



**ASIA  
PRECISION**

บริษัท เอเชีย พรีซิชั่น จำกัด (มหาชน)

# รายงานประจำปี 2562 **ANNUAL REPORT 2019**

**Passion**  
& Technology



“ Precision Metal Component Specialist ”

รายงานประจำปี 2562

Annual Report 2019

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บริษัท เอเชีย พรีซิชั่น จำกัด (มหาชน)

ASIA PRECISION PUBLIC COMPANY LIMITED



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*Investors can also find more information in the annual statement (Form 56-1) on [www.sec.or.th](http://www.sec.or.th) or [www.asiaprecision.com](http://www.asiaprecision.com)*



## Message from the Chairman

Asia Precision Public Company Limited originally engages in the business of precision metal parts manufacturing since 1995, with the key customers in automotive industry. The Company has expanded its operation into Engineering, Procurement, and Construction (EPC) business in 2016 with the purpose to transform it into the main business of the group. The EPC industry is proven to have significant potential and business opportunity. The revenue growth from EPC business during the past 4 years has been substantial.

Revenue from EPC business in 2016, 2017, 2018, and 2019 as a percentage of the group's total revenue were 5.99%, 23.66%, 58.54%, and 67.11% respectively. In 2019, net profit of EPC business was 53.31% of the group's total net profit.

The Company has expertise in the field, and intends to expand EPC business in 4 categories namely Solar Energy, Waste Energy, Power Distribution, and Water Distribution. The Company receives trust from both private and public sectors; and in 2020, the Company will setup a subsidiary in Vietnam.

Recent revenue from precision metal parts business is in the downward trend as a result of the economic slowdown. Nevertheless, the Company constantly improves the production processes to reduce costs, and continuously seeks for new business opportunities in the medical industry to support the sustainability of business operation.

Furthermore, the Company strives to give back to the Thai society and conducted various social responsibility projects. This includes, 'Asia Volunteer Project' which collaborated with Social Innovation Foundation to uplift living standard for disables, and 'Home Town Development Project'.

On behalf of the Board of Directors, I wish to express our sincerest thanks to the shareholders, clients and business alliances, who have been providing continuous support to us, and wish to thank the management and staff for their commitments and contributions through hard work for APCS's sustainable growth and development. I wish to confirm to you all that our business administration will base on the principles of moral, integrity and transparency as well as strict compliance with the good corporate governance.



Prof. Udomsil Srisaengnam, MD

Chairman, Board of Directors

February 28, 2020

## 1. Policy and Business Overview

### Business Overview

Asia Precision Public Company Limited (“Company” or “APCS”) was established on March 14, 1995, and started out as a precision metal parts manufacturer. In 2016, the Company recognized the paramount opportunities in the alternative energy and utilities industries, and therefore expanded its operations into Engineering, Procurement, and Construction (EPC) business, operates under A2 Technologies Co., Ltd. (“A2”), and Raw Water Distribution business, operates under Cholkij Sakol Co., Ltd. (“CK”). The Company intends to transform EPC business into the main business of the group.

Revenue from EPC business has grown rapidly; in 2019, EPC business contributed to 67.11% of total revenue, 53.31% of net profit, and 48.92% of total asset. Furthermore, the EPC business has the tendency to expand continuously; therefore, the Company is aware of the need to restructure the business for clarity and ease of management to support expansion in the future. APCS will operate as a holding company, with the main focus on investment in subsidiaries following the business restructuring plan. Currently, the group operates in 3 business streams: Engineering, Procurement, and Construction (EPC) business, Precision Metal Parts Manufacturing business, and Raw Water Distribution business.

After the restructuring is completed, the Company will remain listed on the Stock Exchange of Thailand. Currently, the Company has registered capital of 659,999,962 Baht, and paid up capital of 659,999,862 Baht

### Business Operations:

APCS’s business operations in 2019 are divided as follows:

1. Engineering, Procurement, and Construction (EPC) – consisted of A2 Technologies Co., Ltd., APCS Technologies Co., Ltd., and A2teeravat Joint Venture Co., Ltd. Revenue 1,871 million Baht; net profit 137 million Baht; total asset 1,862 million Baht.
2. Precision Metal Parts Manufacturing – consisted of Asia Precision Public Company Limited, Asia Precision A.T. Co., Ltd., and Asia Precision Tech Co., Ltd. Revenue 854 million Baht; net profit 86 million Baht; total asset 1,573 million Baht.
3. Raw Water Distribution – consisted of Cholkij Sakol Co., Ltd. Revenue 64 million Baht; net profit 34 million Baht; total asset 371 million Baht.

#### 1. Engineering, Procurement and Construction (EPC)

Asia Precision Public Company Limited expanded its line of business beyond manufacturing of precision metal parts to Engineering, Procurement, and Construction (EPC), which operates under the companies: A2 Technologies Co., Ltd. (“A2”), APCS Technologies Co., Ltd., and A2teeravat joint venture Co., Ltd. These companies engage in the business of design, engineering, consultation, construction, maintenance, and sale of construction related equipment, for various power plant projects such as renewable power plants, power sub-stations, and raw water distributing facilities.

2. Precision Metal Parts Manufacturing

Asia Precision Public Co., Ltd., Asia Precision A.T. Co., Ltd. (previously P2 Precision Co., Ltd.), and Asia Precision Tech Co., Ltd. manufacture and distribute high precision parts and components made from metals such as steel, forged steel, stainless steel and aluminum. Shapes, characteristics and specifications are as designed by customers. The Company's customers are 1st tier suppliers of auto parts. At present, the Company aims at producing and distributing products to the automotive industry, air conditioning and refrigeration compressor industry, digital camera industry, and medical industry.

The policy is to expand its customer base to other industries so as to spread its risks and increase growth opportunities. The Company also continues to improve its process for better coverage, add competitive edge as well as support its flexibility.

3. Raw Water Distribution

Asia Precision Public Company Limited also expanded its line of business beyond manufacturing of precision metal parts to distribution of raw water business, which operates under Cholkij Sakol Co., Ltd. ("CK"). The investment in this division is through A2. CK has a total of 5 raw water reservoirs, which has a combined volume capacity of 18 million cubic meters. All of the 5 reservoirs are located in Chonburi province.

## บริษัทย่อย

Company	Abbrev.	Business Description	Segment	Registration Date	Registered Capital (Baht)	Paid up capital shares (shares)	Par value per share (Baht)	Paid up capital per share (Baht)	Shareholding (Shares)	Shareholding Proportion (%)
1. A2 Technology Co., Ltd.	A2	Engineering Service, Automation Solution, and construction, operation and maintenance of power plants	Construction	19 October 2010	500,000,000.00	50,000,000.00	10.00	10.00	49,999,997.00	Owned by APCS 100.00
2. APCS Technology Co., Ltd.	APT	Distributing materials, tools, equipment, spare parts for the construction of power plants, other energy businesses, water business as well as factories producing steam, pure water and chemicals to sell to the petrochemical industries or to communities and environmentally-related businesses or engineering services, designing and consultation, services to construction projects as well as maintenances.	Construction	28 June 2017	10,000,000.00	10,000.00	1,000.00	1,000.00	9,997.00	Owned by A2 99.97
3.A2teeravat joint venture Co., Ltd., <sup>1)</sup>	A2T	Construction of enhanced water station	Construction	15 May 2018	75,000,000.00	Preferred shares 3,675,000.00 Common shares 3,825,000.00	10.00 10.00	2.50 2.50	Preferred shares 3,675,000.00	Owned by A2 49.00
4.Asia Precision A.T. Co., Ltd. <sup>2)</sup>	APAT	Manufacturing of high volume precision metal parts	Metal parts manufacturing	22 October 2010	300,000,000.00	30,000,000.00	10.00	10.00	14,999,997.00	Owned by APCS 100.00
5.AsiaPrecisionTech Co., Ltd.	AST	Manufacturing of precision metal parts	Metal parts manufacturing	30 August 2018	1,000,000.00	200,000.00	5.00	5.00	199,997.00	Owned by APAT 100.00
3. Cholkij Sakol Co., Ltd.	CK	Distribution of raw water	Raw Water distribution	14 July 2006	120,000,000.00	120,000.00	100.00	100.00	640,000.00	Owned by A2 53.33

## หมายเหตุ

<sup>1)</sup> A2 Technology Co., Ltd. owns 3,674,997 preferred shares in A2teeravat joint venture Co., Ltd., with 10,000 voting rights for 1 preferred share. 1 common share has 1 voting right. Owners of preferred shares will receive dividends and capital upon the dissolution or liquidation of business before common share owners and at the rate of 203% of paid up capital of preferred shares.

<sup>2)</sup> On February 25, 2019, P2 Precision Co., Ltd. changed its company name to Asia Precision A.T. Co., Ltd.

## 1.1 Core Value



To comply with the Company’s vision “A World-Class Expert”, APCS determines to continuously improve companywide management system, including management, production, and human resource, to keep abreast with the changing world and technological advancement. APCS has applied modern sophisticated technology and encouraged people training for employees to have the required skills and knowledge to produce products that meet customer requirements.

## 1.2 Business goals and future projects

The Company goals are to expand business operations into the following industries:

### 1. Engineering, Procurement, and Construction (EPC)

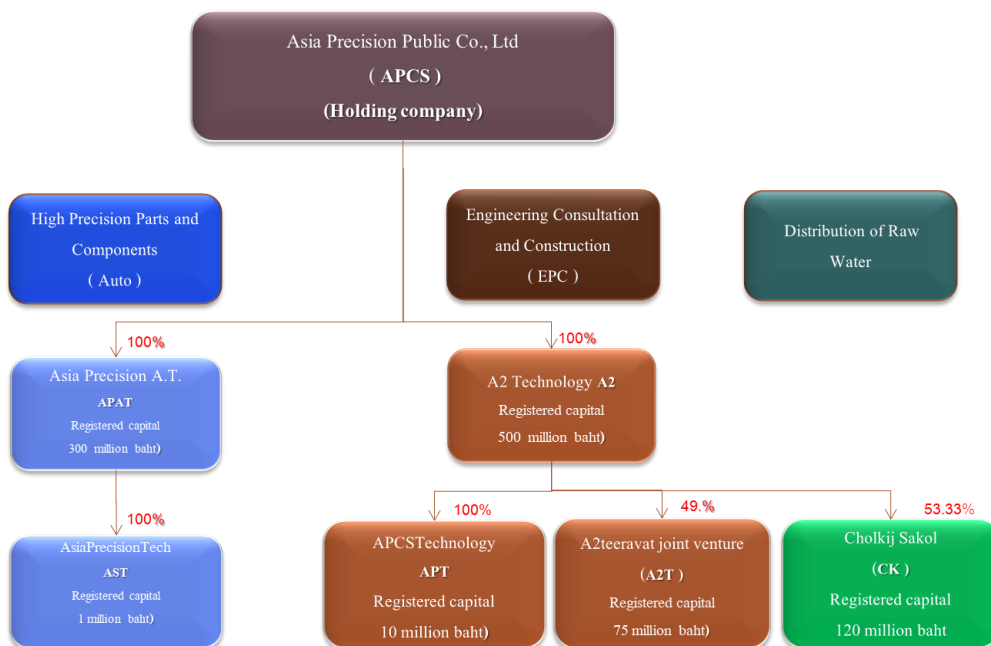
- Power Plant Unit – the company has completed construction of waste-to-energy power plant (Municipal waste management facility to convert into energy, size 800 tons per day, at Onnut Solid Waste Disposal Center. The company is planning to expand into other types of alternative energy power plant e.g. biomass and biogas power plant to support important projects from the public sector.

- Solar Energy Unit – The company focuses on construction of solar power plant, especially solar farm type which are installed on ground. However, the public sector does not have policy to buy electricity at the moment; therefore, the main clients in focus are large industrial corporates that have high energy usage level and looking to reduce electricity bills. These customers will cater towards solar rooftop and solar floating.
  - Water Management Unit – The company plans to expand construction and procurement of water production and distribution system for companies that distribute raw water to industrial estates, especially projects in Eastern Economic Corridor which have very high demand for water.
  - Power Sub-Station Unit – Electricity is considered as one of the key public infrastructure that has high growth following economic expansion. Demands are from public and private sectors, especially the 3 electricity authorities of Thailand that have clear power sub-station projects in the pipeline.
  - The subsidiary has a policy to expand power plant EPC business abroad, namely to Vietnam. Vietnamese economy is rapidly growing, and therefore has an increase in demand for power. Moreover, Vietnamese government has a policy to expand the alternative energy between 2011 and 2020 and vision to continue to 2030 to support its long term energy plan. A2 is currently registering a new company in Vietnam.
2. Precision metal parts manufacturing
- This remains as one of the core businesses, and the group will continue to expand this division sustainably. The group will try to capture diversified industries to spread its risks, not depending on a particular industry and to find additional business alliances who want to relocate their production base to Thailand. Those business alliances must have similar or related businesses with the group to enhance production synergy and share production technology. Parts and components we produce must be complicated in design or production process in order to add value to our products.
3. Raw Water Distribution
- The company invested in raw water distribution business, which has a very bright prospect with rapid growth and little competition. Our subsidiaries will handle a full-fledged water business – raw water, tap water and wastewater by gaining a concession from public or reliable private sector. Today the public sector stimulates economy through private investment. It's a good chance for private investors. With the AEC, investment in such neighboring countries as Myanmar, Laos and Cambodia has bright prospects.
  - The subsidiary will expand low-cost raw water reservoirs to cope with uncertainties from natural raw water and increase revenue from customer growth.

### 1.3 Significant changes and developments

- On January 25, 2018, A2 Technologies Co., Ltd. increased its paid-up registered capital by another Bt500 million.
- On May 15, 2018, A2teeravat joint venture Co., Ltd. was established and engaged in construction business. Registered capital of 75 million baht (see details in section: operations of subsidiaries)
- On August 30, 2018, Asia Precision Tech Co., Ltd. was established and engaged in high precision metal parts and components manufacturing. Registered capital of 1 million baht.
- On September 19, 2019, APAT increased its registered capital from 150,000,000 Baht to 300,000,000 Baht
- On November 12, 2019, Board of directors approved for the Group to setup a new subsidiary in Vietnam. The new subsidiary will operate in power plant EPC business and has a registered capital of 1,000,000 Baht. A2 Technologies Vietnam Co., Ltd. is in the process of registration and will be wholly owned by A2.

### 1.4 Structures of APCS and its subsidiaries (as of 28 February 2020)



### 1.5 Relationship with the group of major shareholders

- None-

## 2. Characteristics of Products

### Structure of revenue

The Group Company's revenue structure is classified by business unit and entity as follows:

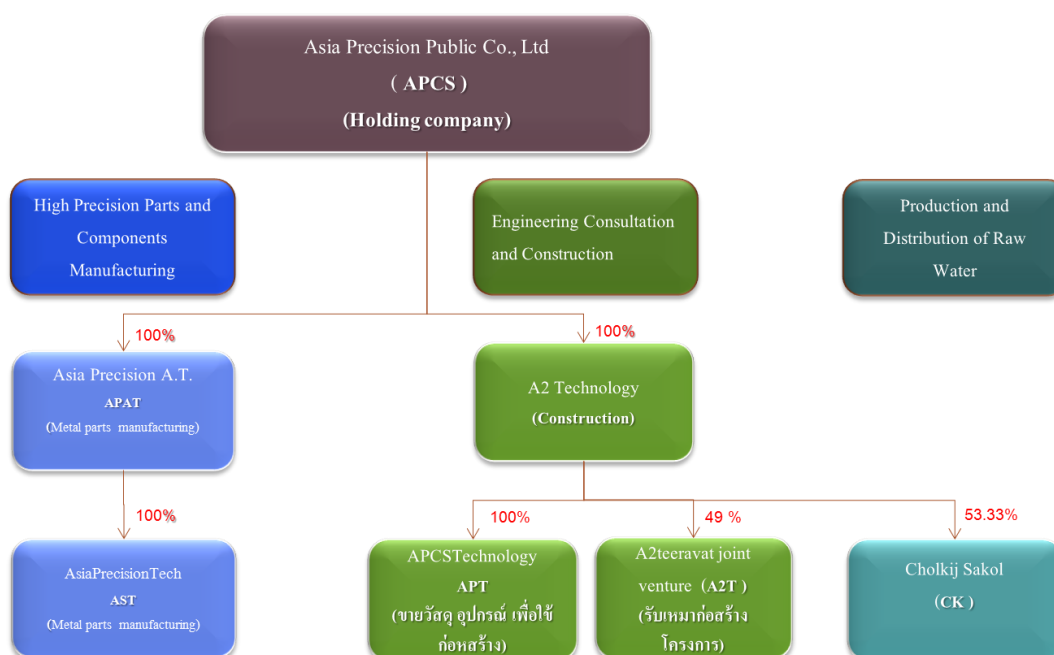
(Unit : Million Baht)

Revenue by Product/ Business Unit	Handled by	Investment (%)	Consolidate Financial Statement <sup>1</sup>					
			2017		2018		2019	
			Revenue	%	Revenue	%	Revenue	%
2.1 Engineering, Procurement and Construction service (EPC)	A2 Technology Co., Ltd	100%						
	A2teeravat joint venture Co., Ltd.	100%	303.82	23.65	1,450.40	58.56	1,870.9	67.10
	APCS Technology Co., Ltd.	100%						
2.2 Precision Metal Parts Manufacturing	Asia Precision PLC							
	Asia Precision A.T. Co., Ltd. <sup>2</sup>	100%	980.92	76.35	990.71	40.00	853.64	30.62
	AsiaPrecisionTech Co., Ltd.	100%						
2.3 Production and distribution of raw water	Cholkij Sakol Co., Ltd.	53.33%	-	-	35.71	1.44	63.72	2.28
			1,284.74	100.00	2,476.82	100.00	2,788.15	100.00

- Note: 1. The consolidated financial statements with combined revenues have been reconciled. (See details in Section 12, interrelated transactions.)  
2. On February 25, 2019 P2 Precision Co., Ltd. changed its company name to Asia Precision A.T. Co., Ltd.

### Group business divisions as of February 28, 2020

Asia Precision PLC (“Company”) has 6 subsidiaries, details as follows:





From 2020 onwards, Asia Precision Public Company Limited operates as a Holding Company, which primarily engages in investment other companies, following the business restructuring plan approved by shareholders during the 2019 Annual General Meeting, dated on 20 April 2019. The whole of precision metal parts manufacturing division was transferred to Asia Precision A.T. Co., Ltd. (“APAT”); APAT was previously named P2 Precision Co., Ltd, and got changed on 25 February 2019, and APAT is a wholly owned subsidiary of the Company. The purposes of this restructuring are to clearly separate companies into proper division for more effective management and to facilitate future expansion of the group. The new group structure is divided into 3 divisions as follows:

1. Precision Metal Parts Manufacturing – operates under Asia Precision A.T. Co., Ltd. and Asia Precision Tech Co., Ltd.
2. Engineering, Procurement, and Construction (EPC) – A2 Technologies Co., Ltd., APCS Technologies Co., Ltd, and A2 Teeravat Joint Venture Co., Ltd.
3. Distribution of Raw Water – Cholkij Sakol Co., Ltd.

Precision metal parts manufacturing and EPC are the core businesses of the group.

Once the restructuring is completed, the Company remains listed on The Stock Exchange of Thailand, but will change its category to Holding Company. APAT will be one of the companies operating the core business of precision metal parts manufacturing, in which all operations and assets including employees have been transferred from the Company. The Company owns 100% in APAT, and therefore the restructuring has no significant effect on the group’s total asset.

**The operations of each division are as follows:**

1. Manufactures and distributes high precision parts and components made from such metals as steel, forged steel, stainless steel and aluminum. Shapes, characteristics and specifications are as designed by customers. The Company’s customers are 1st tier suppliers of auto parts. At present, the Company aims at producing and distributing products to the automotive industry, air conditioning and refrigeration compressor industry and digital camera industry.
2. Engineering, Procurement and Construction service, including design, maintenance, equipment, and spare parts, of all renewable energy power plants, power subs-station, and water management system.
3. Distribution of raw water.

Details as follows:

## 2.1. Engineering, Procurement, and Construction Business ( EPC )

EPC business operates under A2 Technology Co., Ltd and engages in engineering, design, procurement, construction and consultation for the construction of renewable-energy power plants, distributing materials, tools, equipment, spare parts for the construction of power plants, other energy businesses. The business is divided into 2 segments – construction and construction unit and sales of construction equipment unit.

### 2.1.1 EPC Business Unit

This unit engages in engineering, procurement, and construction of projects, which uses advanced technology to service both domestic and international markets. The service includes design, procurement, construction, system testing, consultation, maintenance, and after sale service. The unit is operated under A2 and A2teeravat.

#### (A) Type of Products

In 2019, A2 operated and continuously expanded its scope of construction projects; currently it has covered all types of renewable energy power plant including, solar power plant, waste-powered power plant, power sub-station, and water management facility. Key customers are large private sector companies and public sector e.g. PEA.



Solar Plant – installed on rooftop, on ground, and floating on water (from left to right)



Waste-powered Power Plant



Power sub-station



Water management facility

## **Production and production procedures**

### **(1) Construction procedures for a solar-cell power plant**

The A2 management will first contact a client and obtain initial information about the client's requirements and make an initial decision whether to make a proposal to handle that project. If yes, the management will appoint a project manager to be in charge of the proposal.

The project manager, appointed by the management, will assign an engineer to survey the site conditions where construction will be made in order to gather initial information to prepare a proposal and assess risks as well as plan measures to cope with those risks if they are high risk scale.

### **(2) Project construction procedures**

Receiving the project from the management, the project manager will figure out a project organization and appoint a site manager, who will be responsible for site operation. The project manager with the engineering manager and site manager will review the client's needs in different aspects together. Information acquired will be shared with the entire teamwork as initial information for designing and construction.

The project manager will assess the costs of operations and propose the budget to management team.

After data conclusion, the engineering manager and site manager will start purchasing materials, machinery and hire subcontractors to handle different portions of the project. In terms of the engineering, once a conceptual design is

made, the site manager and the staff concerned will proceed with a detailed design, which will be used for the construction, supervision and procurement. In terms of subcontractors, the site manager and project engineer shall monitor the construction to make sure that they proceed according to the drawings and engineering principles and standards and they are also in charge of construction inspection, machinery and equipment installation as well as testing and commissioning.

Upon construction completion, the project has to pass the QC Test and Commissioning Procedure and final inspection jointly with the client before final project delivery to the client, depending on the terms and conditions in the contract.

### **(B) Marketing and competition**

The government has approved a Power Development Plan (PDP) as a master plan for national power generation in the long term, 15-20 years for power stability and sufficiency. A significant policy in the master plan is to generate power from renewable and alternative energy, thus the Alternative Energy Development Plan (AEDP) has been developed. The Ministry of Energy has aimed to increase the alternative energy ratio by 2036 to 30 percent to the total consumption. The National Energy Policy Commission (NEPC)'s plan to generate power at 19,634.4 from alternative energy by 2036 was approved on December 15, 2014.

#### **Power Generation Plan by Alternative Energy Development Plan (AEDP) by 2036**

Type of Energy	Plant Factor (%)	Target <sup>1)</sup>
Solar energy		6,000.0
- Ground Mount	16	
- Rooftop	15	
Wind energy	18	3,002.0
Water energy		3,282.4
- ≤ 10 megawatts	44	376.0
- > 10 megawatts	-	2,906.4
Waste energy	70	500.0
Biomass	70	5,570.0
Biogas (wastewater/waste)	70	600.0
Biogas (energy crops)	78	680.0
<b>Total power general target from alternative energy</b>		<b>19,634.4</b>

Notes: 1/ installed power generation capacity

From the said policy, the private sector has turned to investment in alternative energy. And those private investors are A2's targets to provide consultation services for the construction of power plants from alternative energy to licensees, especially turnkey projects – solar-cell power plants and power plants from different kinds of waste. This business may turn into a core business in the future.

### **(C) Marketing policy and features**

- **Competition strategies**

**Personnel:** A2 key executives are seasoned engineers with long experience in the business of construction of renewable-energy power plants, especially solar-cell power plants, waste-fueled power plants, and electricity substation construction. That's why they're well recognized by designers, engineering consultants and project developers. They're well qualified to deal with clients. In addition, A2 has a team specialized and experienced in designing, planning and construction as planned as well as complicated and delicate procedures in obtaining licenses. A2 team has a full team, well qualified and acquainted with delicate procedures – A2's significant competition strategies.

- **Customer features and target customers**

Our main target customers are companies and organizations both in public and private sectors which operate in energy and utility e.g. the 3 Electrical Authorities of Thailand. These customers have strong investment capability with reliable source of funding and clear business development strategy.

- **Channels of distribution**

A2 enters into bidding of government construction projects, focuses mainly in projects related to utility. For private sector, A2 gets involve with those invested in energy and helps develop and propose projects for its customers. Projects include various renewable energy power plant, power sub-station, utility facilities. All of the revenue generated in 2019 is from domestic projects. Nevertheless, A2 has plans to expand its construction and consultation service for investors who are interested to go invest in energy abroad e.g. Vietnam.

- **Pricing policy**

The pricing policy is a cost-plus contract – costs according to the requirements and quantity of work as agreed upon.

### **(D) Procurement of materials**

A2 will procure materials for the construction according to the Bill of Quantity (BOQ), featuring costs of materials and labor costs. Most clients have given A2 BOQ, featuring materials they require for A2 to calculate the material cost. In case a client has not identified materials, A2 will figure out materials and their costs from the drawings.

In terms of construction, A2 will select subcontractors in a bid or direct employment. Only subcontractors who have power plant construction references. A2 project engineer will be assigned to supervise the construction until completion.

### **(E) Environmental impact**

A2 strictly follows procedures in the Code of Practice (CoP), issued by ESA to prevent and reduce possible environmental impact.



**(F) Projects not yet delivered to the clients**

The number of projects provided to the subsidiary's construction is as follows: (Unit : Million Baht)

No.	Description	Project	Project Value	Recognized as revenues during the year 2018	Recognized as revenues during the year 2019	Balance
1	Construction projects completed in 2019	25	1,654.81	1,450.40	204.41	-
2	Projects under construction	15	1,606.69		1,445.41	161.28
3	Projects whose contracts have been signed but construction not yet started	1	83.00		0.19	82.81
	Total		3,344.50	1,450.40	1,650.01	244.09

**2.1.2 Procurement and distribution of equipment for construction**

This unit engages in procurement and distribution of construction projects including renewable energy power plant system and equipment, power sub-station and utility facility system. The unit operates under APT.

**(A) Type of Products**

To procure and distribute equipment related to power generation from solar cells, other alternative energies, utility facility construction. Examples of products are solar panels, inverter, switch gear system, transformer, monitoring system, and etc.

**(B) Marketing and competition**

- **Industry conditions**

Based on the economic growth rate, demand for alternative energies saw an increase, thus the opportunities to sell equipment for alternative energy power production seemed to grow accordingly.

- **Industrial and competition trends**

APT aimed to market and distribute quality components for alternative energy. The demand of such components depended on the demand of alternative energies.

**(C) Marketing policy and features**

- **Competition strategies**

The alternative energy business required high investment and was quite competitive, which served as a key factor for the Company's success. A key marketing strategy to ensure success and competitiveness is to have quality products, well screened by APT specialists.

- **Target customers**

Target customers are customers with construction projects on hand. Projects include power plant construction, utility facility construction. Customers are both private and public sector who are project owners.

- **Channels of distribution**

APT sells directly to project owners or contractors and designers.

- **Pricing policy**

APT worked out its prices from the cost plus margin, putting the volume of purchase and competition in the alternative energy business into consideration.

- **Certificates and international standards**

-None-

- **Benefits and conditions received from sending investment messages**

-None-

**(D) Procurement of materials**

APT only procures materials and products upon receiving purchase orders from the customers. APT has no policy to stock any products, and therefore reduce inventory cost. In 2018, materials were procured from within the country and from abroad.

**(F) Projects not yet delivered**

-None-

**(E) Environmental impact**

-None-

## 2.2 Manufacturing of metal parts

Revenue by Product/ Manufacturing of metal parts	Consolidate Financial Statement <sup>1</sup>					
	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
1. Automobiles	569.74	58.08	568.07	57.34	469.27	54.97
2. Motorcycles	111.35	11.35	122.15	12.33	117.20	13.73
3. Compressor	214.47	21.86	167.56	16.91	130.76	15.32
4. Camera	42.53	4.34	84.32	8.51	79.72	9.34
5. Other Part	42.83	4.37	48.61	4.91	56.69	6.64
	980.92	100.00	990.71	100.00	853.64	100.00

Note: 1. The consolidated financial statements with combined revenues have been reconciled. (See details in Section 12, interrelated transactions.)

The Company is a producer and distributor of high precision parts and components made metals such as steel, cast iron, forged steel, stainless steel, and aluminium. The part designs and characteristics are set by customers.

Parts manufactured for each customer will differ in details, depending on their requirement for usage. The characteristics of the parts manufactured are different such as shape, dimension, types of materials, material specifications, smoothness of surface, etc.

Though APCS parts may be applied to a variety of industries and products, depending on objectives of their uses and designs of customers, most customers are automotive, air-conditioning and refrigeration compressors and digital cameras industries. APCS's products used as components and accessories in those industries are as follows

## 2.2.1 Automotive parts

### (A) Characteristics of Products

APCS is the manufacturer and supplier of high precision metal components to customers who are product makers of automobiles and motorcycles and 1<sup>st</sup> tier suppliers, by which they will bring Company's products as components of their automobiles, such as engine parts, driving controls, air-conditioning, motor wipers and starters. The 1<sup>st</sup> tier suppliers of motorcycles will apply APCS parts as components of engines and clutch systems. Some of APCS customers includes Isuzu Engine Manufacturing (Thailand) Co., Ltd., Valeo Siam Thermal Systems Co., Ltd., Thai Summit Mitsuba Electric Manufacturing Co., Ltd., Jtekt Automotive (Thailand) Co., Ltd., Siam Kubota Corporation Co., Ltd., Triumph Motorcycle (Thailand) Co., Ltd., T.Rad (Thailand) Co., Ltd., and etc.

#### Examples of automotive products using APCS parts as components



A3003, A6061, A6063, ADC10  
Bar Extrude, Cold Forge, Cast  
**Round, Hex, Profile** : 8-230 mm  
Turn, Mill, Drill, Ream, Assembly  
**Tolerance** : +/- 0.007 mm  
**Roundness** : 0.005 mm max  
**Roughness** : 0.4 Ra



SCM415, S45C, SUM23, SUS410Q  
Bar (HR, CD)  
**Round** : 6-150 mm  
Turn, Mill, Drill, Grind, Roll, Serration,  
Heat Treatment  
**Tolerance** : +/- 0.005 mm  
**Roundness** : 0.005 mm  
**Roughness** : 0.2 Ra



FC250, FCD450  
Iron Cast  
**Profile**: 10-300 mm, 0.2-3.0 Kg  
Turn, Mill, Drill, Grind, Polish  
**Tolerance** : +/- 0.010 mm  
**Roundness** : 0.010 mm  
**Roughness** : 0.4 Ra





SCM415, SCM420, SCM440,  
S45C, SUJ2,  
Bar (HR, CD), Cold Forge, Hot Forge,  
Cold Form  
**Round, Profile** : 10-150 mm  
Turn, Mill, Drill, Grind, Heat Treat  
**Tolerance** : +/- 0.010 mm  
**Roundness** : 0.010 mm  
**Roughness** : 0.8 Ra

## (B) Marketing and Competition Automotive industry

### Automotive industry

The automotive industry in 2019 had produced approximately 2.01 million units, of which the local sales were 1.00 million units and 1.05 million units were exported.

The production quantity in 2019 decreased from 2018 by 0.15 million units or 7 percent, and production quantity in 2019 increased from 2017 by 0.03 million units or 1.25 percent.

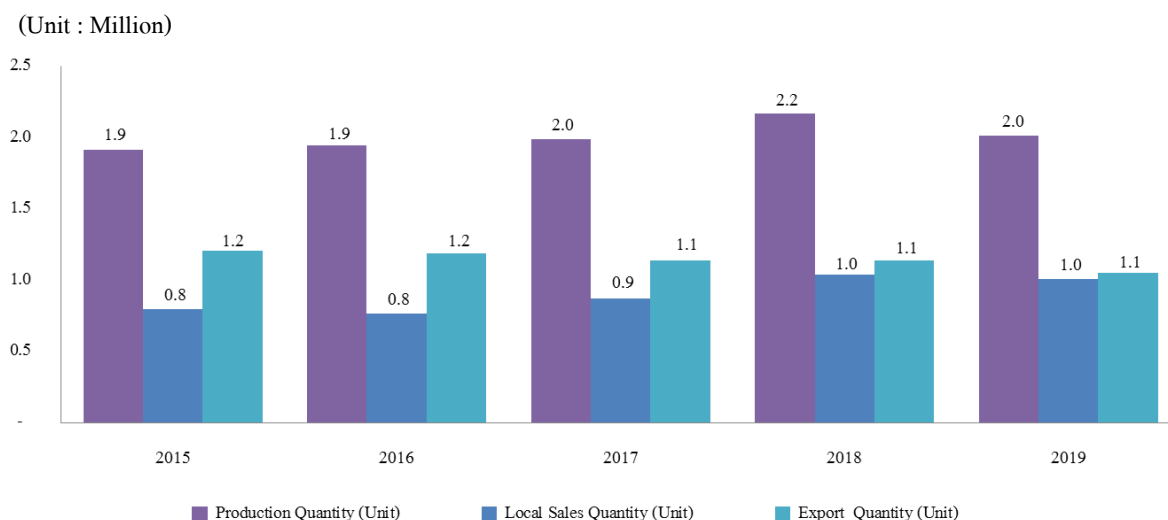
Domestic sales of vehicle in 2019 increased from 2018 by 0.03 million units or 3 percent, and Domestic sales of vehicle in 2019 increased from 2017 by 0.14 million units or 15.59 percent.

Export sales of vehicle in 2019 decreased from 2018 by 0.09 million units or 7.59 percent, and Export sales of vehicle in 2019 decreased from 2017 by 0.09 million units or 7.51 percent.

Overall automotive industry in 2019 was impacted by the economic slowdown both domestically and internationally, plus the delay in introduction of new car models. These resulted in a 7 percent decrease year-on-year in total car manufacturing; nevertheless, this number is still higher than the target.

Year	Vehicle Production		Domestic Sales of Vehicles		Export of Vehicles	
	Quantity	Growth Rate	Quantity	Growth Rate	Quantity	Growth Rate
	(Unit)	(%)	(Unit)	(%)	(Unit)	(%)
2015	1,913,002	2	799,632	-9	1,204,895	7
2016	1,944,417	2	768,788	-4	1,188,515	-1
2017	1,988,823	2	871,650	13	1,139,696	-4
2018	2,167,694	9	1,041,739	20	1,140,640	0
2019	2,013,710	-7	1,007,552	-3	1,054,103	-8

Source: Thailand Automotive Institute



Source: Thailand Automotive Institute

### Industry trends and automotive competition.

Based on the information from the automobile industry, shown in the industrial economic reports by the Office of Industrial Economics, Ministry of Industry, it's expected that 2,050,000 automobiles will be manufactured in 2020 or a growth of 2.50 percent – 1,000,000 for domestic distribution (5 percent increase) and 1,050,000 for the export markets (5.00 percent increase).

### Motorcycle Industry

The motorcycle industry in 2019 produced some 1.95 million motorcycles with local sales of 1.72 million units and export sales of 0.95 million units motorcycles.

The production motorcycle quantity in 2019 decreased from 2018 by 0.12 million units or 5.6 percent, and production quantity in 2019 decreased from 2017 by 0.09 million units or 5.2 percent.

Domestic sales of vehicle in 2019 decreased from 2018 by 0.07 million units or 3.9 percent, and Domestic sales of vehicle in 2019 increased from 2017 by 0.09 million units or 5.09 percent.

Export sales of vehicle in 2019 increased from 2018 by 0.06 million units or 7.06 percent, and Export sales of vehicle in 2019 increased from 2017 by 0.10 million units or 11.75 percent.

The overall motorcycle production industry in 2019 saw a decline, compared with the same period in the previous year due to lower demand in domestic market. But the export market slightly increased.

Year	Motorcycle production		Local sales of motorcycle		Export of motorcycle	
	Quantity	Growth Rate	Quantity	Growth Rate	Quantity	Growth Rate
	(Unit)	(%)	(Unit)	(%)	(Unit)	(%)
2015	1,807,325	-2	1,639,090	-4	939,980	6
2016	1,820,358	1	1,738,231	6	924,917	-2
2017	2,055,193	13	1,810,771	4	849,081	-8
2018	2,063,076	0	1,788,323	-1	886,275	4
2019	1,948,480	-6	1,718,587	-4	948,839	-7

Source: Thailand Automotive Institute

### Industry trends and motorcycle rivalry

An industrial economic report by the Office of Industrial Economics expects that 2,100,000 motorcycles will be produced in 2020, or 8 percent increase. This is divided in 1,700,000 units of domestic sales, a decline of 1 percent due to economic slowdown, and 400,000 units of international sales, and increase in 10 percent from brighter expansion of internal market.

### Automotive component industry

The automotive component industry is one of the industries that the government focuses and provides support as it plays a key role in supporting the automobile industry, which Thailand is one of the most significant and largest producers in the world. The industry is also significant to the Thai economy, creating huge employment and links with other related industries.

In terms of competition, the automotive component industry is not in a head-on competition. Most automotive component producers are specialized in certain products and their clients usually own larger businesses than component producers. That's why the clients often have several component producers as their suppliers. The relationship between the clients and component producers is usually based on supplier development so that the component producers may be able to supply components to the clients for a long time. It's not easy to develop a supplier to produce quality products at the clients' expectations. If a component develops a problem, the clients may be badly affected as they cannot make a delivery by the schedule. However, if a supplier is developed, the supplier will grow along with his client. In terms of APCS, APCS is not producing parts or components for a particular industry but its high-precision products can serve a variety of clients. That's why APCS does not have any specific competitors.

The automatic parts industry in 2019 saw a decline. The total export value was THB 238,195 million, comprising engine parts worth THB 331,998 million or 13.43 percent, spare parts worth THB 24,120 million or 10.13 percent, equipment parts and accessories worth THB181,254million or 76.09 percent and other parts worth THB 823 million or 0.35 percent. The Information Technology & Communication Center, Office of the Permanent Secretary for Commerce said major export markets for automotive parts were Japan, Malaysia and Indonesia while motorcycle part were Cambodia, Indonesia and Vietnam.

## Quantity of Export Automotive &amp; Auto Parts

(Unit : Million Baht)

	2015	2016	2017	2018	2019
Engine	32,482	43,717	39,728	37,226	31,998
Spare parts	23,469	29,316	36,127	26,941	24,120
O.E.M. Part	188,761	184,481	198,242	215,680	181,254
Others	1,177	802	480	633	823
<b>Total</b>	<b>245,889</b>	<b>258,316</b>	<b>274,577</b>	<b>280,480</b>	<b>238,195</b>
Growth Rate (%)	-2	5	6	2	-15

Source: Thailand Automotive Institute

**Industry trends and automotive parts competition**

For 2020, overall automotive parts supply chain to assembler is forecasted to decline due to global economic slowdown, except export to Middle East. Asia and Oceania are the two biggest markets for Thai export.

**2.2.2 Air-conditioning and refrigeration compressor industry****(A) Characteristics of Products**

APCS is a manufacturer and supplier of parts to product makers in the air-conditioning and refrigeration compressor industries. Customers include Emerson Electric (Thailand) Co., Ltd. Emerson Climate Technology Co., Ltd., etc.

**Examples of products in the air-conditioning and refrigeration compressor industries using APCS parts as components:**

SCM415, S10C, S15C, S20C, S45C, 316L  
 Bar (HR, CD), Cold Forge, Hot Forge  
**Round, Profile** : 10-150 mm  
 Turn, Mill, Drill, Grind, Polish,  
 Heat Treat, Copper Plate  
**Tolerance** : +/- 0.010 mm  
**Drill Hole** : 0.6 x 7.0 mm  
**Roundness** : 0.020 mm  
**Roughness** : 0.4 Ra

## (B) Marketing and Competition

### Compressor Industry

The production compressor quantity in 2019 increased from 2018 by 1.3 million units or 14.77 percent, and production quantity in 2019 increased from 2017 by 0.6 million units or 6.32 percent.

Domestic sales of vehicle in 2019 increased from 2018 by 0.5 million units or 11.11 percent, and Domestic sales of vehicle in 2019 decreased from 2017 by 0.10 million units or 1.96 percent.

	2015	2016	2017	2018	2019
Compressor Industry Production (Unit : Million)	11.0	10.4	9.5	8.8	10.1
Growth Rate (%)	-6	-6	-9	-8	15
Local Sales of Compressor Industry (Unit : Million)	5.8	5.7	5.1	4.5	5
Growth Rate (%)	-2	-3	-10	-12	12

Source: The Office of Industrial Economics

### Industrial prospects and competition

In 2019, in terms of the compressor industry, compressor production and distribution increase due to the increase in export to the European Union, USA, China, Japan and ASEAN. However, an AEC report said Thailand had a chance to become a leader in the production and export of the air-conditioning compressor and refrigeration products. Today the trade and investment value keeps rising and ASEAN is Thailand's top trading partner. The AEC will help reduce or waive taxes for both products and services and investment incentives are offered to members of ASEAN countries.

Compressor and refrigeration companies had better operating results in accordance with Thailand's industrial conditions. The industry still focuses on production for export to clients, who have a production base network worldwide. Therefore, if the world economy recovers, operating results are expected to be good.

## 2.2.3 Digital cameras Industry

### (A) Characteristics of Products

APCS is a manufacturer and supplier of parts for digital camera product makers. Such parts include zoom equipment. A major APCS customer is ENT (Thailand) Co., Ltd.

#### Examples of products in the digital camera industry using APCS parts as components:



A5056

Extrude, Cold Forge, Cast

**Round** : 50-100 mm

Turn, Drill, Cam Mill, Anodize

**Tolerance** : +/- 0.005 mm

**Roundness** : 0.010 mm max

**Roughness** : 0.15 Ra

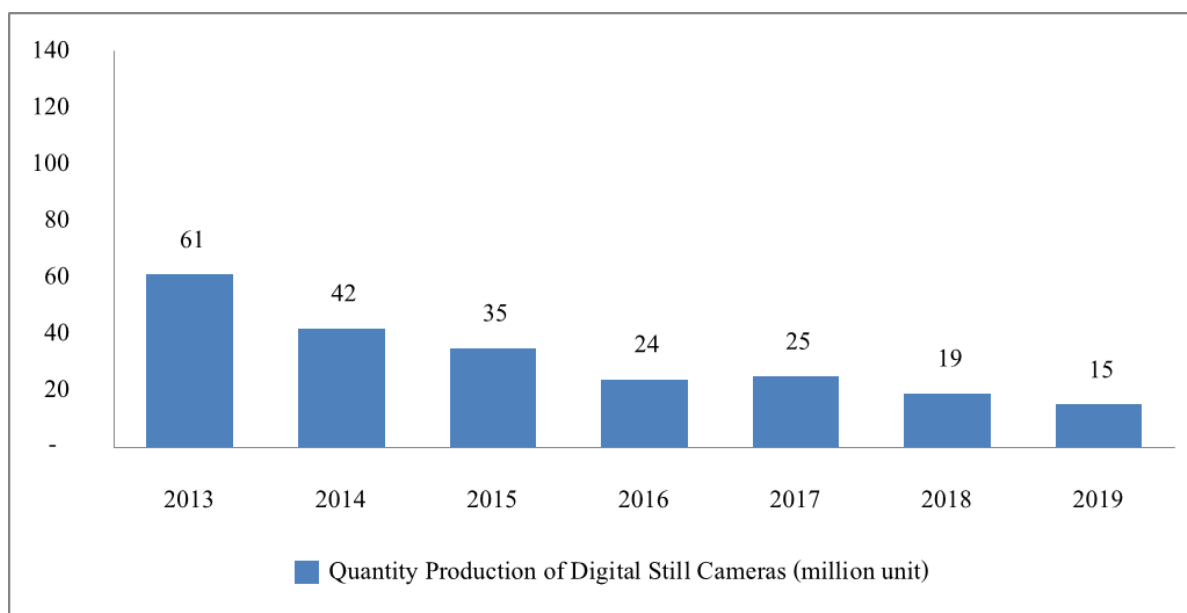
## (B) Marketing and Competition

### Digital cameras industry in Thailand

In 2019, the digital camera industry was steady because smart phone manufacturers had improved their photography technology in their smart phones for much clearer pictures and that development had been continuous. Today, some models of the smart phone could take pictures as clear as compact cameras, thus increasing number of consumers had turned to smart phones and badly affecting the digital camera industry.

Today, there are 3 kinds of digital cameras:

- Compact cameras are easy to use and carry. They are the main products in the digital camera industry.
- Digital Single Lens Reflex or DSLR cameras are of high quality and rather large in size, sold at high prices, lens replaceable, good for professional photographers as DSLR cameras are quite costly. The customer base for DSLR cameras is much smaller than the compact cameras.
- Mirror less cameras are compact and lens replaceable. Their quality is close to the DSLR cameras.



Source: Camera & Imaging Products Association

### Industrial prospects and competition

In 2020, APCS believes the digital camera industry does not have bright prospects as consumers seem to take photos from their smart phones rather than a digital camera. However, certain consumers are still fond of taking photos with a digital camera. This group of consumers loves high-quality, premium cameras at high prices.

