaysia**

Counterparties	Teck Seong Automotive Sdn. Bhd. and AAPICO Motors (Temerloh) Sdn. Bhd. (Malaysia)
Location	No. 339, Jalan Tengku, Ismail Temerloh, Pahang State 28000, Malaysia
Contract Date	17 September 2020
Contract Period	3 Years (30 September 2023)

**13) Lease Agreement of Lands and Building for Proton Showroom in Malaysia**

Counterparties	Teluk Mestika Sdn. Bhd. and AAPICO Motors Sdn. Bhd. (Malaysia)
Location	No. 4523(D) Batu 4 ½ Jalan Cheras Kuala Lumpur 56100 Malaysia
Contract Date	1 April 2019
Contract Period	3 Years (31 March 2022)

#### 14) Lease Agreement of Land and Building for Body and Paint Division in Malaysia

Counterparties	The Store Corporation Sdn. Bhd. and AAPICO Engineering Sdn. Bhd. (Malaysia)
Location	Lot 9A, Jalan 51A/223, Sekysen 51A, 46100 Petaling Jaya, Selangor, Malaysia
Contract Date	1 April 2021
Contract Period	50 Years (17 May 2071)

#### 15) Lease Agreement of Land, Factory and Building in China

Characteristics	Land, Factory and Office
Location	No. 405 Yunqi Road, Kunshan City, Jiangsu Province, China
Contract Date	19 April 2011
Contract Period	50 Years (26 March 2061)

## 4.2 Policy on Investment in Subsidiary and Associate Companies

The Company has a policy of investing in businesses relevant to the automotive sector both domestically and internationally in order to focus on improving and strengthening the company's technology-potential manufacturing processes and management. The amount of investment or joint venture is determined by the Company's demands for participation in management and the establishment of business standards and management agreements with business partners.

The Company's subsidiaries, associated companies, and joint ventures investment is primarily for the purpose of collaborating and exchanging experiences, as well as leveraging expertise and collaboration in technology, production, marketing, and management to support business expansion. This also includes promoting and pushing the Company to achieve its goal of becoming one of the global leaders in automotive parts manufacturers. The Board of Directors has set standards and criteria for evaluating the Company's investments, taking into account the Company's goals and the viability of business

initiatives, which also include the financial return from the investment at a reasonable level for the best interest of the Company and shareholders.

In addition to the core business investment, the Company has formed a subsidiary with the goal of efficiently managing the AAPICO Group's services and lowering the company's overall costs, such as operating systems, resource planning, and training course activities for Group employees, among other things. Moreover, the Company intends to increase its investments in the automotive-related technology, such as transportation management vehicles, tracking systems, and smart city management systems. For business expansion prospects, the Company has been interested in investing in venture capital enterprises in start-up businesses that may disrupt the Company's business operations going forward. The Company also promote the development of new innovations in order to generate a sustainable return.

## 4.3 Details about the Appraisal Items

None



## Enclosure 5:

### Policy and Practice of Corporate Governance and Business Ethics

AAPICO's Corporate Governance Policies and Practices and Business Ethics are available for viewing on the company's website, [www.aapico.com](http://www.aapico.com). This is under the "Investor Relations" section, "Corporate Governance" subsection, or may scan the QR code.





## Enclosure 6:

### Report of Sub-Committees

#### Report of the Audit Committee

The Audit Committee consists of 3 qualified, experienced, strong, knowledgeable and independent professional directors who have been tasked by the main board in furthering the collective goal of providing high quality, reliable financial information to investors and the market and to report any findings to the main board. The Audit Committee is chaired by Mr. Kenneth Ng as the Chairman of the Committee, with Mr. Wichian Mektrakarn and Mr. Kaikhushru (Kai) Taraporevala serving as the members of the Committee. The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements before submission to the Board, review of adequacy of internal control system, findings of internal audit, whistle blower mechanism, review of related party transactions, review of investments made, review of compliance with the provisions of regulatory compliances and review of effectiveness of audit process.

In the year 2021, the Audit Committee held 4 meetings with executive directors, auditors, internal auditor and concerned parties to consider various agenda items and express their opinions. Further, as a good Corporate Governance practice, a separate discussion of the Audit Committee with the Statutory Auditors and the Internal Auditors without the presence of the Management team. The Internal Auditors report directly to the Audit Committee for the purpose of audit conducted by them.