The following section describes overall picture of business in automotive industry, including policies, market characteristics, raw material sourcing, impact on environment and work in progress. Details as follows:

### (C) Policy and Market Nature of Important Products

- **Competitive Strategies**

APCS is the manufacturer and supplier of high precision machining and cold forging products, whose product and service quality have been recognized by clients. APCS is attentive from the start of the process, procuring raw materials, production process designs, production control as well as quality inspection and assurance and on-time delivery to customers to ensure that parts manufactured by APCS meet the clients' requirements and designs.

Producers who use APCS parts as components include product makers, manufacturers and 1<sup>st</sup> Tier suppliers both local and overseas. The competitive strategies employed by APCS are as follows:

(1) Parts quality: APCS has focused on quality control of parts manufacture to ensure that they meet the clients' specification requirements and designs. APCS procures raw materials according to the clients' specifications, design production process by a computerized system, monitor production process and process quality assurance for parts manufactured. APCS handles two levels of quality inspection: (1) Inspection and quality control during the production process and (2) final inspection before delivery to ensure that all parts manufactured and delivered by APCS may meet specifications specified and designed by customers.

(2) On-time delivery: APCS also focuses on the control and delivery of parts to customers on time and on a regular basis to support the clients' continuous production process and earn confidence from the clients.

(3) Stability of Production: APCS is capable of producing and sourcing parts to meet the clients' demand and quantity required, thus resulting in the clients' ability to manage their production process to avoid waste of production factors on a just-in-time basis.

(4) Ability to increase or expand production capacity: APCS is capable of increasing or expanding its production capacity to meet the rising demand in and expansion of the clients' businesses. APCS can produce parts in an increased quantity if customers require.

(5) Expansion of operation scope: APCS has increased continuous production lines which are continuous process from its main production lines in order to increase product value such as surface plating, which began in the 2nd quarter of 2011.

In the past, APCS outsourced the said processes, thus incurring expenses on transportation and coordination, employing outsiders as well as expenses on quality control employment. Furthermore, employing outsiders has resulted in longer production time because of the time required to ship parts back and forth and the third party's operation time is beyond APCS control.

APCS's expansion to cover the said process has resulted in better efficiency in cost management, quality control and production time.

(6) Development of production process and management for better efficiency: APCS has determined to develop its production processes and cost management. Initially, it implemented TOYOTA Production System (TPS) in 2008 and applied Cold Forging and Anodizing to its production process. In addition, APCS looks forward to better labor productivity by introducing automation process to its production lines for increased efficiency in using machines, increasing production

and enhancing quality, as well as providing opportunity to employees to develop their ability for higher skilled works

(7) Responsibility and good relationship with customers:

- Ability to increase production capacity to meet customers' demand: In certain cases, customers may need additional parts from APCS during a period and on emergency. APCS is able to adjust production lines to increase production capacity to match the demand of customers within a short period so that customers can produce and work continuously,
- Maintaining long term relationship with customers: APCS maintains a policy to preserve long term customer relationship by preparing and maintaining production capacity to support continuous operation of customers until the end of the models, as well as expansion of production capacity and increasing new processes for a complete cycle of services.
- Confidentiality: APCS realizes the significances of customer confidentiality by controlling technical data on parts customers employed APCS to produce or other data of confidentiality of customers not to be revealed to the public or use the data for personal benefit, as well as other data which may affect APCS competitiveness and activity.
- **Characteristics of clients and target clients**

APCS produces and distributes a variety of precision machined parts and components to supply different industries, depending on the clients' applications. Most APCS customers are in the automotive, compressor for air-conditioners and chillers and digital camera industries.

Examples of clients

Industry	Current Clients
1. Automotive industry	Automobile and motorcycle manufacturers, component producers for engines, driving control, air-conditioners, rain wiper motors, and starters, engine and clutch components for motorcycles, etc.
2. Compressor for air-conditioners and chillers	Compressor manufacturers for air-conditioners and chillers.
3. Digital camera industry	Digital camera manufacturers.
4. Other industries	Manufacturers of printers, printer shafts, medical tools and hydraulic machinery.



- **Distribution channels**

APCS distributes most parts to the 1st Tier Suppliers and product makers both local and overseas. In 2019, APCS supplied parts to local customers at 83.26% of the total revenue and 16.74% to overseas customers, as detailed below:

APCS's revenue structure by distribution channels manufactures high precision parts and components made from metals

Year	Separate Financial Statement						Consolidated Financial Statement					
	2017		2018		2019		2017		2018		2019	
	Value (Million Baht)	%	Value (Million Baht)	%	Value (Million Baht)	%	Value (Million Baht)	%	Value (Million Baht)	%	Value (Million Baht)	%
Domestic	726.26	74.04	747.56	75.46	691.29	75.26	726.26	74.04	747.56	75.46	710.70	83.26
Overseas	254.66	25.96	243.15	24.54	227.23	24.74	254.66	25.96	243.15	24.54	142.94	16.74
<b>Total sale</b>	<b>980.92</b>	<b>100.00</b>	<b>990.71</b>	<b>100.00</b>	<b>918.52</b>	<b>100.00</b>	<b>980.92</b>	<b>100.00</b>	<b>990.71</b>	<b>100.00</b>	<b>853.64</b>	<b>100.00</b>

APCS has supplied its products to such countries as China, Brazil, Belgium, Poland, United States of America, Argentina, Italy, Ireland, France, India, and etc.

- **Pricing Policy**

APCS has a policy of cost plus pricing. Both APCSS and the client will jointly settle a price of metal parts before production.

Since the majority of the cost of parts comes from raw materials such as iron, stainless steel, aluminum, etc., which are commodity goods and their prices are set by the demand and supply of each type of raw materials in the world market which suffer constant changes, APCS therefore suffers risks from fluctuation of the said raw materials.

In case the raw material prices go up substantially, APCS will negotiate with customers to adjust parts prices in order to maintain a reasonable profit margin. If the market price of a raw material rises by more than 10 percent from the price stated in the agreement, APCS will negotiate with the customer for a change in selling price to meet the actual cost of raw materials. On the other hand if the price of raw material decreases, the customer will negotiate with APCS for an adjustment in parts price, similarly. The ratio of price adjustment up or down will not be fixed mainly, but will depend on negotiation in each time, which normally there will be a sharing of costs, in which the customer will bear the major cost. However there may be lag time while the raw materials are under the responsibility of APCS, thus there are certain risks on material price changes.


However, APCS maintains a price setting policy to customers on the bases of Arm's Length and equality, without considering any other relationship other than normal trading relationship. Even though products ordered by each customer will be different in size, shape, production procedure and types of raw materials, APCS holds the policy to set price on the same basis by considering cost plus pricing which the same standard pricing and trade terms criteria are applied. Besides, the profit margins and terms of trade of each customer may differ depending on competitive condition of each industry and quantity of orders. (The margin of the APCS in 2019, customers in the automotive industry average of 54.23 industrial air

conditioning compressor and refrigeration average of 18.34, and industrial digital cameras average percent. the industry average was 11.63 percent, 15.80 ), the Company will take into account the best interests of the Company.

- **Certificates and International Standards**

APCS is committed to development of production and management efficiency to raise the standards of APCS factories to the level acceptable by clients. To date, APCS has received the following international standard certificates:

	Standards	Period Certified	Certification
1.	ISO 9001: 2015 	Jun 12, 2018 to Jun 12 2021	The ISO 9001:2015 has been figured out by the International Standardization and Organization to encourage organizations to have systematic quality management. APCS has been certified with that standard throughout the organization.  Scope Certification : Manufacture of precision parts (for automotive, office automation, electronic, electrical appliance and industrial machine)
2.	IATF 16949:2016 	Jun 12, 2018 to Jun 11, 2021	The IATF 16949:2016 is developed from the ISO 9001:2015 by adding requirements to the IATF 16949 to the automotive industry, which are applicable to the quality management of the automotive industry across the world. APCS has been certified with that standard throughout the organization. (IATF 16949 changes its name from ISO/TS 16949)  Scope Certification : Manufacturing of precision parts
3.	ISO 14001: 2015 	Jun 02, 2018 to Jun 02, 2021	The ISO 14001:2015 has been figured out by the International Standardization and Organization to encourage organizations to have efficient environmental management. APCS has been certified with that standard throughout the organization.  Scope Certification : Manufacture of precision parts for automotive, office automation, electronic, electrical appliance and industrial machine
		Oct 19, 2019 to Jun 02, 2021	

	Standards	Period Certified	Certification
4.	AS9100 Rev. D / ISO 9001 :2015 	Aug 15, 2018 to Aug 14, 2021	The manufacture of machined components for aircraft

#### (D) Procurement of materials and production

- **Production and production capacity**

Today, APCS has one factory, located at in the Amata Nakorn Industrial Estate, 700/331, Moo 6, Donhualor, Muang, Chonburi. Province. The maximal production capacity as of December 31, 2019 was 2,730,498 hours/year. From 2017 to 2019, APCS's actual production capacity was as follows:

		2017	2018	2019
Machines	(Per Unit)	439	439	423
Capacity <sup>1/</sup>	(Per Hours)	2,748,669	2,768,758	2,730,498
Producing Actual	(Per Hours)	1,866,034	1,822,002	1,650,544
Capital Ratio	(%)	67.9%	65.8%	60.40%

<sup>1/</sup>The maximal production capacity is calculated from 300 production days per year, \* producing 21 hours a day \* number of machines.

- **Raw materials**

The main raw materials for precision machined components are steel, aluminum and stainless steel, usually specified by clients. Then APCS will find materials based on prices and terms best appropriate to APCS. Most materials are imported as the steel, aluminum and stainless steel, made in the country feature size and qualities irrelevant to the clients' specifications. APCS has no policy to buy raw materials from a particular supplier but spread the purchase from several suppliers for the benefit of material selection. APCS has a leading supplier of steel, aluminum and stainless approximately 49 suppliers.

In 2019, APCS imported raw materials at about 14.44 percent of the total value of material procurement, Taiwan, South Korea, China, England, USA and while the other 85.56 percent from local suppliers or overseas representatives in Thailand. In 2019, APCS bought raw materials not more than 20 percent of the total value of material procurement from a single supplier. The largest supplier was about 13 percent of the total value of material procurement in 2019.

Raw material purchase from suppliers is at arm's length. APCS treats every supplier equally, based on normal business relationship, pricing, quality and terms best appropriate for APCS. APCS has no policy to buy raw materials from a particular supplier but spread the purchase from several suppliers for the benefit of material selection. To prevent

inappropriate purchase is to have quotes from several suppliers, from which APCS will choose to buy raw materials for APCS's optimal benefits

**(E) Environmental impact of manufactures high precision parts and components made from metals**

As a manufacturer of automotive and electronics parts, located in Amata Nakorn Industrial Estate, Chon Buri, APCS's production process may cause environmental impact. APCS has consequently introduced measures to cope with that possible impact to employees' health, environmental quality in the factory and nearby areas and control every parameter not to exceed the standard requirements and in line the related government agencies' regulations.

● Air What may affect the air quality is oil mist from the production process. APCS has installed oil mist and dust detectors at the production line to prevent impact to the air quality. In addition, the Ministry of Industry and Ministry of Interior require APCS not to discharge waste, whose parameters exceed the regulations. A test of the waste samples shows that APCS waste is under the standard criteria. The test on October 2-4, 2019 by MET Co., Ltd., an environmental quality analyst whose laboratory has been registered with the Department of Industrial Works, shows the following findings:

- Air pollutants discharged from the APCS factory,

Parameter	Results	Criteria	Unit
Nickel Acetate (as Ni)	0.007	0.1 <sup>(1)</sup>	mg/m <sup>3</sup>
Sulfuric Acid	<0.1	25 <sup>(1)</sup>	ppm
Sulfur Dioxide	<0.1	500 <sup>(1)</sup>	ppm
Oxide of Nitrogen as Nitrogen Dioxide	<1.0	-	ppm
Total Suspended Particulate	2.0	400 <sup>(1)</sup>	mg/m <sup>3</sup>

Notes: Ministry of Industry's Notification on volume of pollutants discharged from the factory of 2006.

<sup>(1)</sup> : Standards CHWI

- : No standard

: Results measurement, calculate the temperature 25 degrees Celsius, the pressure of one atmosphere or 760 mm Hg dry conditions.

## - Air quality in the workplace

Parameter	Result	Criteria	Unit
Sodium Hydroxide	<0.001-0.510	2 <sup>[1]</sup>	mg/m <sup>3</sup>
Sulfuric Acid	<0.001-0.104	1 <sup>[1]</sup>	mg/m <sup>3</sup>
Nitric Acid <sup>[3]</sup>	0.04	2 <sup>[1]</sup>	ppm
Hydrogen Chloride	0.01	5 <sup>[1]</sup>	ppm
Potassium Hydroxide	0.732	2 <sup>[2]</sup>	mg/m <sup>3</sup>
Iron Fume	<0.03-0.11	10	mg/m <sup>3</sup>
Methanol	<0.02	200	ppm
Iron Chloride as FeCl <sub>3</sub>	0.005	10	mg/m <sup>3</sup>
Carbon Monoxide	<1	50 <sup>[1]</sup>	ppm
Total Dust	0.156-1.560	15	mg/m <sup>3</sup>
Respirable Dust	0.343-0.919	5	mg/m <sup>3</sup>
Cyclohexane	<0.16-118.42	300 <sup>[1]</sup>	ppm
Oil Mist	<0.001-1.25	5	mg/m <sup>3</sup>
Aluminum Dust	<0.002-0.003	15	mg/m <sup>3</sup>
2-Methyl-2,4-Pentanediol <sup>[2]</sup>	<0.01	125	mg/m <sup>3</sup>
2-Butoxy Ethanol	<0.03	50 <sup>[1]</sup>	ppm
Sodium Tetraborate as Na	0.116	-	mg/m <sup>3</sup>
Toluene	<0.03	200 <sup>[1]</sup>	ppm
Xylene	<0.03	100 <sup>[1]</sup>	ppm
Methyl isobutyl ketone	<0.08	100 <sup>[1]</sup>	ppm

Notes : Occupational Safety and Health Administration (OSHA)

<sup>[1]</sup> : Ministry of Interior's Notification on safety at work concerning environment (Chemicals)

<sup>[2]</sup> : Ministry of Interior's Notification on safety at work concerning environment (Chemicals)

<sup>[3]</sup> : Analyzed by Emex Association Co., LTD

- : No applicable standard

- Water Water is one of the main resources consumed in the production process, for instance, washing metal products in the production process, blended with the coolant to keep machinery cool, product plating process, and washing other things as well as for human consumption. Wastewater from the coolant and inorganic waste will be collected and a company licensed to handle waste disposal from the Department of Industrial Works, Industry Ministry, would take it for proper disposal

- Wastewater APCS can treat wastewater from 2 sources. Firstly, wastewater from the plating process, APCS can treat 6 cubic meters/hour, efficient enough to treat all the wastewater from the production process. Secondly, wastewater from human consumption.

APCS monitors the wastewater quality and parameters involved to make sure that they meet the Industrial Estate Authority of Thailand's requirements. Wastewater discharged to the Amata Nakorn Industrial Estate's main drain is sampled on a monthly basis by the Amata Nakorn Industrial Estate. APCS's wastewater parameters do not exceed the criteria.

The latest sampling on December 9, 2019 by Test Tech Co., Ltd. (Amata Nakorn Branch), the water and wastewater analyst in the Amata Nakorn Industrial Estate, whose laboratory has been registered with the Department of Industrial Works, Ministry of Industry, showed:

	Results	Criteria	Unit
Temperature	27.7	≤45	°C
Biochemical Oxygen Demand	12	≤500	mg/l
Chemical Oxygen Demand	48	≤750	mg/l
Total Suspended Solid	23	≤200	mg/l
pH	7.60	5.5 – 9.0	-
Total Dissolved Solids	706	≤3,000	mg/l
Grease & Oil	2.0	≤10	mg/l

- Raw material scraps Scrap from the production process are metal scraps from lathing and/or drilling process. APCS will collect those lathe scraps and hire a company licensed for waste management to pick them up. The trucks will be weighed before and after scrap loading under an APCS staff's supervision. Before loading the scraps, those scraps will be squeezed for less storage space and a byproduct from that process is oil from the scraps, which can be recycled.

As the factory is located in Amata Nakorn Industrial Estate under supervision of the Industrial Estate Authority of Thailand, waste discharge, in terms of volume and quality, is strictly controlled by the Industrial Estate Authority of Thailand. Waste discharged by APCS from 2007 to 2019 has been under the criteria of the Amata Nakorn Industrial Estate.

APCS has been certified with ISO 14001:2015 on May 28, 2019 and received the Green System Award, Level 3 from the Ministry of Industry on September 2, 2016 for its standards of environmental management and operation. That guarantees our focus on pollution prevention from affecting the environment.

**(F) Products not yet delivered**

None.

## 2.3 Raw Water Business Unit

The unit engages in distribution of raw water.

### (A) Type of Products

Cholkij Sakol Co., Ltd. (CK) is involved with raw water distribution. Its quality raw water at the standards of inland water, category 3. Cholkij today has 5 reservoirs with total capacity of 18 million cubic meters in Nong Tamlueng Sub-district and Nong Hong Sub-district, Phan Thong District, Chon Buri Province.

### (B) Marketing and competition

- **Industrial conditions**

CK's main source of income comes from the sale of raw water to customers, which distributes to the industrial sector and waterworks authority in Chon Buri and Chachoengsao provinces. Demand for raw water depends on the industrial growth in Chon Buri and Chachoengsao provinces. Continuous industry growth was seen in 2019.

- **Trends of the industry and competition**

The Thai industrial sector in 2020 is expected to grow as shown in the industrial product index, compared with the same period of 2019 due to recovery of the world economy and world trade, speedy government investment spending, especially investment in infrastructure and communication and implementation of the Eastern Economic Corridor Development (EEC) (Source: 2019 Industrial Economic Report and Trends in 2020, Office of Industrial Economics, Ministry of Industry.)

The Eastern Economic Corridor Development will drive the growth of the industrial and service sectors in Eastern Thailand. Demand for water will subsequently rise while water sources remain unchanged.

### (C) Marketing policy and features

- **Competition strategies**

Raw water of CK is of high quality and meets the standards of inland water, category 3, the standards required by customers. Cholkij Sakol has installed a system to check the quality and quantity of water for clients to be confident in raw water, supplied by Cholkij Sakol. In addition, Cholkij Sakol is studying other water sources for future business expansion.

- **Customer features and target customers**

CK's customers are those who procure and distribute raw water or procure water to process and distribute for household or industrial consumption. Our target customer is the industrial sector, water management companies that distribute to household and industrial sector and ect.

- **Channels of distribution**

Today, CK sells raw water to a domestic customer, Our customer is the industrial sector, water management companies that distribute to household and industrial sector.

- **Storage and distribution**

Today, CK's reservoirs have total capacity of 18 million cubic meters, sufficient to meet clients' needs. However, CK has studied possibility of buying water from nearby sources if clients require more water.

- **Raw materials**

Quality of CK's inland water, category 3 has been monitored today and for the future.

- **Pricing policy**

The raw water prices are agreed by the buyer and seller.

**(D) Environmental impact**

CK collect only rainwater to its 5 reservoirs in the rainy season (August-November). Therefore, there is no environmental impact but CK's operation help relieve floods in downstream areas.

**(E) Projects not yet delivered**

- None -



### 3. Risk Factors

Risks identified in this document. Based on current data and future expectations as far as can be determined. The risk factors of some significance. The text in the forecasts presented in the statement of this, such as using the words "believe," "anticipate," "estimate," "expect," "plans" or "intends", etc. Or. expectations regarding the performance of the business expansion. Changes in the laws relating to the business of the Company and other state policies concerning anticipated future events. As a result, the actual May differ significantly from expectations or predictions may.

#### 3.1 Risks involved with APCS business operation are as follows:

##### 3.1.1 Risks in construction industry ( EPC )

###### 3.1.1.1 Risks from dependency on engineers and personnel

The subsidiary with rapid expansion that is in construction business requires people with expertise and experience in designing, planning, operating as well as construction of projects as planned. They are engineers at the level of assistant managing director, project managers and project engineers or foremen. If A2 loses these engineers and personnel, it will affect the company's ability to win projects and perform well in the future. However, with realization of the risks, A2 has focused on HR management with continuous personnel development through seminars both in and outside the country as well as incentives to be competitive in the market and retain the personnel.

###### 3.1.1.2 Risks from the other contractual party failing to comply with the agreements

The subsidiary faces risks with the clients failing to comply with the agreements, especially payment according to the work progress, thus most likely causing damage to the subsidiary. The subsidiary has come up with such preventive measures as financial analysis of the client before taking a project, finding additional information about that client from other sources or demand advance payment as well as collection according the work progress. The company will carefully select customers whose government own part of the shares or reliable state enterprises.

##### 3.1.2 Risk in Automotive Industry

###### 3.1.2.1 Risks from dependency on major customers and automotive customers

In 2019, APCS's major customers were still in the 3 major industries, as follows

Industry	Percentage of revenue from precision manufacturing business	Percentage of total revenue in consolidated financial statements
1. Automotive	68.70	21.03
2. Compressor and Refrigerating	15.32	4.69
3. Camera	9.34	2.86
4. Others	6.64	2.03
รวม	100.00	30.61

In 2019, about 21.03 percent of the Group's sales revenue came from customers in the automotive industry. The Group's sales revenue from the 10 top customers constituted some 63 percent of all sales revenue in metal parts manufacturing business. This is a risk on the volatility of income from major customers in case of a decline in the automotive industry, which will affect APCS income.

However, APCS has the policy of revenue source distribution not to rely heavily on any one customer or group of customers, and spreading sources of income to other industries other than the automotive industry. But however because of the top 10 major customers are large companies with sales revenue from one billion Baht to ten billion Baht per year, and the value of parts they order from APCS contributes a minor portion of their total orders of the said customers, but a high portion of APCS's income. In the year 2019, APCS did not have a particular customer accounting for more than 20 percent of the total revenue.

Furthermore, APCS is capable of changing production of parts for a product to another product as well as ability in searching for new markets and quite adapt to changing production of parts for a product to another product. APCS is therefore good at adjustment in the event of decline in any industry conditions.

#### **3.1.2.2 Risks on pricing and sourcing of raw materials**

Main raw materials used in parts manufacturing include iron, aluminum and stainless steel. They are commodity goods and their prices are set by their demand and supply in the world market in each period of time which is beyond the APCS control.

If the prices of those raw materials go up, costs of other manufacturers in the same industry will be affected and APCS's profit will therefore drop as APCS will have to share its clients' burden.

Though those raw material prices are beyond APCS control, APCS closely monitor world market prices by a special team, who will also analyze price trends at each period and assess APCS demand in each period so that APCS may manage ordering and delivery time to match production. This will help APCS not to over stock raw materials. Furthermore, in the event the price changes are substantial, APCS will negotiate product prices with customers. Normally, the burden will be shared with customers, who will take a greater burden. However, the said negotiation will have lag time while the materials are under APCS responsibility and therefore APCS still carries the risk of raw material price changes. On the other hand, if the raw material prices drop, customers will ask for a price cut-down. (See details of no.1 : Characteristics of Products section Pricing Policy )

### 3.1.2.3 Risks from exchange rate fluctuations

Most main raw materials used in APCS's parts production are purchased locally from suppliers or brokers in the country in Thai Baht. APCS therefore has very little risk from exchange rates. In 2019, the Company is exposed to fluctuations in the exchange rates of imported materials to importation of raw materials total THB 27.71 million or about 7.36 percent of the total purchase, divided in to USD 0.07 million (THB 24.63 million) and EUR 0.01 million (THB 3.08 million).

Sales revenue from oversea customers accounted for 16.75 percent of total sales, in which 14.54 percent of sales were collected in foreign currencies. Therefore, the Company exposure to exchange rate fluctuations was increased. In 2019, the Company collected payment in foreign currencies, this includes USD 3.54 million (THB 109.49 million) and EUR 0.43 million (THB 14.64 million). APCS paid for raw materials and machinery in the same currencies with the sales revenue.

In 2019, the Thai Baht appreciated against the US Dollar, from 30.1540 THB/USD in 2018 to 32.4498 THB/USD. Nevertheless, the Company has policies to balance foreign currency income and payment, and uses foreign currency deposit to reduce risks from currency fluctuation.

### 3.1.2.4 Risks from having no long-term contracts

Most APCS business transactions, generally practiced in the industry, are not made as long-term service contracts, but only short-term contracts of about a year, or no contract at all, just a purchase order, depending on the policy of each customer.

At the termination of a contract or when it is due to change product models, customers will select new manufacturers and suppliers of parts and components. Consequently, APCS has risk of losing customers if it is not selected.

However, normally manufacturers in the automotive, air-conditioning and cold storage compressor and digital camera industries do not easily change their suppliers of parts and components to them. Selecting manufacturers or suppliers of parts and components with quality and standards as they specify, with ability to deliver on time and ability to increase production capacity during the peak demand period will need additional procedures and time. This may affect their production procedures and quality risk. Normally, makers in the automotive industry, air-conditioning and cold storage compressor industry and digital cameras industry will select manufacturers or suppliers of parts and components to them in limited number of 1-3 suppliers for any parts, in which the steps and procedure to obtain manufacturers or suppliers of parts and components to supply them will have to be done in 3 months to 2 years. The said period may vary according to the designs and complexity of parts production in each product line. Hence, if a company is selected as a manufacturer of parts to any maker, the risk of termination of manufacturing contract is low, because the maker usually will not change their parts manufacturer until the end of the model of that product, which is on the average 5-7 years or more depending on the product designs and specifications in each industry.

Subsequently, being a company that manufactures and supplies standardized parts results in customers' confidence in APCS operation and products, with the trend to let APCS continue as the manufacturer and supplier of parts and components to the customers, and even continuously offering new products APCS to quote.

#### **3.1.2.5 Risks from automotive manufacturers relocating their production base to other countries**

Factors that may drive automotive manufacturers to relocate their production base from Thailand to other countries include:

##### **(1) Formation of the ASEAN Economic Community (AEC)**

The formation of the ASEAN Economic Community (AEC) has brought about competition among member countries. Thailand, the first and foremost automobile manufacturer in ASEAN, has been successful in manufacturing 3 automobile models, namely, one-ton pickup trucks, energy-saving or eco cars and high-quality small vehicles.

APCS as a manufacturer of automotive parts and components has to maintain its production standards and apply new modern technology in its production as well as develop products and machinery so that it may manufacture different automotive parts designs. The success of the automotive parts production keeps APCS growing in spite of stronger competition.

##### **(2) Political stability**

In 2018, political situations slowed down the nation's overall economy with no exception to the automobile industry. However, the government tried to do things to gain investors' confidence and highlight investment promotion.

#### **3.1.2.6 Risks from being sued by consumers due to product quality problems and liability to compensation for damage in accordance with Liability to Damage from Unsafe Goods Act**

Thailand has promulgated the Liability to Damages Caused by Unsafe Goods Act of 2008 ("Liability Act"), which protects consumers injured or damaged from physical health, hygiene, mind or property from unsafe goods. Consumers may sue and claim compensation for damage from manufacturers, hirers or importers of the said unsafe goods.

If goods manufactured by APCS's customers such as cars, motorcycles, air-conditions, camera are complained by APCS consumers and sue customers that the goods manufactured by the customers of APCS are unsafe, APCS may be required to jointly pay damage compensation in the case the unsafe goods arisen from failure of components, manufactured by APCS.

Parts manufactured by APCS are parts designed by the customer and specifications of raw material used in manufacturing. If the failure is from designs and specification of raw materials used in the production, APCS will not have to be jointly liable to the unsafe products.

However, parts manufactured by APCS are not directly related to safety. If a customer's product is claimed and the cause of the claim arises from the failure in APCS production, the repercussion of the said claim will not be a serious damage and will not affect consumer safety. Most APCS parts are in the assembly

line of the 1st Tier Suppliers, which if there is any failure in the parts manufacturing, they will be found and corrected in the production line of the manufacturer and 1st Tier Suppliers before the goods are completed and delivered to consumers.

APCS therefore faces minimal risk to share the liability. And if it has to be jointly liable, the expense will not be high as the said failure does not directly affect customer safety. In the past, APCS had never been sued by consumers.

Besides, at present no insurance company in Thailand accepts the said type of insurance and insurance expenses on foreign insurance companies are not worth the benefits to be received by APCS. APCS therefore does not take out such insurance.

#### **3.1.2.7 Risks on safety, environment and community**

APCS is the manufacturer and supplier of parts used in the automotive industry, air-conditioning and cold storage compressor industry and digital camera industry. APCS has employed machines mainly in its production process, and subsequently generates and discharges little waste and pollution for its production process.

However, since APCS is located in Amata Industrial Estate, supervised by the Industrial Estate Authority of Thailand (“IEAT”), waste discharge is closely inspected to make sure that it meets IEAT standards. In 2018, APCS’s waste discharge successfully met the IEAT standards. (See details of no.1 : Characteristics of Products section Environmental impact)

#### **3.1.2.8 Risks from impact from Government policies**

Business enterprises have to comply with the law as well as the authorities’ rules and regulations and the government policies. In those laws, rules, regulations or government policies are changed, it may affect APCS’s competitiveness or business operation. For instance, the change in the minimal labor wages, minimal monthly salary of fresh graduates in bachelor’s degree or the change in interest rate by the Bank of Thailand or the rates of corporate income tax, etc. Such changes by one way or another will definitely affect entrepreneurs.

However, those factors are out of APCS’s control. The management has monitored and assessed impact from those changes in order to cut down risks or impact from those changes. APCS has applied automation in its production process since 2010 and will continue to apply additional automation to cope with the problems of labor shortage and rising labor costs. Thus, APCS will consequently be more competitive.

### **3.1.3 Risks in distribution of raw water business**

#### **3.1.3.1 Risks from weather conditions**

The subsidiary that is involved with raw water production and distribution faces risks with weather conditions and world climate change – not raining even in the rainy season and El Nino that makes rain less than it should have been.

The risks are mitigated as follows: the volume of raw water collected is double the size of the annual sales for the first 3 years. Water will be sufficient for 3 years though some years may be dry. In the 4th year, the volume of water collected will be increased by 60 percent of the reservoir capacity. Additional reservoirs nearby will be located in case of drought for 2 consecutive years.

#### **3.1.3.2 Risks from chemical contamination in water**

The subsidiary that is involved with raw water production and distribution faces risks of chemical contamination in the raw water, thus affecting the quality of ground water due to such upstream activities as wastewater release from industrial plants, livestock farming, chemical application in farm activities, etc.

The risks are mitigated as follows: getting tools to check water quality prepared to check water quality in the stream before releasing to the reservoirs, monitoring community activities and upstream activities that may release wastewater to the stream by coordinating with the people and communities that may cause contamination.

#### **3.1.3.3 Risks from the other contractual party terminating water sales agreements**

The subsidiary that is involved with raw water production and distribution faces risks with the clients terminating water sales agreements or failing to comply with the agreements. The subsidiary has come up with such measures as specifying concise terms and conditions, working together to reduce possible disputes or misunderstandings, having a joint meeting to address issues concerned and find a common solution. In addition, the subsidiary will expand its customer base in order to spread risk.

#### **3.1.3.4 Risks as a result of fluctuating microbiological substances in the reservoir**

Given that raw water in the reservoir comes from rain flowing through natural water channel, therefore there will be microbiological substances contaminated in the water such as dead plants and animals. These microbiological substances act as food for bacteria and fish in the reservoir. These degraded substances by bacteria can cause high BOD level and low dissolved oxygen level. The growing population of fish that cannot escape the reservoir can cause high Ammonia and Nitrate levels. These may result in raw water being out of specifications.

The risks are mitigated as follows: periodically remove fish from the reservoir or monitor and limit the growth rate of fish, install oxygen filling machine to expedite the substance degrading process, plan and install drainage low quality water during off season period.

#### **3.1.3.5 Risks from reliance on key customers**

Risk from reliance on only a few key customers is partially mitigated since the subsidiary has good relationship and received trust from the customers. The subsidiary has plans to expand its customer base in the future to mitigate this risk.

### **3.2 Management risks**

#### **3.2.1 Risks from impact from APCS subsidiaries' operating results and financial status**

APCS is required to consolidate operation and financial standing of all 6 subsidiaries in its financial statements. In 2019, all 6 subsidiaries' operating results were improved, and combined sales of all 6 was equivalent to 69 percent of the Group's total revenue.

APCS has involved in policy setting in its subsidiaries, control and monitor the subsidiaries' operation as well as sending its directors and/or senior managers to serve as directors and/or senior managers in those subsidiaries in order to set policies and protect APCS benefits and that APCS and its subsidiaries may pursue the same operation direction, which will eventually lead to effective cost management and maximal operation efficiency.

### **3.3 Financial risks**

#### **3.3.1 Risks from liquidity**

As of December 31, 2019, the separated financial statement for APCS has a current ratio of 3.02 times, compared to previous year of 2.60 times; this increase was due to no major investment by the company or subsidiaries during the year. Current ratio of 3.02 is deemed as appropriate.

As of December 31, 2019, the consolidated financial statements showed the current ratio at 1.87 times, rose from the previous year (1.72 times in 2018); this increase was due to no major investment by the company or subsidiaries during the year. Current ratio of 1.87 is deemed as appropriate.

#### 4. General Information and other important information ( as at 31 December 2020)

##### 4.1 Company Information

<b>Company Name</b>	:	Asia Precision Public Company Limited
<b>Abbreviation</b>	:	APCS
<b>Listed date</b>	:	September 29, 2011
<b>Type of shares</b>	:	Common shares
<b>Registered Capital</b>	:	Baht 659,999,962.00
<b>Paid-up Capital</b>	:	Baht 659,999,862.00
<b>Paid-up Share Unit</b>	:	659,999,862 shares
<b>Par value</b>	:	1.00 Baht
<b>Type of business</b>	:	<p><u>Core business</u></p> <p>- <u>Construction ( EPC )</u> Construction, engineering consultation, maintenance of renewable energy power plant. Sales of materials, equipment, spare parts used in power plant and energy construction projects</p> <p>- <u>Metal parts manufacturing.</u> Manufacture and sales of High Precision Machining and Cold Forging metal parts for automotive, air-conditioning and refrigeration compressor and camera industries.</p> <p>- <u>Raw Water</u> – Distribution of raw water</p>
<b>Industry category</b>	:	Automotive (AUTO)
<b>Head Office</b>	:	Amata Nakorn Industrial Estate, 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000
<b>Company Registration No.</b>	:	0107554000011
<b>Tel No.</b>	:	(660) 38-468-300
<b>Fax No.</b>	:	(660) 38-458-751
<b>Homepage</b>	:	www.asiaprecision.com



#### 4.2 Juristic persons which the Company holds at least 10% of their shares

##### Subsidiaries Company

- **Asia Precision A.T. Co., Ltd. ("APAT")**

<b>Registered Capital</b>	: Baht 300,000,000.00
<b>Paid-up Capital</b>	: Baht 300,000,000.00
<b>Number of paid-up shares</b>	: 30,000,000 common shares
<b>Par Value (Baht)</b>	: 10.00 per share
<b>Type of Business</b>	: Manufacture and sales of High Precision Machining and Cold Forging metal parts metal parts for automotive, air-conditioning and refrigeration compressor and camera industries.
<b>Head Office</b>	: Amata Nakorn Industrial Estate, 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000
<b>Branch Office</b>	: Amata Nakorn Industrial Estate 700/102 Moo 1 , Bankro, Phanthong, Chonburi 20160
<b>Company Registration No.</b>	: 0205553022761
<b>Tel No.</b>	: (660) 38- 468-300
<b>Fax No.</b>	: (660) 38-458-751
<b>Change name and address</b>	: On February 25, 2019, P2 Precision Company Limited changed its name to Asia Precision A.T. Company Limited Address from 700/102 Moo 1 , Bankro, Phanthong, Chonburi 20160 is 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000

- **APCS Technology Co., Ltd. ("AST")**

<b>Registered Capital</b>	: Baht 1,000,000.00
<b>Paid-up Capital</b>	: Baht 1,000,000.00
<b>Number of paid-up shares</b>	: 200,000 common shares.
<b>Par Value (Baht)</b>	: 5.00 per share
<b>Type of Business</b>	: Manufacture sales of metal parts
<b>Head Office</b>	: Amata Nakorn Industrial Estate, 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000
<b>Company Registration No.</b>	: 0205561031706
<b>Tel No.</b>	: (660) 38-468-300
<b>Fax No.</b>	: (660) 38- 458-751

- **A2 Technology Co., Ltd. ("A2")**

<b>Registered Capital</b>	:	Baht 500,000,000.00
<b>Paid-up Capital</b>	:	Baht 500,000,000.00
<b>Number of paid-up shares</b>	:	50,000,000 common shares.
<b>Par Value (Baht)</b>	:	10.00 per share
<b>Type of Business</b>	:	Provide engineering service and automation solution and provides construction and maintenance services of renewable energy power plants
<b>Head Office</b>	:	Amata Nakorn Industrial Estate, 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000
<b>Branch Office</b>	:	223/53, 13th Floor, Country Complex Tower A, Sunphawut Road, Bangna Tai Subdistrict , Bangna, Bangkok 10260.
<b>Company Registration No.</b>	:	0205553022311
<b>Head office Tel No .</b>	:	(660) 38-468-300
<b>Branch Tel No .</b>	:	(662) 361-5494-5
<b>Fax No.</b>	:	(662) 361-5496

- **APCS Technology Co.,Ltd. ("APT")**

<b>Registered Capital</b>	:	Baht 10,000,000.00
<b>Paid-up Capital</b>	:	Baht 10,000,000.00
<b>Number of paid-up shares</b>	:	10,000 common shares.
<b>Par Value (Baht)</b>	:	1,000.00 per share
<b>Type of Business</b>	:	Procurement and distribution of equipment for the power generation systems and alternative energy power production
<b>Head Office</b>	:	Amata Nakorn Industrial Estate, 700/331 Moo 6, Donhualor, Muang Chonburi, Chonburi 20000
<b>Branch Office</b>	:	223/53, 13th Floor, Country Complex Tower A, Sunphawut Road, Bangna Tai Subdistrict , Bangna, Bangkok 10260.
<b>Company Registration No.</b>	:	0205560020808
<b>Head office Tel No .</b>	:	(660) 38-468-300
<b>Branch Tel No .</b>	:	(662) 361-5494-5
<b>Fax No.</b>	:	(662) 361- 5496

- **A2 teeravat joint venture Co., Ltd.**

	<u>Preferred Shares</u>	<u>Common Shares</u>	<u>Total</u>
<b>Registered Capital</b>	: 36,750,000.00 Baht	38,250,000.00 Baht	75,000,000 Baht
<b>Paid up Capital</b>	: 9,187,500.00 Baht	9,562,500.00 Baht	18,750,000.00 Baht
<b>Number of paid up shares</b>	: 3,6750,000 shares	3,825,000 shares	
<b>Par value per share</b>	: 10.00 Baht	10.00 Baht	
<b>Paid up par value</b>	: 2.50 Baht	2.50 Baht	
<b>Voting rights</b>	: 10,000 votes per share	1 vote per share	
<b>Type of business</b>	: Construction of buildings, housing, roads, bridges, tunnels, and all other construction types		
<b>Head office</b>	: 223/53, 13th Floor, Country Complex Tower A, Sunphawut Road, Bangna Tai Subdistrict , Bangna, Bangkok 10260		
<b>Company Registration No.</b>	: 0105561082832		
<b>Tel</b>	: (662) 361-5494-5		
<b>Fax</b>	: (662) 361-5496		

- **Cholkij Sakol Co.,Ltd. (“CK”)**

<b>Registered Capital</b>	: Baht 120,000,000.00
<b>Paid-up Capital</b>	: Baht 120,000,000.00
<b>Number of paid-up shares</b>	: 1,200,000 common shares .
<b>Par Value (Baht)</b>	: 100.00 per share
<b>Type of Business</b>	: Production and distribution of raw water
<b>Head Office</b>	: No. 223/53 Country Complex A Building, 13th Floor, Sanphawut Road, Bang Na Tai Subdistrict, Bang Na District, Bangkok 10260
<b>Company Registration No.</b>	: 0105549083841
<b>Head office Tel No .</b>	: (662) 361-5494-5
<b>Fax No.</b>	: (662) 361-5496

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### 4.3 Other References

- **Registrar**

The Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road, Din Daeng, Bangkok 10400.

Tel: (662) 009-9000, (662) 009-9999 Fax: (662) 009-9991

- **Auditor**

Karin Audit Co., Ltd.

No. 72 CAT Telecom Building, 24th Floor, Charoenkrung Road, Bangrak Subdistrict, Bangrak District Province of Bangkok 10500

Tel (662) 105-4661 Fax: (662) 026-3760

Auditor's Name

Miss Kannika Wipanurat Certified Public Accountant Registration Number 7305

## 5. Shareholding Structure

### 5.1 Securities Information and Shareholding Structure

#### 5.1.1 Number of Registered Capital and Paid-up capital

As at 31 December 2019	No. of Common shares	Amount of per share (Baht)	Amount (Baht)
Registered Capital	659,999,962	1.00	659,999,962
Paid-up Capital	659,999,862	1.00	659,999,862

#### 5.1.2 Shareholders of the top-ten major shareholders of the Company according to the latest book closing date on December 30, 2019

Name	No. of Common shares	% of total shares all issued
1. Advance Web Studio Co., Ltd. <sup>1)</sup>	146,000,000	22.12
2. Karoonkornsakul Group <sup>2)</sup>	115,685,157	17.53
3. Mr.Somchai HongRatanavijit	40,000,000	6.06
4. Ms.Daranee Attanand	32,557,131	4.93
5. Mr.Chanchai Gulthavorakorn	24,087,700	3.71
6. Mr.Annop Limprasert	20,293,300	3.07
7. Mr.Sirote Sangthawaiporn	11,086,800	1.68
8. Ms.Sathinee Chantasaswat	9,321,259	1.41
9. Mr.Tsai Ming-yu	9,037,700	1.37
10. Miss Thongphian Saensoi	8,846,900	1.34
	408,455,147	63.23

<sup>1)</sup> See detail Advance Web Studio Co.,Ltd at no. 5.1.4

<sup>2)</sup> See detail Karoonkornsakul Group at no. 5.1.5

**5.1.3 Portion shareholders of the Company according to the latest book closing date on December 30, 2019.**

	Name	No. of	No. of	% of total shares all
		Shareholders	Common shares	issued
1.	Advance Web Studio Co., Ltd <sup>1)</sup>	1	146,000,000	22.12
2.	Karoonkornsakul Group <sup>2)</sup>	8	115,685,157	17.53
3.	Mr.Somchai HongRatanavijit	1	40,000,000	6.06
4.	Minority shareholders	1,261	358,314,705	54.29
		1,271	659,999,862	100.00

Note : No. of Thailand shareholders 1,261 person (Total shares 647,034,076 shares or 98.04%) and  
No. of foreign shareholders 10 persons (Total shares 12,965,786 shares or 1.96%)

Remark : <sup>1)</sup> See detail Companies Advance Web Studio at no. 5.1.4

<sup>2)</sup> See detail Karoonkornsakul Group at no. 5.1.5

**5.1.4 Portion shareholders of Advance Web Studio Co., Ltd. as follows (as at 31 December 2019)**

	Name	No. of	No. of	% of total shares all issued
		Shareholders	Common shares	
1.	AWS Asset Management Co., Ltd. <sup>3)</sup>	1	29,998	99.9933
2.	Minority shareholders (2 persons)	2	2	0.0067
		3	30,000	100.0000

หมายเหตุ : <sup>3)</sup> See detail AWS Asset Management at no. 5.1.6

**5.1.5 Portion shareholders of Karoonkornsakul Group as follows (as at 30 December 2019)**

	Name		No. of	% of total shares all issued
			Common shares	
1.	Mr. Apichart	Karoonkornsakul	91,668,398	13.88
2.	Mr. Pete	Karoonkornsakul	6,976,425	1.06
3.	Mrs. Ratana	Karoonkornsakul	2,677,414	0.41
4.	Mr. Pat	Karoonkornsakul	665,913	0.10
5.	Ms. Wachirayan	Karoonkornsakul	254,959	0.04
5.	Mrs.Panee	Karoonkornsakul	6,366	-
6.	Mr. Chairroj*	Vetnaruman	12,335,682	1.87
7.	Miss Norachan**	Vacheesuthum	1,100,000	0.17
			115,685,157	17.53

Note : \* Mr. Chairroj Vetnaruman is Miss Anchalee Karoonkornsakul's husband.

\*\* Miss Norachan Vacheesuthum Be a child Mr. Ratchadech Vacheesuthum and Miss. Chittima Karoonkornsakul

**5.1.6 Portion shareholders of AWS Asset Management Co., Ltd. as follows (as at 31 December 2019)**

Name	No. of	No. of	% of total shares all
	Shareholders	Common shares	issued
1. Mrs. Pimparuda Pitakteeratham	1	9,998	99.98
2. Minority shareholders (2 persons)	2	2	0.02
	3	10,000	100.00

**5.2 Shareholding Structure of Subsidiaries - Asia Precision A.T. Company Limited**
**5.2.1 Number of Registered Capital and Paid-up capital**

As at 31 December 2019	No. of Common shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	30,000,000	10.00	300,000,000.00
Paid-up Capital	30,000,000	10.00	30,000,000.00

**5.2.2 Shareholders of Asia Precision A.T. Company Limited**

Name	No. of	% of total shares all issued
	Common shares	
1. Asia Precision Public Company Limited	29,999,997	99.99999
2. Minority shareholders (3 persons)	3	0.00001
	30,000,000	100.00000

\*\*\* Remark : On February 25, 2019 P2 Precision Company Limited changed the company's name to Asia Precision A.T. Company Limited

**5.3 Shareholding Structure of Subsidiaries - Asiaprecisiontech Co., Ltd.**
**5.3.1 Number of Registered Capital and Paid-up capital**

As at 31 December 2019	No. of Common shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	200,000	5.00	1,000,000.00
Paid-up Capital	200,000	5.00	1,000,000.00

**5.3.2 Shareholders of Asiaprecisiontech Co., Ltd.**

Name	No. of	% of total shares all issued
	Common shares	
1. Asia Precision A.T. Company Limited	199,997	99.9985
2. Minority shareholders (3 persons)	3	0.0015
	200,000	100.0000

#### 5.4 Shareholding Structure of Subsidiaries - A2 Technology Company Limited

##### 5.4.1 Number of Registered Capital and Paid-up capital

As at 31 December 2019	No. of Common shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	50,000,000	10.00	500,000,000.00
Paid-up Capital	50,000,000	10.00	500,000,000.00

##### 5.4.2 Shareholders of A2 Technology Company Limited

Name	No. of Common shares	% of total shares all issued
1. Asia Precision Public Company Limited	49,999,997	99.99999
2. Minority shareholders (3 persons)	3	0.00001
	50,000,000	100.00000

#### 5.5 Shareholding Structure of Subsidiaries - APCS Technology Company Limited

##### 5.5.1 Number of Registered Capital and Paid-up capital

As at 31 December 2019	No. of Common shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	10,000	1,000.00	10,000,000.00
Paid-up Capital	10,000	1,000.00	10,000,000.00

##### 5.5.2 Shareholders of APCS Technologies Company Limited

Name	No. of Common shares	% of total shares all issued
1. A2 Technology Company Limited	9,997	99.97
2. Minority shareholders (3 persons)	3	0.03
	10,000	100.00



## 5.6 Shareholding Structure of Subsidiaries - A2teeravat joint venture Co., Ltd.

### 5.6.1 Number of Registered Capital and Paid-up capital

As at 31 December 2019	No. of Common shares (Shares)	No. of Preferred Shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	3,825,000	3,675,000	10.00	75,000,000.00
Paid-up Capital	3,825,000	3,675,000	2.50	18,750,000.00

### 5.6.2 Shareholders of A2teeravat joint venture Co., Ltd.

Name	No. of Common shares (Shares)	No. of Preferred Shares (Shares)	% of total shares all issued
1. Teeravat Surin Construction Co., Ltd.	3,825,000	-	51.00000
2. A2 Technology Co., Ltd.	-	3,674,997	48.99997
3. Mr. Suriyon Udcharchon	-	1	0.00001
4. Mr. Chairroj Vetnaruman	-	1	0.00001
5. Mr. Anurote Nitipornsri	-	1	0.00001
	3,825,000	3,675,000	100.00000

### 5.6.3 Voting rights in shareholders meeting of A2teeravat joint venture Co., Ltd.

Types of shares	Voting rights		
1. Common shares	1 Shares	:	1 vote
2. Preferred Shares	1 Shares	:	10,000 votes

## 5.7 Shareholding Structure of Subsidiaries - Cholkij Sakol Company Limited

### 5.7.1 Number of Registered Capital and Paid-up capital

As at 31 December 2019	No. of shares (Shares)	Amount of per share (Baht)	Amount (Baht)
Registered Capital	1,200,000	100.00	120,000,000.00
Paid-up Capital	1,200,000	100.00	120,000,000.00

### 5.7.2 Shareholders of Cholkij Sakol Company Limited

Name	No. of shares	% of total shares all issued
1. A2 Technology Company Limited	640,000	53.33
2. Mr. Tharatip Tarathamrat	447,500	37.29
3. Minority shareholders (2 person)	112,500	9.38
	1,200,00	100.00

## 6. Dividend Policy

### 6.1 Company dividend policy

The Company has a dividend policy to payout no less than 40 percent of net profit after tax in separated financial statements and after Legal Reserves. However, the Company may choose to payout dividend less than the aforementioned rate depending on the operational performance, financial position, cash flow, working capital requirement, business expansion, and other factors that affect business operation ; subject to approval of the board of directors and/or shareholders.

Dividend Payout	Separated Financial Statements		
	2017	2018	2019
<b>Par Value (Baht)</b>	1	1	1
<b>Shares (million shares)</b>	660	660	660
<b>Net profit/(loss) (million Baht)</b>	102.48	136.77	83.55
<b>Dividend per share</b>	-	0.10*	0.06

\*Approval from board of directors No.4/2019 on 12 November 2019 to issue interim dividend payout for operating results from year 2018. Dividend payout date was on 6 December 2019.

### 6.2 Subsidiaries dividend policy

The Company has a dividend policy to payout no less than 50 percent of net profit after tax in separated financial statements and after Legal Reserves. However, the Company may choose to payout dividend less than the aforementioned rate depending on the operational performance, financial position, cash flow, working capital requirement, business expansion, and other factors that affect business operation ; subject to approval of the board of directors and/or shareholders

## 7. Profile of the Directors and Executives

### List of the Director and Executive as of 31 December 2019



1. Prof. Udomsil Srisaengnam, MD ( Chairman / Audit Committee / Chairman of the Recruitment and Compensation Committee /Independent Director).
2. Mr. Narong Varongkriengkrai (Director / Audit Committee Chairman /Recruitment and Compensation Committee / Independent Director).
3. Mr. Sompote Wallayasewi (Director / Audit Committee /Recruitment and Compensation Committee/ Chairman of Risk Management Committee / Independent Director)
4. Mr. Apichart Karoonkornsakul (Director / Chairman of Risk Management Committee /Executive Director)
5. Mr . Chairroj Vetnaruman (Director / Chairman of Risk Management Committee / Managing Director)
6. Mr.Suriyon Udcharchon (Director)
7. Mr. Anurote Nitipornsri (Secretary of the Board / Senior Manager Administration /Acting Senior Manager, Human Resource Management)
8. Mr. Rajeev Vijayan ( Chief of Engineering / Acting Chief of Business Development)

**List of the Director and Executive as of 28 February 2020**


1. Prof. Udomsil Srisaengnam, MD ( Chairman / Audit Committee / Chairman of the Recruitment and Compensation Committee /Independent Director).
2. Mr. Narong Varongkriengkrai (Director / Audit Committee Chairman /Recruitment and Compensation Committee / Independent Director).
3. Mr. Sompote Wallayasewi (Director / Audit Committee /Recruitment and Compensation Committee/ Chairman of Risk Management Committee / Independent Director)
4. Mr.Wichien Cherdchutrakuntong (Director / Audit Committee /Recruitment and Compensation Committee/ Chairman of Risk Management Committee / Independent Director)
5. Mr. Apichart Karoonkornsakul (Director / Chairman of Risk Management Committee /Executive Director)
6. Mr . Chairoj Vetnaruman (Director / Chairman of Risk Management Committee / Managing Director)
7. Mr.Suriyon Udcharchon (Director)
8. Mr. Anurote Nitipornsri (Secretary of the Board / Senior Manager Administration /Acting Senior Manager, Human Resource Management)
9. Mr. Rajeev Vijayan (Chief of Engineering / Acting Chief of Business Development)

Remark : <sup>3)</sup> Mr. Sompote Wallayasewi resignation of director. Board of Directors' Meeting no.1/2020 on February 28, 2020 resolved approval of the appointment of Mr Wichien Cherdchutrakuntong as Director replacing respectively, Who will remain in the office according the period left.

**1. Profile of the Directors, Executives and Authorized Persons (as of 28 February 2020)**

No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
1.	Prof. Udomsil Srisaengnam, MD	Chairman of the Board / Audit Committee / Chairman of the Recruitment and Compensation Committee / Independent Director	77	- Bachelor of Medicine , Mahidol University. - Doctoral of Certificate in the field of psychiatric medicine (Medicine) FRCP – Fellowship of the Royal College of Physicians (Edinburgh). - Thai Institute of Directors (IDO) (DAP 87/2011).	-	-	Apr 2019-Present 2006-Apr 2019 Feb 2019 -Present 2016-Feb 2019 2015 2014-Present 1994-Present 1991-Present	Chairman of the Board / Independent Director Vice Chairman / Independent Director Audit Committee Audit Committee Chairman Audit Committee Chairman of the Recruitment and Compensation Committee Consultant Psychiatrist Chairman of the Board	Asia Precision PLC       Theptarin Hospital Chin Huay Co., Ltd.
2.	Mr. Narong Varongkriengkrai	Director / Audit Committee Chairman / Recruitment and Compensation Committee / Independent Director	69	- Bachelor of Mechanical Engineering, FACHHOCHSCHULE NIEDERRHEIN , GERMANY. - Master Mechanical Engineering, UNIVERSITAET SIEGEN, GERMANY. - Thai Institute of Directors (DAP 99/2012)	-	-	2011-Present Feb 2019 Present 2016- Feb 2019 2014-Present  2012-Present 2016-Present 2017-Present 2016-2018	Director / Independent Director Audit Committee Chairman Audit Committee Recruitment and Compensation Committee Director Director Director Director / Audit Committee Chairman	Asia Precision PLC       Thai Auto tool and Die Co., Ltd Thai - Germany Institute Bank of Thailand Nippon Kikai Engineering Co.,Ltd.

No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
3.	Mr. Sompote Wallayasewi <sup>3)</sup> (resignation of director)	Director / Chairman of Risk Management Committee/ Audit Committee / Recruitment and Compensation Committee / Independent Director	53	- Bachelor of Engineering, Kasetsart University. - Master of Business Administration, University of Dallas, USA - Doctor of Business Administration. The Joint Doctoral Program in Business Administration (JDBA) cooperated by Chulalongkorn University, Thammasat University, and National Institute of Development Administration . - Thai Institute of Directors (IDO) (DAP 87/2011).	-	0.03	2006-28 Feb 2020  2014-28 Feb 2020  28 Feb 2020-Present 2018- 28 Feb 2020 28 Feb 2020-Present 2018-28 Feb 2020 28 Feb 2020-Present 2018-28 Feb 2020 2007-Present 2008-Present  2010-Present 2014-Present 2014-Present 2017-Present  2008-2014	Director / Independent Director /Audit Committee Chairman of Risk Management Committee / Recruitment and Compensation Committee Director Director / Independent Director Director Director / Independent Director Director Director / Independent Director Director Managing Director  Managing Director Managing Director Managing Director Consultant for Subcommittee on Human Rights and Consumer Protection Director	Asia Precision PLC   A2 Technology Co., Ltd. A2 Technology Co., Ltd. APCS Technology Co., Ltd APCS Technology Co., Ltd. A2teeravat joint venture Co., Ltd. A2teeravat joint venture Co., Ltd. Valavi Co., Ltd. Thai-USA Cooperation Center for Fruit Export Co., Ltd. VIA 564 Co., Ltd. Indoguna (Thailand) Co., Ltd. Agri Active Co., Ltd National Legislative Assembly  Bangkok Events and Exhibitions Co., Ltd.

No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
4.	Mr. Wichien Cherdchutrakuntong <sup>3)</sup> (Appointed on Feb 28, 2020 replace Mr. Sompote Wallayasewi effective Feb 28, 2020)	Director / Chairman of Risk Management Committee/ Audit Committee / Recruitment and Compensation Committee / Independent Director	59	- Bachelor of Business Administration ,Chiang Mai University - Master of Economics, Chiang Mai University - DCP 155/2012 -Director Certification Program,2012 - SFE - Successful Formulation & Execution of Strategy Class, 2012 - HRP - How to Develop a risk Management Plan, 2012 ( Thai Institute of Directors)	-	-	28 Feb 2020-Present	Director / Chairman of Risk Management Committee/ Audit Committee / Recruitment and Compensation Committee / Independent Director	Asia Precision PLC
							1978-Present	President	Paradorn bricks Co., Ltd.
							1984- Present	Managing Director	Paradorn innosys Co., Ltd.
							1994-Present	Managing Director	Paradon land and house Co., Ltd.
							2015-Present	Managing Director	Mae ping bio trading Co., Ltd.
							2017-Present	Managing Director	Chiangmai innovation incubation center Co., Ltd.
							2017-Present	Managing Director	Bio advance solution Co., Ltd.
5.	Mr. Apichart Karoonsakul	Director / Risk Management Committee / President / Chairman of Executive Committee / Executive	57	- Bachelor of Business Administration (Marketing), Assumption University. - Master of MBA, University of Washington, USA. - Thai Institute of Directors (DAP 86/2010)	- Brother of Miss Chittima Karoonsakul and Miss Anchalee Karoonsakul - Brother in law Mr. Chairroj Vetnaruman and - Fater of Pat	14.29	1994-Present	Director / Chairman of Executive Committee / President	Asia Precision PLC
							2014-Present	Risk Management Committee	
							2010-Present	President / Chairman of Executive Committee / Director	Asia Precision A.T. Co., Ltd. <sup>2)</sup>
							2018-Present	President / Chairman of Executive Committee / Director	AsiaPrecisionTech Co., Ltd.
							1992-Present	Director	Park Terrace Co., Ltd.
							1993-Present	Director	Demac Group Co., Ltd.
							1997-Present	Director	Thepthanyapa Co., Ltd.

No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
					Karoonkornsakul		2004-Present 2006-Present 2010-2016	Director Director Director / Chairman of Executive Committee	Qlustec Co., Ltd. M Dicap Holding Co., Ltd. A2 Technology Co.,Ltd.
6.	Mr. Chairaj Vetnaruman	Director / Risk Management Committee / Managing Director / Executive Member Committee/ Executive	53	- Bachelor of Accounting , Dhurakij Pundit University. - Master of Business Administration, Chulalongkorn University. - Thai Institute of Directors (DAP 50/2006).	- Miss Anchalee Karoonkornsakul 's husband - Brother in law Mr.Apichart Karoonkornsakul	1.87	1994-Present  2014-Present 2010-Present  2018-Present  2018-Present  2010-Present  2011-2014	Director /Managing Director / Executive Committee Member /Acting Chief of Purchasing /Acting Chief of Operations Risk Management Committee Director / Executive Committee Member / Executive Director / Executive Committee Member Director / Executive Committee Member / Executive Director / Executive Committee Member Director / Executive Committee Member	Asia Precision PLC     Asia Precision A.T. Co., Ltd. <sup>2)</sup>  A2teeravat joint venture Co., Ltd.  AsiaPrecisionTech Co., Ltd.  A2 Technology Co., Ltd.  APCS Technology Co., Ltd.



No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
7.	Mr.Suriyon Udcharchon	Director	54	- Bachelor of Engineering, \ Chiang Mai University - Thai Institute of Directors (DAP 162/2019)	-	-	2018-Present 2018-Present 2017-Present 2016-Present 2014-2016 2014-2016 2008-2014	Director Director / Executive Committee Member / Executive Director / Executive Committee Member / Executive Director / Executive Committee Member / Executive Managing Director Managing Director Managing Director	Asia Precision PLC A2teeravat joint venture Co., Ltd. APCS Technology Co., Ltd. A2 Technology Co., Ltd. Solar EPCF Technology Co., Ltd. Martilay Solar Co., Ltd. Pro Solar Group Co., Ltd.
8.	Mr. Anurote Nitipornsri (Appointed on April 19, 2019 replace Miss Chittima Karoorkornsakul effective April 19, 2019)	Director / Chief Of Administration/ Acting Chief Of Human Resource Management / Executive Director Secretary of the Board / Secretary of the Committee / Executive	54	- Bachelor of Accounting, Ramkhamhaeng University. - Thai Institute of Directors (DAP 161/2019)	-	0.07	Apr2019-Present 2005-Present 2012-Present 2016-Present 2017-Present 2018-Present 2018-Present 2018-Present	Director / Executive Committee Member Chief Of Administration Acting Chief Of Human Resource Management Director Director Director / Executive Committee Member / Executive Director Director / Executive Committee Member / Executive	Asia Precision PLC  A2 Technology Co., Ltd. APCS Technology Co., Ltd Asia Precision A.T. Co., Ltd. <sup>2)</sup> A2teeravat joint venture Co., Ltd. AsiaPrecisionTech Co., Ltd.

No.	Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%) <sup>1</sup>	5 Years Experience Background		
							Years	Position	Company
							2015-Present	Director/ Auditor	2S Advisor Co.,Ltd

**Note :**

<sup>1)</sup> Shares Held include Spouse and Child (Children) not over 20 years old

<sup>2)</sup> February 25, 2019 P2 Precision Company Limited changed the company's name to Asia Precision A.T.Company Limited

<sup>3)</sup> Mr. Sompote Wallayasewi resignation of director. Board of Directors' Meeting no.1/2020 on February 28, 2020 resolved approval of the appointment of Mr Wichien Cherdchutrakuntong as Director replacing respectively, Who will remain in the office according the period left.

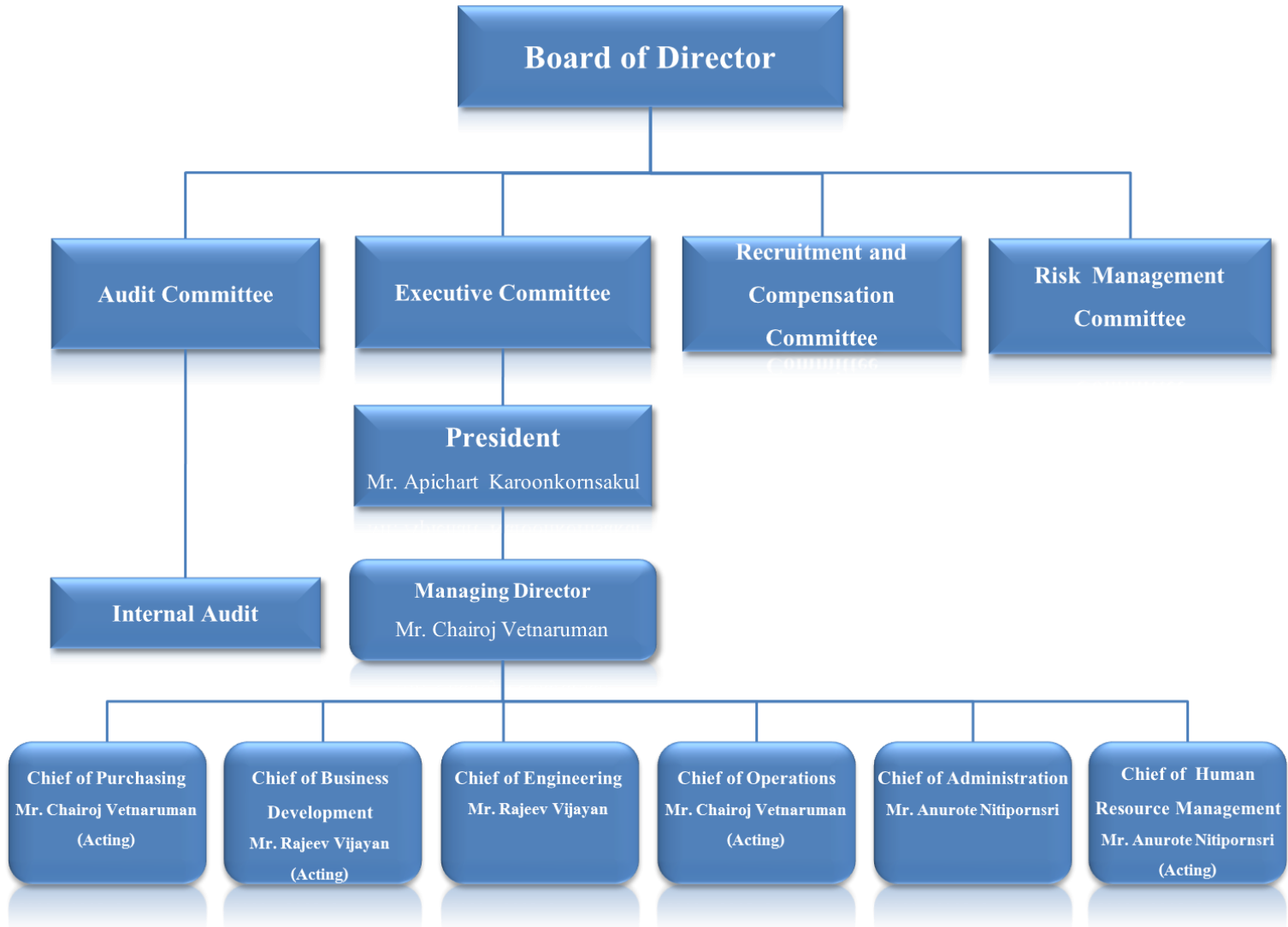
## 2. Details of position of executives and controlling person of the company and subsidiary ( as of 28 February 2020)

	Name	Asia Precision Public Company Limited	Subsidiary					
			Asia Precision A.T. Company Limited	Asia Precision Tech Company Limited	A2 Technologies Company Limited	APCS Technology Company Limited	A2teerava t joint venture Co., Ltd.	Cholkij Sakol Company Limited
1.	Prof. Udomsil Srisaengnam	PD, ID, A, PC						
2.	Mr. Narong Varongkriengkrai	D, ID, PA, C						
3.	Mr. Sompote Wallayasewi				D	D	D	
4.	Mr. Wichien Cherdchutrakuntong	D, ID, A, C, PR						
5.	Mr. Apichart Karoonkornsakul	D, PE, R, M	PD, PE, M	PD, PE, M				
6.	Mr. Chairroj Vetnarueman	D, E, R, M	D, E, M	D, E, M	D, E	D, E	D, E	
7.	Mr. Suriyon Udcharchon	D			D, E, M	D, E, M	D, E, M	
8.	Mr. Yoshikastu Kurashi		D					
9.	Mr. Rajeev Vijayan	E, M	D, E, M					
10.	Mrs. Pimparuda Pitakteeratham				PD, PE, M	PD, PE, M	PD, PE, M	PD, M
11.	Mr. Anurote Nitipornsri	D, E, M	D, E, M	D, E, M	D	D	D	
12.	Mr. Krisda Mahasandana							D, M
13.	Mr. Somsawat Rodsatu							D

## Note :

Position	Board Of Director	Audit Committee	Executive Member Committee	Recruitment and Compensation Committee	Risk Management Committee	Independent Director	Executive
Chairman	PD	PA	PE	PC	PR	-	-
Vice Chairman	VPD	-	-	-	-	-	-
Director	D	A	E	C	R	ID	-
Executive	-	-	-	-	-	-	M

## 8. Organization Structure



APCS organization structure consists of the Board of Directors, the Audit Committee, the Recruitment and Compensation Committee, the Risk Management Committee and the Executive Committee. Its executives are qualified as stipulated in Section 68 of the Public Limited Companies Act 1992 and in accordance with the relevant notifications of the Capital Market Supervisory Board. The Company has organized its management structure as follows:

## 8.1 Board of Directors

As of 31 December 2019, the Board of Directors is composed of seven members below :

No.	Name	Position	No. of Meeting	No. of Meeting attendances
1.	Mr. Manu Leopaivate <sup>2)</sup>	Chairman of the Board Director / Independent Director	1	1
2.	Prof. Udomsil Srisaengnam, MD	Chairman of the Board Director / Independent Director	4	4
3.	Mr. Narong Varongkriengkrai	Vice Chairman / Independent Director	4	4
4.	Mr. Sompote Wallayasewi <sup>3)</sup>	Director / Independent Director	4	4
5.	Mr. Apichart Karoonkornsakul	Director / President	4	4
6.	Mr. Chairoj Vetnaruman	Director / Managing Director	4	4
7.	Mr. Suriyon Udcharchon	Director	4	3
8.	Mr. Anurote Nitipornsri <sup>1)</sup>	Director	3	3
9.	Ms. Chittima Karoonkornsakul <sup>1)</sup>	Director	1	-
10.	Mr. Pat Karoonkornsakul <sup>1)</sup>	Director	1	1

Mr. Anurote Nitipornsri is the Secretary of the Board of Directors.

1) Ms. Chittima Karoonkornsakul resigned from the director position during the Board of Directors meeting on 25 February 2019. Mr. Anurote Nitipornsri was appointed as the replacing director with the same remaining term.

2) Mr. Manu Leopaivate and Mr. Pat Karoonkornsakul completed the terms on 20 April 2019. Both wished to not continue as the directors of the Company.

3) Mr. Sompote Wallayasewi resigned from the director position during the Board of Directors meeting on 28 February 2020 No.1/2020, the Board of Directors appointed Mr. Wichien Cherdchutrakuntong to replace as director with the same remaining term.

### 8.1.1 Authorized Directors

Directors authorized to sign on behalf of the Company are two of the three directors, namely Mr. Apichart Karoonkornsakul, Mr. Chairoj Vetnaruman, and Mr. Anurote Nitipornsri to co-sign documents with the Company seal affixed.

### 8.1.2 Term of office

Articles of Association of APCS determine, at each annual general meeting of shareholders, one-third of the total directors are due to vacate the office. If the number of directors cannot be divided by three, the closest number to one-third shall apply. The method for vacating directors from office in the first and second year after the Company's registration is by drawing lots. On the following years, the directors who are in office the longest shall retire. The retiring directors may be re-elected as the directors for another term.

### 8.1.3 Scope of duties and responsibilities of the Board of Directors

The board of director to consider and approve matters relating to the operations of companies such as vision and mission risk strategy, plan and budget as well as supervise the execution of policies and plans are available, efficiency and effectiveness in summary, the powers, duties and responsibilities are as follows;

1. The Board of Directors has authorities, duties and responsibilities in managing the Company in accordance with the laws, Company's objectives and Articles of Association as well as legitimate resolutions of the General Meetings of shareholders with integrity and corporate benefits.
2. To hold an annual general meeting of shareholders in 4 months from the end of the Company's accounting cycle;
3. To hold a Board of Directors' meeting at least once in three months;
4. Prepare an Annual Report and take responsibility for preparation and disclosure of duly audited financial statements to reflect the Company's financial position and operational performance in the previous year, and present them to the annual general meeting of shareholders for their approval;
5. Determine goals, directions, policies, business plans and budget of the Company; monitor and supervise the performance and administration of the Executive Committee to ensure that it is effectively and efficiently in accordance with the policies, plans and budget. The Executive Committee also has the duties to monitor and ensure that the Company has complied with the law on securities and exchange, notifications of the Capital Market Supervisory Board, and the rules and regulations of the SET, such as connected transactions, acquisition and disposal of assets or other laws relevant to the Company's business;
6. To review, check and approve the Company's business expansion plan, large investment projects as well as joint investment with other entrepreneurs, proposed by the management;
7. To monitor corporate performance to ensure compliance with its plans and budget;
8. Consider and have power to determine organization structure, appoint Executive Committee, President and other sub-committee as appropriate, determine the scope of duties of Executive Committee, President and sub-committees;

Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board;

9. The Board may authorize one or more than one directors or any other person to act on its behalf under supervision of the Board, or may delegate power to the person within a specified timeframe as the Board deems it appropriate. The Committee may revoke, withdraw, change or correct that authorization as appropriate;

Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board. Under the criteria, conditions and procedures concerning interrelated transactions and significant asset acquisition or distribution transactions in accordance with the Capital Market Supervisory Board's and/or Stock Exchange of Thailand's or other related organizations' notifications;

In addition, the Board of Directors has authorized subcommittees or the said persons to handle transactions concerning the Company's normal business operation with a specified scope and budget at different levels. There is no authorization without restriction of power or budget;

10. The Board of Directors conducts the Board self-assessment annually to discuss and consider the performance and problem for further improvement

#### 8.1.4 Duties and authorities of the chairman of board director

1. Responsibility as the leader of the Board of Directors in supervising, overseeing and supporting administration by the Executive Committee and other sub-committees to achieve the objectives set forth,
2. Chairing the Board meetings and general meetings of shareholders,
3. Casting a decisive vote in case votes for an issue in the Board are split equally.

## 8.2 Audit Committee

As of 31 December 2019, There are three Audit Committee members as follows.

No.	Name	Position	No. of meeting attendances 2019
1.	Mr. Narong Varongkriengkrai	Chairman of the Board	4/4
2.	Prof. Udomsil Srisaengnam, MD	Audit Committee	4/4
3.	Mr. Sompote Wallayasewi	Audit Committee	4/4

- Board of Directors meeting No.4/2019 on 12 November 2019 has concluded to appoint audit committee with a 3-year term (from 24 December 2019 to 23 December 2022), with Ms. Duangduan Hirunruk as the secretary of the committee.
- Mr. Sompote Wallayasewi resigned from the director position during the Board of Directors meeting on 28 February 2020 No.1/2020, the Board of Directors appointed Mr.Wichien Cherdchutrakuntong to replace as director. Mr.Wichien Cherdchutrakuntong has knowledge and is capable of reviewing the credibility of financial statements.

Mr. Sompote Wallayasewi is knowledgeable and experienced enough to review the credibility of the financial statements.

### 8.2.1 Term of office

1. Audit Committee Chairman      3 years
2. Audit Committee Member      3 years

Upon completion of the term of service, the Audit Committee Chairman and members may be re-appointed.

### 8.2.2 Scope of duties and responsibilities of the Audit Committee

1. Review and ensure the accuracy and adequacy of the Company's financial reporting;
2. Review and make certain that the Company's internal control and internal audit systems are proper and effective, determine the independence of its internal audit unit, and approve the appointment, transfer and dismissal of head of the internal audit unit or any other unit concerned with internal audit function;
3. Review and make sure that the Company complies with the law on securities and exchange, the SET's regulations and the laws relevant to its business;
4. Consider, select, and nominate an independent person to serve as the Company's auditor and propose remuneration for such person, as well as participate in a meeting with the auditor, without presence of the management, at least once a year;
5. Consider any connected transaction or transaction prone to a conflict of interest to ensure that it conforms to the relevant laws and the SET regulations and that it is a reasonable transaction with the utmost benefit to the Company;
6. Prepare a report of the Audit Committee, duly signed by the Audit Committee Chairman, for publishing in the Company's Annual Report, containing at least the following details:
  - (a) Opinion on the accuracy, completeness and reliability of the Company's financial report;
  - (b) Opinion on the adequacy of the Company's internal control system;
  - (c) Opinion on the Company's compliance with the law on securities and exchange, the SET regulations or the laws relevant to its business;
  - (d) Opinion on the suitability of the auditor;
  - (e) Opinion on the transaction with a possible conflict of interest;
  - (f) Number of the Audit Committee meetings held and attendance by individual Audit Committee members;
  - (g) Opinion or observation received by the Audit Committee from its performance of duties in accordance with the Charter; and
  - (h) Other transactions that should be notified to the shareholders and the general investors within the scope of duties and responsibilities designated by the Board of Directors.
7. Perform any other act as assigned by the Board of Directors, with the approval of the Audit Committee;
8. Report the Board of Directors when the Audit Committee discovers or suspects any of the following transactions or acts which might have a material effect on the Company's financial position and business performance, for further rectification within the period of time deemed appropriate by the Audit Committee:



- (a) A transaction involving a conflict of interest;
- (b) A fraud or irregular practice or material error in relation to the internal control activities; and
- (c) A violation of the law on securities and exchange, the SET regulations or the of interest;

### 8.3 Executive Committee

As of 31 December 2019, there are four Executive Committee members as follows.

No.	Name	Position	No. of meeting attendances 2019
1.	Mr. Apichart Karoonkornsakul	Chairman of Executive Committee	6/6
2.	Mr. Chairroj Vetnaruman	Executive Committee Member	6/6
3.	Mr. Anurote Nitipornsri	Executive Committee Member	6/6
4.	Mr. Rajeev Vijayan	Executive Committee Member	6/6

Appointed by The of Board of Directors meeting no. 1/2019 on 25 February 2019 of Executive Committee with term period of 3 years (from February 26, 2019 to February 25, 2022), with Miss. Kanjana Thajampee as the Secretary of Executive Committee.

#### 8.3.1 Term of office

Executive Committee members have a term of service for three years. The retiring members may be re-elected for another term. The Executive Committee shall report to the Board of Directors and have power, duties and responsibilities as assigned by the Board.

#### 8.3.2 Scope of duties and responsibilities of the Executive Committee:

The Executive Committee has power, duties and responsibilities in managing the day-to-day conduct and administration of company business, setting out policies, business plans, budgets, management structure and managerial powers of the Company, criteria for business conducts in accordance with the economic conditions for submitting to the Board of Directors for consideration and approval and/or endorsement, as well as monitoring the company performance according to the policies of the Board. Scope of duties and responsibilities of the Executive Committee are outlined below.

1. Administer the business of the Company according to the objectives, rules, policies, regulations, requirements, directives and resolutions of the meetings of the Board of Directors and/or the shareholders;
2. Examine and screen the proposals submitted by the management, determine organization structure, policies, directions and strategies for the business operations, business expansion, financial plans, budgets, human resource management, investment in information technology for proposing to the to the Board of Directors for its endorsement;
3. Appoint a sub-committee and/or working group to conduct the operations or manage the Company, assign their powers, duties and responsibilities including oversee their performing of duties in accordance with the goals and policies;
4. Monitor the Company performance and ensure that the operations are efficient, of high quality in compliance with the goals and policies set out by the Board;
5. Consider the annual budget proposals submitted by the management before proposing to the Board of Directors for consideration and approval;

6. Have power to approve the expenditure for normal business conduct but not more than the budget endorsed by the Board of Directors;
7. Approve the expenditure for major investment as stated in the annual budget paper as the Board of Directors may assign, or as the Board may have approved in principle;
8. Have power to approve borrowing, acquisition for credits or any loans in amount not exceeding Bt.100 million per item, but not more than the budget endorsed by the Board of Directors. In the case of using the Company's assets as collateral, approval must be sought from the Board of Directors;
9. To review the Company's profit and loss, interim or annual dividend payment before proposing it to the Board of Directors for approval;
10. Determine organization structure and power in management, including appointment, employment, transfer, termination, wages, remuneration, and bonuses for the directors of department or equivalent and higher except the President;
11. To have power to authorize one or more persons to handle something under the supervision of the Executive Board or authorized the said persons to have authority that the Executive Board feels appropriate and for a period fixed by the Executive Board. The Executive Board may cancel, withdraw, change or alter that authorized person or authorities as the Executive Board may feel appropriate;
12. To have authority to approve a loan and spending for the Company's normal business operation for not more than Bt20 million in case a transaction exceeds the budget approved by the Board of Directors. That should be presented to the Board of Directors for acknowledgement in the following meeting;
13. Perform any other act as assigned by Board of Directors on a case by case basis.

The Executive Committee's authorization of powers and responsibilities must not be made in the manner that empowers the authorized person to approve transactions that he/she or other person may be involved in conflicts of interest (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) or conflicts of interest in any other nature with the Company or its subsidiary and/or associated companies. The Executive Committee has no authority to approve the said matter. Hence, the Committee must propose to the meeting of the Board of Directors and/or shareholders (as the case may be) for its approval, except the case of approving a normal transaction under normal trade conditions in accordance with the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies.

#### 8.4 Recruitment and Compensation Committee

As of 31 December 2019, there are three Recruitment and Compensation Committee members as follows:

No.	Name	Position	No. of meeting attendances 2019
1.	Prof. Udomsil Srisaengnam, MD	Chairman of the Board	2/2
2.	Mr. Sompote Wallayasewi	Director	2/2
3.	Mr. Narong Varongkriengkrai	Director	2/2

Appointed by The Board of Director Meeting no.1/2017 on March 9, 2017 of Recruitment and Compensation Committee with term period of 3 years (from March 9, 2017 to March 8, 2020), with Mr. Anurote Nitipornsri as the Secretary of Recruitment and Compensation Committee.

Mr. Sompote Wallayasew resigned from the director position during the Board of Directors meeting on 28 February 2020 No.1/2020, the Board of Directors appointed Mr.Wichien Cherdchutrakuntong to replace as director.

Appointed by The Board of Director Meeting no.1/2020 on 28 February 2020 of Recruitment and Compensation Committee with term period of 3 years (from March 9, 2020 to March 8, 2022), as follows:

1. Prof. Udomsil Srisaengnam
2. Mr.Wichien Cherdchutrakuntong
3. Mr. Narong Varongkriengkrai

With Mr. Anurote Nitipornsri as the Secretary of Recruitment and Compensation Committee.

##### 8.4.1 Term of office

1. The Term of Office of the Recruitment and Compensation Committee is 3 years. Recruitment and Compensation Directors may be reinstated as the Board may feel appropriate.
2. Recruitment and Compensation Directors will lose their directorship upon:
  - (1) Completing one's term of office,
  - (2) No more serving as Director in the Board,
  - (3) Resignation,
  - (4) Death,
  - (5) Resolution to terminate directorship by the Board.
3. In case a Recruitment and Compensation Director loses his/her directorship prematurely, the Board shall appoint someone qualified in his/her place so that the number of Recruitment and Compensation Directors is sufficient according to the charter. A replacement shall remain in the office according to the period left over by his/her predecessor.

##### 8.4.2 Scope of duties, responsibilities and authorities

The Recruitment and Compensation Committee shall handle activities assigned by the Board. Its duties, responsibilities and authorities are as follows:

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- **Recruitment**

1. Figuring out a policy, criteria and procedures to recruit Directors for the Board and other committees as well as managing director, based on the appropriateness, structure and composition of the Board of Directors; setting forth qualifications of Directors to propose to the Board and/or to get approval in the general assembly of shareholders, whichever the case may be.
2. Recruiting, selecting and proposing names of qualified candidates to take up the positions of Directors in the Board or other committees or managing director in place of outgoing directors in accordance with the Articles of Association,
3. Disclosing the recruitment policy and procedures in the annual declaration form (56-1) and Annual Report (56-2),
4. Handling other activities concerning recruitment, assigned by the Board.

- **Compensation**

1. Preparing a policy and criteria for remuneration and other benefits to the Board, committees and managing director to propose to the Board and/or to get approval from the general assembly of shareholders, whichever the case may be,
2. Identifying proper compensation in cash and non-cash to each individual Director each year, based on his/her duties, responsibilities, performance in comparison with the offers by other companies in the same industry as well as contributions from each Director to propose to the Board and/or to get approval from the general assembly of shareholders,
3. Figuring out a framework to evaluate the performance of the Board, committees and managing director in order to come up with an annual remuneration package,
4. Accountable to the Board, being prepared to clarify and answering questions concerning compensation to the Board in a general meeting of shareholders,
5. Reporting the policy, principles/rationale of compensation to Directors and executives according to the SET's requirements in the annual declaration form (56-1) and Annual Report (56-2),
6. Handling other activities concerning the compensation as assigned by the Board,
7. The executives and other organizations shall present related information to the Recruitment and Compensation Committee to support the Committee's operation in order to achieve its goals.

- **Other duties**

1. The Recruitment and Compensation Committee shall hold a committee meeting at least twice a year, and may call additional meetings if necessary.
2. The Recruitment and Compensation Committee may invite someone involved to make clarifications in a committee meeting.
3. The Recruitment and Compensation Committee shall report its performance to the Board of Directors, and prepare a report of its performance in the annual declaration form (56-1) and Annual Report (56-2), signed by the chairperson of the Recruitment and Compensation Committee.

4. The Recruitment and Compensation Committee shall conduct a self-evaluation and report the findings to the Board of Directors at least once a year.
5. The Recruitment and Compensation Committee shall revise the charter each year and propose an amendment, if any, to the Board for approval.

## 8.5 The Risk Management Committee

As of 31 December 2019, there are three Risk Management Committee members as follows:

No.	Name	Position	No. of Meeting attendances 2019
1.	Mr. Sompote Wallayasewi	Chairman of the Board	1/1
2.	Mr. Apichart Karoonkornsakul	Director	1/1
3.	Mr. Chairoj Vetnaruman	Director	1/1

Appointed by The Board of Director Meeting no.1/2017 on March 9, 2017. Term period of 3 years (from March 9, 2017 to March 8, 2020), with Mr. Anurote Nitipornsri as the Secretary of Risk Management Committee.

Mr. Sompote Wallayasew resigned from the director position during the Board of Directors meeting on 28 February 2020 No.1/2020, the Board of Directors appointed Mr. Wichien Cherdchutrakuntong to replace as director.

Appointed by The Board of Director Meeting no.1/2020 on 28 February 2020 of Risk Management Committee with term period of 3 years (from March 9, 2020 to March 8, 2022), as follows:

1. Mr. Wichien Cherdchutrakuntong
2. Mr. Apichart Karoonkornsakul
3. Mr. Chairoj Vetnaruemarn

With Mr. Anurote Nitipornsri as the Secretary of Risk Management Committee.

### 8.5.1 Term of office

1. The Risk Management Committee's term of office is 3 years. Outgoing risk management directors may be reinstated as the Board may deem appropriate.
2. A Risk Management Director may lose his/her directorship upon:
  - (1) Completing one's term of office,
  - (2) No more serving as Director in the Board,
  - (3) Resignation,
  - (4) Death,
  - (5) Resolution to terminate directorship by the Board.
3. In case a Risk Management Director loses his/her directorship prematurely, the Board shall appoint someone qualified in his/her place so that the number of Risk Management Directors is sufficient according to the charter. A replacement shall remain in the office according to the period left over by his/her predecessor.

### **8.5.2 Scope of duties, responsibilities and authorities of the Risk Management Committee**

The Risk Management Committee shall handle activities assigned by the Board and the committee's duties, responsibilities and authorities are as follows:

1. Screening a risk management policy and framework before proposing it to the Board for approval,
2. Going through and giving initial approval to risk appetite before proposing it to the Board for their acknowledgement,
3. Acknowledging, considering and offering opinions on risk evaluation, direction and measures to cope with risks as well as operation plan to order to efficiently manage the remaining risks to make sure that APCS has a sufficient and proper risk management plan,
4. Monitoring the risk management policy and framework to make sure that risk management is efficient across the organization under the framework and policy approved by the Board,
5. Coordinating with the Board to monitor significant risks, reviewed by the internal auditor to make sure that APCS has sufficient and proper internal control,
6. Offering advice and consultation to the working groups involved with risk management and reviewing information related to the development of risk management,
7. Regularly reporting risk management operation and status as well as changes and improvements to align with APCS's policies and strategies,
8. Appointing sub-committees or working groups involved with risk management and figuring out their roles and responsibilities in order to achieve the objectives of the appointment,
9. Encouraging a review of the risk management policy and framework at least once a year to ensure that APCS's risk management policy and framework goes in line with the current business operation,
10. The Risk Management Committee shall hold a committee meeting at least twice a year, and may call additional meetings as the committee feels appropriate.
11. The Risk Management Committee shall have a joint meeting with the Audit Committee at least once a year.
12. Handling other activities involved with risk management as assigned by the Board. The executives and other organizations shall provide information to the Risk Management Committee in support of the committee's operation and achievement of its objectives.

Management and other department to report or present relevant information and documents. Risk management committee to support the work of the committee to achieve risk management duties as assigned.

## 8.6 Executives

As of 31 December 2019, there are four Executive members as follows.

No.	Name	Position
1.	Mr. Apichart Karoonkornsakul	President
2.	Mr. Chairroj Vetnaruman	Managing Director / Acting Chief of Operations / Acting Chief of Purchasing
3.	Mr. Rajeev Vijayan	Chief of Engineering/ Acting Chief of Business Development
4.	Mr. Anurote Nitipornsri	Chief of Administration * / Acting Chief of Human Resource Management

\* Administration Department are as follows: Accounting, Financial, Information Technology, and BOI

### 8.6.1 Scope of duties and responsibilities of the President

1. Supervise, manage and perform the duties of normal business conducts for the Company's interest in accordance with the objectives and the Articles of Association, rules, regulations, resolutions, policies, work plans and budgets endorsed by the Board's and/or the shareholders' meeting under relevant laws and/or scope of authority designated by the Board of Directors.
2. Control and oversee the business operations and/or daily administration of the Company.
3. Determine and propose the Company's business policies, business plans, targets, operational plans, business strategies, annual budgets for the Company's operations, budgets shown in annual report, management authority to the Executive Committee and Board of Directors for approval.
4. Implement the policies of Board of Directors by translating them into directions, guidelines, strategies and business targets (mission) which will be assigned to the management team for further action.
5. Oversee and follow up the performance of the executives; give advice on rectifications of problems and obstacles to ensure that the executives and management team act in accordance with the strategies and business plan and in line with the Company's policy.
6. Monitor and evaluate performances of duties of the management team; report the results of operations, management and progress of the operations to the Executive Committee, the Audit Committee and the Board of Directors on a regular basis.
7. To issue an order, regulation, notification and memorandum to ensure that the Company's business operation goes in line with the Company's policy and benefits as well as organizational discipline.
8. To specify an organizational structure, management methodology covering such details as selection, training, employment and termination of the staff, and specify wages, salary, remuneration, bonus and other welfare benefits for the staff.

9. To have authority to appoint or remove an officer holding a position lower than the President.
10. To have authority to approve spending for the Company's normal business operation, for instance, an asset purchase, significant investment for corporate benefits and other beneficial transactions. The said approval authority is applicable to normal business transactions with a maximal spending of not more than Bt100 million/transaction but not exceeding the budget already approved by the Board of Directors.
11. Perform any other duties as assigned by the Executive Committee or the Board.