Audit Committee's key duties can be summarized as follows:

- 1) Review of Financial Statements.** The Audit Committee reviewed the quarterly and annual financial statements including the disclosure of notes to financial statements. The Committee reviewed the preparation of financial statements for its correctness, adequacy and its adherence to generally accepted financial reporting standards and regulatory requirements. Audit Committee reviewed the audit plan for its appropriateness, coverage and sufficiency. Audit Committee reviewed the audited financial statements to ensure adequate information was disclosed in such statements for the benefit of users. The Audit Committee invited external auditors to present their audit report and observations at Audit Committee meetings. Additionally, they also met exclusively with external auditors in the absence of the management to discuss their comments and concerned issues of the audit and review of financial statements, the auditors' independence, and their professional views with a focus on accurate, complete, and adequate presentation of data. With the above in mind, the Audit Committee reviewed and considered that the Company's financial statements for the year 2021 was prepared according to the Thai Financial Reporting Standards (TFRS) and contained sufficient disclosure in the notes to the financial statements, and thereby approved the financial statements in which external auditors have reviewed and audited without reservation.
- 2) Review of internal control system and internal audit.** The Committee reviewed the findings of the audit reports of Internal Audit and the external auditor concerning assessment of the internal control system; ensured sound risk management practices with comprehensive risk assessment; and supported and counseled on corporate governance tasks. The Committee encourages that the Company continues to further enhance established preventive control system in the operational procedures in an adequate manner. With the certification of the IATF 16949 quality management standard and the result of internal control

assessment, the Audit Committee was assured that the Company's internal control system was appropriate and at a sufficient level without significant deficiencies. The Audit Committee also conducted review meetings and approved the annual audit plan of internal auditors. The Committee has provided recommendations and follow up improvements according to the internal audit report to ensure good corporate governance and enhance greater efficiency of the Company's operations.

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

**4) Review of compliance with relevant laws and regulations.** The Audit Committee reviewed the Company's operations and reporting to comply with relevant laws, regulations, the notifications of SET and SEC, and regulatory requirements. The Committee reviewed management's conducts of the Company's business such that it was in compliance with the good corporate governance practices, business ethics, the anti-corruption policy and other policies according to the guidance of the Board of Directors. There were misconducts reported for the fiscal year 2021.

**5) Appointment of external auditor.** The Audit Committee considered the appointment of the external auditor and the auditor's remuneration based on knowledge, experience, ability, adequacy of resources, and the level of independence. In view of the quality of their services, the Audit Committee resolved to recommend the re-appointment of EY Office Limited to be the Company's auditor for the fiscal year 2021, and also proposed to the Board of Directors for consideration and concurrence this proposal for submission to the Annual General Meeting of shareholders to consider and approve.

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

On behalf of the Audit Committee



Mr. Kenneth Ng

Chairman

## Report of Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 independent directors, with Mr. Kenneth Ng as the Chairman of the Committee, and Mr. Kaikhushru (Kai) Taraporevala and Mrs. Vachira Na Ranong as members of the Committee. The Nomination and Remuneration Committee carried out its duties and performed other tasks as assigned by the Board of Directors.

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

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

For the year 2021, the Nomination and Remuneration Committee held 2 meetings to consider the appointment of directors replacing those retiring by rotation, directors' remuneration and other matters.

For the directors' remuneration, the Committee proposed to maintain both the attendance fee for the Board of Directors and committees and annual remuneration and incentive bonus payable to independent directors as in the year 2020. These proposals were approved by the Board of Directors and subsequently the Annual General Meeting of shareholders for the year 2021. In addition, the Committee had reviewed the progress and provided guidance on the succession planning of directors and executives in key positions.

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

On behalf of the Nomination and Remuneration Committee



Mr. Kenneth Ng  
Chairman



## Report of Risk Management Committee

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

The Risk Management Committee sets out the Company's risk management policy and determines the general principles for assessing and monitoring the Company's key risk factors. The Committee held two meetings during the year 2021 to review and assess potential risk factors of the organization, taking into consideration of developments in the automotive industry, emerging technologies and trends, and changes in economy and social movements. The Committee identified, analyzed, and reviewed the likelihood of occurrence and impact of each risk and ensured sufficient control measures are in place to prevent and mitigate such impact. In 2021, one of the ongoing serious risk factors that the committee had foreseen was the spreading of COVID-19 pandemic. The company took the situation very seriously and had therefore monitored the circumstance closely and assessed the potential impact, as well as implementing various prevention measures in order to alleviate the aforementioned risk of communicable disease. The Committee is assured that the Company's risks are monitored and managed. Sufficient internal controls have been put in place according to the ISO 9001:2015 and IATF 16949:2016 standards across the organization. Details of key corporate risks are disclosed in the Risk Factor section in the Form 56-1 One Report of 2021

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

On behalf of the Risk Management Committee



Mr. John Parker  
Chairman



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