In undertaking any matter that the President or his authorized person or other person that may have conflicts of interest (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) or conflicts of interest in any other nature with the Company or its subsidiary and/or associated companies, the President has no authority to approve the said matter. Hence, he must propose to the meeting of the Board of Directors and/or shareholders (as the case may be) for its approval, except the case of approving a normal transaction under normal trade conditions in accordance with the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies.

#### **8.7 Company Secretary**

At the 1/2011 meeting of the Board of Directors on 19 January 2011, the meeting appointed Mr. Anurote Nitipornsri as the Company Secretary. Also Mr. Anurote Nitipornsri is knowledgeable and have sufficient experience to accounting.

In accordance with Section 15/89 of the Securities and Exchange Act 1992 as amended by the Securities and Exchange Act No.4, 2008 with the following scope of duties and responsibilities.

1. Provide basic advice to the Board of Directors concerning compliance with the laws, rules, regulations and the Company's Articles of Association, and monitor correct practices regularly;
2. Be responsible for disclosing Company information in line with the regulations and requirements of the SET and the Office of Securities and Exchange Commission;
3. Prepare and maintain the following documents;
  - a. Registration of the Company's directors;
  - b. Invitation letters to the Directors meeting and minutes of the meetings;
  - c. Invitation letters to shareholders for meeting and minutes of the shareholders' meeting;
  - d. Company's annual reports;
  - e. Reports of conflicts of interest of Directors and executives.



## 8.8 Remuneration of the Board of Directors and Executives

### A. Monetary remuneration

- Directors

In the past, the Company paid meeting allowances and remuneration to Directors who did not serve as the management. Directors who received meeting allowances in 2019 are as follows:

No.	Name	Position	Board of Director			Audit Committee			Recruitment and Compensation Committee			Risk Management			Total
			No.	Meeting Fees	Remuneration	Reward	No.	Meeting Fees	Remuneration	No.	Meeting Fees	Remuneration	No.	Meeting Fees	
1.	Mr. Manu Leopairote	Chairman of the Board Director	1/1	20,000	40,000	-	-	-	-	-	-	-	-	-	60,000
2.	Prof. Udomsil Srisaengnam, MD	Chairman of the Board Director / Chairman of the Recruitment and Compensation Committee / Audit Committee	4/4	85,000	120,000	150,000	4/4	25,000	80,000	2/2	20,000	-	-	-	480,000
3.	Mr. Narong Varongkriengkrai	Vice Chairman / Audit Committee Chairman Recruitment and Compensation Committee	4/4	55,000	100,000	120,000	4/4	35,000	100,000	2/2	10,000	-	-	-	420,000
4.	Mr. Sompote Wallayasewi	Director / Audit Committee / Recruitment and Compensation Committee / Chairman of Risk Management	4/4	55,000	60,000	120,000	4/4	20,000	60,000	2/2	10,000	-	1/1	10,000	335,000
5.	Mr. Apichart Karoonkornsakul	Director / Risk Management Committee / President	4/4	45,000	-	-	-	-	-	-	-	-	1/1	5,000	50,000
6.	Mr. Chairroj Vetnaruman	Director / Risk Management Committee / Managing Director	4/4	45,000	-	-	-	-	-	-	-	-	1/1	5,000	50,000
7.	Mr. Suriyon Udcharchon	Director	3/4	30,000	-	-	-	-	-	-	-	-	-	-	30,000
8.	Mr. Anurote Nitipornsri	Director	3/3	45,000	-	-	-	-	-	-	-	-	-	-	45,000
9.	Miss Chittima Karoonkornsakul	Director	0/1	-	-	-	-	-	-	-	-	-	-	-	-
9.	Mr. Pat Karoonkornsakul	Director	1/1	10,000	-	-	-	-	-	-	-	-	-	-	10,000
<b>Total</b>				390,000	320,000	390,000		80,000	240,000		40,000	-		20,000	1,480,000

\*Mr. Manu Leopairote's term has ended on 20 April 2019 and wished not to continue. Prof. Udomsil Srisaengnam, MD became the new chairman of the board.

The meeting in the 2019 Annual General Meeting of shareholders on April 20, 2019 resolved to specify monetary remuneration and make payment accordingly to the Board of Directors and Audit Committee as follows

Position	Board of Directors					Audit Committee					Recruitment and Compensation Committee					Risk Management					Meeting Allowance	Total Remuneration	Total (Per Year)	
	Meeting Allowance				Remuneration	Meeting Allowance				Remuneration	Meeting Allowance				Remuneration	Meeting Allowance				Remuneration				
	Qty	No.	Amount	Total		Qty	No.	Amount	Total		Qty	No.	Amount	Total		Qty	No.	Amount	Total					
Chairman of the Board	1	6	25,000	150,000	120,000	1	4	10,000	40,000	120,000	1	2	10,000	20,000	-	1	2	10,000	20,000	-	230,000	240,000	470,000	
Vice Chairman	1	6	15,000	90,000	120,000		4	-	-	-		2	-	-	-		2	-	-	-	90,000	120,000	210,000	
Director	1	6	15,000	90,000	60,000	2	4	5,000	40,000	120,000	2	2	5,000	20,000	-		2	5,000	-	-	150,000	180,000	330,000	
Director (Executive)	4	6	15,000	360,000	-		4	-	-	-		2	-	-	-	2	2	5,000	20,000	-	380,000	-	380,000	
<b>Total</b>	<b>7</b>			<b>690,000</b>	<b>300,000</b>	<b>3</b>			<b>80,000</b>	<b>240,000</b>	<b>3</b>			<b>40,000</b>	<b>-</b>	<b>3</b>			<b>40,000</b>	<b>-</b>	<b>850,000</b>	<b>540,000</b>	<b>1,390,000</b>	
Director Fee (Based on earnings)																								610,000
<b>Total remuneration for directors for the year 2019 of no more than</b>																								<b>2,000,000</b>

- Executive

In 2019, the Company paid remuneration executives as salary and bonus total amount of Bt 29,095,292.00 บาท

#### B. Other Remuneration

- None -

### 8.9 Changes in APCS shares Held by Director and Executives

Detail as of 30 December 2019						
No.	Name	Position	No. of shares <sup>1)</sup> As of 31 December		Increase in APCS shares held in 2019	Percentage of shares held (%)
			2018	2019	Net Buy (Sell)	2019
1.	Prof. Udomsil Srisaengnam, MD	Vice Chairman / Chairman of the Recruitment and Compensation Committee / Audit Committee	-	-	-	-
2.	Mr. Narong Varongkriengkrai	Vice Chairman / Chairman of the Recruitment and Compensation Committee / Chairman of the Audit Committee	-	-	-	-
3.	Mr. Sompote Wallayasewi	Director / Recruitment and Compensation Committee / Chairman of Risk Management / Audit Committee	208,800	208,800	-	0.03
4.	Mr. Apichart Karoonkornsakul	Director / Risk Management Committee / President	94,345,812	94,345,812	-	14.29
5.	Mr. Chairroj Vetnaruman	Director / Risk Management Committee / Managing Director	17,335,682	12,335,682	(5,000,000)	1.87
6.	Mr. Suriyon Udcharchon	Director	-	-	-	-
7.	Mr. Anurote Nitipornsri	Director / Company Secretary / Executive	441,663	441,663	-	0.07
8.	Mr. Rajeev Vijayan	Director / Executive	-	-	-	-

**Note :**

1) Shares Held include Spouse and Child (Children) not over 20 years old

## 8.10 Human Resources

As of December 31, 2019 APCS and its subsidiaries had 899 employees (executives not included) in the following business lines:

Department	No. of Staffs of the subsidiaries
Business Development	14
Supply Chain Development	8
Technical Development	93
Operation	716
Human Resource	27
Administration	41
<b>Total</b>	<b>899</b>

- **Staff compensation**

In 2019, APCS and its subsidiaries paid an average of 899 employees, totaling THB 275.37 million in the forms of monthly salary, cost of living, brokerage, provident fund, social security, staff benefits and others.

- **Provident Fund**

APCS set up a Provident Fund on January 1, 2006 with Bangkok Bank Public Co., Ltd. with an objective of boosting employees' moral and encouragement as well as motivation for the employees to work for the Company for a long time.

- **Other compensations**

- None -

- **Human resource development policy**

APCS has in place a human resource development policy for every level in order to increase their knowledge and for the Company to have efficient manpower for better corporate productivity. An annual training plan includes in-house and outsourced training to increase employees' skills. In 2019, APCS facilitated staff training at the total 16,276 hours or average 18.10 hours/person/year.

## 9. Good Corporate Governance

### 9.1 Good Corporate Governance

Realizing the significance of efficient, transparent and traceable administration for every party concerned to be confident in sustainable growth under proper code of conduct and related legal provisions, Asia Precision Public Co., Ltd., (APCS) has come up with a good corporate governance policy to ensure better administration and compliance by every employee at any levels, thus reinforcing the culture of good governance. APCS has adopted the Stock Exchange of Thailand's good corporate governance framework for listed companies in 2012 as its policy. The Board of Directors has put that good corporate governance policy in writing and reviewed that policy every year. Through different communication channels, APCS has conveyed that policy to everyone in the organization so that they may have correct understanding of the corporate governance and comply with that framework.

The good corporate governance policy of the company cover 5 section as follow:

#### Chapter 1 Rights of Shareholders

The Company realizes the importance of fundamental rights of its shareholders as company owners and investors, such as right to buy, sell or transfer the securities they hold, right to profit sharing from the Company, right to adequately access the Company's information, rights at a shareholders' meeting, right to express opinions, and right to make joint decisions on such critical matters as profit appropriation for dividend payment, appointment or removal of a director, appointment of the auditor, approval of transactions with impact on its business framework, amendment to the Company's memorandum of association, and articles of association, etc.

In addition to the fundamental rights above, the Company has taken several measures to facilitate the exercise of rights by the shareholders as follows:

1. The Board of Directors, executives, relevant work units, and the auditor are encouraged to attend the shareholders' meeting.
2. APCS usually sends out a notification for a general meeting with sufficient information for each agenda for shareholders to learn in advance. For the 2019 Annual General Meeting, APCS disseminated the notification of the general meeting on March 19, 2019, more than 30 days before the meeting date and advertised that notification in a newspaper for 3 consecutive days. At each agenda, the Board's opinions have been published. Such information will be displayed in the Company's website ([www.asiaprecision.com](http://www.asiaprecision.com)) so that shareholders may have a chance to study it before the meeting. APCS will not unnecessarily add any agendas without prior notice, especially significant agendas which shareholders may need time to study before making decision.
3. If a shareholder is unable to attend the meeting, he/she may appoint one of the independent directors or any other person as proxy to attend the meeting on his/her behalf using any one type of the forms delivered together with the notice.

4. Before the Annual General Meeting, APCS declares that shareholders have the following rights:
  - 4.1 APCS also allows one or more shareholders holding combined shares of at least 5 percent of the number of shares entitled to votes to propose an agenda in advance and nominate candidates to run for directorship. In 2019, APCS notified the shareholders through the SET's system and APCS's website on October 1, 2019 (For AGM 2020 details, APCS notified the shareholders through the SET's system and APCS's website on October 1, 2019), more than 3 months before the end of the accounting cycle. Shareholders' rights were explicitly displayed in the Company's website. The Audit Committee would screen those agendas, proposed by shareholders before putting them forward to the Board of Directors

In case of tabling an agenda or nominating candidates to for directorship by shareholders, APCS will notify shareholders in the notification for the AGM that the agendas or candidates have been proposed by shareholders. In case the Board declines to table shareholders' proposals in the agendas, APCS will clarify its reasons in the AGM.

During the period open to shareholders, no shareholders propose an agenda or nominate anyone as a candidate for directorship in advance.
  - 4.2 Allow shareholders to send in their opinions, suggestions or questions concerning the agendas of the AGM one month before the meeting date. APCS has publicized the said information in the website of the Stock Exchange of Thailand and APCS website : [www.asiaprecision.com](http://www.asiaprecision.com)
5. In the AGM, APCS sponsored registration through a barcode system, showing each shareholder's registration number according to the registration form each shareholder has received along with the notification for the AGM in order to facilitate the shareholders to register before the meeting.
6. At the meeting, shareholders are given opportunities to raise questions, give suggestions, or express their opinions to the meeting on various issues independently and equally. A shareholder meeting will be attended by relevant directors and executives to answer to any questions raised at the meeting. Record of the questions and opinions expressed at the meeting shall be made available for the shareholders' inspection and information
7. At the meeting to elect a director, shareholders are given opportunities to vote for a director one by one. They shall have the right to nominate a qualified person from various backgrounds to represent them and protect their interests.
8. To count votes, APCS has applied an e-Voting tool to ensure accuracy and promptness in which vote counting is completed soon after each agenda. After the meeting, shareholders can check vote details.
9. After the general meeting, minutes of the meeting will be prepared, featuring correct and complete information for shareholders to review. The minutes will be published in the Company's website in 14 days after the meeting.

## **Chapter 2 Equitable Treatment of Shareholders**

The Company has a policy to ensure equitable treatment of all shareholders, particularly the minor shareholders by allowing them to propose agenda items for the annual general meeting and nominate qualified persons as directors ahead of time, plus detailed information and/or qualifications. The Company will screen and contain only beneficial agenda items and select only qualified persons through the Audit Committee before proposing to the Board of Directors for consideration and placing on the agenda of the meeting.

At each general meeting, the Company has a policy of treating all shareholders on an equitable basis. Before commencing a meeting, the Chairman will explain to the attendees about their right to vote, details on how to cast ballots are announced for each agenda and votes are tallied for each resolution. Sufficient time will be allocated for the shareholders to express their views, offer advice, and ask questions at each agenda item. The Chairman will proceed according to the meeting agenda as outlined in the invitation notice. No additional agenda items that have not been indicated in the invitation notice will be raised without notifying the shareholders in advance. Thus each shareholder should have time to study the information before making any decisions

The Company has set disciplinary penalty in case of violation of using internal information for personal benefits, or disclosing the information that may cause damage to the Company. The penalty is imposed according to the severity beginning from verbal warning, written warning, temporary suspension without pay, termination of employment, dismissal, removal, and discontinuation of employment, as the case may be.

Directors and executives are informed of their obligation to report their securities holding in the Company and of the penal clause pursuant to the Securities and Exchange Act B.E. 2535 (1992) and the SET requirement. In the event of Company shares trading by directors or executives, they are required to report to the SEC within 3 business days in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) on their shareholding in the Company, including those of their spouses and under-aged children, for further disclosure to the public

In addition, the Company has adhered to the equitable treatment principle for the benefits of all shareholders and set out guidance for managing conflicts of interest in a transparent and accountable manner, in particular transactions between the Company and interested or concerned parties. In the event that there is such a case, the concerned persons must promptly report to the Company and refrain from taking part in the consideration of or voting on that matter. Guidelines are also set to prohibit the directors or executives who may have benefits from joining in decision making on respective transaction. At the Board of Directors' meeting, the directors who have been involved in any conflicts of interest must not vote on the matter.

### Chapter 3 Role of Stakeholders

The Company has given importance to the rights of all groups of stakeholders, consisting of such internal ones as shareholders, employees and executives and such external ones as creditors, customers, suppliers, competitors, government agencies, society and community, etc. Realizing that supports and comments from all groups of stakeholders benefit the Company's operation and business development, the Company will comply with the applicable laws and requirements to ensure that the rights of such people are well maintained. Besides, the Company promotes the rights of all stakeholders, political and universal human and non-infringement of intellectual property and realizes important environmental and social responsibility based on the following guidelines

Shareholders : Treat all shareholders equally; protect shareholders' benefits; will not violate the shareholders' right or deprive them of their right; build maximum satisfaction with due regards to the Company's sustainable growth; ensure regular and suitable earnings; and uphold the principles of good corporate governance in doing business.

Employees : Ensure that every employee is fairly and equally treated in terms of opportunities, rewards, welfare and potential development; recognize that all employees are valuable resources and are the key to the success of the organization; encourage employees to develop their knowledge along with moral and ethics in line with the Company's wish "building good citizens in gratitude for the homeland." The Company is determined to develop the organization into a learning organization, enhance cultural and working environment, promote teamwork, increase employees' knowledge and competency for their advancement and career stability and realized safety and environment, assure them of quality of life and safety at work, maintain occupational health and environment; fairly and equally pay attention to opinions and suggestions from employees at all levels.

Customers : Enhance satisfaction and confidence among the customers; be attentive and responsible for the customers; deliver premium products/services of high quality and safety at reasonable prices, in compliance with the standards; strictly follow the conditions and agreements with the customers; upgrade standards of products/services on a continual basis; regularly maintain good and sustainable relationship with the customers; use the customers' information for the benefits of the Company and concerned parties.

Suppliers : Have due regards to equality, equity, fairness and honesty in doing business; protect the interests of the partners and creditors by earnestly observing the laws and rules; have code of ethics in doing business, not asking, taking or offering any bribes when doing business with the partners; respectfully follow the agreed conditions; have fair treatment of the creditors including punctual debt settlement; ensure that collateral assets and other conditions under contracts are correct, complete and meet the principles of good corporate governance; report to the business partners and creditors in advance if the Company is not able to follow the obligations stated in the contracts and collaborate in making a solution.



- Competitors : Treatment of business competitors shall be in compliance with international principles under the law on trade competition practice; uphold the rule on fair competition; not discriminate against others in entering the business; not tarnish competitor's reputation by accusation or giving false information or act in any manner that is an unfair treatment in competition.
- Public Sector : Give importance to transparency and take into account honesty when making transactions with government agencies and the officials alike to avoid any acts that may lead to improper undertaking and conflicting with the good governance principles; deny any forms of bribing the state officials for the Company's convenience or business interests.
- Community, Society and Environment Have a policy to conduct the business with responsibility toward the community, society and environment with due regards to safety, quality of life, and natural resource conservation; promote efficient use of energy; be aware of quality of life of the community and society as well as the impacts from the manufacturing sector on the environment; ensure that any actions or decisions of the Company relating to its production and business conduct are lawful and comply with the rules and regulations or standards; encourage the employees to have sense of responsibility toward the community, society and environment, and cooperate in the activities arranged by the community where the Company is located.

Stakeholders can communicate their opinions, complaints or notifications of irregularities or anything that may affect APCS through the following channels:

1. [www.asiaprecision.com](http://www.asiaprecision.com) ;
2. email address : [audit\\_committee@asiaprecision.com](mailto:audit_committee@asiaprecision.com) ;
3. email address : [ind\\_dir@asiaprecision.com](mailto:ind_dir@asiaprecision.com) ;
4. sent to : ASIA PRECISION PUBLIC COMPANY LIMITED

Company Secretary / Administrative Department

700/331 Moo 6, Donhualor Sub-district, Muang Chonburi District, Chonburi 20000.

Related organizations will handle those opinions, complaints or notifications of irregularities and pass them to the Audit Committee and eventually Board of Directors for final decision.

#### **Chapter 4 Disclosure and Transparency**

The Company gives importance to accurate, complete, timely and transparent disclosure of both financial and general information in accordance with the rules of the SEC and the SET, as well as such other information as essentially affecting Company share price, all of which can influence the decision process of its investors and stakeholders. Accordingly, company information is disseminated to its shareholders, investors and the public through several channels including information channels of the SET.

In terms of investors' relationship, APCS has not yet set up a specific organization as activities in such area are not many. However, Mr. Apichart Karoonkornsakul and Mr. Anurote Nitipornsri, have been assigned to communicate with institutional investors, shareholders as well as analysts and related public organizations.

The Board of Directors is responsible for financial statements and financial information appearing in the annual report. The financial statements have been prepared pursuant to the generally accepted accounting standard for Thailand, with accounting policy appropriately selected and regularly used throughout the operation, including adequate disclosures in the financial statements. In this regard, the quality of the financial statements and internal control, as well as adequate disclosures in the notes to financial statements, will be reviewed by the Audit Committee.

## **Chapter 5 Responsibilities of the Board of Directors**

### **1. Structure of Board of Directors**

The Board of Directors is composed of the persons who are knowledgeable, competent and have experience in the areas that support the development of the Company's business. The Board plays an important role in supervising, inspecting and evaluating the results of operations of the Company in compliance with the set plan, as well as running the business in compliance with the law, regulations and resolutions of the shareholders' meeting. The Board is obligated to ensure honesty and morality under the code of conduct of the business, and to oversee the administration conducted by the management according the set goals and directions for the Company's and shareholders' maximum benefits.

(List of Directors and other information about the Board have been displayed under Section 8.1)

One-third of the Board of Directors is represented by independent directors with the purpose of check and balance for voting on matters for consideration. The Audit Committee has been instituted consisting of three independent directors.

On December 31, 2019, the Board features 7 Director ;-

- 3 independent directors , (Not a shareholder)
- 2 executive directors (whom represent major shareholders)
- 1 executive directors (not in the major shareholder group)
- 1 directors (Not a shareholder)

Under the Company's Articles of Association, at least one-third of the directors must vacate their office by rotation at each annual general meeting of shareholders, and if the number of directors is not a multiple of three, the nearest number of one-third must retire by rotation. There must be a drawing by lots to determine the directors retiring on the first and second years following the registration of the Company. In each subsequent year, the directors who occupy the position for the longest period must retire. A retired director may be re-appointed.

The Board of Directors has the policy that the person appointed as Chairman of the Board and the President must not be the same person in order to clearly delineate the responsibilities in supervisory policies and daily management. Therefore, duties and responsibilities between the Board of Directors and executives are clearly separated and balanced. The Board of Directors has the duty to determine policies and supervise the performance of policy level executives, while the executives are responsible for managing the Company' operations in compliance with the set policy. Accordingly, the Chairman of the Board and the President are different persons.

The Board of Directors has appointed Company Secretary having the duties and responsibilities in accordance with the Securities and Exchange Act (name of the company secretary and duties and responsibilities are provided in Content of Organization Structure. disclosure no. 8.7)

- Delineating of Duties between the Policy Setting and Daily Wok Management

The Board of Directors has clearly delineated the roles and responsibilities of the policy level and the daily management. The Chairman and the President will be elected by the Board of Directors. The Chairman must not be assigned as the Chief Executive Officer. But he will be the leader and take key role in making policy decisions resulting from the Board of Directors' meeting at which business targets will be considered and defined together with the management team. The Chairman shall efficiently and effectively lead the Board of Directors' meetings, support all directors' active and independent involvement in the meeting. He will also chair the shareholders' meetings. The Chairman of the Board does not get involve in daily management, but he should support and advise the management team concerning the business through the Chief Executive Officer. The President shall be responsible for managing the Company within the scope of powers assigned by the Board of Directors (See details of Scope of duties and responsibilities of the President no.8.6.1)

- The term of office

The term of office for each Director is in line with the Articles of Association without age limit or number of terms served.

The term of office or period of service of independent directors is not limited. According to the SET's good governance principles, the Board should specify that independent directors can serve in the Board maximal 9 years from the date of first appointment. However, the current four independent directors have not served in the Board more than 9 consecutive years.

- Holding directorship in other companies

According to the SET's good governance principles, the Board should allow its directors to serve in maximal 5 other listed companies, operating proper nature of business.

Today, APCS has not yet limited the number of companies each Director may serve. However, the Board has separated the policy-making personnel from those handling day-to-day operation.

- Self evaluation by the Board of Directors

The Board has set a policy of evaluation of the Board performance each year with an objective for each Director to review his/her performance in the past year and to improve the Board's overall performance. Evaluation criteria are in percentage points for each heading as follows:

- 1) More than 85% = Excellent,
- 2) More than 75% = Very Good,
- 3) More than 65% = Good,
- 4) More than 50% = Fair,
- 5) Less than 50% = Improvement is required.

The Board of Directors performs self-evaluation on a yearly basis for the Board to review their performance and problems for further development. Topics of evaluation have been clearly specified to use as norms for performance evaluation.

The Board's self-evaluation form features 6 topics, namely, Board structures and qualifications, roles, duties and responsibilities, Board meeting, duty performance, relationship with the management and self-development and development of the management.

The Board's evaluation of the 6 topics shows that their performance exceeds 97.93 percent or excellent.

- Audit Committee's Report

The Board of Directors is responsible for the Company's financial statements. It assigns the Audit Committee to review the financial report and make sure that the report is correct and has the quality in compliance with the generally accepted accounting standards. Disclosure of important information must be adequate and transparent. The accounting department and/or the auditor will participate in the meeting and submit the report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for Company consolidated financial statements and financial information (Report on the Responsibility of the Board of Directors for the Financial Report) as appeared in the annual report. The financial statements are produced based on the generally-accepted accounting standards and audited by the auditor. Disclosure of essential information, including financial and non-financial information, is based on complete and regular facts. (Details Audit Committee's Report are in the enclosure no. 3)

- Conflict of interest

A conflict of interest policy was defined on the basis that any decision made in the course of business activity should inure to the best interests of the Company and to avoid any action leading to conflicts of interest. Directors, executives and employees must review and inform the Company of their relation or linkage with such transaction. The person relating or linked to the transaction being considered must not participate in the consideration and approval of such transaction. Connected transactions and transactions in conflicts of interest must be carefully considered in terms of appropriateness based on the price and same conditions as conducted with outsiders.

Connected transactions and transactions in conflicts of interest carefully considered by the Audit Committee in terms of appropriateness and in accordance with the rules of the SET will be proposed to the Board of Directors.

The directors and the executives including their spouse and minors are required to report on any change to their shareholding to the Company and the Office of the SEC in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) within 3 working days following the date of buying, selling, transferring or having been transferred. The directors, executives, and employees who have known about significant internal information must not disclose internal information to outsiders or unauthorized persons and must refrain from buying and selling the Company's shares for at least one month before the financial statements or internal information are released to the public, and at least three days after disclosure to the public in order to prevent the abuse of internal information.

- Internal Control

The Board of Director Company gives importance to efficient supervision and internal control at both executive and operational levels. Internal control system is the key mechanism to assure the management in mitigating business risks. It enables efficient business operations by appropriately allocating resources to achieve the set targets, guards against asset loss due to corruption, ensures accuracy and creditability of financial statements, guides the employees toward compliance with the relevant laws and regulations, and protects the shareholders' capital. Therefore, the obligations, duties and authority for operatives and executives have been clearly defined in writing. The use of Company assets in meaningful ways is put under control. Delineating of duties among the operatives, supervisors and evaluators is clear-cut to ensure appropriate check and balance

The Board of Directors has assigned the Audit Committee to review appropriateness and efficiency of the internal control system, introduced by the management and to prepare and review the control system covering operation, financial reports, compliance with related legal provisions and regulations, risk management and special attention to any alerts or abnormal transactions.

APCS has an internal audit unit to handle internal control to make sure that APCS has a proper and adequate internal control. The internal audit unit is quite independent and to keep checks and balance in proper conditions. The internal audit unit will come up with an annual audit plan based on risks identified, particularly those affecting APCS and its financial reports. The Audit Committee will review and approve that annual audit plan. Anything done according that audit plan shall be reported to the Audit Committee on a quarterly basis.

APCS regularly evaluates adequacy of the control system at least once a year to make sure that the system set forth may work efficiently. (See details of Scope of Internal Audit in part 2 no.11)

- Risk Management

The Board during its 1/2015 meeting on February 26, 2015 resolved to set up a Risk Management Committee, responsible for mapping out APCS's overall risk management policy, assessing risks and managing those risks as well as administering those risks to an acceptable level and reporting its performance to the Board of Directors. Before the establishment of the Risk Management Committee, the Board was responsible for risk management by itself and risks were kept at an acceptable level.

The risk management policy is prepared to put risks under an acceptable level and to ensure efficient risk management. APCS has a principle that if risks may obstruct business operation, hard to achieve its business plan, APCS will have to come up with measures to control those risks and encourage every employee to be aware of risks, understand the cause of those risks and find a way to cope with those risks. For example, improving work procedures, properly consuming resources, finding tools to prevent and cut down those risks in order to put those risks under control. On the contrary, a systematic approach will allow APCS to benefit from new business opportunities, thus producing additional value to the organization.

- Board Meeting

Board meeting is convened every 3 months and additional special meetings may be held as necessary. The Company will issue invitation letters to the Board, complete with the agenda and related documents before the meeting so the directors have sufficient time to study the information before attending the meetings except in urgent case. The minutes of the meeting will be recorded and all adopted reports will be kept for reference and examination. The Company will report its performance to the Board of Directors every month to allow the Board to oversee the management's performance regularly in a timely manner.

The Chairman of the Board of Directors and the President will jointly define meeting agenda and consider which matters should be included in the agenda of a Board meeting. Each director is given an opportunity to suggest matters for such inclusion.

The Chairman of the Board of Directors as the chairman of the meeting will allow all directors to discuss and express their opinions openly. The high level executives, as concerned parties, may join the meeting to provide additional, useful information as well as to directly acknowledge the policy for further action. In voting at a meeting, the Board of Directors adheres to majority of votes. One director has one vote. The director having conflicts of interest should not join the meeting and/or vote for the matter thereof. In the event of tie, the meeting chairman should have another casting vote.

All directors have the right to examine the agenda and other important documents. If independent directors or members of the Audit Committee have any queries, other directors and the executives must answer to the queries without delay and as much complete as possible.

In the case that a director disagrees with the meeting resolution, he/she may either ask the company secretary to record his/her objections, or lodge an objection letter to the Chairman of the Board of Directors.

At each meeting of the Board of Directors, the company secretary will join the meeting and record the minutes of the meeting and submit it to the Chairman of the Board of Directors for his signature. This record of the meeting will be proposed to the next meeting for adoption. The company secretary is also responsible for keeping information or documents for ease of reference. Normally, all members of the Board of Directors will attend the meeting. Except in case of necessity that they are unable to attend, a notice must be lodged in advance. In addition, the Board of Directors would encourage non-management directors to have meeting among themselves as necessary to discuss issues relating to management and to report the results of discussion to the Chief Executive Officer. Details of each director's for 2019, attendance are shown no.8.8 remuneration of the board of directors and executives.

- **Remuneration**

The Company has put in place an appropriate remuneration policy for the Board of Directors and its executives taking into account the Company's performance and compatibility with other companies in the same industry, as well as at a level suitable for each director's duties and responsibilities. Remuneration is in the form of allowance, and/or salaries and bonuses.

*Remuneration to Directors and subcommittee members*

The meeting in the 2019 Annual General Meeting approved remuneration to the Board of Directors and Audit Committee. Details of the remuneration and payment conditions are shown in 8.8 Remuneration to Directors and management

*Remuneration to Managing Director and executives*

APCS is careful about proper remuneration to their executives, a competitive rate with other organizations in the same industry in order to retain quality executives with APCS. Executives assigned with additional duties and responsibilities will receive additional remuneration in compliant with the additional duties and responsibilities.

- **Director and Executive Development**

The Board of Directors has a policy to provide training and knowledge to the directors involved in the Company's corporate governance system, consisting of directors, Audit Committee members and Company executives, etc. in order for continued development and visitation company's factory at least 1 time per year and collaboration altogether with the Directors and Executives . In the event of changing a director or appointing a new director, the Company will prepare documents and information useful for his/her works, as well as introduction the Company's profile, nature of business and business framework to the new director.

## **9.2 Committees**

The Board of Directors has set up the following committees: Audit Committee, Executive Committee, Risk Management Committee and Compensation and Recruitment Committee.

As the Board has set in place 4 committees to share the Board's load:

1. Audit Committee
2. Recruitment and Compensation Committee
3. Risk Management Committee
4. Executive Committee

The four committees have been set up to handle each particular matter for the Board. Each committee's roles, duties and responsibilities are elaborated in Part 2, Section 8: Organizational Structure.

### 9.3 Selection of Directors and Executives

- **Board of Directors and President**

In 2019 the Company has no Nomination and Remuneration Committee. In the selection of qualified persons to take office as directors or executives as follow:-

1. Shareholders and / or major shareholder of each group. Qualified according to the relevant committee of independent directors and executive officers of the Company jointly nominate a qualified, experienced and will consider the potential importance to the skills. Experience is essential to the business of the company.
2. Shareholders of the Company Nominate to the Nominating Committee For election as directors of the company. The company is scheduled to report to the shareholders for at least 3 months before the end of the period.
3. Database of the Institute of Directors of Thailand.
4. The external consultants.

The directors who have been nominated. The Nominating Committee will consider the following;

- 1) Have qualifications in accordance with the Public Limited Companies Act, the Securities and Exchange Act, regulations of the Securities and Exchange Commission and SET, and the Company's corporate governance policies;.
- 2) Have knowledge, expertise, and experience in various fields that will benefit and add value to the Company's operations.
- 3) Have characteristics that will support and promote the corporate governance in order to add value to the Company; perform duties with accountability, care and loyalty and fully committed to the work.

The selection and appointment of directors shall be in accordance with the Articles of Association of the Company. The appointed directors must be endorsed by the meeting of the shareholders. The resolution of the meeting shall be made by majority votes of the shareholders who are present and have voting right which Articles of association as follows;

1. The Board of Directors is composed of not less than five directors appointed by the meeting of the shareholders. Not less than half of the total directors shall have residence in the Kingdom.
2. The meeting of the shareholders shall elect directors according to the following criteria and methods:
  - (1) Each shareholder has the number of votes equal to the number of shares held;
  - (2) Each shareholder may use his or her votes to elect one or more directors. If many directors are to be elected, he or she must use all of his or her votes. He or she may not divide his or her votes among more than one candidate at any one time.
  - (3) Candidates with the greatest number of votes and all runners up are elected directors, based on the number of directors needed at that time. In the event that the last director position to be filled is met with more than one qualified candidate winning equal numbers of votes, the Chairman of the meeting is the final arbiter.



3. At each annual general meeting of shareholders, one-third of the total directors are due to vacate the office. If the number of directors cannot be divided by three, the closest number to one-third shall apply.

The method for vacating directors from office in the first and second year after the Company's registration is by drawing lots. In the following years, the directors who are in office the longest shall retire. The retiring directors may be re-elected as the directors for another term.

4. Any director desiring to resign shall submit his/her resignation letter to the Company. The resignation shall take effect on the date of submission.

The director who resigned under paragraph one may inform the Registrar under the law on public company of his/her resignation.

5. In the case where the directors retire due to reasons other than a retirement by rotation, the Board may select and propose names of qualified persons not having prohibited qualifications according to the law on public company limited and the securities and exchange law as a replacement at the next Board meeting. Except when the remaining terms of the directors are less than two months, the person appointed as replacing director may take office for the remaining period of the director he replaces.

The Board's resolution under paragraph one must consist of votes made by not less than three-fourths of the existing directors.

6. The annual general meeting of shareholders has the right to terminate directorship of any director before his completion of term of service by not less than three-fourths votes of the shareholders who attend the meeting in person and have the rights to vote, and hold total shares of not less than half of the shares held by the shareholders who are present at the meeting and have the rights to vote.

- **Independent director**

At least one-third of the members of the Board of Directors shall be independent directors. The Board of Directors or the meeting of shareholders (as the case may be) shall appoint independent directors as members of the Board of Directors. The Company has the policy to appoint at least one-third of the members of the Board of Directors from independent directors and there shall be three independent directors sitting in the Board.

The criteria and procedures for appointing independent directors are according to the criteria and procedures for appointing the Board of Directors. General qualifications of the persons nominated as independent director shall be considered from qualifications and prohibitive characteristics as prescribed in the Public Limited Companies Act and the Securities and Exchange Act, including relevant notifications, rules and/or regulations. The independent directors must hold education degree, expertise, working experience and other suitable qualifications for consideration and appointment by the meeting of the shareholders. In the case that any independent director has vacated the office before his completion of term of service, the Board of Directors may appoint qualified independent director in replacement. The person appointed as replacing director may take office for the remaining period of the director he replaces.

The Board of Directors set out qualifications of independent directors as follows;

- 1) Not own shares exceeding 1% of total shares with voting right in the Company, the parent company, the Company's subsidiaries, associated companies, major shareholders or persons with controlling power including shareholding of that independent director's related persons;
- 2) Not get involved in management as a director, either in the past or at present, not be an employee or corporate advisor receiving a regular salary, or having controlling power of the Company, subsidiaries, associated or related companies, or a major shareholders or persons with controlling power, except having retired from such work for not less two years before being appointed as an independent director;
- 3) Not relate by blood or by law such as being parents, spouse, siblings and children, including children's spouse of the executives or a major shareholder of the Company, person with controlling power, or person who will be nominated as an executive or person with controlling power of the Company or its subsidiaries;
- 4) Have no business relationship with the Company, subsidiaries, associated, a major shareholder of the Company, person with controlling power, in the manner that may obstruct the exercise of independent judgment; not being, either in the past or at present, a major shareholder, or person with controlling power of the person who has business relationship with the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company, except having retired from such work for not less two years before being appointed as an independent director;
- 5) Not be, either in the past or at present, an auditor of the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company; not being a major shareholder, person with controlling power or partner of an audit company to which the auditor of the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company is attached, except having retired from such work for not less two years before being appointed as an independent director;
- 6) Not be, either in the past or at present, a provider of professional services which shall include legal advisory service or financial adviser whose service fees are more than Bt. two million per year obtainable from the Company, subsidiaries, associated, a major shareholder, or person with controlling power of the Company. It shall include the major shareholder, person with controlling power or partner of that provider of professional service, except having not involved in such manner for not less than two years before being appointed as an independent director;
- 7) Not be a director appointed to represent the director of the Company, major shareholder, or shareholders having related with the Company's major shareholders;
- 8) Not operate the same business which is competitive with the businesses of the Company or its subsidiaries, or not be a major partner in partnership company, or a director involved in management, an employee or corporate advisor receiving a regular salary, or holds more than 1.0% shares of total shares with voting right in other company which operate the same business which is competitive with the businesses of the Company or its subsidiaries;
- 9) Not employ any other characteristics which make him incapable of expressing views independently concerning the Company's business operations.

Independent directors shall examine and declare their independency at least once a year, which will be attached to the Directors Profile Report at year-end in line with the submission of Annual Disclosure Statement Form (Form 56-1) and the Annual Report of the Company.

- **Audit Committee Members**

The Board of Directors or the shareholders' meeting (as the case may be) shall appoint at least three members of the Audit Committee to perform the duties of the Company's Audit Committee. Each member must be an independent director and not be a director assigned by the Board of Directors to make decisions in business operations of the Company, subsidiaries, associated, a major shareholder, or person with controlling power of the Company. He/she shall not be a director of the Company, parent company, subsidiaries and subsidiaries of the same level in particular a listed company. Members of the Audit Committee must be qualified in accordance with the law on securities and exchange including notifications, rules and/or regulations of the SET that set out qualifications and scope of work of the Audit Committee.

There shall be at least one member of the Audit Committee who has knowledge and experience in accounting and/or finance in order to review and judge the reliability of the financial statements and the ability to perform other duties as member of the Audit Committee. Mr. Sompote Wallayasewi is knowledgeable and experienced enough to review the credibility of the financial statements.

- **President**

The Board of Directors is empowered to select a President. Appointment of the President must be approved by the Board. The President is empowered to recruit and appoint persons who possess knowledge, ability and experience relevant to the business as the Company's employees. However, an appointment of the chief or responsible person for internal audit and control must receive prior endorsement from the Audit Committee.

- **Executives**

The Company has the policy to select its executives from persons who possess knowledge, ability and experience relevant to the business. Selection shall be in accordance with the human resource management regulation. Approval must be sought from the Board of Directors/or the Board's authorized persons.

#### **9.4 Supervision of subsidiary and affiliate companies**

On December 31, 2019, APCS has 6 subsidiaries which in the domestic. Three APCS executive directors and once independent director have been appointed to manage.

APCS has a policy of sending its representatives to serve as directors according to the shareholding proportion and attend shareholders' meeting as well as casting votes according to the direction, set forth by the APCS's Board.

#### **9.5 Treatment of Insider Information**

The Company has set rules and regulations enforcing directors, executives, employees and contract employees to keep the Company's secret and internal information confidential. They are prohibited from disclosing the Company's secret or internal information for their own or other persons' benefits, either directly or indirectly, and whether or not any benefits will be given to them. They are also prohibited from trading or transferring the Company's securities using the secret and/or insider information, and/or conducting any juristic act, by using the secret and/or insider information that may cause damage to the Company either directly or indirectly. Directors, executives, employees and contract employees who have access to the Company's insider information must not make use of that information that has not yet been disclosed to the public. All persons concerned are also prohibited from trading the Company's shares within one month before quarterly and annual financial statements are publicly disclosed. These rules are also applicable to the spouse and under-aged children of the directors, executives and employees.

Besides, the Company has notified the directors and executives about the duty to report their holding of PJW shares, and the holding of PJW shares by their spouse and under-aged children, as well as any changes thereof, to the Office of the Securities and Exchange Commission pursuant to Section 59 and the penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992).

The Company has set disciplinary penalty in case of any person's use of internal information for personal benefits, or disclosure thereof that may cause damage to the Company. The penalty for violation of or failure to comply with the regulations may range from verbal warning, written warning, probation, or termination of employment by dismissal, removal or discontinuation of employment, as the case may be.

## 9.6 Auditor's remuneration for the 2017 – 2019

Detail	2017	2018	2019
1. Audit Fee	1,080,000	1,134,000	1,134,000
2. Non-Audit Fee			
- Fee for reviewing the compliance with condition of the BOI promotion certificate (The Group Company)	30,000	30,000	-
รวม	1,110,000	1,164,000	1,134,000

Audit fee was paid in 2019 in the amount of 907,200 Baht, and in 2020 in the amount of 226,800.

In 2019, Miss Kannika Wipanurat, Certified Public Accountant Registration No.7305 from Karin Audit Co., Ltd. Miss Kannika Wipanurat was the APCS auditor. He served as APCS's auditor for just one year.

The auditor or persons or business enterprises related to the auditor or audit office in which the auditor is working for is no relations with APCS\* and its subsidiaries, executives, major shareholders or persons involved with those personnel.

\* Persons or business enterprises related to the auditor or audit office in which the auditor is working for refer to:

- 1) The auditor's spouse or children still depending on the auditor,
- 2) Enterprises under the audit office's control, or controlled by the audit office and enterprises under control of the same audit office, directly or indirectly,
- 3) Enterprises under significant influence of the audit office,
- 4) Partners or equivalent of the audit office,
- 5) Spouse and children still depending on the persons in 4),
- 6) Enterprises that the auditor, persons in 1), 4) or 5) has control authority or significant influence, directly or indirectly.

## 9.7 Compliance with good governance principles in other aspects

- Code of Conduct

The Board of Directors is committed to correct and fair business operation, having mapped out Code of Conduct in writing, sharing with every employee for them to comply with. The Code of Conduct is aimed to ensure transparency, fairness, responsibility towards stakeholders, social and environmental responsibility, which have been trained and communicated to employees in the organization. The Code of Conduct reflects value and direction to which every employee is led: respect and compliance with the law, conflict of interest, use of inside information, keeping certain information confidential, internal control and audit, receiving from and giving presents, properties or benefits to someone, intellectual property, information technology and communication, political rights and neutrality, treatment to employees, accountability to stakeholders and channels of complaints in case of violation against the Code of Conduct. APCS has made known its Code of Conduct among employees for them to comply with. (See such information in [www.asiaprecision.com](http://www.asiaprecision.com))

In 2019, there was no complaint about violation against the Code of Conduct to the Audit Committee.

## 10. Corporate Social Responsibility (CSR)

### 10.1 Overall Policy

The Company has operated its business by focusing on sustain profits or certain value continuously for more than 26 years based on the corporate motto “Aiming at creating good citizens and gratitude to their homeland”. Such determination is not only an idea, wish, or requirement of the Company, but also includes implantation of “goodness” to all personal. The 5 required qualifications of good persons, then, has been determined; comprised of discipline, unity, sacrifice, moral and gratitude. They have been implemented among the owner, management, and employees by conducting many activities during working hours and overtime to optimize time value and budget. In addition to build up good persons pursuant to the Company’s determination, these activities can also support society simultaneously. According to the Company’s code of conduct, the missions are determined as follows;

#### 1. Determination of Business Operation

##### 1.1 Trust in goodness of people as their quality

The Company is aware that all employees are valuable resource with high competency and goodness for society. Thus the Company focuses on integral human resource development according to the Royal speech of His Majesty King Bhumibol Adulyadej of Thailand and the corporate motto “*Aiming at creating good citizens and gratitude to their homeland*”.

The Company is committed not to be only an organization where requires for economic benefits and living but also a value and efficient organization to support Thailand’s wealth and happiness.

The Company focuses on human resource development under the belief that “efficient performance comes from the employees who are happy and have high royalty to the Company”. Thus, it attempts to create employees’ awareness on level up their skills for successfulness in career path, including taking care of health, safety, environment, and development of work life quality continuously.

If the most of organizations nationwide concern in implanting and supporting of people’s goodness, they can invest only sincerity and best wish to get invaluable benefits for society and organization.

##### 1.2 Sustainable development to step up to the world class

The Company is committed to develop itself along with society to grow up sustainably. We plan to learn for development of human resource management and development system by enhancing organization’s strength, including development of society and community in dynamic trend and technology by sharing knowledge and technology with them.

##### 1.3 Engagement in code of conduct

The Company shall treat all stakeholders fairly and equitably by respecting on human rights and benefits of all stakeholders without selective action, including enhancing all employees to engage in goodness for benefits of society and the nation.

#### **1.4 Transparency and verifiability**

The Company's business is operated based on integrity and fairness with efficient and verifiable management system under international standard, including the systems of risk management, environmental management, work-life quality and safety management. All processes will be done transparently and verifiably at any time.

### **10.2 Social and Environment Contribution Activities**

The Company uses the above determination as a framework for conducting social responsibility activity. The following activities were done in 2019.

#### **1. Fair Operating Practices**

The Company engages in taking carefulness on operation, management, and action based on the concept of fairness, code of conduct, discipline, unity, sacrifice, moral and gratitude. Thus, it encourages the employees to have integrity and reliability on others during performing work. The guidelines are set fairly for the employees in all levels to perform accordingly and present in the code of conduct in the topic of fair operation. For more details, please visit our website at [www.asiaprecision.com](http://www.asiaprecision.com).

The Company determines the code of conducts for the Company, the Chairman of Executive Committee, the Executive Committee, and the management, including the employees' practices based on the business ethics. In the past, the Company has never subjected to any case caused by lack of business ethics.

#### **2. Anti-Corruption**

The Company gives importance to and is aware of any troubles caused by corruption. The Board of Directors, thus, has conducted the anti-corruption policy according to the resolution of the Company's Board of Directors' Meeting No. 5/2013 dated November 13, 2013. and revised that anti-corruption policy at least once a year so that APCS and its subsidiaries may have the same understanding and practices, as well as announced common intention of anti-corruption in all types. The anti-corruption policy can be summarized as follows;

- Anti-corruption policy

The Company's directors, management, officers, and employees as well as middlemen, agents, advisors or sub-contractors are prohibited from performing any actions that are related to dishonesty and/or corruption in all types for either direct or indirect benefits of themselves, their family, their friends, and any related persons; whether they are in the capacity of a receiver, provider, or persons who offer a bribery, both cash or non-cash, to public authorities or private organizations, with which the Company contacts or has business. In addition, the Company is committed to strictly complying with the anti-corruption policy.

- Notification of clue or corruption can be done through various channels as follows;
  - The Audit Committee's e-mail address: [audit\\_committee@asiaprecision.com](mailto:audit_committee@asiaprecision.com); or
  - The Company's website [www.asiaprecision.com](http://www.asiaprecision.com) ("receipt of complaints" tab)
- Measures to protect and maintain confidentiality of a complainant

The Company will keep confidential the name, address or any information indicative of the complainant or the person giving information as well as the information provided by the complainant or the person giving

information. Access to the said information will be limited to only the persons responsible for investigating complaints, who have no conflicts of interest in such issues.

In addition, the Company publishes anti-corruption policy on various channels such as the Company's website, the Company's information board, etc. In 2018, there was not any notification to the Audit Committee regarding corruption action or any action that caused some disadvantage to the Company. For more details, please visit our website at [www.asiaprecision.com](http://www.asiaprecision.com).

Furthermore, in 2015 the Company jointly with other private organizations formed a Collective Action Coalition (CAC) and certified as a member of CAC on November 5, 2019. This is a project against corruption and irregularities, initiated by the government and the Office of the National Anti-Corruption Commission jointly with 8 other organizations, namely, Thai Chamber of Commerce, Thai Institution of Directors (IOD), International Chambers of Commerce, Association of Thai Registered Companies, Thai Bankers' Association, Federation of Thai Capital Market Organizations, Federation of Thai Industries, and Tourism Council of Thailand. In addition, APCS conducted a self-evaluation of its anti-corruption measures.

### 3. Respect for human rights

The Company conducts its business based on awareness of respecting for human rights, thus the Company's Board of Directors includes this topic in the code of conduct by categorizing as follows;

- Privacy

The Company is aware of personal right and freedom protection to avoid disclosing or transferring of personal data; such as biography, employee profile, work experience, health information, or other privacy information; to other irrelevant persons which may cause some damage to information's owner. Infringement of other's information is subjected to disciplinary action, except in the case that such action is done for responsibility, comply with law, or public benefits. Guidelines for privacy protection are as follows;

1. The Company shall protect personal data that are in possession or under preservation of the Company;
2. Disclosure or transferring of employees' personal data publicly can be done only after receipt the employee's approval;
3. The Company shall limit disclosure and usage of employees' and relevant persons' information.

- Equitable Treatment

The Company is aware of equity in human rights. It provides fair treatment to all relevant persons and avoids selective treatment caused by similarity or difference; whether in physical, mind, nationality, region, gender, age, education, or other issues. The following practices are set as guidelines for the employees;

1. The employees must treat on another with respect and give honor.
2. Recruitment and performance appraisal must be done correctly and fairly.

While being on duty, please avoid giving opinion in relation with difference in physical or mind, race, nationality, region, gender, age, education, or other topics that can bring to some conflict.

All people should help monitoring to prevent other from oppressing and unfair action. The Company has to provide some communication channel or consultation for any employee who receives unfair treatment.



Give honor and respect on other's opinion.

#### Political Activities

The Company is politically neutral and will not take any action in concentrating or supporting any political party or person who has political power.

The Company is aware of employee's rights and freedom, including supports them to exercise their political rights such as election or being political party membership without limitation, enforcement, or guide. The following practices are set as guidelines for the employees;

1. Avoid being a member or representative of political party; or a member of local government such as provincial administration, sub-district administration; or not perform any action which can make other misunderstand that the Company relates, supports, or concentrates in political activity or political party.

2. Avoid giving opinion on other's political opinion in workplace or during working hour which can generate some conflict.

3. Be careful for receipt of money or operate its business with politician or any person who has relationship with a politician.

4. Avoid wearing the Company's uniform or wearing any dress which can cause misunderstand that the Company's employees perform duty in relation to politic or political party.

In addition to political action specified in the code of conduct, this content is also included in anti-corruption policy. The Company defined the meaning of "political support" as follow;

Political support means providing of cash, properties, or any other privileges, including places (accommodation, resting area, meeting place, or venue) for the purpose to facilitate political party, politician, or any person who relates with politic; to support a policy of any political party, default action, or any action that conflict to law, constitution which can have bad effect on community, society, nation; including to support conflict in society, directly or indirectly.

The anti-corruption policy determines good practices for the Company's directors, management, officers, and employees as well as middlemen, agents, advisers or sub-contractors as follow;

"6. Our group of companies does not support any political parties, directly or indirectly. Subsequently, directors, management, staff or employees as well as middlemen, agents, advisers or sub-contractors shall not get involved with political activities inside the Company and not use the Company's resources to perform such action. The Company is politically neutral, thus we support people to comply with law and democracy. (Payment or reimbursement has to followed well-established procedures. If not following those procedures, payment won't be made."

Hence, all people in our organization will be informed clearly about political action and political support rules which are parts of anti-corruption policy. For more details, please visit our website at [www.asiaprecision.com](http://www.asiaprecision.com).

#### **4. Fair treatment for labor**

The Company is aware that all employees are valuable resource for business operation and driving business to achieve the target. Thus the Company is committed to develop quality of life for employees, including provide

compensation and non-finance allowance fairly and equitable. Key concerns to perform fair treatment for labor are as follows;

### **1. Respect for human rights during work**

The Company has conducted the policy regarding respect for human rights containing in the Company's code of conduct and publish in various communication channel. In addition, the Company has established "Good life with happiness" project that composts of the committee elected by employees. The committee of this project has responsibilities as follows;

1. Consult with employer to set up employee's allowance;
2. Provide consultancy and suggestion to employee regarding employee's allowance;
3. Monitor, control, review an arrangement of employee's allowance;
4. Propose some useful opinion and guideline for an arrangement of employee's allowance to the Welfare Committee.

The committee of this project has 2 year working term.

### **2. Provide protection in social and working condition for employees**

The Company has established work regulations in accordance with the Labor Act B.E. 2541 (1998). The Company's work regulation is reference to the following practices;

- Employee's recruitment and placement;
- Normal working days and working hour/ holidays and regulations of absent;
- Overtime work and holiday work;
- Leave day, regulations of taking leave, and authorization;
- Discipline and disciplinary action;
- Complaint;
- Safety, health, and fire protection;
- Get harmful or sick from work;
- Unemployment and compensation payment.

Human resource department of the Company is subjected to inform all work rules and regulations to new employees before employment.

### **3. Protect for occupational health and safety**

To enhance employees to work with safety and good health, the Company has conducted the policy regarding safety, health, and fire as a guideline for employees' performance and a framework for related organizations. The contents of this policy can be categorized as follows;

1. Regulations of health & safety and fire protection, which are contained in the work regulations, will be used as a guideline for employees' performance.
1. Safety at work: it is referred to employee's responsibilities to be performed during work to reduce the chance of accidents ; such as keeping equipment, machine, and workplace

clean; clearing any obstruction out of working area; and wearing of safety equipment or harm protection equipment.

2. Health support and health care: such as keep things, appliance, and place clean according to the Company's regulations; including join body checkup program as per the schedule.
  3. Fire protection: all employees are required to attend training course about using of fire extinguisher and first aid equipment as provided by the Company.
2. Regulations on safety promotion policy: those can be used as the Company's framework to enhance safety, such as to reduce lost time injury to be zero, to reduce working risk to be in acceptable level, encourage employees to join some activity and training course to develop their knowledge and increase work-life quality.

In 2019, there was lost time injury of 2 employees and no lost time injury of 2 employees from total working day 274 days, or about 5,754 hours.

In addition, the Company reiterated with its staff to always bear in mind safety. Throughout the year, 2019, the Company held the following activities to promote safety:

- A Morning Talk Program, in which the Safety and Environment Section offered knowledge about safety, occupational health and environmental management to the employees every morning for about 15 minutes. The safety and environment staff scheduled a monthly meeting with every division, at least once a quarter to highlight safety concerns. The contents were adjusted according requirements for each division.
- A monthly Safety Promotion Program, conducted quarterly, was initiated to provide knowledge, understanding and awareness to employees at every level so that they might realize the significance of safety, prevention of an accident and occupational health. By that way, employees would be more confident at work. Activities in the programs included, getting employees to answer questions related to safety, occupational health and environment.
- A Traveling Safety Program was introduced to promote safety for employees' traveling through such activities as a safety motorcycle riding, wearing a safety helmet; traveling safely during the New Year's holidays to cut down the accident rates. In addition, employees who travelled in a bus, provided by the factory were ensured with safety as the buses were under a proper monthly preventive maintenance program.
- "Asia Zero Accident" is a campaign to implant awareness and attitude towards safety, promoting employees to participate in activities to learn and be careful about safety, starting from each and every employee at their workplace, encouraging them to strictly

comply with safety regulations and instructions and to learn to protect themselves from possible dangers and risks and to encourage employees to join hands in keeping their workplace clean in order to avoid an accident or make it zero accident.

- “Completely Check Completely Find-out” or CCCF is an activity to encourage every employee to find where in their workplace is dangerous. It’s the duty of every employee to find out and correct it in order to prevent an accident. By this way, employees are kept alert of possible dangers and they have to try to prevent an accident – figuring out the cause to prevent a bad result.

## **5. Consumer Responsibility**

The Company is committed in customer’s satisfaction and confidence by taking good care and responsible for customers and providing good quality and safe products in reasonable price according to defined standard. In addition, the Company will also comply with terms and condition of the agreement entered into by the Company and customer, along with developing higher standard of products and services continuously, keep good and sustainable relationship with customers seriously and regularly, including not use customers’ information for the Company’s or alliance’s benefits.

## **6. Environmental Conservation**

The Company operates its business based on the corporate motto "Quality brings honor Unity raise productivity Be friendly with environment". Thus, the Company realizes environmental impact in every production process, then, hire outsource company to measure the levels of air quality, water quality, and noise level annually (For more information, please see in Section 2 Clause: environmental impact)

The Company has a proper waste management system, aiming to minimize waste discharge out of the factory premises and comply with environmental management standards and related laws, such as water quality and air quality standards of Industrial Estate Authority of Thailand. In the past, the Company has operated its business by complying with rules and regulations of relevant party. In addition, the Company has sponsored environmental management until achieving the certification of environmental management standards, ISO 14001:2015.

The Company has set an energy and resource conservation policy to encourage employees to be aware of energy conservation and resource saving, including sharing some idea about energy saving or increase productivity so that the Company can reduce manufacturing cost in term of energy. In 2019, the Company continued with energy-saving activities from the previous years in 2 main aspects as follows.

### 1. Energy conservation and reasonable use of natural resources in the production process:

- The Company introduced the Reverse Osmosis System (RO) to filter some water for drinking. The RO system generated brine, deemed to be clean but couldn’t be drunk. The Company, then, reused the brine for filling fan fogger instead of tap water.
- APCS joined a Clean Technology (CT) campaign, which was introduced by the Department of Industrial Promotion. The Clean Technology means the way to improve or modify production

process or products to efficient use of raw materials, energy, and natural resource, including minimize waste or no waste to reduce pollution at source. This also includes change of raw material type, reuse, and recycle which can conserve environment along with reduce production cost. APCS has improved its wastewater management system to an aeration system for better treatment efficiency. By this way, chemical usage and wastewater treatment charges have been cut down.

- In terms of energy saving, APCS set the air compressor appropriate to the application for power saving and reduction of carbon dioxide release.

## 2. Energy reduction on general operations:

- APCS implanted in its employees about reasonable use of water to reduce water consumption. APCS installed water meters in many areas in addition to the production line, for metering water consumption. The target was set and notified to responsible persons in each area so that they could jointly discuss to reduce water consumption to meet the Company's target or even less than the target.
- APCS has been campaigning to reduce power consumption among employees. For example, all the air-conditioners are turned off 30 minutes before the lunch break (11.30 hrs.) or office closing time (16.45 hrs.). Temperature is set at 25-26 degrees Celsius and fans off if nobody is there.
- All the T8, T5 fluorescent tubes in the factory have been replaced with LED lamps to increase lighting, have longer service hours and of course save energy in addition to reduce release of carbon dioxide to the atmosphere.
- The Company has a policy to reduce the leakage of compressed air system. In 2019, the Company managed to reduce electricity cost related to compressed air by 0.91% or 242,733 Baht.
- In addition, the Company determined that all staff sorted waste by category so that it could be reused or processed a correct method of waste disposal.

APCS was conferred with an Industrial Certificate for Green System, Level 3 from the Ministry of Industry for the period between May 28, 2019 and May 27, 2022 – an environmental administration and operation standard to ensure that APCS takes good care of its pollution prevention in its production process.

## 7. Society or Community Development

APCS realizes the significance of society, environment and employees by regularly conducting activities related to human resource development, environmental conservation, and social repayment.

In 2019, APCS held the following social responsibility activities:

- **Society**

APCS also initiated a "Volunteer Project" to encourage employees to participate in social engagements or community development, for instance, donation of canned food, sanitary napkin, household medicine, renovate facilities for monks in Chonburi, with total participants of 55 employees, and involve with Amata City CSR team.

- **Employees**

The Company has supported and encouraged its staff to learn and gain additional skills along with virtue and moral standards in line with the corporate motto “Aiming at creating good citizens and gratitude to their homeland,” to implant in them the sense of “discipline, unity, sacrifice, moral and gratitude,” foundations for staff development for happiness and efficiency, which will lead to strong organization foundation. The Company has promoted capable and good personnel through the following activities:

**A. Unity...Sacrifice:** The Company has encouraged its employees to make some social contributions to the public and sponsored them to have a sense of happiness for offering some returns to their birthplace.

- **“Homeland Development Fund”** This is the project in which APCS has encouraged its staff to be grateful to their homeland. APCS would prepare a bag filled with consumer products, a blanket and other things required in daily life for the staff to carry to their birthplace during the New Year’s or Songkran’s holidays to present to the poor and needy in their birthplace. Some 458 employees have joined this program.
- **“Sports Meet”** is another project in which employees are encouraged to have social and recreational activities together to strengthen their relationship. APCS sponsors such sports competitions as football, and volleyball. Some 250 employees have joined this program.

**B. Goodness :** To instill goodness and develop behavior in daily life requires nurture, repeated instructions and constant motivation. The Company has therefore encouraged the staff at all levels as well as senior executives to study “HM the King’s speeches and instructions. In 2019, as many as 46 employees attended a session to hear the King’s speeches and instructions. In addition, APCS had the staff line up and sing the national anthem before the Thai flag before work once a week. Employees were encouraged to meditate some 5 minutes and hear HM the King’s speeches.

They are some of the activities to implant goodness and ethics to employees. Another program was merit-making in the month each employee’s birthday fell. APCS provided alms and foods for the employees to offer to the monks in the month of their birthday. Some 480 employees participated in that program. On special Buddhist occasions, a senior Buddhist monk was invited to offer a preaching to the employees.

**C. Gratitude :** The Company has implanted in employees moral awareness in several forms such as happy family project, children love employees (on Children’s Day), The love child scholarships for the children of employees with good grades. The staff of the child's academic performance. Participants were 167 people, promotion of gratitude on Father’s and Mother’s days, aiming to promote gratefulness and good wishes to one another. In addition, APCS regularly holds public contribution activities, such as blood donations, catering lunch and organizing friendly activities to disabled children in various institutions, reforestation, bicycle repairs for students in poor schools, etc.

APCS valued in promoting disables to have good working careers, and therefore hired 6 disables for various roles including 2 production line operator positions, 2 store operator positions, 1 data input position, and 1 information counter position. This is in line with Article 33.

- **Safety Promotion And the environment**

The Company has been serious in promoting safety and quality of life to employees, communities or people concerned and is committed to instilling consciousness of safety to employees and people involved while performing their duties. The Company has the following policies:

1. To focus on compliance to laws and regulations related to environment, safety and quality of life as well as labor law and working regulations;
2. To communicate to every employee as well as outsiders, contractors, customers and the public to learn the safety, quality of life at work and environment policies;
3. To continuously assess effects from activities and business processes that may affect safety, quality of life and environment;
4. To set objectives, goals and action plans to continuously reduce impact to safety, quality of life at work and environment and keep them updated;
5. To reduce lost time injury to zero, and reduce the rate of injury and sickness from work to the target;
6. To improve working environment, reduce risks at work to an acceptable level to ensure safety, hygiene, proper working environment and quality of life;
7. To support employees to work happily, focusing on staff engagement with activities and training and development projects for better quality of life at work.
8. To monitor, protect and correct impact to employees' safety, quality of life, pollution prevention, waste and water quality control, proper resource consumption to reduce environmental impact;
9. To control and manage chemicals used in the production process so that they may cause impact to the environment and safety;
10. To evaluate impact from chemical usage in products that may have impact to the environment and safety;
11. APCS considers complying with safety, quality of life at work and environmental policies is the duty of every employee at every level.

According to promotion of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) requesting all listed companies to submit the sustainability report based on SET's procedures or any other international standard, now the Company is studying some information to use as a guideline for completing the Company's sustainability report in the future.

## 11. Internal Control and Risk Management

### 11.1 A summary of the Board of Directors' opinions

In the 1/2020 Board meeting on 28 February, 2020, the Board of Directors assessed APCS's internal control from the assessment report, prepared by the Audit Committee, and came to the conclusion that all the 5 aspects of the internal control as follows :

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information & Communication
- (5) Monitoring Activities

The Board of Directors is of the opinion that the Company has sufficient and appropriate internal control systems, including follow-up and operation supervising systems which can protect properties of the company and its subsidiaries from the management misuse them or without authorization, inclusive of sufficient internal control on business transaction with major shareholders, directors, managers or persons connected to the said persons. In terms of other aspects, the Board felt that APCS had proper and sufficient internal control and there was nothing to concern.

In 2019, the Board itself was responsible for risk management under APCS's risk management framework and policy as well as analysis of other related risk factors. The Board reviewed the internal audit report, prepared by the Audit Committee and found that the risks were under an acceptable level. However, the Board closely monitored risk management.

The Board meeting resolved to set up a Risk Management Committee, responsible for formulating risk management policy for the overall organization, assessing risks and managing risks as well as keeping risks at an acceptable level. The Risk Management Committee reported directly to the Board of Directors.

For in the financial statements for the year ended December 31, 2019, the auditors of the Company not found Note the significant to report to management.

In terms of internal control in subsidiary companies, APCS required all its subsidiaries to have an internal control similar to their mother company. All its subsidiaries had sufficient internal control similar to APCS.



## 11.2 Internal Control

The Board of Directors has assigned the Audit Committee to supervise and review the internal control system to make sure that APCS has proper and efficient control system as well as compliance with related legal provisions and regulations, prevention of conflict of interest, proper interrelated transactions and prevention of APCS's assets and properties from losing or exploiting, preventing APCS's intellectual property from being violated, introducing auditing mechanisms, checks and balance. An internal audit department is under direct supervision of the Audit Committee. The Audit Committee will make sure that APCS has proper and efficient internal control and internal audit and consider independency of the internal audit department as well as appoint, remove or terminate internal audit supervisor or heads of other departments, responsible for internal audit.

The appointment of a chief or responsible for the monitoring and control. Must be approved by the Board of Directors approval.

In 2012, the Board of Directors set up an Internal Audit Department, responsible for auditing and assessing sufficiency of APCS's internal control to make sure that APCS had had in place a policy and framework for proper working procedures and systems. Internal auditors prepared regular reports to the Audit Committee to ensure proper good corporate governance. The Audit Committee would review to make sure that APCS had proper and adequate internal control. The Audit Committee had a meeting at least once a quarter to review the financial statements to make sure that APCS had prepared correct and adequate financial reports, disclosing adequate information including interrelated transactions or transactions that might cause a conflict of interest in line with the law and requirements by the Stock Market of Thailand and Securities and Exchange Commission.

In the 1/2012 meeting on February 28, 2012, the Audit Committee appointed Mrs. Duangduan Hirunruk as chief of the internal audit as she had direct internal audit experience and had a good understanding of APCS's business operation and activities. She had attended several internal control courses. The Audit Committee felt that she was well qualified and capable enough to handle the internal control.

The internal auditors of the Company from 2016-2020 were as follows:

Year	Internal audit Unit	Internal Audit Supervisor*
2015	Internal Audit Department	Mrs. Duangduan Hirunruk
2016	Internal Audit Department	Mrs. Duangduan Hirunruk
2017	Internal Audit Department	Mrs. Duangduan Hirunruk
2018	Internal Audit Department	Mrs. Duangduan Hirunruk
2019	Internal Audit Department	Mrs. Duangduan Hirunruk

\* Details about the Internal Audit Supervisor are in the enclosure.

## 12. Interrelated transactions

### 12.1 Summary of Interrelated Transactions between APCS and its subsidiaries and other persons who may have a conflict of interest, made in 2019

APCS made the following transactions with persons who may have a conflict of interest, whose relationship may be summarized as at 31 December 2019, follows:

Person which/who may have a potential conflict.	Asia Precision Plc. ("APCS")	Asia Precision A.T. <sup>1)</sup> ("APAT")	Asiaprecisiontech Co.,Ltd ("AST")	A2 Technology Co., Ltd. ("A2")	APCS Technology Co.,Ltd. ("APT")	A2teeravat joint venture Co., Ltd. ("A2T")	Cholkij Sakol Co.,Ltd ("CK")	Advance Web Studio Co., Ltd.	AWS Asset Management Co., Ltd.
Registered Capital	659,999,962	300,000,000	1,000,000	500,000,000	10,000,000	75,000,000	120,000,000	3,000,000	1,000,000
Par Value at Baht	1	10	5	10	1,000	10	100	100	100
Asia Precision Plc.		Holding 99.99998%		Holding 99.99999%					
Asia Precision A.T. <sup>1)</sup>			Holding 99.9985%						
A2 Technology Co., Ltd.					Holding 99.97%	Holding 48.99997%	Holding 53.33%		
Mr. Apichart Karoonkornsakul	Director/Executive and Holding 13.89%	Director/Executive and Holding stock 1 share	Director/Executive and Holding stock 1 share	Holding stock 1 share					
Mr. Chairaj Vetnaruman	Director/Executive and Holding 1.87%	Director/Executive and Holding stock 1 share	Director/Executive and Holding stock 1 share	Director and Holding stock 1 share	Director and Holding stock 1 share	Director and Holding preferred stock 1 share			
Mr. Rajeev Vijayan	Executive	Director/Executive							
Mr. Yoshikastu Kurashi		Director							
Miss Chittima Karoonkornsakul		Holding stock 1 share	Holding stock 1 share	Holding stock 1 share					
Mr. Anurote Nitipornsri	Director/Executive and Holding 0.07%	Director/Executive	Director/Executive	Director	Director	Director and Holding preferred stock 1 share			
Mrs. Pimparuda Pitakkeeratham				Director/Executive	Director/Executive and Holding stock 1 share	Director/Executive	Director/Executive	Director/Executive Holding stock 1 share	Director/Executive Holding 99.98%
Mr. Suriyon Udcharchon	Director			Director/Executive	Director/Executive and Holding stock 1 share	Director/Executive and Holding preferred stock 1 share			
Mr. Sompote Wallayasewi	Independent Director and Holding 0.03%			Independent Director	Independent Director	Independent Director			
Advance Web Studio Co., Ltd.	Holding 22.12%								
AWS Asset Management Co., Ltd.								Holding 99.9933 %	

1) February 25, 2019 P2 Precision Company Limited changed the company's name to Asia Precision A.T. Company Limited

## 12.2 Type of transaction

Details of connected transactions between the Asia Precision Public Company Limited and a company or a person which/who may have a potential conflict.

Type of transaction	Amount as at 31 December 2019 (Million Baht)						Necessity and Appropriateness of Interrelated Transactions
	APAT	AST	A2	APT	A2T	CK	
Trade receivable	69.64						Trade receivables from Business Transfer Of High Precision Parts Manufacturing Division To Asia Precision A.T. Company Limited
Other current receivable	0.01						Advance payment for accident insurance of employees APAT.
Short-term loans							Promissory notes, due at call.
Beginning balance			-				Short term loan used for working capital.
Increase			250.00				Interest rate of commercial bank.
Decrease			(100.00)				
Ending balance			150.00				
Accrued interest income							
Beginning balance							
Increase			8.41				
Decrease			(8.41)				
Ending balance			-				
Trade payable	24.10						APCS hired P2 to lathe works for APCS.
Cost of service	79.93						Pricing policy is market price close to the general market price.
Other current payable	100.00						On December 9, 2019, the Company entered into a Purchase and sale agreement of land and buildings in the total amount of Baht 187,344,000 by agreeing to receive the deposit in amount of Baht 100,000,000. On January, 3 2020 the Company has registered the transfer of ownership of assets at Land office and receive the remaining full payment
Short-term borrowing							Promissory notes, due at call.
Beginning balance	-		-				Short term loan used for working capital.
Increase	200.00		198.75				Interest rate of commercial bank
Decrease	(100.00)		(198.75)				
Ending balance	100.00		-				

## Details of connected transactions between the Asia Precision Public Company Limited and a company or a person which/who may have a potential conflict

Type of transaction	Amount as at 31 December 2019 (Million Baht)						Necessity and Appropriateness of Interrelated Transactions
	APAT	AST	A2	APT	A2T	CK	
Accrued interest							
Beginning balance							
Increase	0.007		8.41				
Decrease	-		(8.41)				
Ending balance	0.007		-				
Rental income	0.02	0.02	0.02	0.02			<p>The area used for operations.</p> <p>Pricing policy is market price close to the general market price.</p>
Guarantee with the financial institution APCS and Advance Web Studio Co.,Ltd.			162.67		62.20	100.05	<p>Tender in capacity as a major shareholder and to fulfill the financial institution's conditions</p> <p>and provide financial support to A2 to be strong in business operation according to the business plan set forth.</p> <p>No fees will be charged for the guarantee.</p>

Details of connected transactions between the A2 Technology Co.,Ltd. and a company or a person which/who may have a potential conflict.

Type of transaction	Amount as at 31 December 2019 (Million Baht)					Necessity and Appropriateness of Interrelated Transactions
	APT	A2T	CK	Advance Web Studio Co.,Ltd.	Shareholder	
Trade receivable		216.46				Inter transactions-Construction revenues
Contract revenues		269.30				Pricing policy is market price close to the general market price.
Other current receivable						The area used for operations.
Rental income	0.08		0.07			Pricing policy is market price close to the general market price.
Short-term loans						
Beginning balance	-		24.26			Promissory notes, due at call.
Increase	25.00		3.75			Short term loan used for working capital.
Decrease	(19.00)		(24.91)			Interest rate of commercial bank.
Ending balance	6.00		3.10			
Accrued interest income						
Beginning balance			1.18			
Increase	0.06		0.87			
Decrease	(0.06)		-			
Ending balance			2.05			

Details of connected transactions between the A2 Technology Co.,Ltd. and a company or a person which/who may have a potential conflict.

Type of transaction	Amount as at 31 December 2019 (Million Baht)					Necessity and Appropriateness of Interrelated Transactions
	APT	A2T	CK	Advance Web Studio Co., Ltd.	Shareholder	
Trade payable		16.91				Cash advance received of contract.
Purchases	1.68					Pricing policy is market price close to the general market price.
Short-term loans						
Beginning balance	146.20	18.10	-	-		Promissory notes, due at call.
Increase	-	-	250.00	0.19		Short term loan used for working capital.
Decrease	(146.20)	0.00	(100.00)			Interest rate of commercial bank.
Ending balance	-	18.10	150.00	0.19		
Short-term borrowing						
Beginning balance					0.50	
Increase	2.21	1.23	8.41	0.0007	-	
Decrease	(2.21)		(8.41)		(0.50)	
Ending balance	-	1.23	-	0.0007	-	

Details of connected transactions between the Cholkij Sakol Co.,Ltd. and a company or a person which/who may have a potential conflict.

Type of transaction	Value of Interrelated Transactions in 2019 (Million Baht)		Necessity and Appropriateness of Interrelated Transactions
	Shareholder	At Peak Co.,Ltd.	
Short-term borrowing			Mr. Tarathip Tharathammarat* offered a loan to Cholkij Sakol Co.,Ltd. by making a short-term loan agreement at the interest rate of 5.5-7.75 % per annum and payback upon request. It's the loan made when Mr. Tarathip Tharathammarat was a Director and executive of Cholkij Sakol for Cholkij Sakol to have working capital and continue with its business operation. Lower interest rate of commercial bank
Beginning balance	44.93		
Increase	-		
Decrease	-		
Ending balance	44.93		
Accrued interest			
Beginning balance	21.63		
Increase	2.77		
Decrease			
Ending balance	24.40		
Short-term borrowing			At Peak Co.,Ltd. offered a loan to Cholkij Sakol Co., Ltd. by making a short-term loan agreement at the interest rate of 5.5-7.75% per annum and payback upon request. It's the loan made when Mr. Tarathip Tharathammarat was a Director and executive of Sakol for Cholkij Sakol to have working capital and continue with its business operation Interest rate of commercial bank.
Beginning balance		3.10	
Increase		-	
Decrease		-	
Ending balance		3.10	
Accrued interest			
Beginning balance		1.15	
Increase		0.21	
Decrease		-	
Ending balance		1.36	

\* Mr. Tarathip Tharathammarat is a major shareholder, holding 37.29 percent stake in Cholkij Sakol and he also serves in the Board of AT Peak Co., Ltd.

### **12.3 Necessity and appropriateness of interrelated transactions**

Interrelated transactions made are quite necessary and reasonable. Product and services purchased from subsidiaries are normal business practice. Purchases from companies in the group go in line with trading conditions with other companies. Loans to subsidiaries are aimed for the subsidiaries to have liquidity and sufficient working capital to manage their businesses but the interest charged is lower than loans from financial institutions. Machinery purchase among companies in the group is made because APCS and its subsidiaries manufacture similar products. The purchase is made according to the market price.

The Audit Committee has inspected and reviewed those interrelated transactions and felt that they are necessary and reasonable, and most important of all, beneficial to APCS. (See each interrelated transaction in the Table 12.1)

### **12.4 Measures or procedures in approving interrelated transactions**

APCS appointed an Audit Committee on December 23, 2010, and the Board of Directors in their meeting on January 19, 2011 set measures and procedures in approving interrelated transactions and interrelated transaction policy, which requires the Audit Committee's prior approval, primarily based on APCS benefits. The Audit Committee has found that the past interrelated transactions had been made in accordance with those measures and procedures.

In terms of future interrelated transactions with persons who may have a conflict of interest, APCS will ask the Audit Committee to view and opine on their necessity and appropriateness. In case, the Audit Committee is not specialized in those interrelated transactions, APCS will get independent experts or certified auditor to give opinions on those interrelated transactions, which will help in decision making by the Board of Directors and/or Audit Committee and/or shareholders as the case may be. Persons who may have a conflict of interest or benefits from those transactions have no right to vote on those interrelated transactions. Disclosure of interrelated transactions in the Annual Report has come from Notes to the Financial Statements certified by the APCS auditor.



## **12.5 Policy or trend of interrelated transactions**

APCS has a policy to set trade terms for interrelated transactions in line with normal business operation. Selling prices shall be set at competitive levels with other sellers. In the future, in case of sale transaction or guarantees by APCS Directors to apply for financial support from a financial institution, and other transactions with a person having a conflict of interest in accordance with normal business operation or normal business support, those interrelated transactions will be made based on necessity and for APCS's business operation efficiency, having clear-cut pricing policy for interrelated transactions according to appropriate market prices and terms, fair, not siphoning but mainly based on APCS interest. The Audit Committee will double-check and provide opinions on interrelated transactions that are normal business transactions or to support normal business, on a quarterly basis.

However, the interrelated transactions which may cause a conflict of interest in the future, the APCS Board of Directors shall proceed according to the laws pertaining to securities and stock market as well as the Stock Exchange of Thailand's rules, regulations, notification, orders or requirements as well as compliant with the regulations on disclosure of interrelated transactions, acquisition and distribution of assets of APCS and its subsidiaries and compliant with the accounting standards, specified by the Federation of Accounting Professions. However, APCS will disclose interrelated transactions in the Notes to the Financial Statements, certified by APCS's auditor.

## 13. Financial Information

### 13.1 Statement of Financial

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31,	Separate financial statement						Consolidated financial statement					
	2017		2018		2019		2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>												
Current assets												
Cash and cash equivalents	142.83	10.04	274.71	16.84	201.32	11.54	319.93	17.09	437.10	15.19	606.29	19.34
Trade and other current receivables	173.56	12.20	167.86	10.29	221.38	12.69	309.69	16.54	1,286.86	44.73	1,441.90	46.00
Short-term loans	-	-	-	-	150.00	8.60	-	-	-	-	-	-
Inventories	87.90	6.18	82.85	5.08	4.66	0.27	98.01	5.24	98.41	3.42	79.56	2.54
Other current assets	10.00	0.70	-	-	344.86	19.77	10.00	0.53	-	-	-	-
Total current assets	414.29	29.12	525.42	32.22	922.22	52.86	737.63	39.41	1,822.38	63.34	2,127.75	67.88
Non-current assets												
Investments in subsidiaries	470.00	33.03	650.00	39.86	800.00	45.85	-	-	-	-	-	-
Property, plant and equipment	537.44	37.77	454.47	27.87	5.60	0.32	961.27	51.35	876.32	30.46	791.29	25.24
Right under the raw water distribution contract	-	-	-	-	-	-	153.91	8.22	148.24	5.15	142.58	4.55
Other intangible assets	0.12	0.01	0.02	0.00	0.00	0.00	0.40	0.02	0.44	0.02	1.22	0.04
Other non-current assets	1.06	0.07	0.95	0.06	16.84	0.97	18.68	1.00	29.79	1.04	71.90	2.29
Total non-current assets	1,008.62	70.88	1,105.43	67.78	822.44	47.14	1,134.25	60.59	1,054.79	36.66	1,006.98	32.12
<b>Total assets</b>	<b>1,422.91</b>	<b>100.00</b>	<b>1,630.85</b>	<b>100.00</b>	<b>1,744.65</b>	<b>100.00</b>	<b>1,871.88</b>	<b>100.00</b>	<b>2,877.17</b>	<b>100.00</b>	<b>3,134.73</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>												
Current liabilities												
financial institution	15.00	1.05	-	-	-	-	19.97	1.07	4.94	0.17	278.02	8.87
Trade and other current payables	116.58	8.19	193.08	11.84	205.62	11.79	172.44	9.21	962.68	33.46	775.69	24.75
Current portion of long-term liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Within one year	-	-	-	-	-	-	8.47	0.45	9.22	0.32	9.25	0.30
Short-term borrowings	-	-	-	-	100.01	5.73	72.67	3.88	71.32	2.48	73.99	2.36
Current income tax payable	-	-	8.84	0.54	-	-	0.13	0.01	12.73	0.44	-	-
Total current liabilities	131.58	9.25	201.92	12.38	305.62	17.52	273.69	14.62	1,060.90	36.87	1,136.95	36.27
Non-current liabilities												
Long-term borrowings	-	-	-	-	-	-	78.66	4.20	71.59	2.49	62.35	1.99
Deferred tax liabilities	-	-	-	-	-	-	38.23	2.04	37.05	1.29	35.87	1.14
Non-current provisions for	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit	9.03	0.63	13.21	0.81	5.44	0.31	10.67	0.57	15.78	0.55	24.06	0.77
Other non-current liabilities	0.01	0.00	0.01	0.00	-	-	0.01	0.00	0.01	0.00	0.01	0.00
Total non-current liabilities	9.03	0.63	13.21	0.81	5.44	0.31	127.57	6.82	124.43	4.32	122.29	3.90
Total liabilities	140.61	9.88	215.13	13.19	311.07	17.83	401.27	21.44	1,185.33	41.20	1,259.24	40.17
Shareholders' equity												
Issued and paid-up share capital	660.00	46.38	660.00	40.47	660.00	37.83	660.00	35.26	660.00	22.94	660.00	21.05
Share premium on ordinary shares	369.18	25.95	369.18	22.64	369.18	21.16	369.18	19.72	369.18	12.83	369.18	11.78
Retained earnings												
Legal reserve	47.40	3.33	54.30	3.33	66.00	3.78	47.40	2.53	54.30	1.89	66.00	2.11
Unappropriated	205.72	14.46	332.24	20.37	338.40	19.40	244.11	13.04	455.26	15.82	613.75	19.58
Total shareholders' equity of the parent company	1,282.30	90.12	1,415.72	86.81	1,433.59	82.17	1,320.70	70.55	1,538.75	53.48	1,708.94	54.52
Non-controlling interests	-	-	-	-	-	-	149.92	8.01	153.09	5.32	166.56	5.31
Total shareholders' equity	1,282.30	90.12	1,415.72	86.81	1,433.59	82.17	1,470.62	78.56	1,691.84	58.80	1,875.50	59.83
<b>Total liabilities and shareholders' equity</b>	<b>1,422.91</b>	<b>100.00</b>	<b>1,630.85</b>	<b>100.00</b>	<b>1,744.65</b>	<b>100.00</b>	<b>1,871.88</b>	<b>100.00</b>	<b>2,877.17</b>	<b>100.00</b>	<b>3,134.73</b>	<b>100.00</b>

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31,	Separate financial statement						Consolidated financial statement					
	2017		2018		2019		2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues</b>												
Revenues from sales and services	980.92	100.00	990.71	100.00	918.52	100.00	1,030.60	100.00	1,035.17	100.00	1,138.15	100.00
Contract revenues							254.14	24.66	1,441.65	139.27	1,650.00	144.97
Other income	1.75	0.18	2.70	0.27	10.04	1.09	2.35	0.23	3.67	0.35	22.52	1.98
<b>Total revenues</b>	<b>982.67</b>	<b>100.18</b>	<b>993.42</b>	<b>100.27</b>	<b>928.56</b>	<b>101.09</b>	<b>1,287.09</b>	<b>124.89</b>	<b>2,480.49</b>	<b>239.62</b>	<b>2,810.67</b>	<b>246.95</b>
<b>Expenses</b>												
Costs of sales and costs of services	795.72	81.12	760.82	76.80	728.68	79.33	797.04	77.34	770.16	74.40	837.39	73.57
Contract Costs							197.16	19.13	1,276.88	123.35	1,478.20	129.88
Distribution costs	5.04	0.51	5.33	0.54	5.33	0.58	5.04	0.49	5.33	0.52	5.33	0.47
Administrative expenses	71.20	7.26	78.06	7.88	83.70	9.11	118.61	11.51	161.90	15.64	173.37	15.23
Other expenses	8.01	0.82			9.01	0.98	8.09	0.78	0.12	0.01	1.25	0.11
Finance costs	0.23	0.02	0.04	0.00	0.01	0.00	9.07	0.88	8.55	0.83	8.18	0.72
<b>Total expenses</b>	<b>880.19</b>	<b>89.73</b>	<b>844.27</b>	<b>85.22</b>	<b>826.73</b>	<b>90.01</b>	<b>1,135.00</b>	<b>110.13</b>	<b>2,222.95</b>	<b>214.74</b>	<b>2,503.71</b>	<b>219.98</b>
Profit (loss) before income tax expense	102.48	10.45	149.15	15.05	101.83	11.09	152.09	14.76	257.54	24.88	306.96	26.97
Tax (expense) income			(12.38)	(1.25)	(17.97)	(1.96)	(15.91)	(1.54)	(32.97)	(3.18)	(54.65)	(4.80)
<b>Profit (loss) for the year</b>	<b>102.48</b>	<b>10.45</b>	<b>136.77</b>	<b>13.80</b>	<b>83.86</b>	<b>9.13</b>	<b>136.18</b>	<b>13.21</b>	<b>224.57</b>	<b>21.69</b>	<b>252.31</b>	<b>22.17</b>
Other comprehensive income (expense):												
Items that will not be reclassified to profit or loss <input type="checkbox"/>												
Gains(losses) on remeasurements of defined benefit plans	(0.88)	(0.09)	(3.34)	(0.34)			(1.32)	(0.13)	(3.35)	(0.32)	(2.66)	(0.23)
<b>Total comprehensive income (expense) for the year</b>	<b>101.60</b>	<b>10.36</b>	<b>133.42</b>	<b>13.47</b>	<b>83.86</b>	<b>9.13</b>	<b>134.86</b>	<b>13.09</b>	<b>221.22</b>	<b>21.37</b>	<b>249.66</b>	<b>21.94</b>
<b>Profit (loss) attributable to</b>												
Owners of parent	102.48	10.45	136.77	13.80	83.86	9.13	148.37	14.40	221.42	21.39	238.74	20.98
Non-controlling interests							(12.19)	(1.18)	3.15	0.30	13.57	1.19
	102.48	10.45	136.77	13.80	83.86	9.13	136.18	13.21	224.57	21.69	252.31	22.17
<b>Total Comprehensive income (expense) attributable to:</b>												
Owners of parent	101.60	10.36	133.42	13.47	83.86	9.13	147.07	14.27	218.05	21.06	236.19	20.75
Non-controlling interests							(12.20)	(1.18)	3.17	0.31	13.47	1.18
	101.60	10.36	133.42	13.47	83.86	9.13	134.86	13.09	221.22	21.37	249.66	21.94
<b>Basic earnings(loss) per share</b>	<b>0.16</b>		<b>0.21</b>		<b>0.13</b>		<b>0.22</b>		<b>0.34</b>		<b>0.36</b>	
<b>Issued and paid-up share capital (Million : share)</b>	<b>660.00</b>		<b>660.00</b>		<b>660.00</b>		<b>660.00</b>		<b>660.00</b>		<b>660.00</b>	
<b>Par value (Baht)</b>	<b>1.00</b>		<b>1.00</b>		<b>1.00</b>		<b>1.00</b>		<b>1.00</b>		<b>1.00</b>	

Million Baht

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,	Separate financial statement			Consolidated financial statement		
	2017	2018	2019	2017	2018	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>						
Profit (loss) before income tax expense	102.48	149.15	101.83	152.09	257.54	306.96
Adjusted to reconcile profit (loss) before income tax expense to net cash provided (paid)						
Adjusted financial costs	0.23	0.04	0.01	9.07	8.55	8.18
Adjusted interest received	(0.33)	(0.40)	(8.75)	(0.61)	(1.50)	(1.35)
Adjusted trade receivables and other receivables (increase) decrease	1.34	5.24	(53.99)	(63.41)	(977.63)	(155.66)
Adjusted inventories (increase) decrease	(8.49)	21.92	81.40	(11.42)	16.40	22.11
Adjusted other assets (increase) decrease	0.08	0.11	0.05	(6.83)	(1.53)	(22.43)
Adjustments trade payables and other payables increased (decreased)	(5.40)	76.12	12.53	40.04	789.85	(159.75)
Depreciation and amortization	122.48	102.44	84.37	135.27	116.39	100.61
Adjusted unrealized loss (gain) on foreign exchange	0.15	0.40	0.48	0.15	0.40	(26.77)
Adjustment with bad debts	-	-	-	-	-	0.05
Adjusted loss on value of goods (reversed)	1.16	(16.87)	(3.20)	1.24	(16.80)	(3.26)
Adjusted other provisions for employee benefits	1.35	1.74	4.98	1.97	2.84	6.52
Adjusted loss (gain) from assets disposals	2.38	(0.62)	1.15	3.93	0.12	1.25
Total adjust from reconciliation of gain (loss)	114.97	190.12	119.03	109.38	(62.91)	(230.48)
<b>Net Cash Provided by (Used in) Operating</b>	<b>217.45</b>	<b>339.28</b>	<b>220.86</b>	<b>261.47</b>	<b>194.63</b>	<b>76.48</b>
Interest expense	(0.26)	(0.05)	-	(5.78)	(5.41)	(5.09)
Interest received	0.33	0.40	8.75	0.52	1.50	1.44
Income tax refund (pay out)	-	(3.55)	(26.80)	(20.47)	(20.36)	(67.38)
Cash payment for transferring employee benefit plans to subsidiaries	-	-	(12.06)	-	-	-
Other cash received (paid) from operating activities	(0.86)	(0.91)	(0.69)	(0.99)	(1.09)	(0.91)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>216.66</b>	<b>335.17</b>	<b>190.05</b>	<b>234.76</b>	<b>169.27</b>	<b>4.55</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>						
Restricted short-term deposit with financial institution (increase) decrease	(10.00)	10.00	-	(11.05)	0.42	(0.21)
Cash paid for investment in subsidiary net from received cash	(330.00)	(180.00)	(150.00)	-	-	-
Cash received from the sale of property, plant and equipment	2.50	1.46	3.96	3.42	2.05	4.06
Cash paid to purchase property, plant and equipment	(29.72)	(19.75)	(1.41)	(43.13)	(24.84)	(32.81)
Cash paid to purchase intangible assets	-	(0.02)	-	(0.26)	(0.34)	(1.10)
Cash received from loans to related parties	175.00	10.00	-	-	-	(2.75)
Cash paid for loans to related parties	(10.00)	(10.00)	100.00	-	-	-
Cash payment for purchase of general investments	-	-	(250.00)	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(202.22)</b>	<b>(188.30)</b>	<b>(297.45)</b>	<b>(51.02)</b>	<b>(22.70)</b>	<b>(32.81)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>						
Bank overdrafts and Short-term loans from financial institution increase (decrease)	7.18	-	-	7.15	(0.03)	226.75
Cash received from loans from financial institutions	-	-	-	-	-	98.20
Cash received from borrowings from other company	-	-	-	-	3.00	-
Cash received from borrowings from person and related parties	35.00	238.75	200.00	6.17	10.50	0.19
Cash paid to pay the financial institutions borrowings	-	(15.00)	-	(1.90)	(23.10)	(59.97)
Cash paid to pay the person and related parties borrowings	(35.00)	(238.75)	(100.00)	(15.96)	(15.00)	(0.50)
Cash paid to pay the other company borrowings	-	-	-	-	(3.00)	-
Cash paid by the lessee to reduce the amount for liability contract financial lease	-	-	-	(1.01)	(1.76)	(1.22)
Dividend payment	-	-	(66.00)	-	-	(66.00)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>7.18</b>	<b>(15.00)</b>	<b>34.00</b>	<b>(5.54)</b>	<b>(29.39)</b>	<b>197.44</b>
Net Increase (decrease) in cash and cash equivalents	21.62	131.87	(73.39)	178.20	117.17	169.18
Cash and cash equivalents at beginning of year	121.22	142.83	274.71	141.73	319.93	437.10
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>142.83</b>	<b>274.71</b>	<b>201.32</b>	<b>319.93</b>	<b>437.10</b>	<b>606.29</b>

## 13.2 New financial reporting standards

### 13.2.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. 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. However, the new standard involves changes to key principles, which are summarized below:

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmers
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

### 13.2.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020.

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarized below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group's plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognized as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group's expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 19.37 million and the Group's liabilities by approximately Baht 19.37 million.

### 13.3 AUDITOR

Year	Name of Auditor	Certified Public Accountant	
		Registration Number	Name of Company
2017	Mr.Jadesada Hungsapruk	3759	Karin Audit Co., Ltd.
2018	Mr.Jadesada Hungsapruk	3759	Karin Audit Co., Ltd.
2019	Ms. Kannika Wipanurat	7305	Karin Audit Co., Ltd.

#### AUDITOR'S REPORT

##### A) FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

The Company : Certified Public Accountant Basis for Unqualified Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Asia Precision Public Company Limited and its subsidiaries and Asia Precision Public Company Limited as at December 31, 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibility is stated in the paragraph in the Auditor's Responsibilities for the Audit of the Consolidated 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 of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Key audit matters</b>	<b>Audit procedures respond risk</b>
<p><b>Allowance for doubtful debt</b></p> <p>The Group have account receivable from sales and services and unbilled receivable total amount of Baht 293.26 million. The Group have considered that it's able to receive money from sales and services and unbilled receivable. I focused on these because allowance for doubtful debt has to subjective on evaluate on receivable repayment ability, also other information describe on note to finance statement no.7 and significant accounting policy.</p>	<p>I have evaluated reasonable of the management's estimating, understanding on approval process of receivable credit line, testing the aging report, interviewing the officer responsibility on receivable repayment and delivery completion work by period, consider the long outstanding receivable, and ask for policy of allowance for doubtful debt to ensure that enough and not over. I also focused on disclosure of allowance for doubtful debt in note to financial statement.</p>
<p><b>Impairment of right under the raw water distribution contract</b></p> <p>As at December 31, 2017, balance of right under the raw water distribution contract (net from accumulative of amortization by straight line method as the remain contract period) amount of Baht 153.91 million which is significant to consolidated financial statement. Evaluate of impairment has to subjective on evaluate of cash generating unit and future cashflow expected from such unit, also discount rate. These are risk of valuation of right under the raw water distribution contract and disclosure in note to financial statement no.27 and significant accounting policy.</p>	<p>I evaluated setting of cash generating unit and financial model which the management choosed. I have to understanding management considering process to comply with economic benefit, for example; compare at least water volumn and water pricing under the sales contract, compare period of management estimated on financial model and period remaining on sales contract. Moreover, I tested the assumption management used in future cashflow projection and also considered discount rate management used by analyst weighted average cost of capital(wacc) of the Company and industry. I consulted internal expert to ensure by compared the external information as the knowledge and expereince of firm expert. I tested net realizable value as financial model above and considered the effected of assumption changes to net realizable value.</p>
<p><b>Revenue recognition by percentage of work completion, valuation of work, and service cost estimated</b></p> <p>The Group have service revenue recognition by percentage of completion which estimated by physical check of the Group's engineer, pararell with percentage of actual cost to total estimate cost. I focus on these because</p>	<p>I have to understanding and evaluating for percentage of completion, physical check work in progress in term of nearly ending accounting period, check the physical report of engineer, check the evident of estimated cost and actual cost, moreover I considered the percentage of work</p>



<b>Key audit matters</b>	<b>Audit procedures respond risk</b>
cost estimated has to subjective on discretion and work environment factors, economic and raw material and labor market in future. The actual cost might be different from estimating, which effected to revenue recognition as described in note to financial statement no. 26 and significant accounting policy.	completion calculated by actual cost and estimated cost compared with the percentage of work completion by physical.

## B) FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Company : Certified Public Accountant Basis for Unqualified Opinion

**Opinion**

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Asia Precision Public Company Limited and its subsidiaries and Asia Precision Public Company Limited as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibility is stated in the paragraph in the Auditor's Responsibilities for the Audit of the Consolidated 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 of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Key audit matters</b>	<b>Audit procedures respond risk</b>
<p><b>Allowance for doubtful debt</b></p> <p>The Group have account receivable from sales and services and unbilled receivable total amount of Baht 1,286.86 million. The Group have considered that it's able to receive money from sales and services and unbilled receivable. I focused on these because allowance for doubtful debt has to subjective on evaluate on receivable repayment ability, also other information describe on note to finance statement no.7 and significant accounting policy.</p>	<p>I have evaluated reasonable of the management's estimating, understanding on approval process of receivable credit line, testing the aging report, interviewing the officer responsibility on receivable repayment and delivery completion work by period, consider the long outstanding receivable, and ask for policy of allowance for doubtful debt to ensure that enough and not over. I also focused on disclosure of allowance for doubtful debt in note to financial statement.</p>

Key audit matters	Audit procedures respond risk
<p><b>Revenue recognition by percentage of work completion, valuation of work, and service cost estimated</b></p> <p>The Group have service revenue recognition by percentage of completion which estimated by physical check of the Group's engineer, pararell with percentage of actual cost to total estimate cost. I focus on these because cost estimated has to subjective on discretion and work environment factors, economic and raw material and labor market in future. The actual cost might be different from estimating, which effected to revenue recognition as described in note to financial statement no. 28 and significant accounting policy.</p>	<p>I have to understanding and evaluating for percentage of completion, physical check work in progress in term of nearly ending accounting period, check the physical report of engineer, check the evident of estimated cost and actual cost, moreover I considered the percentage of work completion calculated by actual cost and estimated cost compared with the percentage of work completion by physical.</p>

## C) FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The Company : Certified Public Accountant Basis for Unqualified Opinion

**Opinion**

I have audited the financial statements of Asia Precision Public Company Limited and its subsidiaries (the Group), which comprise the consolidated and separate statements of financial position and as at December 31, 2019, the related consolidated and separate statements of 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.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Asia Precision Public Company Limited and its subsidiaries and Asia Precision Public Company Limited as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibility is stated in the paragraph in the Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matters	Audit procedures respond risk
<p><b>Allowance for doubtful debt</b></p> <p>The Group have account receivable from sales and services and unbilled receivable total amount of Baht 1,441.90 million. The Group have considered that it's able to receive money from sales and services and unbilled receivable. I focused on these because allowance for doubtful debt has to subjective on evaluate on receivable repayment ability, also other information describe on note to finance statement no.7 and significant accounting policy.</p>	<p>I have evaluated resonable of the management's estimating, understanding on approval process of receivable credit line, testing the aging report, interviewing the officer responsibility on receivable repayment and delivery completion work by period, consider the long outstanding receivable, and ask for policy of allowance for doubtful debt to ensure that enough and not over. I also focused on disclosure of allowance for doubtful debt in note to financial statement.</p>

Key audit matters	Audit procedures respond risk
<p><b>Revenue recognition by percentage of work completion, valuation of work, and service cost estimated</b></p> <p>The Group have service revenue recognition by percentage of completion which estimated by physical check of the Group's engineer, parallel with percentage of actual cost to total estimate cost. I focus on these because cost estimated has to subjective on discretion and work environment factors, economic and raw material and labor market in future. The actual cost might be different from estimating, which effected to revenue recognition as described in note to financial statement no. 29 and significant accounting policy.</p>	<p>I have to understanding and evaluating for percentage of completion, physical check work in progress in term of nearly ending accounting period, check the physical report of engineer, check the evident of estimated cost and actual cost, moreover I considered the percentage of work completion calculated by actual cost and estimated cost compared with the percentage of work completion by physical.</p>

**13.3 Financial Ratio**

Ratio	Separate financial statement			Consolidated financial statement		
	2017	2018	2019	2017	2018	2019
<b><u>Liquidity Ratio</u></b>						
Current ratio (times)	3.15	2.60	3.02	2.70	1.72	1.87
A/R turnover (times)	5.71	5.88	5.87	5.05	3.59	2.32
Inventory turnover ratio (times)	9.45	8.91	16.65	10.70	20.84	26.02
A/P turnover (times)	8.84	9.28	12.45	8.33	3.88	3.21
<b><u>Profitability Ratio</u></b>						
Gross margin (%)	18.88	23.20	20.67	22.62	17.35	16.95
Operating profit margin (%)	10.45	13.80	9.13	11.55	8.94	8.56
Net profit margin ratio (%)	10.34	13.43	9.03	10.48	8.92	8.88
Return on equity (%)	8.25	9.89	5.89	10.81	15.47	15.37
<b><u>Efficiency Ratio</u></b>						
Return on asset (%)	7.41	8.74	4.97	7.54	9.32	8.31
Return on fixed asset (%)	38.25	47.56	73.13	26.81	36.74	42.01
<b><u>Financial Policy Ratio</u></b>						
Debt to equity ration (times)	0.11	0.15	0.22	0.30	0.77	0.74
Time interest earned ration (times)	830.12	7295.75	N/A	44.39	38.42	12.64

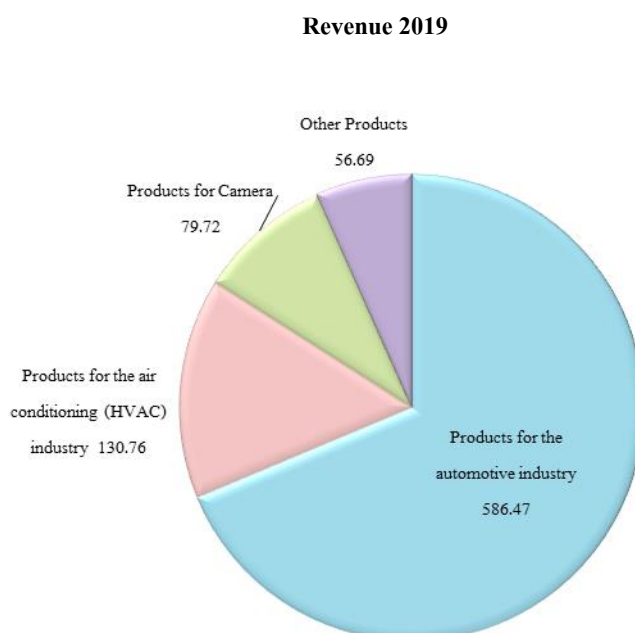
## 14. Management's Analysis and Explanation

### 1. Overall operating results

#### Separate financial statement

According to APCS financial statement, revenue from sales for 2019 and 2018 was Bt 918.52 million and Bt 990.71 million respectively, decreasing from 2018 for Bt 72.19 million or 7.29 %. The cost of sales for 2019 and 2018 was Bt 728.68 million and Bt 760.82 million respectively, decreasing from 2018 for Bt 32.14 million or 4.22%. If compared with gross profit margin in 2019 and 2018, it was 20.67% and 23.20% respectively. In 2019 the company's performance declined with operating profit for the year was Bt 83.55 million. Return on equity (ROE) for 2019 and 2018 was 5.89% and 9.89% respectively.

#### Operating Results



(Unit : Million Baht)

Overall APCS financial statements operating results showed a decline compared those in 2019 due to the revenue reduction in the automotive, camera, and air-conditioning compressor and refrigeration industries. In terms of the costs of sales, most product costs went to labor, production expenses and machinery and equipment depreciation, and in 2019 there was a change in employees benefits, making the costs of sales to the sales revenue in 2019 and 2018 was Bt 76.80% and 81.12% respectively.

In terms of the control of the sales and administrative expenses, APCS in 2019 controlled those expenses in compliance with the normal business operation. Thus, the sales and administrative expenses in 2019 increased due to the cost related to employees benefits.

The Return on equity of separate financial statements for 2019 and 2018 were 5.89 and 9.89 respectively.

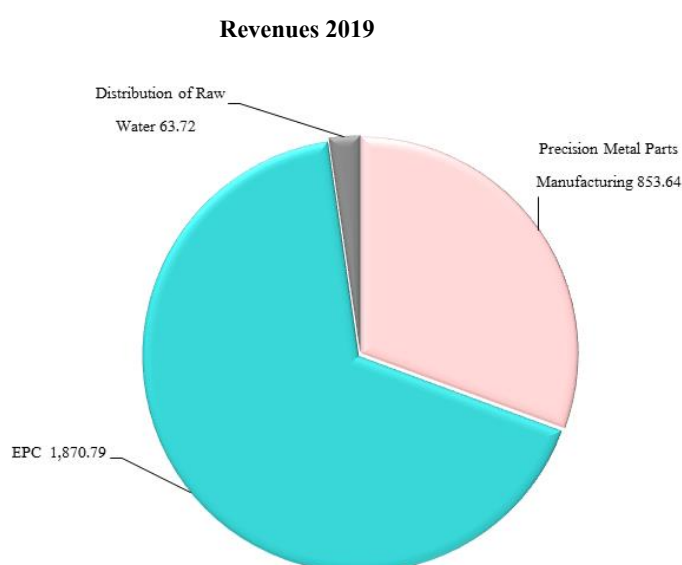
### **Consolidated financial statement**

According to consolidated financial statement, Revenue and Cost are divided into two main part :

1. Revenues from sales and services for 2019 and 2018 was Bt 1,138.15 million and Bt 1,035.17 million respectively, increasing from 2018 for Bt 102.98 million or 9.95%. The cost of sales and services for 2019 and 2018 was Bt 837.39 million and Bt 770.17 million respectively, increasing from 2018 for Bt 67.22 million (or 8.73%)
2. Contract revenues for 2019 and 2018 was Bt 1,650.00 million and Bt 1441.65 million respectively, increasing from 2018 for Bt 208.35 million or 14.45%. The Contract costs for 2019 and 2018 was Bt 1,478.20 million and Bt 1276.88 million respectively, increasing from 2018 for Bt 201.32 million (or 15.77%)

Gross profit margin for 2019 and 2018 were Bt 472.56 million and Bt 427.77 million respectively. This is an increase of Bt 44.79 million, or equivalent to 10.47 percent. Operating profit for 2019 and 2018 were Bt 235.87 million and Bt 218.08 million respectively. This is an increase of Bt 17.79 million, or equivalent to 8.16 percent. Return on equity for 2019 and 2018 were 15.37 percent and 15.47 percent respectively.

### **Operating Results**



In consolidated financial statements, operating results in 2019 were better than those of 2018 due to revenue from the construction activities under a subsidiary: The first construction project was the waste-energy power plant in late 2017, and continue to receive addition construction projects; thus earning additional revenues, for example, from solar-energy power plants, alternative-energy power plants powered by community waste. Most costs from the construction business went to construction fees, salary and wages.



## Revenues

The APCS's financial statements reflect APCS main business lines – producing and distributing high-precision parts and components for the following 4 major industries, namely, (1) automotive, (2) air-conditioning compressor and refrigeration, (3) digital camera and (4) other industries.

The product distribution was classified into 83.26% of distribution to domestic customers in average and 16.74% of distribution to foreign customers in average.

## Structure of revenue

	Separate financial statement					
	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Automotive industry	681.09	69.31	690.22	69.48	604.23	65.07
2. Air-conditioning compressor and refrigeration industry	214.47	21.83	167.56	16.87	133.14	14.33
3. Digital camera industry	42.53	4.33	84.32	8.49	82.86	8.92
4. Other industries	42.83	4.36	48.61	4.89	98.29	10.59
<b>Total Revenues for sale</b>	<b>980.92</b>	<b>99.83</b>	<b>990.71</b>	<b>99.73</b>	<b>918.52</b>	<b>98.92</b>
Other Revenues	1.75	0.17	2.70	0.27	10.04	1.08
<b>Total Revenues</b>	<b>982.67</b>	<b>100</b>	<b>993.41</b>	<b>100</b>	<b>928.56</b>	<b>100</b>

According to APCS financial statement, business of manufactures high precision metal parts and components has an increase in revenue from sales in 2019, compared with 2018 by Bt 9.79 million or equivalent to 1%. The decrease was attributed to the slow down in automotive sector.

### 1. Automotive industry

As shown in the separate financial statements, revenues from the automobile industry decreased by Bt 85.99 million or 12.46 percent year on year from 2018. APCS produced automotive components and motorcycle components (see details in Part 1, Section 2: Nature of Business concerning the revenue structure). In all, revenues from automotive components decrease from those in 2017 as APCS received lower volume of purchase orders for the models APCS had been producing. Though components for certain models were being obsolete, APCS had capabilities to produce components for new models. Hence, APCS received additional purchase orders to replace obsolete models. In terms of the automobile industry in the future, production for domestic consumption may decrease in line with overall industrial situations. However, the automobile industry will remain a core industry, supported by the government. Overall, domestic production is likely to focus on domestic production. Since the first car policy, the car is gradually due for transfer. Consumers have a desire to buy new cars. Or need to use a new version. Because it is more energy efficient than the original model.

## 2. Air-conditioning compressor and refrigeration industry

The APCS's separate financial statements showed revenues in 2019 decreased by Bt 34.42 million or 20.54 percent from those in 2018, due to lower customer orders as a result of ending model life. Nevertheless, APCS remains a reliable supplier with an excellent product quality.

## 3. The digital camera industry

The APCS's separate financial statements Revenues from the digital camera industry in 2019 decreased by about Bt 1.46 million or 1.73 percent from those in 2018 following the industry's trend. APCS remains a reliable supplier with an excellent product quality.

## 4. Other industrial components

Revenues from components for other industries in 2019 increase by about Bt 49.68 million or 102.20 percent from those in 2018. Those components include medical tools, aerospace components, machinery spare parts, etc. In 2017, components for other industries continued to increase resulting in a growth in revenue.

The consolidated financial statements reflect APCS main business lines – producing and distributing high-precision parts and components for the following 4 major industries, namely, (1) automotive, (2) air-conditioning compressor and refrigeration, (3) digital camera and (4) other industries. The product distribution was classified into 83.26% of distribution to domestic customers in average and 16.74% of distribution to foreign customers in average.

	Consolidated financial statement					
	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1.Manufactures high precision parts and components made from metals						
1.1 Automotive industry	681.09	52.92	690.22	27.82	523	18.61
1.2 Air-conditioning compressor and refrigeration industry	214.47	16.66	167.56	6.76	130.77	4.65
1.3 Digital camera industry	42.53	3.30	84.32	3.40	79.72	2.84
1.4 Other industries	42.83	3.33	48.61	1.96	119.64	4.26
<b>Total Manufactures high precision parts and components made from metals</b>	<b>980.92</b>	<b>76.21</b>	<b>990.71</b>	<b>39.94</b>	<b>853.64</b>	<b>30.36</b>
2. Consulting and Construction	303.82	23.61	1,450.40	58.47	1,870.79	66.56
3. Production and sale row water	-	-	35.71	1.44	63.72	2.27
<b>Total Revenues for sale</b>	<b>1,284.74</b>	<b>99.82</b>	<b>2,476.82</b>	<b>99.85</b>	<b>2,788.15</b>	<b>99.20</b>
Other Revenues	2.35	0.18	3.67	0.15	22.52	0.80
<b>Total Revenues</b>	<b>1,287.09</b>	<b>100</b>	<b>2,480.49</b>	<b>100</b>	<b>2,810.67</b>	<b>100</b>

In the consolidated financial statements, in terms of revenues from high-precision components after offsetting interrelated transactions in the APCS's separate financial statements with a subsidiary, Asia Precision A.T. Co., Ltd. (which produces similar products with APCS), the financial performance would go into the same direction. To make it easy, we wish to analyze the overall revenues, which increased from those in 2017 due to the EPC business group and raw water distribution business group.

1. Construction and consultation business group ( EPC )

In the consolidated financial statements, the subsidiary earned, in 2019 and 2018, Bt 1,870.79 million and Bt 1,450.40 million respectively; an increase of Bt 420.39 million (28.98 percent) year on year. The subsidiary engages in civil engineering and electrical engineering services, designing and providing consultation on project construction and maintenances of every kind of alternative-energy power plants such as solar cell power plants, waste-fuelled power plants, wind-energy power plants at every installed capacity.

The subsidiary received construction projects in the area of power plant with fuel derived from communal waste, solar power plant, electricity substation, and etc. The subsidiary has a full team of engineers and specialists with high potentials to provide services for construction of power plants powered by alternative and renewable energies, which the government has been supporting the private sector and communities to go for alternative and renewable energies to reduce greenhouse effects, a starting point for Thailand to move into a low-carbon society. Consequently, the subsidiary earned additional revenues and contributed to the better performance of the entire Group. Most costs went construction expenses, salary and wages of engineers and specialists.

2. Raw water distribution business group

According to the consolidated financial statements, revenue of the subsidiary from raw water distribution in 2019 and 2018 were 63.72 and 35.71 million Baht respectively; an increase of 28.01 million Baht, or equivalent to 78.44%. This is in line with the contracted agreed with the customers.

### Costs of sales and gross profit

Costs of sales of the group are as follows:

- High-precision component business group

In the APCS's separate financial statements, cost of sales for 2019 was Bt 728.68 million (equivalent to 79.33 percent of revenue) and cost of sales for 2018 was Bt 760.82 million (equivalent to 76.80 percent of revenue). Costs of sales included raw materials such as steel, aluminum, etc., chroming charges, direct labor, depreciation, electricity charges, water charges, etc. There was a decrease in cost of sales of 2.53 percent year on year due to lower depreciation of equipment and more effective cost management.

In the consolidated financial statements, the proportion of cost of sales for metal parts manufacturing business against total consolidated revenue for 2019 and 2018 were 25.93 percent and 30.67 percent respectively. This was due to rapid expansion in consulting and construction business.

In terms of the consultation and construction unit, the proportion of cost of sales against total consolidated revenue for 2019 and 2018 were 87.89 percent and 88.68 percent respectively. The costs, which consisted of wages to

supervisory engineers, construction expenses, labor, consultation fees, etc, decreased in 2019 as a result of more consultation projects which have higher margins; in 2018 a large proportion of revenue was from construction.

In terms of raw water distribution unit, as earlier stated in 2017 the water sales contract was reviewed with the customer. The new contract was concluded and signed in late 2017. The subsidiary would start earning revenue from raw water sale in 2018. Costs of sales usually go to labor, electricity charges, depreciation, gasoline for water pumps, pump maintenances, etc. If the subsidiary has additional customers to buy raw water, the gross profit would definitely increase.

### Sales and administration expenses

Consisted of:

	(Unit : Million Baht)					
	<u>Separate financial statement</u>			<u>Consolidated financial statement</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Selling expenses	5.04	5.33	5.33	5.04	5.33	5.33
Administrative expenses	71.19	78.06	83.70	118.60	161.90	173.37
Other Expenses	8.01	-	9.01	8.09	0.12	1.25
Provision for impairment of goodwill	-	-	-	-	-	-
	<b>84.24</b>	<b>83.39</b>	<b>98.04</b>	<b>131.73</b>	<b>167.35</b>	<b>179.94</b>

Sales and administration expenses included sales expenses, exchange rate loss, administration expenses and other expenses.

Most administration expenses went to the staff's monthly salary and welfare benefits, bonus, remuneration to directors, professional fees and depreciation.

In separated financial statement, sales and administration expenses in 2019 and 2018 were Bt 98.04 million (10.67 percent compared to revenue) and Bt 83.40 million (8.42 percent compared to revenue) respectively. The increase was due to the rise in salary, employee benefits, bonuses, director compensations, professional fees, and depreciation.

In the consolidated financial statements, sales and administration expenses in 2019 and 2018 were Bt 179.94 million (15.81 percent compared to revenue) and Bt 167.36 million (16.17 percent compared to revenue) respectively. The increase was in line with the expansion of subsidiaries. Nevertheless, the ratio of sales and administration expense to total revenue decreased year on year.

### Financial costs

In the APCS's separate financial statements, financial costs in 2019 and 2018 featured Bt 0.01 million and Bt 0.04 million respectively, a Bt 0.03 million drop from that in 2018

In the consolidated financial statements, financial costs in 2019 and 2018 were Bt 8.18 million and Bt 8.55 million respectively. The decrease of Bt 0.37 million was due to subsidiary's debt restructuring, resulting in lower interest rate and partial loan payback.

## 2. Analysis of financial status

### Assets

The separate financial statements showed totals assets in 2019 and 2018 at Bt 1,744.65 million and Bt1,630.85 million respectively. In 2019, the total assets featured 52.86% current assets and 47.14% non-current assets. 0.32% of the non-current assets were land, buildings and equipment and 45.85% long-term loans to related parties

The consolidated financial statements showed totals assets in 2019 and 2018 at Bt 3,134.73 million and Bt 2,877.17 million respectively. In 2019, the total assets featured 67.88% current assets and 32.12% non-current assets. Some 25.24 % of the non-current assets were land, buildings and equipment.

In all, in The separate financial statements and the consolidated financial statements, additional assets were as follows:

### Trade and other current receivable

Consisted of	Separate financial statement						Consolidated financial statement					
	2017		2018		2019		2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Trade receivables	171.23	98.66%	165.98	98.88%	147.15	66.47%	262.69	84.82%	272.35	21.16%	809.74	56.16%
Trade receivables-Related Parties	-	-	-	-	69.64	31.46%	-	-	-	-	-	-
Less allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total trade receivables	171.23	98.66%	165.98	98.88%	216.79	97.93%	262.69	84.82%	272.35	21.16%	809.74	56.16%
Unbilled construction revenues	-	-	-	-	-	-	30.58	9.87%	830.75	64.56%	494.13	34.27%
Trade receivables – related parties	0.01	0.01%	0.01	0.01%	0.01	-						
Prepaid Expenses	0.87	0.50%	1.13	0.67%	0.80	0.36%	3.16	1.02%	10.92	0.85%	5.24	0.36%
Withholding tax	0.01	0.01%	-	-	3.40	1.54%	3.34	1.08%	4.52	0.35%	22.99	1.59%
Accrued income	-	-	-	-	-	-	-	-	0.09	0.01%	5.89	0.41%
Revenue Department receivable	-	-	-	-	-	-	3.30	1.07%	11.89	0.92%	32.77	2.27%
Prepaid for contractor	-	-	-	-	-	-	3.08	0.99%	146.05	11.35%	55.19	3.83%
Others	1.44	0.83%	0.74	0.44%	0.38	0.17%	3.54	1.14%	10.29	0.80%	15.95	1.11%
<b>Total</b>	<b>173.56</b>	<b>100.00%</b>	<b>167.86</b>	<b>100.00%</b>	<b>221.38</b>	<b>100.00%</b>	<b>309.69</b>	<b>100.00%</b>	<b>1,286.86</b>	<b>100.00%</b>	<b>1,441.90</b>	<b>100.00%</b>

Trade account receivables and other receivables-other businesses for separate financial statement as of the year ended 2019 and 2018 were Bt 221.38 million and Bt 167.86 million respectively, or 12.69% and 10.29% of total asset respectively. In 2019, it increased from 2018 for Bt 53.52 million.

Trade and other receivables-other third parties for consolidated financial statement as of the year ended 2019 and 2018 were Bt1,441.90 million and Bt1,286.86 million or 46.00% and 44.73 % of total assets respectively, increasing from 2018 for Bt155.04 million.

For separate financial statements, account receivables and other receivables decreased year on year due to better debt collection management. The majority of credit term is between 30-60 days. The reason behind the overall increase was due to receivables from related parties.

For consolidated financial statements, account receivables and other receivables increased year on year; this is in line with growth in revenue. The majority of receivables were from subsidiaries in construction business.

Trade receivables at the end of the year are classified by aging as follows:

	<b>Separate financial statement</b>					
	<u>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>
Within credit term	128.47	75.03%	124.46	75.03%	170.85	74.98%
Overdue 1 month to 3 month	42.76	24.97%	41.10	24.97%	41.05	24.76%
Overdue over 3 month	-	-	0.42	-	4.89	0.25%
<b>Total</b>	<b>171.23</b>	<b>100.00%</b>	<b>165.98</b>	<b>100.00%</b>	<b>216.79</b>	<b>100.00%</b>
Retention receivables to agreement	-	-	-	-	-	-
<b>Total</b>	<b>171.23</b>	<b>100.00%</b>	<b>165.98</b>	<b>100.00%</b>	<b>216.79</b>	<b>100.00%</b>
Less Allowance doubtful accounts	-	-	-	-	-	-
Unbilled construction revenues	-	-	-	-	-	-
<b>Net</b>	<b>171.23</b>	<b>100.00%</b>	<b>165.98</b>	<b>100.00%</b>	<b>216.79</b>	<b>100.00%</b>

	<b>Consolidated financial statement</b>					
	<u>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>
Within credit term	144.76	49.36%	160.56	49.36%	215.87	14.56%
Overdue 1 month to 3 month	101.22	34.51%	47.31	34.51%	180.58	4.29%
Overdue over 3 month	-	-	0.42	-	190.75	0.04%
<b>Total</b>	<b>245.98</b>	<b>83.87%</b>	<b>208.29</b>	<b>83.87%</b>	<b>587.20</b>	<b>18.88%</b>
Retention receivables to agreement	16.71	5.70%	64.06	5.70%	222.54	5.81%
<b>Total</b>	<b>262.69</b>	<b>89.57%</b>	<b>272.35</b>	<b>89.57%</b>	<b>809.74</b>	<b>24.69%</b>
Less Allowance doubtful accounts	-	-	-	-	-	-
Unbilled construction revenues	30.58	10.43%	830.75	75.31%	494.13	37.90%
<b>Net</b>	<b>293.27</b>	<b>100.00%</b>	<b>1,103.10</b>	<b>100.00%</b>	<b>1,303.87</b>	<b>100.00%</b>

In separate financial statement, the domestic account receivables in 2019 and 2018 were 76.31 percent and 70. percent respectively. Foreign account receivables in 2019 and 2018 were 23.69 percent and 30.00 percent respectively.

In consolidated financial statement, the domestic account receivables in 2019 and 2018 were 96.36 percent and 95.00 percent respectively. Foreign account receivables in 2019 and 2018 were 3.64 percent and 5.00 percent respectively.

The Company granted the credit term between 30-60 days to customers and it was mostly 30 days. If the aging of the Company's account receivables as of the year ended 2019 and 2018 were considered, it would be seen that almost of total account receivables were account receivables not over than 3 months aging including account receivables with 1-3 months overdue payment term, mostly resulting from the difference of the Company's collection period cycle from

customer product payment period cycle and then affecting longer average collection period of the Company than credit term period the Company offered to its customers.

Average collection periods for 2019 and 2018 63 days and 63 days respectively, as per separate financial statements. Average collection periods for 2019 and 2018 158 days and 102 days respectively, as per consolidated financial

Trade and other receivable are shown at their invoice value less allowance for doubtful accounts. The Group has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

### Inventories

APCS's separate financial statement showed net inventory as of the end of 2019 and 2018 at Bt 4.66 million and Bt 82.85 million respectively, while the group's consolidated financial statements showed net inventory as of the end of 2019 and 2018 at Bt 79.56 million and Bt 98.41 million respectively.

	<b>Separate financial statement</b>					
	<u>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>
Finished goods	22.37	25.45%	18.32	22.11%	4.82	103.43%
Work in process	39.68	45.14%	35.33	42.64%	-	-
Raw materials	45.86	52.17%	30.19	36.44%	-	-
Goods in transit	0.22	0.25%	2.37	2.86%	-	-
Total	108.13	123.01%	86.21	104.06%	4.82	103.43%
Allowance for diminution in value of inventories	(20.23)	(23.01%)	(3.36)	(4.06%)	(0.16)	(3.43%)
<b>Net</b>	<b>87.90</b>	<b>100.00%</b>	<b>82.85</b>	<b>100.00%</b>	<b>4.66</b>	<b>100.00%</b>

	<b>Consolidated financial statement</b>					
	<u>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>	<u>Million Baht</u>	<u>%</u>
Finished goods	22.38	22.83%	25.19	25.60%	36.86	46.33%
Work in process	42.53	43.39%	39.56	40.20%	-	-
Raw materials	49.67	50.68%	35.61	36.19%	42.94	53.97%
Goods in transit	0.22	0.23%	2.37	2.40%	0.82	1.03%
Construction in progress	4.33	4.42%	-	-	-	-
Total	119.13	121.55%	102.73	104.39%	80.62	101.33%
Allowance for diminution in value of inventories	(21.12)	(21.55%)	(4.32)	(4.39%)	(1.06)	(1.33%)
<b>Net</b>	<b>98.01</b>	<b>100.00%</b>	<b>98.41</b>	<b>100.00%</b>	<b>79.56</b>	<b>100.00%</b>

Most of the inventory or 90 percent were raw materials and materials under production process as APCS produced mainly according to clients' purchase order rather than producing general products and waiting for a purchase

order. Most clients would notify APCS of their purchase plan at each period of the year. APCS consequently could efficiently set a production plan accordingly.

Most of the parts and components APCS manufactured were supplied to the automobile, air-compressor and chiller industries, in which technologies were not changing fast by nature. That's why APCS parts and components could be sold continuously, not easily outdated.

The Company has set the allowance for slow moving products mostly occurred in the period that the existing customer products were going to be changed into new models, affecting the remainder of the remaining parts that have not yet been entirely sold. Normally, few quantity has been available since the customers will notify the Company in advance. In addition, most of the Company's inventories were in the forms of raw materials and work in process such as steel and aluminum that the Company could store and apply for use with the works of other parts, affecting the Company's setting of just small allowance for slow moving products when compared with total inventory.

The Company's policy in setting of allowance for diminution in value of inventories of slow moving products has been in the rate of 100% for non-moving over than 1 year finished products, the rate of 10% for non-moving between 6-12 months raw materials, and in the rate of 20-80% between 1-5 years and in the rate of 100% from 5 years and over.

#### Other current assets

There were no other current assets in both the consolidated and separated financial statements as at end of 2019.

#### Investment in subsidiaries

Investment in subsidiaries as follows (please see the details of the subsidiaries in Part 1, Item of Business Operation).

Name of company	Paid-up capital	Investment portion (%)			Cost method (Unit : Million Baht)		
		2017	2018	2019	2017	2018	2019
Asia Precision A.T. Co., Ltd. <sup>1)</sup>	300	100.00	100.00	100.00	150.00	150.00	300.00
A2 Technologies Co., Ltd.	500	100.00	100.00	100.00	320.00	500.00	500.00
Total					470.00	650.00	850.00
<u>Less</u> Allowance for impairment investments					-	-	-
Total					470.00	650.00	850.00

<sup>1)</sup> Remark : On February 25, 2019 P2 Precision Company Limited changed the company's name to Asia Precision A.T. Company Limited

In the course of 2019, a subsidiary registered its capital increase. APAT increased its registered capital from Bt150 million to Bt300 million to support business restructuring plan and future expansion.



### Property, plant and equipment

APCS's separate financial statement showed net land, buildings and equipment as of the end of 2019 and 2018 at Bt 5.60 million and Bt 454.46 million respectively, while the group's consolidated financial statements showed net land, buildings and equipment as of the end of 2019 and 2018 at Bt 791.29 million and Bt 876.32 million respectively.

In 2019, in terms of property, plant and equipment – net in the APCS's separate financial statements, APCS invested Bt 8.73 million in the purchase of machinery, tools and equipment and under installation and in the consolidated financial statements, the group invested Bt 40.54 million in the purchase of machinery, tools and equipment and properties under installation and construction. Most of the purchase was to replace old machinery and equipment and properties under installation were those transferred into automation and construction in progress by the subsidiary.

The depreciation reported in 2019 separate financial statements was Bt 84.37 million. The depreciation reported in 2019 consolidated financial statements was Bt 95.80 million.

### Right of the raw water distribution contract

In the consolidated financial statements as of the end of 2019 and 2018, rights under the raw water distribution contract were Bt 142.57 million and Bt 148.24 million respectively. rights under the raw water distribution contract cause of A2, a subsidiary investing in CK at 53.33 percent. Thus, Cholkij became a subsidiary in the group.

To book investment in CK in line with the accounting standards, the Management appointed an independent appraiser to assess a fair price for the assets and liabilities acquired.

The fair value of the property, plant and equipment was based on the appraisal of the independent appraiser, based on the market approach or cost replacement approach, and the net value of the rights in the raw water sales contract according to the independent appraiser's report. The appraisal was based on the revenue approach, with the assumption of minimal quantity of water, specified in the raw water sales contract according to the remaining period of the contract or about 29 years, after deducting the fair value of property, plant and equipment.

The Management calculated the period in which the subsidiary would benefit from the rights in the raw water sales contract starting from the time the subsidiary had supervisory authority to the end of the raw water sales contract or about 350 months.

	(Unit:Million Baht)
Balance as at January 1, 2018	153.91
Increase from investment in subsidiary company	(5.67)
Balance as at December 31, 2018	<u>148.24</u>
Amortized during the year	(5.67)
Balance as at December 31, 2019	<u><u>142.57</u></u>

### Other non-current assets

In the APCS's financial statements, other non-current assets as of 2019 and 2018 were Bt 16.84 million and Bt 0.95 million respectively, most of which were a guarantee for rent and guarantee for other assets in line with normal business operation.

In the consolidated financial statements, other non-current assets as of 2019 and 2018 were Bt 71.90 million and Bt 29.79 million respectively, most of which belonged to the following subsidiaries:

1. A bank deposit with restriction in savings and fixed accounts with an objective of serving as a guarantee for electricity and collateral with a financial institution, totaling Bt18.39 million,
2. A contract performance bond of Bt 14.30 million in a construction project with a construction period of more than one year.
3. Other current assets – the rest was the guarantee for office lease and other guarantees as in the normal business operation.

### Liabilities

APCS's separate financial statement showed total liabilities as of the end of 2019 and 2018 at Bt 311.07 million and Bt 215.13 million respectively, In 2019, they were classified into current liabilities for 17.52% and non-current liabilities for 0.31%.

The consolidated financial statements showed total liabilities as of the end of 2019 and 2018 at Bt 1,259.24 million and Bt 1,185.33 million respectively, In 2019, they were classified into current liabilities for 36.27% and non-current liabilities for 3.90%.

Most amount of total liabilities according to separate financial statement and consolidated statement as following;

#### Bank overdrafts and Short-term loans from financial institution

	Rate interest			Separate			Consolidate		
	(%)			Financial Statement			Financial Statement		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Bank overdrafts	MOR	MOR	MOR	-	-	-	4.97	4.94	4.90
Promise Note	3.80	-	3.40	15.00	-	-	15.00	-	46.32
Trust Receipt and Letter of Credit				-	-	-	-	-	226.79
Total				15.00	-	-	19.97	4.94	278.01

There was no overdraft or loan from financial institution for the separate financial statements of 2019 and 2018 .

The consolidated financial statements showed as of the end of 2019 and 2018 at Bt 278.01 million and Bt 4.94 million respectively. Objective loan is necessitated by the business operation for the purpose of working capital and maintaining the company and subsidiaries liquidity.

**Trade and other payable - third parties**

As follows	Separate Financial Statement						Consolidated Financial Statement					
	2017		2018		2019		2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Trade payable – Relate parties	93.77	80.43%	70.18	36.35%	46.85	22.78%	119.17	69.11%	767.08	79.68%	526.44	67.87%
Trade payable – Other parties	-	-	14.30	7.41%	24.10	11.72%	-	-	-	-	-	-
Retention payables	-	-	-	-	-	-	11.06	6.41%	61.02	6.34%	127.28	16.41%
Advance Payment	-	-	-	-	-	-	-	-	7.12	0.74%	5.85	0.75%
Assets payable-Other parties	0.44	0.38%	0.40	0.21%	-	-	0.44	0.26%	0.40	0.04%	-	-
Unearned revenue from construction	-	-	-	-	-	-	-	-	13.25	1.38%	-	-
Cash advance received of contract	-	-	-	-	-	-	8.47	4.91%	75.47	7.84%	24.08	3.10%
Other current payable	-	-	-	-	-	-	-	-	-	-	0.57	0.07%
	-	-	-	-	-	-	-	-	-	-	14.66	1.89%
Other payable – Relate parties	-	-	80.00	41.43%	-	-	-	-	-	-	-	-
	-	-	-	-	100.00	48.63%	-	-	-	-	-	-
Other payable – Other parties	4.32	3.71%	3.24	1.68%	2.81	1.37%	5.47	3.17%	4.96	0.52%	5.24	0.68%
Withholding Tax payables	1.06	0.91%	0.61	0.32%	-	-	1.12	0.65%	0.67	0.07%	-	-
Revenue department payables	1.41	1.21%	1.96	1.02%	12.96	6.30%	3.24	1.88%	3.96	0.41%	48.59	6.26%
Undue output tax	-	-	-	-	-	-	4.89	2.84%	2.24	0.23%	-	-
Short-term employee benefits	14.41	12.36%	18.80	9.74%	17.32	8.42%	16.94	9.82%	22.12	2.30%	20.06	2.59%
Accrued expenses	0.34	0.29%	2.78	1.44%	1.58	0.77%	0.82	0.48%	3.57	0.37%	2.92	0.38%
Other	0.83	0.71%	0.81	0.42%	-	-	0.82	0.47%	0.82	0.08%	-	-
	<b>116.58</b>	<b>100%</b>	<b>193.08</b>	<b>100%</b>	<b>205.62</b>	<b>100%</b>	<b>172.44</b>	<b>100%</b>	<b>962.68</b>	<b>100%</b>	<b>775.69</b>	<b>100%</b>

In separate financial statement, Trade payables-Relate parties for 2019 and 2018 were Bt 46.85 million and Bt 70.18 million respectively; a decrease of Bt 23.33 million year on year. In consolidated financial statement, Trade payables-Relate parties for 2019 and 2018 were Bt 526.44 million and Bt 767.08 million respectively; a decrease of Bt 240.64 million year on year due to the greater ability to collecting receivables, resulting in the Company's ability to pay payables.

In separate financial statement, most account payables are to raw material suppliers including steel suppliers, aluminium suppliers, heat treatment and surface treatment supplier, and etc. The credit terms were between 30 and 90 days.

In separate financial statement, average payment period for 2019 and 2018 were 40 days and 30 days respectively. In consolidated financial statement, average payment period for 2019 and 2018 were 114 days and 95 days respectively. This was still in credit granting period that the company got from trade account payables.

**Short-term borrowings**

The consolidated financial statements showed short-term borrowings and accrued interest from related persons of Bt73.99 million and Bt71.32 million as of the end of 2019 and 2018, respectively. A part of a subsidiary company entered into a short-term loan agreement with a subsidiary company. Interest is charged at rates ranging from 5.5 - 7.75% per annum and payable on demand. The purpose of the loan is to operate the subsidiary. (See more details Part 2 in item 12, item 12.2 Type of transaction between clauses 6 and 7)

**Long-term loan form financial institution**

Movement for the year	(Unit : Million Baht)					
	Separate financial statement			Consolidated financial statement		
	2017	2018	2019	2017	2018	2019
Balance at beginning	-	-	-	88.17	87.13	80.81
<b>Additional</b> Borrow during the year	-	-	-	-	-	-
Borrow from investment in subsidiaries <sup>1)</sup>	-	-	-	-	-	-
Finance lease liabilities <sup>1)</sup>	-	-	-	-	-	-
Finance lease liabilities during the year	-	-	-	1.87	1.78	-
<b>Less</b> Repayment during the year	-	-	-	(2.91)	(8.10)	(9.20)
Total	-	-	-	87.13	80.81	71.61
<b>Less</b> Current portion of long-term liabilities	-	-	-	-	-	-
Long-term	-	-	-	(8.10)	(8.10)	(8.10)
Finance lease liabilities	-	-	-	(0.37)	(1.12)	(1.15)
Total Current portion of long-term loans	-	-	-	(8.47)	(9.22)	(9.25)
Balance at year end	-	-	-	78.66	71.59	62.36

Separate financial statements 2019 – the Company did not have any long term loan.

In the consolidated financial statements, long-term loans in 2019 went up because A2 invested in CK, involved with raw water production and distribution and held 53.33 percent stake in CK, thus CK become one of the group's subsidiaries. CK had borrowed an amount of money from a financial institution to invest in the construction of water pipelines from the reservoirs and a pump house. In 2016, CK asked the financial institution to restructure its debts by paying back the loan to the financial institution for 8 years. The long-term loan in 2016 was then categorized as long-term debts which would be due in one year. Later, in 2017, the financial institution approved the restructuring plan as CK had requested. CK had to pay back the principle from January 2018 to December 2024 at the MLR interest rate and A2 had to guarantee that loan without charging fees from each other. (See further details in Part 2, Section 12, interrelated transactions, 12.2 interrelated transaction features, Section 2) in the consolidated financial statements, long-terms loans which were due in one year dropped.

In the debt restructuring plan, CK had to comply with the following conditions:

1. Not to reduce its registered capital or merge with another juristic entity or set up another juristic entity to operate in its place or join with another juristic entity for any purposes, except with prior consent in writing from the bank,
2. Not to pay dividend interim or annual, or distribute benefits or returns in any forms to a shareholder or every shareholder by any ways or methods, except with prior consent in writing from the bank.

The debt to equity ratio in the APCS's financial statements as of 2019 and 2018 was 0.22 times and 0.15 times respectively, an increase from 2018. And in the consolidated financial statements in 2019 and 2018, they were 0.74 times and 0.70 times, a just a slight increase.

### Deferred tax liabilities

The consolidated financial statements showed Deferred tax liabilities of Bt 35.87 million and Bt 37.05 million as of the end of 2019 and 2018, respectively. Most of the assets are from asset revaluation on the date of investment in the CK's. (See details in the Note to Financial Statements).

### Employee benefit obligation

In 2019 and 2018, employee benefits were Bt 5.44 million and Bt 13.21 million respectively, in the separate financial statements and Bt 24.06 million and Bt 15.78 million respectively, in the consolidated financial statements. (See details in the Note to Financial Statements).

### Shareholders' equity

The APCS's separate financial statements, the shareholders' equity as of the end of 2019 and 2018 at Bt1,433.59 million and Bt 1,415.72 million respectively, increasing for Bt 17.87 million. The increase was due to the improved performance of the company.

The consolidated financial statements, the shareholders' equity as of the end of 2019 and 2018 at Bt1,875.50 million and Bt1,691.84 million respectively, increasing for Bt 183.66 million. Increased due to the consolidated performance of the Group.

### Legal Reserve

The Company has to allocate at least 5 percent of net profit as legal reserve each year until this legal reserve reaches at least 10 percent of registered capital, following Public Company Limited Act, B.E. 1992. This reserve cannot be used for paying dividends.

### Detail of Dividend in 2017 - 2019

Operating for year	Approval by	Total Share (Million share)	Par value (Baht per share)	Dividend Paid (Million Baht)	Dividend Paid per share (per share)	Paid date
2017	AGM of 2018 On 22 April 2018	660	1.00	-	-	-
2018	Board of Directors Meeting No.4/2019 On 12 November 2019	660	1.00	66	0.10	6 December 2019

There was no dividend payment from 2017 operations due to requirement to use cash as working capital. In 2019, the Company payout an interim dividend for operations in 2018 on 6 December 2019, at a rate of 48.3%.

## Liquidity

### Cash flows :

(Unit : Million Baht)	Separate financial statement			Consolidated financial statement		
	2017	2018	2019	2017	2018	2019
Profit from operations before Tax(expense)	102.48	149.15	101.83	152.09	257.54	306.96
Total Adjusted to reconcile profit (loss)	114.97	190.12	119.03	109.38	(62.91)	(230.48)
Change of operating assets and liabilities	(0.79)	(4.10)	(30.80)	(26.71)	(25.36)	(71.94)
Net cash flow provided by (used in) operating activities	216.66	335.17	190.05	234.76	169.27	4.55
Net cash flow provided by (used in) investing activities	(202.22)	(188.30)	(297.45)	(51.02)	(22.70)	(32.81)
Net cash flow provided by (used in) financing activities	7.18	(15.00)	34.00	(5.54)	(29.39)	197.44
Net Increase(decrease) in cash and cash equivalents	21.62	131.87	(73.39)	178.20	117.17	169.18
Cash and Cash equivalents at beginning of year	121.22	142.83	274.71	141.73	319.93	437.10
Cash and cash equivalents of the subsidiary at the acquisition date	-	-	-	-	-	-
Cash and cash equivalents at ending of period	142.83	274.71	201.32	319.93	437.10	606.29

In the APCS's financial statements, in 2019 APCS had net cash of Bt 190.05 million from its operation as the Company managed to maintain the volume of purchase orders from customers, efficiently manage debts, not set aside funds for bad debts and proper payment to payables due to successful negotiations for a proper credit term with payables. APCS prematurely paid back a long-term loan thus interest in 2019 dropped and subsequently APCS had sufficient net cash for its operation.

The net cash injected as investment was Bt 297.45million as a result of a subsidiary increased their registered capital in 2019. APAT increased its registered capital from 150 million Baht to 300 million Baht. The remaining cash expenses was to purchase assets to replace worn-out machinery, tools and equipment deteriorated after long service, and upgrade efficiency of machinery and equipment.

The net cash from financing activities in 2019 was Bt 34 million; in 2019, the Company repaid the promissory note to a financial institution.

Putting into consideration all the three net cash transactions, APCS had cash or cash equivalence as of the end of 2019 at Bt 201.32 million, sufficient for APCS's business operation.

In the consolidated financial statements, the Group had net cash from operations at Bt 4.55 million, a decrease from 2018 due to rapid expansion of subsidiaries in construction business, which required large working capital. Nevertheless, the Group had sufficient liquidity for its business operation.

The net cash injected in investment was Bt 32.81 million. Most invested in the purchase and upgrade of assets for its operations. APCS bought machinery, tools and equipment to replace deteriorated assets and developed automated machinery for better potentials and efficiency. In addition, a subsidiary involved with consultation and construction invested in purchasing assets necessary for its operation under a business expansion plan and another subsidiary involved with raw water production and distribution invested in reservoir development and water pipelines for better raw water supply to the customer.

The net cash from fund raising was Bt 197.44 million as in subsidiaries paid back an loan with a financial institution and cash paid to pay the director borrowings and cash paid by the lessee to reduce the amount for liability contract financial lease.

Putting into consideration all the three net cash transactions, APCS Group had cash or cash equivalence as of the end of 2019, sufficient for APCS Group business operation.

### **Current ratios**

In the separate financial statements, for 2019 and 2018, current ratios were 3.02 times and 2.60 times respectively. In the consolidated financial statements, for 2019 and 2018, current ratios were 1.87 times and 1.72 times respectively. Current ratio for both consolidated and separate financial statements were both increased from 2018.

The number of days' sales inventory (days) in the APCS's separate financial statements in 2019 and 2018 featured 22 days and 41 days, respectively and in the consolidated financial statements in 2019 and 2018 featured 15 days and 18 days, respectively. In all, the APCS's separate financial statements and consolidated financial statements show a shorter inventory days on hand.

In the separate financial statements, for 2019 and 2018, cash cycles were 55 days and 64 days respectively. In the consolidated financial statements, for 2019 and 2018, cash cycles were 7 days and 21 days respectively. In all, the APCS's separate financial statements and consolidated financial statements show a shorter cash cycle.

Return on assets in the APCS's financial statements as of 2019 and 2018 was 4.97 percent and 8.74 percent respectively and in the consolidated financial statements as of 2019 and 2018, it was 8.31 percent and 9.32 percent respectively. Return on assets declined due to a lower operating performance.

### **Contingent liabilities and commitments**

#### **1. Obligation and credit lines for loans from financial institutions**

	Currency (Unit)	Consolidated financial statement					
		December 31, 2018			December 31, 2019		
		Credit lines	Credit Used	Credit remain	Credit lines	Credit Used	Credit remain
Bank overdrafts	Million Baht	37.00	4.94	32.06	7.00	4.90	2.10
Trust receipts and letters of credit	Million Baht	220.00	1.36	218.64	30.00	-	30.00
Short-term borrowings	Million Baht	120.00	-	120.00	30.00	-	30.00
Long-term borrowings	Million Baht	-	-	-	450.00	-	450.00
Letter of guarantee	Million Baht	147.08	70.13	76.95	13.38	7.93	5.45
Forward contract (USD)	Million USD	1.24	-	1.24	0.63	-	0.63

	Currency (Unit)	Separate financial statement					
		December 31, 2018			December 31, 2019		
		Credit lines	Credit Used	Credit remain	Credit lines	Credit Used	Credit remain
Bank overdrafts	Million Baht	32.00	-	32.00	2.00	-	2.00
Trust receipts and letters of credit	Million Baht	40.00	1.36	38.64	30.00	-	30.00
Short-term borrowings	Million Baht	120.00	-	120.00	30.00	-	30.00
Letter of guarantee	Million Baht	6.00	4.41	1.59	4.50	4.41	0.09
Forward contract (USD)	Million USD	1.24	-	1.24	0.63	-	0.63

Collateral for credit facilities from financial institutions

Company The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company at the rate of 22.12%) jointly guaranteed a letter of guarantee of Baht 162.67 million to A2 Technology Co., Ltd. to issue a letter of guarantee for the construction without inter – charges and Advance Web Studio Co., Ltd., pledge of 27.05 million ordinary shares of Asia Precision Public Company Limited as collateral.

The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company at the rate of 22.12%) and A2 Technology Co., Ltd. jointly guaranteed a letter of guarantee of Baht 62.20 million to A2teeravat joint venture Co., Ltd. to issue a letter of guarantee for the construction without inter – charges and Advance Web Studio Co., Ltd., pledge of 13.45 million ordinary shares of Asia Precision Public Company Limited as collateral.

On December 18, 2018, A2 Technologies Co., Ltd. received a credit limit from a financial institution, which consisted of a guarantee limit of 70 million baht and a revolving credit limit of 180 million baht. The purpose of this credit limit is for supporting projects and working capital requirement. The interest rate is equal to money market rate. The credit limit is guaranteed by Asia Precision PCL, Advance Web Studio Co., Ltd., and APCS Technologies Co., Ltd.

Subsidiaries On November 7, 2019, an increase in credit limit of A2 Technologies Co., Ltd. from Baht 250 million to Baht 470 million was approved. Detail as follows:

- 1.Revolving credit limit (Combine Line) of Baht 450 million.
- 2.Pre-settlement limit of Baht 20 million for protecting against risk

Note that APCS Technologies Co., Ltd. is allowed to use the joint credit limit, but not exceeding Baht 250 million.

Key conditions regarding drawdown as follows:

3. A2 Technologies Co., Ltd. must transfer the claim to the bank in the agreed format, with value equivalent to the project contract value or the net installment minus advance payment, for projects that have project value exceeding Baht 30 million or projects with duration over 9 months.
4. In the case of drawdown guarantee limit, type receive payment in advance, prior to arranging collateral contract with



the bank, A2 Technologies Co., Ltd. must arrange a claim transfer and/or registered collateral as agreed with the bank.

As at December 31, 2019, A2 Technologies Co., Ltd. guaranteed a letter of advance received under Construction contract to A2teeravat joint venture Co., Ltd. not charged the fee between related.

Guaranteed by land and machinery of a subsidiary, and for credit line of letter of guarantee amount of Baht 100.05 million has been co – guarantee by Advance web studio Co., Ltd. (holding 22.12% in the Company) which such company has used common share certificate holding in Asia Precision Public Company Limited by 25.50 million shares to co – guarantee.

The loan under debt restructuring of Cholkij Sakol Co., Ltd. is guaranteed loans in proportion to shareholding by A2 Technologies Co., Ltd. not charged the fee between related (Note 19.1).

## 2. Operating lease commitments

As of December 31, 2019 and December 31, 2018, the group has operating lease commitments related to asset rental agreement and other services. The commitments have period between 1 and 5 years. The Group has operating lease commitments as follows:

	(Unit : Million Baht)			
	Separate		Consolidated	
	December 31,			
	2018	2019	2018	2019
Due within one year	3.15	-	25.55	8.35
Due over one year but not later than five years	2.64	-	23.73	4.17
Total	5.79	-	49.28	12.52

Most obligations about rent agreements in the APCS's financial statements were consultation contracts and automobile hire purchase agreements, and in the consolidated financial statements, most of them were automobile hire purchase agreements, space lease and employee quarters lease. All of them were normal business operation.

### 3. Commitment contracts

As at December 31, 2019, the subsidiary company has commitment as follows:

(Unit : Million Baht)

	Contractor amount	Consolidated		
		Contract Amount	Payment	Outstanding
Construction agreement	31	1,347.19	(1,103.01)	244.18

### SIGNIFICANT INFORMATION OF CONSTRUCTION CONTRACTS

Significant information of construction contracts as at December 31, 2019 and 2018, are as follows:

(Unit : Million Baht)

	Consolidated financial statement	
	December 31, 2018	December 31, 2019
	Revenues from contracts recognized as revenues at the beginning of the period/year	221.05
<u>Add</u> Revenues from contracts recognized as revenues during the period/year	1,441.80	1,650.00
<u>Less</u> Revenues from contracts work can be closed during the period/year	(257.30)	(793.10)
Revenues from contracts cumulative at the ending of period/year	1,405.55	2,262.46
Costs of contracts recognized as cost at the beginning of the period/year	171.35	1,245.05
<u>Add</u> Costs of contracts recognized as cost during the period/year	1,277.13	1,478.20
<u>Less</u> Costs of contract work can be closed during the period/year	(203.44)	(685.81)
Costs of contract cumulative at the ending of period/year	1,245.05	2,037.43
Profit on construction contract recognized as profit at the beginning of the period/year	49.70	160.51
<u>Add</u> Profit on construction contract recognized as profit during the period/year	164.67	171.80
Loss on construction contract work can be closed during the period/year	-	0.05
<u>Less</u> Profit on construction contract work can be closed during the period/year	(53.86)	(107.33)
Profit on construction contract cumulative at the ending of period/year	160.51	225.03
Unbilled construction revenues at the beginning of the period/year	30.57	830.75
Unearned construction revenues at the beginning of the period/year	-	(13.25)
<u>Add</u> Revenues from contracts recognized as revenues during the period/year	1,441.65	1,650.00
<u>Less</u> Progress billings during the period/year	(654.72)	(1,973.37)
Unearned construction revenues at the ending of period/year (Note 17)	13.25	-
Unbilled construction revenues at the ending of period/year (Note 7)	830.75	494.13

(Unit : Million Baht)

Consolidated financial statement		
For the years ended December 31,		
	2018	2019
Revenues from contracts recognized as revenues	1,441.65	1,650.00
Costs of construction contracts incurred and recognized as expenses	(1,276.88)	(1,478.20)
Profit recognized during the year	164.77	171.80

The number of projects provided to the subsidiary's construction is as follows:

(Unit : Million Baht)

No.	Description	Project	Project Value	Recognized as revenues during the year 16-17	Recognized as revenues during the year 18	Balance
1	Construction projects completed in 2019	25	1,654.81	1,450.40	204.41	-
2	Projects under construction	15	1,606.69	-	1,445.41	161.28
3	Projects whose contracts have been signed but construction not yet started	1	83.00	-	0.19	82.81
	Total		3,344.50	1,450.40	1,650.01	244.09

### Key factors and influences that may affect APCS's future operation or financial status

#### 1. Risks from exchange rate fluctuations

The majority of raw materials used in APCS's parts production are purchased locally from suppliers or dealers in the country in Thai Baht. APCS therefore has very little risk from exchange rates. In 2019, APCS the Company is exposed to fluctuations in the exchange rates for the imported materials with a total of Bt 27.71 million (equivalent to 7.36 percent) of the total purchase. The amount consisted of US\$ 0.07 million (Bt 24.63 million) and EUR 0.01 million (Bt3.08 million).

Sales to oversea customers accounted for 16.75 percent of total sales. Only 14.54 percent of total sales were received in foreign currencies, and therefore exposure to currency fluctuation was considered limited. The foreign currencies payment consisted of US\$ 3.54 million (Bt 109.49 million) and EUR 0.43 million (Bt 14.64 million). The Company used the cash in foreign currencies received to pay for raw materials in the same currencies.

In 2019, Thai Baht appreciated against US dollars, at 30.1540 THB/USD compared to 32.4498 THB/USD in 2018. The Company used foreign currency deposit account to help reduce foreign currency fluctuation risk.

#### 2. Risks from having no long-term contracts

Most APCS business transactions, generally practiced in the industry, are not made as long-term service contracts, but only short-term contracts of about a year, or no contract at all, just a purchase order, depending on the policy of each customer.

At the termination of a contract or when it is due to change product models, customers will select new manufacturers and suppliers of parts and components. Consequently, APCS has risk of losing customers if it is not selected.

However, normally manufacturers in the automotive, air-conditioning and cold storage compressor and digital camera industries do not easily change their suppliers of parts and components to them. Selecting manufacturers or suppliers of parts and components with quality and standards as they specify, with ability to deliver on time and ability to increase production capacity during the peak demand period will need additional procedures and time. This may affect their production procedures and quality risk. Normally, makers in the automotive industry, air-conditioning and cold storage compressor industry and digital cameras industry will select manufacturers or suppliers of parts and components to them in limited number of 1-3 suppliers for any parts, in which the steps and procedure to obtain manufacturers or suppliers of parts and components to supply them will have to be done in 3 months to 2 years. The said period may vary according to the designs and complexity of parts production in each product line. Hence, if a company is selected as a manufacturer of parts to any maker, the risk of termination of manufacturing contract is low, because the maker usually will not change their parts manufacturer until the end of the model of that product, which is on the average 5-7 years or more depending on the product designs and specifications in each industry.

Subsequently, being a company that manufactures and supplies standardized parts results in customers' confidence in APCS operation and products, with the trend to let APCS continue as the manufacturer and supplier of parts and components to the customers, and even continuously offering new products APCS to quote.

### **3. Risks from dependency on engineers and personnel**

A subsidiary that is involved with construction requires people with expertise and experience in designing, planning, operating as well as construction of projects as planned. They are engineers at the level of assistant managing director, project managers and project engineers or foremen. If A2 loses these engineers and personnel, it will affect the company's ability to win projects and perform well in the future. However, with realization of the risks, A2 has focused on HR management with continuous personnel development through seminars both in and outside the country as well as incentives to be competitive in the market and retain the personnel.

### **4. Risks from the other contractual party failing to comply with the agreements**

The subsidiary faces risks with the clients failing to comply with the agreements, especially payment according to the work progress, thus most likely causing damage to the subsidiary. The subsidiary has come up with such preventive measures as financial analysis of the client before taking a project, finding additional information about that client from other sources or demand advance payment as well as collection according the work progress.

### **5. Risks from weather conditions**

The subsidiary that is involved with distribution of raw water faces risks with weather conditions and world climate change – not raining even in the rainy season and El Nino that makes rain less than it should have been. However, the volume of raw water collected is double the size of the annual sales for the first 3 years. Water will be sufficient for 3 years though some years may be dry. In the 4th year, the volume of water collected will be increased by

60 percent of the reservoir capacity. Additional reservoirs nearby will be located in case of drought for 2 consecutive years.

**6. Risks from chemical contamination in water**

The subsidiary that is involved with raw water production and distribution faces risks of chemical contamination in the raw water, thus affecting the quality of ground water due to such upstream activities as wastewater release from industrial plants, livestock farming, chemical application in farm activities, etc. The subsidiary has come up with measures to cope with those risks – getting tools to check water quality prepared to check water quality in the stream before releasing to the reservoirs, monitoring community activities and upstream activities that may release wastewater to the stream by coordinating with the people and communities that may cause contamination.

**Appendix**

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## 2019 Audit Committee's Report

The Audit Committee, appointed by the Board of Directors, features 3 independent Directors, namely, Mr. Narong Varongkriengkrai as Chairman of the Audit Committee and Independent Director, Prof. Udomsil Srisaengnam, MD and Mr. Sompote Wallayasewi as Audit Directors and Independent Directors. The term of office of the current Audit Committee has been renewed for another 3 years, Board of Directors' Meeting no.4/2019 on November 12, 2019 resolved approval which will complete that period in December, 2022.

In the accounting cycle of 2019, the Audit Committee performed its duties under the scope of responsibilities in the charter approved by the Board, attending 4 meetings with the internal auditor and certified public auditor without presence of the executives. Every Audit Director had attended all the four meetings. The Audit Committee had reported its review of the internal control, presented by the internal auditor and financial statements presented by the certified public auditor and presented them with its opinions to the Board of Directors at every quarter. Those can be summarized as follows:

1. Audit quarterly and annual financial statements of 2019, and the Audit Committee had similar opinions with the auditors that said financial reports had revealed complete and correct financial information in accordance with the accounting standards generally recognized.

2. Review of the internal control: The Audit Committee reviewed the internal audit reports, performed according to the annual audit plan, approved, covering significant working systems in APCS and reviewed the adequacy of the internal control in accordance with requirements by the Securities and Exchange Commission.

3. Audit to make sure that APCS observes the laws pertaining to securities and stock exchange and other related laws.

4. Consider operation information disclosure, audit and offer opinions towards interrelated transactions or transactions that may trigger conflict of interest, agreement to make transactions whether it's reasonable and maximizes APCS business operation, transparent, correct and complete data disclosure.

5. Screening a certified public auditor: The Audit Committee screened an auditor for APCS based on the applicant's independency, reliability, experience, track records and qualifications as well as appropriateness of the audit fees, and then made a proposal to the Board of Directors to present to the general assembly for shareholders to appoint an auditor for 2020.

An evaluation in "self evaluation of the Audit Committee" in 2019 showed that the Audit Committee had fulfilled its duties in accordance with the charter and under the scope of duties and responsibilities, assigned by the Board of Directors. The Audit Committee had worked prudently out of their knowledge, capability and independence without restrictions or conditions from corporate governance to ensure that APCS has an efficient management system in line with good governance principles, transparency, clarity, reliability and providing worthwhile advice on various matters concerned.

The Audit Committee has come to a conclusion that APCS has prepared correct financial statements in line with the accounting principles, generally recognized, has had adequate and efficient internal control and risk management without significant defects; complied with related legal provisions, rules and regulations; correctly disclosed interrelated transactions; complied with the good corporate governance principles in a sufficient, transparent and reliable manner; received no complaints about offenses or irregularities but regularly and continuously improved the quality of working systems in line with the prevailing business environment.



(Mr. Narong Varongkriengkrai)

Chairman of the Audit Committee

February 28, 2020

## Board of Directors' Responsibility towards the Financial Statements

The Board of Directors is responsible for the financial statements of Asia Precision Public Co., Ltd. and its subsidiaries and financial information, appeared in the 2019 Annual Report and the Board has to ensure that said information in the financial statements is accurate, complete and meets with accounting standards generally recognized in Thailand, employing appropriate accounting policies and consistently observing them and presents correct and reasonable financial status and operation results with sufficient revelation of significant data in the notes to the financial statements.



(Prof. Udomsil Srisaengnam, MD)

Chairman



( Mr. Apichart Karoonkornsakul )

President



**Details on the Head of Internal Auditor (as of December 31, 2019)**

Name	Position	Age (Year)	Education	Relationship with the Company	Shares Holding (%)	5 Years Experience Background		
						Years	Position	Company
Mrs. Duangduan Hirunruk	Head of Internal Audit	42	<ul style="list-style-type: none"> <li>- Bachelor of Accounting (2nd honor), Rangsit University.</li> <li>- Certificate Internal Auditor class 3 (CPAIT) of The Institute of Internal Auditors of Thailand</li> <li>- Certificate Audit Program Development of The Institute of Internal Auditors of Thailand</li> <li>- Certificate Audit Program Report of The Institute of Internal Auditors of Thailand</li> <li>- Certificate Audit Working Paper And Audit Evidence of The Institute of Internal Auditors of Thailand</li> </ul>	-	-	2012- Present	Manager Internal Audit	Asia Precision PLC

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2019**  
**AND AUDITOR'S REPORT**

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**Independent Auditor's Report****To the Shareholders of Asia Precision Public Company Limited****Opinion**

I have audited the financial statements of Asia Precision Public Company Limited and its subsidiaries (the Group), which comprise the consolidated and separate statements of financial position and as at December 31, 2019, the related consolidated and separate statements of 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.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Asia Precision Public Company Limited and its subsidiaries and Asia Precision Public Company Limited as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibility is stated in the paragraph in the Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Key audit matters	Audit procedures respond risk
<p><b>Allowance for doubtful debt</b></p> <p>The Group have account receivable from sales and services and unbilled receivable total amount of Baht 1,441.90 million. The Group have considered that it's able to receive money from sales and services and unbilled receivable. I focused on these because allowance for doubtful debt has to subjective on evaluate on receivable repayment ability, also other information describe on note to finance statement no.7 and significant accounting policy.</p>	<p>I have evaluated resonable of the management's estimating, understanding on approval process of receivable credit line, testing the aging report, interviewing the officer reponsibility on receivable repayment and delivery completion work by period, consider the long outstanding receivable, and ask for policy of allowance for doubtful debt to ensure that enough and not over. I also focused on disclosure of allowance for doubtful debt in note to financial statement.</p>
<p><b>Revenue recognition by percentage of work completion, valuation of work, and service cost estimated</b></p> <p>The Group have service revenue recognition by percentage of completion which estimated by physical check of the Group's engineer, parallel with percentage of actual cost to total estimate cost. I focus on these because cost estimated has to subjective on discretion and work environment factors, economic and raw material and labor market in future. The actual cost might be different from estimating, which effected to revenue recognition as described in note to financial statement no. 29 and significant accounting policy.</p>	<p>I have to understanding and evaluating for percentage of completion, physical check work in progress in term of nearly ending accounting period, check the physical report of engineer, check the evident of estimated cost and actual cost, moreover I considered the percentage of work completion calculated by actual cost and estimated cost compared with the percentage of work completion by physical.</p>

**Other matters**

The financial statements of Asia Precision Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31, 2018, the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, which have been presented herewith for comparative purposes were audited by another auditor in my firm, whose report dated on February 25, 2019, expressed an unqualified opinion.

**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 Consolidated Financial Statements**

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

In preparing the consolidated 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 Consolidated Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Kannika Wipanurat.



(Ms. Kannika Wipanurat)

Certified Public Accountant

Registration No. 7305

Karin Audit Company Limited

Bangkok

February 28, 2020

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Assets</b>					
Current assets					
Cash and cash equivalents	6	606,286,449.77	437,101,755.14	201,317,982.47	274,706,255.10
Trade and other current receivables	5.1, 7	1,441,903,055.86	1,286,862,708.74	221,380,314.68	167,864,490.42
Short – term loans	5.1	-	-	150,000,000.00	-
Inventories	8	79,560,077.83	98,414,924.60	4,658,626.61	82,851,700.33
Disposal assets groups classified as held for sale	9	-	-	344,858,581.99	-
<b>Total current assets</b>		<b>2,127,749,583.46</b>	<b>1,822,379,388.48</b>	<b>922,215,505.75</b>	<b>525,422,445.85</b>
Non – current assets					
Investments in subsidiaries	10	-	-	799,999,940.00	649,999,940.00
Property, plant and equipment	11	791,288,629.48	876,317,395.63	5,598,042.91	454,469,515.36
Right under the raw water distribution contract	12	142,576,459.17	148,241,748.95	-	-
Other intangible assets	13	1,219,321.85	441,457.35	1.00	16,112.46
Other non – current assets	15	71,899,528.34	29,788,125.67	16,839,768.02	945,169.50
<b>Total non – current assets</b>		<b>1,006,983,938.84</b>	<b>1,054,788,727.60</b>	<b>822,437,751.93</b>	<b>1,105,430,737.32</b>
<b>Total assets</b>		<b>3,134,733,522.30</b>	<b>2,877,168,116.08</b>	<b>1,744,653,257.68</b>	<b>1,630,853,183.17</b>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Liabilities and shareholders' equity</b>					
Current liabilities					
Bank overdrafts and Short – term loan from financial institution	16	278,015,191.41	4,940,739.11	-	-
Trade and other current payables	5.1, 17	775,694,820.86	962,680,761.27	205,617,611.34	193,081,585.76
Current portion of long – term liabilities	19	9,253,315.37	9,223,051.75	-	-
Short – term borrowings	5.1, 18	73,985,115.88	71,318,602.26	100,007,328.77	-
Current income tax payable	14	-	12,732,552.84	-	8,836,041.49
Total current liabilities		1,136,948,443.52	1,060,895,707.23	305,624,940.11	201,917,627.25
Non – current liabilities					
Long – term borrowings	19	62,353,567.27	71,590,678.34	-	-
Deferred tax liabilities	14	35,867,922.60	37,048,389.99	-	-
Non – current provisions for employee benefit	20	24,062,247.92	15,784,371.07	5,441,105.67	13,206,185.01
Other non – current liabilities		5,000.00	10,000.00	-	5,000.00
Total non – current liabilities		122,288,737.79	124,433,439.40	5,441,105.67	13,211,185.01
<b>Total liabilities</b>		1,259,237,181.31	1,185,329,146.63	311,066,045.78	215,128,812.26
<b>Shareholders' equity</b>					
Share capital					
Authorized share capital					
Ordinary shares Baht 1.00 par value 659,999,962 shares		659,999,962.00	659,999,962.00	659,999,962.00	659,999,962.00
Issued and paid share capital					
Ordinary shares Baht 1.00 par value 659,999,862 shares		659,999,862.00	659,999,862.00	659,999,862.00	659,999,862.00
Share premium					
Share premium on ordinary shares		369,183,857.00	369,183,857.00	369,183,857.00	369,183,857.00
Retained earnings					
Appropriated					
Legal reserve		66,000,000.00	54,300,000.00	66,000,000.00	54,300,000.00
Unappropriated		613,752,270.84	455,264,014.15	338,403,492.90	332,240,651.91
Total shareholders' equity of the parent company		1,708,935,989.84	1,538,747,733.15	1,433,587,211.90	1,415,724,370.91
Non – controlling interests		166,560,351.15	153,091,236.30	-	-
Total shareholders' equity		1,875,496,340.99	1,691,838,969.45	1,433,587,211.90	1,415,724,370.91
<b>Total liabilities and shareholders' equity</b>		3,134,733,522.30	2,877,168,116.08	1,744,653,257.68	1,630,853,183.17



ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
	Revenues from sales and services	1,138,150,034.28	1,035,167,757.75	918,517,508.59	990,714,392.34
	Contract revenues	1,650,001,492.89	1,441,651,866.27	-	-
	Costs of sales and costs of services	(837,390,003.78)	(770,163,563.22)	(728,678,899.44)	(760,824,590.95)
	Contract Costs	(1,478,197,159.83)	(1,276,882,844.54)	-	-
	<b>Gross profit</b>	472,564,363.56	429,773,216.26	189,838,609.15	229,889,801.39
	Other income	22,519,870.01	3,671,383.72	10,043,040.21	2,701,654.11
	Distribution costs	(5,326,033.57)	(5,334,046.58)	(5,326,033.57)	(5,334,046.58)
	Administrative expenses	(173,365,722.74)	(161,901,898.44)	(83,704,799.04)	(78,062,092.90)
	Other expenses	(1,249,509.19)	(120,826.72)	(9,014,133.82)	-
	Finance costs	(8,180,571.31)	(8,546,880.17)	(7,328.77)	(44,521.70)
	Profit (loss) before income tax expense	306,962,396.76	257,540,948.07	101,829,354.16	149,150,794.32
	Tax (expense) income	(54,649,107.03)	(32,966,207.23)	(17,968,526.97)	(12,384,152.73)
	<b>Profit (loss) for the year</b>	252,313,289.73	224,574,740.84	83,860,827.19	136,766,641.59
	<b>Other comprehensive income (expense)</b>				
	<i>Items that will not be reclassified to profit or loss</i>				
	Gains (losses) on remeasurements of defined benefit plans	(2,657,931.99)	(3,351,519.72)	-	(3,343,639.01)
	<b>Other comprehensive income (expense) for the year, net of tax</b>	(2,657,931.99)	(3,351,519.72)	-	(3,343,639.01)
	<b>Total comprehensive income (expense) for the year</b>	249,655,357.74	221,223,221.12	83,860,827.19	133,423,002.58
	<b>Profit (loss) attributable to</b>				
	Owners of parent	238,743,093.26	221,421,591.14	83,860,827.19	136,766,641.59
	Non – controlling interests	13,570,196.47	3,153,149.70	-	-
		252,313,289.73	224,574,740.84	83,860,827.19	136,766,641.59
	<b>Total comprehensive income (expense) attributable to</b>				
	Owners of parent	236,186,242.89	218,049,268.27	83,860,827.19	133,423,002.58
	Non – controlling interests	13,469,114.85	3,173,952.85	-	-
		249,655,357.74	221,223,221.12	83,860,827.19	133,423,002.58
	<b>Basic earnings (loss) per share</b>	0.36	0.34	0.13	0.21

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

Unit: Baht										
Consolidated financial statements										
Shareholders' equity of the parent company										
	Notes	Retained earnings				Other components of shareholders' equity				
		Issued and paid share capital	Share premium on ordinary shares	Appropriated for Legal reserve	Unappropriated	Other comprehensive income (expense)		Total equity of the parent company	Non – controlling interests	Total shareholders' equity
Gains(losses) on remeasurements of defined benefit plans	Total other components of shareholders' equity									
<b>Balance as at January 1, 2018</b>		659,999,862.00	369,183,857.00	47,400,000.00	244,114,745.88	-	-	1,320,698,464.88	149,917,283.45	1,470,615,748.33
Changes in equity for the year 2018 :										
Legal reserve		-	-	6,900,000.00	(6,900,000.00)	-	-	-	-	-
Total comprehensive income (expense) for the year		-	-	-	221,421,591.14	(3,372,322.87)	(3,372,322.87)	218,049,268.27	3,173,952.85	221,223,221.12
Transferred to retained earnings		-	-	-	(3,372,322.87)	3,372,322.87	3,372,322.87	-	-	-
<b>Balance as at December 31, 2018</b>		659,999,862.00	369,183,857.00	54,300,000.00	455,264,014.15	-	-	1,538,747,733.15	153,091,236.30	1,691,838,969.45
Changes in equity for the year 2019 :										
Legal reserve		-	-	11,700,000.00	(11,700,000.00)	-	-	-	-	-
Dividend payment	22	-	-	-	(65,997,986.20)	-	-	(65,997,986.20)	-	(65,997,986.20)
Total comprehensive income (expense) for the year		-	-	-	238,743,093.26	(2,556,850.37)	(2,556,850.37)	236,186,242.89	13,469,114.85	249,655,357.74
Transferred to retained earnings		-	-	-	(2,556,850.37)	2,556,850.37	2,556,850.37	-	-	-
<b>Balance as at December 31, 2019</b>		659,999,862.00	369,183,857.00	66,000,000.00	613,752,270.84	-	-	1,708,935,989.84	166,560,351.15	1,875,496,340.99

The accompanying notes form an integral part of these financial statements.

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit: Baht								
Separate financial statements								
	Notes	Retained earnings			Other components of shareholders' equity			
		Issued and paid share capital	Share premium on ordinary shares	Appropriated for Legal reserve	Unappropriated	Other comprehensive income (expense) Gains (losses) on remeasurements of defined benefit plans	Total other components of shareholders' equity	Total shareholders' equity
<b>Balance as at January 1, 2018</b>		659,999,862.00	369,183,857.00	47,400,000.00	205,717,649.33	-	-	1,282,301,368.33
Changes in equity for the year 2018 :								
Legal reserve		-	-	6,900,000.00	(6,900,000.00)	-	-	-
Total comprehensive income (expense) for the year		-	-	-	136,766,641.59	(3,343,639.01)	(3,343,639.01)	133,423,002.58
Transferred to retained earnings		-	-	-	(3,343,639.01)	3,343,639.01	3,343,639.01	-
<b>Balance as at December 31, 2018</b>		659,999,862.00	369,183,857.00	54,300,000.00	332,240,651.91	-	-	1,415,724,370.91
Changes in equity for the year 2019 :								
Legal reserve		-	-	11,700,000.00	(11,700,000.00)	-	-	-
Dividend payment	22	-	-	-	(65,997,986.20)	-	-	(65,997,986.20)
Total comprehensive income (expense) for the year		-	-	-	83,860,827.19	-	-	83,860,827.19
Transferred to retained earnings		-	-	-	-	-	-	-
<b>Balance as at December 31, 2019</b>		659,999,862.00	369,183,857.00	66,000,000.00	338,403,492.90	-	-	1,433,587,211.90

The accompanying notes form an integral part of these financial statements.

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Baht				
	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Profit (loss) before income tax expense		306,962,396.76	257,540,948.07	101,829,354.16	149,150,794.32
<b>Adjustment to reconcile profit (loss) before income tax expense to net cash provided (paid)</b>					
Adjusted financial costs		8,180,571.31	8,546,880.17	7,328.77	44,521.70
Adjusted interest received		(1,348,719.42)	(1,499,601.70)	(8,752,885.04)	(404,417.53)
Adjusted trade and other receivables (increase) decrease		(155,660,440.68)	(977,628,639.37)	(53,993,841.33)	5,237,418.06
Adjusted inventories (increase) decrease		22,111,663.79	16,398,873.37	81,395,363.19	21,921,689.60
Adjusted other assets (increase) decrease		(22,433,466.16)	(1,525,749.37)	51,948.00	114,717.38
Adjusted trade and other payable increase (decrease)		(159,745,836.16)	789,852,518.81	12,529,918.04	76,118,882.74
Depreciation and amortization		100,614,537.22	116,385,724.85	84,373,983.33	102,444,434.79
Adjusted unrealized loss (gain) on foreign exchange		(26,767,087.18)	395,891.95	479,124.62	395,891.95
Adjusted bad debt		53,684.63	-	-	-
Adjusted loss on value of goods (reversed)		(3,256,817.02)	(16,803,731.79)	(3,202,289.47)	(16,871,752.68)
Adjusted other provisions for employee benefits		6,524,944.86	2,843,643.33	4,984,019.83	1,743,358.97
Adjusted loss (gain) from assets disposals		1,249,509.15	120,826.72	1,153,549.88	(620,002.98)
Total adjust from reconciliation of gain (loss)		(230,477,455.66)	(62,913,363.03)	119,026,219.82	190,124,742.00
<b>Net Cash Provided by (Used in) Operating</b>		<b>76,484,941.10</b>	<b>194,627,585.04</b>	<b>220,855,573.98</b>	<b>339,275,536.32</b>
Interest expense		(5,086,083.99)	(5,405,027.16)	-	(47,644.99)
Interest received		1,437,111.28	1,498,881.08	8,752,885.04	404,417.53
Income tax refund (pay out)		(67,381,659.87)	(20,364,200.62)	(26,804,568.46)	(3,548,111.24)
Cash paid for transfer to employee benefit plans for subsidiaries		-	-	(12,059,099.18)	-
Other cash received (paid) from employee benefit		(905,000.00)	(1,085,000.00)	(690,000.00)	(910,000.00)
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>4,549,308.52</b>	<b>169,272,238.34</b>	<b>190,054,791.38</b>	<b>335,174,197.62</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Restricted short – term deposit with financial institution (increase) decrease		(206,357.95)	418,851.50	-	10,000,000.00
Cash paid for investment in subsidiary		-	-	(150,000,000.00)	(180,000,000.00)
Cash received from sale property, plant and equipment		4,061,842.36	2,054,632.29	3,961,842.36	1,461,575.29
Cash paid to purchase property, plant and equipment		(32,812,454.39)	(24,840,635.04)	(1,406,920.17)	(19,748,006.00)
Cash paid to purchase intangible assets		(1,103,478.32)	(337,357.42)	-	(16,435.93)
Cash paid to purchase other long-term assets		(2,745,810.54)	-	-	-
Cash received from loans to related parties		-	-	100,000,000.00	10,000,000.00
Cash paid for loans to related parties		-	-	(250,000,000.00)	(10,000,000.00)
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(32,806,258.84)</b>	<b>(22,704,508.67)</b>	<b>(297,445,077.81)</b>	<b>(188,302,866.64)</b>

The accompanying notes form an integral part of these financial statements.

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
	Bank overdrafts increase (decrease)	226,750,407.30	(31,860.37)	-	-
	Cash received from borrowings from the financial institutions	98,196,805.59	-	-	-
	Cash received from borrowings from person and related parties	185,400.00	10,500,000.00	200,000,000.00	238,750,000.00
	Cash received from borrowings from other company	-	3,000,100.00	-	-
	Cash paid to pay the financial institutions borrowings	(59,972,760.66)	(23,100,000.12)	-	(15,000,000.00)
	Cash paid to pay the person and related parties borrowings	(500,000.00)	(15,000,000.00)	(100,000,000.00)	(238,750,000.00)
	Cash paid to dividend	(65,997,986.20)	-	(65,997,986.20)	-
	Cash paid to pay the other company borrowings	-	(3,000,100.00)	-	-
	Cash paid by the lessee to reduce the amount for liability contract financial lease	(1,220,221.08)	(1,762,734.84)	-	-
	<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>197,441,644.95</b>	<b>(29,394,595.33)</b>	<b>34,002,013.80</b>	<b>(15,000,000.00)</b>
	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>169,184,694.63</b>	<b>117,173,134.34</b>	<b>(73,388,272.63)</b>	<b>131,871,330.98</b>
	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>437,101,755.14</b>	<b>319,928,620.80</b>	<b>274,706,255.10</b>	<b>142,834,924.12</b>
	<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>606,286,449.77</b>	<b>437,101,755.14</b>	<b>201,317,982.47</b>	<b>274,706,255.10</b>

**Additional cash flow disclosures :**

Non – cash are significant in the consolidated and separate financial statements are as follows:

	Legal reserve	11,700,000.00	6,900,000.00	11,700,000.00	6,900,000.00
	Assets purchased on credit	-	3,990,514.32	-	448,000.00
Disposal assets groups classified as held for sale are as follow :					
	Property, plant and equipment	-	-	344,067,403.76	-
	Other intangible assets	-	-	11,956.73	-
	Other non - current assets	-	-	779,221.50	-
Assets to be classified as other non – current assets are as follow :					
	Property, plant and equipment	16,725,768.02	-	16,725,768.02	-

## **ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

#### **1. NATURE OF OPERATIONS**

Asia Precision Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. The Company is listed on Stock Exchange of Thailand. The address of the Company’s registered office is 700/331, Moo 6, Donhualor, Muang Chonburi, Chonburi.

The major shareholder of the Company is Karoonkornsakul family who held 17.53% of the Company’s capital and the Advance Web Studio Co., Ltd. held 22.12% of the Company’s capital. (As at December 31, 2018, Karoonkornsakul family held 18.29% and the Advance Web Studio Co., Ltd. held 22.12% of the Company’s capital)

The Company and its subsidiaries (“the Group”) involves the manufacture of high precision metal parts for automotive, office automation, heating ventilating & air-conditioning (HVAC) and production of metal spare parts that have complex shape and require strict control of production process and also production metal spare parts that are less complex and can attain economies of scale when production in high quantity, engineering service, automation solution and provides the construction and maintenance services of renewable energy power plants as well as engages in the business of raw water and the distribution of materials and spare parts for the construction of various structures. Of the power plant business All types of energy businesses, water businesses, include steam plants, purified water and chemical mixtures. For sale in the petrochemical industry. Or for distribution to the community. And environmental related businesses and engineering design consulting services. Project Construction Services and maintenance services.

#### **2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

2.1 New financial reporting standards

2.1.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. 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. However, the new standard involves changes to key principles, which are summarised below:

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

2.1.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020.

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group's plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group's expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 19.37 million and the Group's liabilities by approximately Baht 19.37 million.



**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

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**3. BASIS FOR PREPARATION OF THE CONSOLIDATION FINANCIAL STATEMENT**

3.1 The consolidated financial statements include the financial statements of Asia Precision Public Company Limited and the following subsidiary companies (together referred to as the “Group”) as follows:

Subsidiary Company Direct and Indirect	Percentage of holding (%)		Type of business
	December 31, 2019	December 31, 2018	
<u>Subsidiary Company Direct</u>			
A2 Technologies Co., Ltd.	100.00	100.00	Provide engineering service and automation solution and provides construction and maintenance services of renewable energy power plants.
Asia Precision A.T. Co., Ltd. (Formerly P2 Precision Co., Ltd.)	100.00	100.00	Production metal spare parts that are less complex and can attain economies of scale when production in high quantity.
<u>Subsidiary Company Indirect (Held by Asia Precision A.T. Co., Ltd.)</u>			
Asia Precision Tech Co., Ltd.	100.00	100.00	Manufacture and sale of metal parts.
<u>Subsidiary Company Indirect (Held by A2 Technologies Co., Ltd.)</u>			
Cholkij Sakol Co., Ltd.	53.33	53.33	Production and distribution of raw water.
APCS Technologies Co., Ltd.	100.00	100.00	The distribution of materials and spare parts for the construction of various structures. Of the power plant business All types of energy businesses, water businesses, include steam plants, purified water and chemical mixtures. For sale in the petrochemical industry. Or for distribution to the community. And environmental related businesses and engineering design consulting services. Project Construction Services and maintenance services.
A2teeravat joint venture Co., Ltd. *	49.00	49.00	Construction project to increase water pumping capability.

\* A2teeravat joint venture Co., Ltd. is an entity fully controlled by the Company, given that the Company controls both directly or indirectly, including financial and operating policies of this entity so as to obtain utmost benefits for A2teeravat joint venture Co., Ltd. (The calculation of proportion investment according to Note 10.3)

3.2 Subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly through other subsidiaries, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant accounting policies.

3.3 Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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3.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

3.5 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

3.6 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 profit or loss and within equity in the consolidated statement of financial position.

The separate financial statements, prepared for the public use, present investments in subsidiaries under the cost method.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Cash and cash equivalents**

Comprise of the purchase price, conversion cost and other 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.

**4.2 Trade and other receivable**

Trade and other receivable are shown at their invoice value less allowance for doubtful accounts. The Group has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

**4.3 Finished goods and work in process**

Finished goods and work in process are valued at the lower of cost calculated by moving average and net realizable value. The costs of purchased inventories costs directly attributed to the acquisition of goods, direct labor, other direct costs and an appropriate share of production overheads based on normal operating capacity.

Raw materials are valued at the lower of cost calculated by moving average and net realizable value and are charged to production costs and cost of services whenever consumed. The costs of purchased inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Allowance for diminution in value of inventories is recorded by considering obsolete inventories and slow-moving inventories.

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**4.4 Investments in subsidiary companies**

Investments in subsidiary companies in the separate financial statements are recorded under the cost method net by the allowance for impairment (if any) and the recognition of the change in the investment in profit or loss is recorded when the investment is disposed or the impairment of the investment incurred.

Investments in subsidiaries in the consolidated financial statements Recorded as equity method.

**4.5 Disposal assets (liabilities) groups classified as held for sale**

Disposal assets (liabilities) groups is classified as held for sale if its carrying value will be recovered principally through a sale transaction rather than through continuing use, such asset (liabilities) is available for immediate sale in its present and its sale is highly probable.

Disposal assets (liabilities) groups classified as held for sale is measured at the lower of its carrying value and fair value less costs to sell.

**4.6 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses of assets (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent cost, the cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

	<u>Useful life (years)</u>
Building and building improvements	25-30
Machinery and equipment	5-10
Utilities systems	5-10
Furniture and office equipment	4-5
Motor vehicles	4-5

No depreciation is provided on land or assets under construction.

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

**4.7 Intangible assets**

Intangible assets are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of that asset. Amortization is calculated over the cost of the assets less its residual value (if any). Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer Software	5	years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**4.8 Long – term leases**

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the of the lease.

When an operating lease is terminated before the lease expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the in which the termination takes place.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### 4.9 Impairment of assets

Impairment of assets, the carrying amounts of the Group's assets are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 4.10 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

#### 4.11 Employee benefits

##### Short – term employee benefits

The Group recognizes salaries, wages, bonuses and contributions to Social Security Fund as expense when incurred.

##### Post – employment 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 recognized as expenses in profit or loss in the in which they arise.

##### Post – employment benefits (Defined benefit plans)

The Group has obligations in respect of the severance payments, under labor law and benefits for the long service. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the in which they arise and accumulated amounts are recognized as retained earnings in equity.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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#### Other long – term employment benefits

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method, in order to determine present value of the obligation and be recognized as a liability in the statements of financial position. Current service cost, past service cost, net interest on the net defined benefit liability are recognized as expenses in profit or loss. Remeasurements of the net other long-term benefit liability or asset, including actuarial gains and losses are recognized in profit or loss immediately.

#### **4.12 Provision**

Provision is recognized in the statements of financial position when the Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **4.13 Revenue recognized**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates with the following policies:

a) Sale of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

b) Revenues from construction contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Revenues from construction contract will be recognized over time on an input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue from construction contract is recognized only to the extent of contract costs incurred that it is probably will be recoverable.

#### Contract loss

When it is probable that total contract costs will exceed total contract revenue, the Company will recognize the expected loss on a contract in the statement of profit or loss and other comprehensive income.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### Unbilled construction revenues and unearned construction revenues

The Company becomes entitled to invoice customers for construction based on achieving a series of performance – related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third – party assessor and an invoice for the related milestone payment. The Company recognizes unbilled construction revenues as part of trade and other current receivable in the statement of financial position. Such amount will be classified as trade receivables which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date under the input cost method, the Company recognizes different amount as unearned construction revenues in the statement of financial position.

#### Work in progress

Costs that relate to future activity on the contract are recognized as work in progress provided it is probable that they will be recovered.

- c) Service income is recognized when the services are completed and delivered.
- d) Interest and other income are recognized on an accrual basis.

#### **4.14 Expenses recognized**

Expenses are recognized in profit or loss on an accrual basis.

#### **4.15 Income tax expense**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group's takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group's believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the that such a determination is made.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **4.16 Basic earnings per share Diluted earnings per share**

Earnings per share are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares issued during the year.

Dilute earnings per share is calculated by dividing the net profit (loss) for the year by the total of the weighted average number of ordinary shares issued during the year and the weighted average number of ordinary shares to be issue for conversion of all dilutive potential ordinary shares into ordinary shares.

#### **4.17 Foreign currency transactions**

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the reporting date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in profit or loss.

#### **4.18 The related parties and related companies**

The related parties and related companies with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

#### **4.19 Financial instruments**

Financial instruments consisted of financial assets and liabilities which were carried on the financial statements include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, investments and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.



## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### 4.20 Foreign currency forward contracts

Foreign currency forward contracts are meant to prevent risk from volatile movements in exchange rates by establishing a future rate at which a foreign currency asset and liability will be received or paid. Gain or loss from the foreign currency forward contracts will be recorded in the profit or loss when the contracts are settled or terms are expired.

#### 4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximizes 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 categorized within the fair value hierarchy into three levels based on categorize 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, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting that are measured at fair value on a recurring basis.

#### 4.22 Significant use of accounting judgments and estimations

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expense during the reporting. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Significant accounting estimates are as follows:

##### 4.22.1 Revenue from contracts with customers

###### *Identification of performance obligations*

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

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#### *Determination of timing of revenue recognition*

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation, measuring based on information provided by the Group's project managers and certificates of works from its customers.

4.22.2 The Company estimates costs of each construction project based on details of the construction work taking into account the volume and value of construction materials to be used in the project, including labor costs and other miscellaneous costs to be incurred to complete construction service with consideration of trend of changes in construction materials price, labor and other expenses. The Company reviews estimated construction cost on a regularly basis and whenever actual costs significantly differ from estimated cost of each construction contract. In addition, the Company considers contract loss on each project by comparing total construction costs by contract revenue of each project.

#### 4.22.3 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### 4.22.4 Allowance for doubtful accounts

The Company has provided allowance for doubtful accounts based on management's estimate losses that may incur in collection of receivables by considering receivable's financial status and the result of lawsuit against each receivable.

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4.22.5 Property, plant and equipment / Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment including asset decommissioning 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 when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the asset subject to the review.

4.22.6 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 asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

4.22.7 Deferred tax assets are recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

4.22.8 Post – employment benefits under defined benefit plans and other long-term employee benefits

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

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**5. TRANSACTIONS WITH RELATED PARTIES**

The Company has significant transactions with its related parties stated below. Those transactions are executed based on agreed upon bases which might be different from the bases used for transactions with unrelated parties.

Name	Type of Business	Type of Relationship
A2 Technologies Co., Ltd.	Provide engineering service and automation solution and provides construction and maintenance services of renewable energy power plants.	Subsidiary by direct shareholding and common management team.
Asia Precision A.T. Co., Ltd. (Formerly P2 Precision Co., Ltd.)	Production of metal spare part that are less complex and can attain economies of scale when production in high quantity.	Subsidiary by direct shareholding and common management team.
Cholkij Sakol Co., Ltd.	Production and distribution of raw water.	Indirect shareholder via subsidiary.
APCS Technologies Co., Ltd.	The distribution of materials and spare parts for the construction of various structures. Of the power plant business All types of energy businesses, water businesses, including steam plants, purified water and chemical mixtures. For sale in the petrochemical industry. Or for distribution to the community. And environmental related businesses and engineering design consulting services. Project Construction Services and maintenance services.	Indirect shareholder via subsidiary.
A2teeravat joint venture Co., Ltd.	Construction project to increase water pumping capability.	Indirect shareholder via subsidiary.
Asia Precision Tech Co., Ltd.	Manufacture and sale of metal parts.	Indirect shareholder via subsidiary.
Advance Web Studio Co., Ltd.	Other Specialized Designs Not classified elsewhere.	Major Shareholders Joint common management team.
At Peak Co., Ltd.	Advertising Companies.	Shareholder of Cholkij Sakol Co., Ltd is a director.

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5.1 The significant balances with related company as at December 31, 2019 and 2018 are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Trade and other current receivables</b>				
<u>Asia Precision A.T. Co., Ltd.</u>				
Trade receivables	-	-	69,644,286.09	-
Other current receivables	-	-	14,320.00	10,090.00
	-	-	69,658,606.09	10,090.00
<b>Short – term loans</b>				
<u>A2 Technologies Co., Ltd.</u>				
Principle				
Beginning balance	-	-	-	-
Increase	-	-	250,000,000.00	10,000,000.00
Decrease	-	-	(100,000,000.00)	(10,000,000.00)
Ending balance	-	-	150,000,000.00	-
Accrued interest income				
Beginning balance	-	-	-	-
Increase	-	-	8,408,424.66	-
Decrease	-	-	(8,408,424.66)	-
Ending balance	-	-	-	-
Total	-	-	150,000,000.00	-

As December 31, 2019 the short – term loans by promissory note due at call with interest rate refer to interest rate of commercial bank request from top-class customer (MLR).

As December 31, 2018 the short – term loans by promissory note due at call and has no interest rate charged.

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Trade and other current payables</b>				
<u>Asia Precision A.T. Co., Ltd.</u>				
Trade payables	-	-	24,102,233.76	14,296,006.68
Other current payables*	-	-	100,000,000.00	-
	-	-	124,102,233.76	14,296,006.68
<u>A2 Technologies Co., Ltd.</u>				
Other current payables**	-	-	-	80,000,000.00
	-	-	-	80,000,000.00
Total	-	-	124,102,233.76	94,296,006.68

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\* On December 9, 2019, the Company entered into a Purchase and sale agreement of land and buildings in the total amount of Baht 187,344,000 by agreeing to receive the deposit in amount of Baht 100,000,000. On January, 3 2020 the Company has registered the transfer of ownership of assets at Land office and receive the remaining full payment (As discussed in Note 9)

\*\* Company received collateral of Baht 80 million from A2 Technologies Co., Ltd., to be used as collateral on various credit limits from financial institution. On January 31, 2019, the Company returned this collateral to A2 Technologies Co., Ltd., which is to be used as working capital.

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Short – term borrowings</b>				
Asia Precision A.T. Co., Ltd. <sup>(1)</sup>				
Principle				
Beginning balance year	-	-	-	-
Increase during the year	-	-	200,000,000.00	40,000,000.00
Decrease during the year	-	-	(100,000,000.00)	(40,000,000.00)
Ending balance year	-	-	100,000,000.00	-
Accrued interest				
Beginning balance year	-	-	-	-
Increase during the year	-	-	7,328.77	-
Decrease during the year	-	-	-	-
Ending balance year	-	-	7,328.77	-
	-	-	100,007,328.77	-
A2 Technologies Co., Ltd. <sup>(1)</sup>				
Principle				
Beginning balance year	-	-	-	-
Increase during the year	-	-	-	198,750,000.00
Decrease during the year	-	-	-	(198,750,000.00)
Ending balance year	-	-	-	-
Loan from shareholder in subsidiary <sup>(2)</sup>				
Principle				
Beginning balance year	44,933,076.75	44,933,076.75	-	-
Increase during the year	-	10,000,000.00	-	-
Decrease during the year	-	(10,000,000.00)	-	-
Ending balance year	44,933,076.75	44,933,076.75	-	-

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	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Accrued interest				
Beginning balance year	21,631,256.99	18,860,119.74	-	-
Increase during the year	2,771,137.25	2,771,137.25	-	-
Decrease during the year	-	-	-	-
Ending balance year	24,402,394.24	21,631,256.99	-	-
	69,335,470.99	66,564,333.74	-	-
Loan from a subsidiary's director				
Principle				
Beginning balance year	500,000.00	-	-	-
Increase during the year	-	500,000.00	-	-
Decrease during the year	(500,000.00)	-	-	-
Ending balance year	-	500,000.00	-	-
Loan from At Peak Co., Ltd. <sup>(2)</sup>				
Principle				
Beginning balance year	3,100,000.00	8,100,000.00	-	-
Increase during the year	-	-	-	-
Decrease during the year	-	(5,000,000.00)	-	-
Ending balance year	3,100,000.00	3,100,000.00	-	-
Accrued interest				
Beginning balance year	1,154,268.52	780,429.47	-	-
Increase during the year	209,250.01	373,839.05	-	-
Decrease during the year	-	-	-	-
Ending balance year	1,363,518.53	1,154,268.52	-	-
	4,463,518.53	4,254,268.52	-	-
Loan from At Advance Web Studio Co., Ltd				
Principle				
Beginning balance year	-	-	-	-
Increase during the year	185,400.00	-	-	-
Decrease during the year	-	-	-	-
Ending balance year	185,400.00	-	-	-

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	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Accrued interest				
Beginning balance year	-	-	-	-
Increase during the year	726.36	-	-	-
Decrease during the year	-	-	-	-
Ending balance year	726.36	-	-	-
	186,126.36	-	-	-
Total	73,985,115.88	71,318,602.26	100,007,328.77	-

<sup>(1)</sup> As at December 31, 2019 short – term borrowings to the subsidiaries company is promissory notes, due on call and interest rate based on interest rates received by bank deposits from commercial banks.

As at December 31, 2018, short – term borrowings to the subsidiaries company is promissory notes, due on call and no interest charged.

<sup>(2)</sup> As at December 31, 2019 and 2018, Cholkij Sakol Co.,Ltd. had short – term borrowings agreement with related parties and companies, interest rate from 5.5 – 7.75% per annum, repayable at call.

5.2 The significant transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

Revenues and expenses with related parties.

	Pricing Policy	(Unit : Thousand Baht)			
		For the years ended December 31			
		Consolidated		Separate	
		2019	2018	2019	2018
<b>Rental income</b>					
A2 Technologies Co., Ltd.	Agreement contract	-	-	24	24
APCS Technologies Co., Ltd.	Agreement contract	-	-	24	24
Asia Precision Tech Co., Ltd.	Agreement contract	-	-	24	4
Asia Precision A.T. Co., Ltd.	Agreement contract	-	-	20	-
		-	-	92	52
<b>Revenues from sales</b>					
Asia Precision A.T. Co., Ltd.	Agreement contract	-	-	65,088	-
<b>Interest income</b>					
A2 Technologies Co., Ltd.	Agreement contract	-	-	8,408	-



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		(Unit : Thousand Baht)			
		For the years ended December 31			
		Consolidated		Separate	
Pricing Policy		2019	2018	2019	2018
<b>Cost of service</b>					
Asia Precision A.T. Co., Ltd.	Same price and trade conditions with outsider, nearby market price	-	-	79,926	84,278
<b>Interest</b>					
Shareholder in subsidiary	Agreement contract	2,771	2,771	-	-
At Peak Co., Ltd.	Agreement contract	209	374	-	-
Asia Precision A.T. Co., Ltd.	Agreement contract	-	-	7	-
Advance Web Studio Co., Ltd	Agreement contract	-	-	-	-
		2,980	3,145	7	-

Management remuneration.

		(Unit : Baht)			
		For the years ended December 31			
		Consolidated		Separate	
		2019	2018	2019	2018
Short – term benefits		29,095,292.00	26,835,537.00	13,474,292.00	13,053,637.00
Post – employment benefits		1,876,184.94	600,982.65	1,196,203.94	230,788.65
Long – term benefits		1,905.84	4,075.30	1,905.84	4,075.30
Total		30,973,382.78	27,440,594.95	14,672,401.78	13,288,500.95

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### 5.3 Guarantee and others

##### A2 Technologies Co., Ltd.

On December 31, 2019, A2 Technologies Co., Ltd. guaranteed on a letter of guarantee of advance payment under construction contract for A2teeravat joint venture Co., Ltd. no fee was charged.

The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company, with 22.12% shareholding) jointly guaranteed on a letter of guarantee with an amount of Baht 162.67 million from A2 Technology Co., Ltd. to issue this letter of guarantee for the construction project. No fee will be charged to A2 Technology Co., Ltd. Advance Web Studio Co., Ltd., used 27.05 million ordinary shares of Asia Precision Public Company Limited to jointly guarantee this transaction.

The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company, with 22.12% shareholding), and A2 Technology Co., Ltd. jointly guaranteed on a letter of guarantee with an amount of Baht 62.20 million for A2teeravat joint venture Co., Ltd. to issue this letter of guarantee for the construction project. No fee will be charged to A2teeravat joint venture Co., Ltd. (Note 26.1). Advance Web Studio Co., Ltd., used 13.45 million ordinary shares of Asia Precision Public Company Limited to jointly guarantee this transaction.

On December 18, 2018, A2 Technologies Co., Ltd. received a credit limit from a financial institution, which consisted of a guarantee limit of Baht 70 million and a revolving credit limit of Baht 180 million. The purpose of this credit limit is for supporting projects and working capital requirement. The interest rate is equal to money market rate. The credit limit is guaranteed by Asia Precision PLC, Advance Web Studio Co., Ltd. and APCS Technologies Co., Ltd.

On November 7, 2019, an increase in credit limit of A2 Technologies Co., Ltd. from Baht 250 million to Baht 470 million was approved. Detail as follows:

1. Revolving credit limit (Combine Line) of Baht 450 million.
2. Pre-settlement limit of Baht 20 million for protecting against risk

Note that APCS Technologies Co., Ltd. is allowed to use the joint credit limit, but not exceeding Baht 250 million.

Key conditions regarding drawdown as follows:

1. A2 Technologies Co., Ltd. and APCS Technologies Co., Ltd. must transfer the claim to the bank in the agreed format, with value equivalent to the project contract value or the net installment minus advance payment, for projects that have project value exceeding Baht 30 Million or projects with duration over 9 months.
2. In the case of drawdown guarantee limit, type receive payment in advance, prior to arranging collateral contract with the bank, A2 Technologies Co., Ltd. must arrange a claim transfer and/or registered collateral as agreed with the bank.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Cholkij Sakol Co., Ltd.

Guaranteed by land and machinery of a subsidiary, and for credit line of letter of guarantee amount of Baht 100.05 million has been co – guarantee by Advance web studio Co., Ltd. (holding 22.12% in the Company) which such company has used common share certificate holding in Asia Precision Public Company Limited by Baht 25.50 million shares to co – guarantee.

The loan under debt restructuring of Cholkij Sakol Co., Ltd. is guaranteed loans in proportion to shareholding by A2 Technologies Co., Ltd. not charged the fee between related (Note 19.1).

**6. CASH AND CASH EQUIVALENTS**

(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Cash on hand	294,977.06	320,248.62	27,335.62	227,335.62
Cash at banks – saving accounts	386,169,124.08	317,019,063.83	194,105,253.98	274,245,146.97
Cash at banks – current accounts	219,822,348.63	18,940,475.82	7,185,392.87	233,772.51
Cash at banks – fixed deposits 3 months	-	100,821,966.87	-	-
Total	606,286,449.77	437,101,755.14	201,317,982.47	274,706,255.10

Savings have floating rates as set by the bank.

Fixed deposits carry interest at the rate of 0.80 per annum.

**7. TRADE AND OTHER CURRENT RECEIVABLES**

(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade receivables	809,739,011.97	272,353,391.90	147,152,562.64	165,978,664.37
Trade receivables – related parties (Note 5.1)	-	-	69,644,286.09	-
<u>Less</u> allowance for doubtful accounts	-	-	-	-
Total trade receivables	809,739,011.97	272,353,391.90	216,796,848.73	165,978,664.37
Unbilled construction revenues (Note 29)	494,128,504.93	830,749,471.88	-	-

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Other current receivables				
– Other receivables – related parties (Note 5.1)	-	-	14,320.00	10,090.00
– Other receivables	15,391.36	107,578.19	-	-
– Accrued income	5,893,498.20	88,391.86	-	-
– Prepaid expenses	5,592,150.58	10,917,480.28	801,903.66	1,133,116.04
– Prepaid for contractor	55,191,586.75	146,054,332.99	-	-
– Advances	1,595,532.66	1,955,096.92	50,000.00	-
– Withholding tax	22,989,944.40	4,523,123.81	3,400,761.51	-
– Revenue Department - Receivable	32,767,077.45	11,885,270.75	-	-
– Input Tax Suspense	13,793,620.37	3,953,523.47	276,061.88	243,856.05
– Others	196,737.19	4,275,046.69	40,418.90	498,763.96
	<u>632,164,043.89</u>	<u>1,014,509,316.84</u>	<u>4,583,465.95</u>	<u>1,885,826.05</u>
Total trade and other current receivables	<u>1,441,903,055.86</u>	<u>1,286,862,708.74</u>	<u>221,380,314.68</u>	<u>167,864,490.42</u>

Outstanding balances of receivable classified by ages are as follows:

(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade receivables				
Not yet due receivables	215,869,247.74	160,555,414.86	170,850,004.91	124,457,468.16
Overdue :				
Over 1 days to 30 days	104,946,486.08	41,299,774.37	29,007,582.63	36,142,374.37
Over 31 days to 90 days	75,627,672.27	6,006,031.91	12,046,642.27	4,954,414.51
Over 91 days to 180 days	163,622,373.98	424,407.33	4,451,244.98	424,407.33
Over 181 days to 365 days	27,130,257.84	-	441,373.94	-
Over 365 days	-	-	-	-
Total	<u>587,196,037.91</u>	<u>208,285,628.47</u>	<u>216,796,848.73</u>	<u>165,978,664.37</u>
Retention receivables to agreement*	<u>222,542,974.06</u>	<u>64,067,763.43</u>	-	-
Total	<u>809,739,011.97</u>	<u>272,353,391.90</u>	<u>216,796,848.73</u>	<u>165,978,664.37</u>
Less Allowance doubtful accounts	-	-	-	-
Net	<u>809,739,011.97</u>	<u>272,353,391.90</u>	<u>216,796,848.73</u>	<u>165,978,664.37</u>

\*Warranty contractual is not over 1 year.

The Company grants credit terms to its general customers for 30 – 90 days.

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8. INVENTORIES

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Raw materials and supplies	42,941,098.61	35,610,139.16	-	30,187,374.47
Good in transit	816,995.57	2,374,988.74	-	2,374,988.74
Work in process	-	39,560,315.49	-	35,327,492.83
Finished goods	36,863,561.07	25,187,875.65	4,818,053.93	18,323,561.08
Total	80,621,655.25	102,733,319.04	4,818,053.93	86,213,417.12
<u>Less Allowance for decline values</u>	<u>(1,061,577.42)</u>	<u>(4,318,394.44)</u>	<u>(159,427.32)</u>	<u>(3,361,716.79)</u>
	<u>79,560,077.83</u>	<u>98,414,924.60</u>	<u>4,658,626.61</u>	<u>82,851,700.33</u>

For the years ended December 31, 2019 and 2018, the movements of allowances for obsolete of inventories are as follows :

	(Unit : Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
Beginning balance as at January 1	4,318,394.44	21,122,126.23	3,361,716.79	20,233,469.47
Increase	3,135,653.07	809,033.31	2,935,931.73	486,236.49
Reversal Disposal during the year	<u>(6,392,470.09)</u>	<u>(17,612,765.10)</u>	<u>(6,138,221.20)</u>	<u>(17,357,989.17)</u>
Ending balance as at December 31	<u>1,061,577.42</u>	<u>4,318,394.44</u>	<u>159,427.32</u>	<u>3,361,716.79</u>

Allowances for obsolete of inventories was shown in cost of sale in statements of income.

9. DISPOSAL ASSETS GROUPS CLASSIFIED AS HELD FOR SALE

The Group's management has assessed that it is highly probable that the agreement will be completed (note 33). As a result, the Company has reclassified related assets and liabilities of the project as assets and liabilities held-for-sale in the consolidated statement of financial position and measured them at the lower than between carrying amount and fair value less costs of sell. The lower amount is the carrying amount.

Disposal groups classified as held for sale comprised:

	(Unit: Baht)
	Separate
	December 31, 2019
Property, plant and equipment	344,067,403.76
Other intangible assets	11,956.73
Other non – current assets	779,221.50
Total	<u>344,858,581.99</u>

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**10. INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries in the separate financial statements as at December 31, 2019 and 2018 which are stated at cost are as follow:

(Unit :Thousand Baht)

	Share capital		Paid share capital		Percentage of shareholding		Cost		Dividend income	
	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Subsidiaries directly held by the Company</b>										
A2 Technologies Co., Ltd.	500,000	500,000	500,000	500,000	100	100	499,999	499,999	-	-
Asia Precision A.T. Co., Ltd.	300,000	150,000	300,000	150,000	100	100	299,999	149,999	-	-
<b>Subsidiaries held through A2 Technologies Company Limited</b>										
Cholkij Sakol Co., Ltd.	120,000	120,000	120,000	120,000	53.33	53.33	-	-	-	-
APCS Technologies Co., Ltd.	10,000	10,000	10,000	10,000	100	100	-	-	-	-
A2teeravat joint venture Co., Ltd.	75,000	75,000	18,750	18,750	49	49	-	-	-	-
<b>Subsidiary held through Asia Precision A.T. Company Limited</b>										
Asia Precision Tech Co., Ltd.	1,000	1,000	1,000	1,000	100	100	-	-	-	-
Investments in subsidiaries - net							<u>799,998</u>	<u>649,998</u>	<u>-</u>	<u>-</u>

**10.1 Investments in Asia Precision A.T. Co., Ltd (Formerly P2 Precision Co., Ltd.)**

According to the resolution of the Extraordinary General Meeting of Shareholders, P2 Precision Co., Ltd., No. 1/2019 on February 23, 2019, the shareholders approved to change the company name to Asia Precision A.T. Company Limited. This new company name has been registered with the Ministry of Commerce on February 25, 2019.

The board of directors meeting of the Company No. 4/ 2019 held on November 12, 2019, has resolved to approve the Company increase its stake in Asia Precision A.T. Co., Ltd., (a subsidiary of the Company hold 100%) To comply with the business restructuring plan approved by the ordinary shareholders' meeting No. 1/2019 on April 20, 2019, detail as follows:

	Amount	Par value	Share capital	Paid share	Paid share capital
Asia Precision A.T. Co., Ltd.	(Thousand Shares)	(Baht : Share)	(Thousand Baht)	(Baht : Share)	(Thousand Baht)
Share capital	15,000	10.00	150,000	10.00	150,000
Add share capital	15,000	10.00	150,000	10.00	150,000
Total share capital	<u>30,000</u>	<u>10.00</u>	<u>300,000</u>	<u>10.00</u>	<u>300,000</u>

The Company has paid the increasing in share capital of Asia Precision A.T. Co., Ltd., at the full amount.

Asia Precision A.T. Co., Ltd has registered the change in its registered capital with the Ministry of Commerce on December 19, 2019.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**10.2 Investments in A2 Technologies Co., Ltd.**

The board of directors meeting of the Company held No. 1,2018 on January 12, 2018, has resolved to approve the Company increase its stake in A2 Technologies Company Limited, (a subsidiary of the Company hold 100%) are as follows:

A2 Technologies Co., Ltd.	Amount (Thousand Shares)	Par value (Baht : Share)	Share capital (Thousand Baht)	Paid share (Baht : Share)	Paid share capital (Thousand Baht)
Share capital	32,000	10.00	320,000	10.00	320,000
Add share capital	18,000	10.00	180,000	10.00	180,000
Total share capital	50,000	10.00	500,000		500,000

The Company has paid the increasing in share capital of A2 Technologies Co., Ltd. at the full amount.

A2 Technologies Company Limited has registered the change in its registered capital with the Ministry of Commerce on January 30, 2018.

**10.2.1 Important investment of A2 Technologies Co., Ltd.**

10.2.1.1 The board of directors meeting of the Asia Precision Public Company Limited no.2/2018, held on May 14, 2018, approved in approval for A2 Technologies Company Limited to proceed in the following activities:

**1. Approval of Consortium**

Name of Consortium	:	Consortium of Solar EPCF Co., Ltd. and A2 Technologies Co., Ltd.
Contract parties and operation proportion	:	A2 Technologies Co., Ltd. (49%) Solar EPCF Co., Ltd. (51%)
		Each party to assign 1 person to sign contract and documents related to the operation of the project.
Objective	:	Performance improvement for Chachoengsao pumping station and Bangpagong pumping station of Eastern Water Resources Development and Management Public Company Limited. The total project value is Baht 106.50 million.

The consortium will end upon completion of the project.

2. Approved a credit limit for corporate guarantee on limits with financial institutions for Consortium of Solar EPCF and A2 Technologies with amount not exceeding 75% of total project value. Executive committee of Asia Precision Public Company Limited is delegated authority to approve each corporate guarantee on case by case basis, and has to report to the Board of Directors of Asia Precision Public Company Limited every 3 months.

Subsequently, on May 21, 2018, Consortium of Solar EPCF Co., Ltd. and A2 Technologies Co., Ltd entered into a construction contract with Eastern Water Resources Development and Management PCL, which is currently undergoing construction and in line with the contract.

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10.2.1.2 According to the meeting of the Board of Directors of A2 Technologies Co., Ltd. No.7/2018 on November 14, 2018, the committee approved the signage of consortium between Solar EPCF Company Limited and A2 Technologies Co., Ltd. This consortium is for entering 5 solar power plant construction project biddings with a total value of Baht 694.26 million.

As present, the Company get the project of construction for power station amount three projects with total of Baht 352.75 million.

10.2.1.3 According to the Board of Directors of Asia Precision Public Company Limited meeting 4/2019 on November 12, 2019, the Board of Directors approved of setting up a new subsidiary to support business expansion.

As present, the Company is in the process of establishing new subsidiary according to the resolution of the board of directors' meeting, with the following details:

New subsidiary company name	:	A2 Technologies Vietnam Company Limited.
Country of establishment	:	Vietnam.
Business Type	:	Construction consultation and project construction.
Head Quarter Address	:	Room No.1114, Level 11, Deutsches Haus, No.33 Le Duan street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Registered Capital	:	1,000,000 Baht. Common shares 100,000 shares at 10 Baht per share (Voting right – 1 vote per share).
Paid up Capital	:	100% of registered capital at first installment.
Shareholder Structure	:	A2 Technologies Co., Ltd owns 100,000 shares, equivalent to 100% of registered capital.
Source of fund	:	Working capital of the Company and A2 Technologies Co., Ltd.

### 10.3 Investments in A2teeravat joint venture Co., Ltd.

The board of directors meeting of the Asia Precision Public Company Limited no.3/2018, held on May 14, 2018, approved in approval for A2 Technologies Company Limited to proceed in the following activities:

1. Approval for establishing a new subsidiary to accommodate business expansion

Name of Company	:	A2teeravat joint venture Co., Ltd.
Registered capital	:	Baht 75,000,000 Divided into; - Common stock 3,825,000 shares at par value of Baht 10 per share (Voting rights: 1 vote for 1 share) - Preferred stock 3,675,000 shares at par value of Baht 10 per share (Voting rights: 10,000 votes for 1 share)
Paid-up capital	:	First installment : 25 percent of the registered capital
Shareholding structure	:	A2 Technologies Co., Ltd. holds 7,499,997 shares or 100% of the registered capital.

A2teeravat joint venture Co., Ltd was established on May 15, 2018.



**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

2. The sale of common shares of A2teeravat joint venture Company Limited to Teeravat Surin Construction Company Limited amounting to 3,825,000 shares at par value of 10 Baht per share (paid up share capital of 2.50 baht per share, equivalent to 9,562,500 Baht) was approved. This is equivalent to 51% shareholding (with 0.01% voting right) for Teeravat Surin Construction Company Limited. Teeravat Surin Construction Company Limited has already made payment amounting to 9,562,500 Baht in May 2018.

Shareholding structure of A2teeravat joint venture Company Limited after the transaction are as follow:

<b>Stock type/Shareholders</b>	<b>Amount (Shares)</b>	<b>%</b>	<b>Voting rights</b>
<b>Preferred stock</b>	3,674,997	49.00	99.99
A2 Technologies Co., Ltd.	3	-	-
Minor shareholders			
<b>Common stock</b>			
Teeravat Surin Construction Co., Ltd.	3,825,000	51.00	0.01
	<u>7,500,000</u>	<u>100.00</u>	<u>100.00</u>

Preferred share shareholders will receive dividends and receive payments upon the dissolution or liquidation of A2teeravat joint venture Company Limited at a rate of 203% of paid up capital of preferred shares, and will receive all payments before common share shareholders. Common share shareholders have voting rights of 1 vote per share, and preferred share shareholders have voting rights of 10,000 votes per share.

On May 25, 2018, the subsidiary entered into a contract to buy shares back from Teeravat Surin Construction Co., Ltd upon the completion of construction project, at a price per share equivalent to the paid up capital per share. Teeravat Surin Construction Co., Ltd. pledged common shares of A2teeravat joint venture Co., Ltd with the subsidiary.

The subsidiary has paid a deposit of Baht 9,562,500 at the date of signing contract.

A2teeravat joint venture Co., Ltd. is an entity fully controlled by the Company, given that the Company controls both directly or indirectly, including financial and operating policies of this entity so as to obtain utmost benefits for A2teeravat joint venture Co., Ltd.

**10.4 Investments in Asia Precision Tech Co., Ltd.**

The Board of Directors of Asia Precision Public Company Limited no. 4/2018, held on August 14, 2018, has approved for Asia precision A.T. Co., Ltd to invest in a new subsidiary (Asia Precision Tech Co., Ltd.). The new subsidiary has completed company registration on August 30, 2018, with registered capital of Baht 1 million (200,000 ordinary shares with a par value of Baht 5 each). Asia precision A.T. Co., Ltd holds 199,997 shares, equivalent to 99.99% of the registered capital.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**10.5 Non - controlling interest**

Details of non-wholly owned subsidiaries which have material non - controlling interests as at December 31, 2019 and 2018, are as follows;

(Unit: Million Baht)								
Company's name	Proportion of equity interest held by		Accumulated balance of		Profit/loss allocated to		Dividend paid to non-	
	non - controlling interests		non - controlling interests		non-controlling interests		controlling interests	
	2019	2018	2019	2018	during the year		during the year	
	(%)	(%)			2019	2018	2019	2018
Cholkij Sakol Co., Ltd.	46.67	46.67	166.56	153.09	13.47	3.17	-	-
			<u>166.56</u>	<u>153.09</u>				

The summarized financial information before intragroup eliminations of each non - wholly owned subsidiary which has material non - controlling interests for the years ended December 31, 2019 and 2018, are as follows;

(Unit: Million Baht)		
Cholkij Sakol Co., Ltd.		
	2019	2018
<b>Condensed statement of financial position As at December 31,</b>		
Current assets	19.83	4.33
Non - current assets	350.79	355.46
Current liabilities	95.26	110.29
Non - current liabilities	61.94	69.67
Equity attributable to owners of the Company	113.82	95.91
Non - controlling interests	99.60	83.93
<b>Condensed statement of profit or loss and other comprehensive income</b>		
<b>For the years ended December 31,</b>		
Revenues	63.79	35.91
Expenses	(29.99)	(24.43)
Profit (loss) for the year	<u>33.80</u>	<u>11.48</u>
<b>Condensed statement of cash flows</b>		
Dividends paid to non - controlling interests		
Net cash inflow (outflow) from operating activities	27.57	22.84
Net cash inflow (outflow) from investing activities	(0.32)	(0.86)
Net cash inflow (outflow) from financing activities	(29.30)	(20.60)
Net cash inflow (outflow)	<u>(2.05)</u>	<u>1.38</u>

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11. PROPERTY, PLANT AND EQUIPMENT

The condensed movements in these items for the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Baht)							
	Consolidated							
	Land	Building and Improvement	Machinery and Equipment	Furniture and Office Equipment	Motor Vehicles	Land Improvement	Construction in progress	Total
<b>Cost</b>								
Balance as at January 1, 2018	352,774,657.37	140,233,019.81	1,584,784,074.63	15,844,232.17	18,909,510.73	814,380.00	16,943,507.10	2,130,303,381.81
Purchase	-	1,499,940.94	18,014,794.41	4,337,342.35	3,032,224.30	-	4,147,507.57	31,031,809.57
Transfer in (out)	-	(33,992.52)	10,613,141.92	33,992.52	-	-	(12,813,802.13)	(2,200,660.21)
Disposal / Written off	-	-	(20,578,281.41)	(1,684,068.06)	(4,096,571.57)	-	-	(26,358,921.04)
Balance as at December 31, 2018	352,774,657.37	141,698,968.23	1,592,833,729.55	18,531,498.98	17,845,163.46	814,380.00	8,277,212.54	2,132,775,610.13
Purchase	-	1,353,798.00	31,757,272.05	2,043,323.99	1,903,194.40	-	3,479,365.16	40,536,953.60
Transfer in (out)	-	-	(30,600.00)	-	-	-	(7,724,499.21)	(7,755,099.21)
Disposal / Written off	-	(1,737,701.34)	(116,690,026.82)	(5,586,868.31)	(33,644.86)	-	-	(124,048,241.33)
Disposal assets groups classified as others non – current assets (Note 15)	-	-	(64,722,837.53)	-	-	-	(3,956,015.47)	(68,678,853.00)
Balance as at December 31, 2019	352,774,657.37	141,315,064.89	1,443,147,537.25	14,987,954.66	19,714,713.00	814,380.00	76,063.02	1,972,830,370.19

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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	(Unit : Baht)							
	Consolidated							
	Land	Building and Improvement	Machinery and Equipment	Furniture and Office Equipment	Motor Vehicles	Land Improvement	Construction in progress	Total
<b><u>Accumulated depreciation</u></b>								
Balance as at January 1, 2018	-	(57,688,023.08)	(1,084,553,694.34)	(10,860,894.48)	(15,887,624.86)	(45,069.74)	-	(1,169,035,306.50)
Depreciation for the year	-	(3,988,008.75)	(104,436,866.33)	(1,961,707.09)	(1,056,912.06)	(162,875.80)	-	(111,606,370.03)
Transfer (in) out	-	170.88	-	(170.88)	-	-	-	-
Disposal / Written off	-	-	18,478,836.29	1,608,058.17	4,096,567.57	-	-	24,183,462.03
Balance as at December 31, 2018	-	(61,675,860.95)	(1,170,511,724.38)	(11,214,714.28)	(12,847,969.35)	(207,945.54)	-	(1,256,458,214.50)
Depreciation for the year	-	(4,096,345.79)	(87,749,848.42)	(2,459,385.18)	(1,335,691.82)	(162,875.80)	-	(95,804,147.01)
Transfer (in) out	-	-	30,600.00	-	-	-	-	30,600.00
Disposal / Written off	-	1,734,367.30	111,437,091.58	5,565,476.94	-	-	-	118,736,935.82
Disposal assets groups classified as others non – current assets (Note 15)	-	-	51,953,084.98	-	-	-	-	51,953,084.98
Balance as at December 31, 2019	-	(64,037,839.44)	(1,094,840,796.24)	(8,108,622.52)	(14,183,661.17)	(370,821.34)	-	(1,181,541,740.71)
<b>Net book value as at December 31, 2018</b>	<b>352,774,657.37</b>	<b>80,023,107.28</b>	<b>422,322,005.17</b>	<b>7,316,784.70</b>	<b>4,997,194.11</b>	<b>606,434.46</b>	<b>8,277,212.54</b>	<b>876,317,395.63</b>
<b>Net book value as at December 31, 2019</b>	<b>352,774,657.37</b>	<b>77,277,225.45</b>	<b>348,306,741.01</b>	<b>6,879,332.14</b>	<b>5,531,051.83</b>	<b>443,558.66</b>	<b>76,063.02</b>	<b>791,288,629.48</b>
<b>Depreciation in statement of profit or loss for the year :</b>								
Ended December 31, 2018								111,606,370.03
Ended December 31, 2019								95,804,147.01

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	(Unit : Baht)						
	Separate						
	Land	Building and Building Improvement	Machinery and Equipment	Furniture and Office Equipment	Motor Vehicles	Construction in progress	Total
<b>Cost</b>							
Balance as at January 1, 2018	40,170,032.37	113,112,741.76	1,334,859,725.17	10,458,449.72	17,100,510.73	16,630,877.10	1,532,332,336.85
Purchase	-	-	17,306,673.41	1,201,475.23	-	3,857,507.57	22,365,656.21
Transfer in (out)	-	-	10,083,141.92	-	-	(12,252,792.13)	(2,169,650.21)
Disposal / Written off	-	-	(9,290,020.72)	(1,313,166.18)	(4,096,571.57)	-	(14,699,758.47)
Balance as at December 31, 2018	40,170,032.37	113,112,741.76	1,352,959,519.78	10,346,758.77	13,003,939.16	8,235,592.54	1,537,828,584.38
Purchase	-	1,135,968.00	3,222,294.09	195,440.75	1,132,794.40	3,040,234.94	8,726,732.18
Transfer in (out)	-	-	(30,600.00)	-	-	(7,319,812.01)	(7,350,412.01)
Disposal / Written off	-	(1,737,701.34)	(114,767,693.31)	(5,582,868.31)	(33,644.86)	-	(122,121,907.82)
Disposal assets groups classified as held for sale (Note 9)	(35,985,805.56)	(110,576,242.48)	(1,176,660,683.03)	(4,250,081.21)	(8,053,088.70)	-	(1,335,525,900.98)
Disposal assets groups classified as others non – current assets (Note 15)	-	-	(64,722,837.53)	-	-	(3,956,015.47)	(68,678,853.00)
Balance as at December 31, 2019	4,184,226.81	1,934,765.94	-	709,250.00	6,050,000.00	-	12,878,242.75

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	(Unit : Baht)						
	Separate						
	Land	Building and Improvement	Machinery and Equipment	Furniture and Office Equipment	Motor Vehicles	Construction in progress	Total
<b>Accumulated depreciation</b>							
Balance as at January 1, 2018	-	(55,422,470.57)	(914,706,682.65)	(9,212,218.86)	(15,555,562.03)	-	(994,896,934.11)
Depreciation for the year	-	(2,969,871.19)	(98,614,102.05)	(558,193.27)	(178,154.56)	-	(102,320,321.07)
Transfer (in) out	-	-	-	-	-	-	-
Disposal / Written off	-	-	8,448,454.41	1,313,164.18	4,096,567.57	-	13,858,186.16
Balance as at December 31, 2018	-	(58,392,341.76)	(1,004,872,330.29)	(8,457,247.95)	(11,637,149.02)	-	(1,083,359,069.02)
Depreciation for the year	-	(2,973,706.13)	(80,563,564.63)	(581,243.80)	(251,360.04)	-	(84,369,874.60)
Transfer (in) out	-	-	30,600.00	-	-	-	30,600.00
Disposal / Written off	-	1,734,367.30	109,707,758.03	5,564,436.21	-	-	117,006,561.54
Disposal assets groups classified as held for sale (Note 9)	-	59,110,725.75	923,744,451.91	2,764,809.54	5,838,510.06	-	991,458,497.26
Disposal assets groups classified as others non – current assets (Note 15)	-	-	51,953,084.98	-	-	-	51,953,084.98
Balance as at December 31, 2019	-	(520,954.84)	-	(709,246.00)	(6,049,999.00)	-	(7,280,199.84)
<b>Net book value as at December 31, 2018</b>	<u>40,170,032.37</u>	<u>54,720,400.00</u>	<u>348,087,189.49</u>	<u>1,889,510.82</u>	<u>1,366,790.14</u>	<u>8,235,592.54</u>	<u>454,469,515.36</u>
<b>Net book value as at December 31, 2019</b>	<u>4,184,226.81</u>	<u>1,413,811.10</u>	<u>-</u>	<u>4.00</u>	<u>1.00</u>	<u>-</u>	<u>5,598,042.91</u>
<b>Depreciation in statement of profit or loss for the year:</b>							
Ended December 31, 2018							<u>102,320,321.07</u>
Ended December 31, 2019							<u>84,369,874.60</u>

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The Group had land with structures thereon and machineries at net book value as at December 31, 2019 and 2018, of Baht 274.30 million and Baht 318.10 million, respectively with a commercial bank as guarantee for both short – term and long – term facilities.

As at December 31, 2019 and 2018 certain plant and equipment items have been fully depreciated but are still in use. The historical cost of those assets in the consolidate financial statements are Baht 62.83 million and Baht 561.68 million, respectively and in the separate financial statements are Baht 505.19 million and Baht 506.84 million, respectively.

**12. RIGHT UNDER THE RAW WATER DISTRIBUTION CONTRACT**

As at December 31, 2019 and 2018 are as follow:

	(Unit : Baht)
Balance as at January 1, 2018	153,907,038.72
Amortized during the year	(5,665,289.77)
Balance as at December 31, 2018	148,241,748.95
Amortized during the year	(5,665,289.78)
Balance as at December 31, 2019	142,576,459.17

The value of the right under the raw water distribution contract is based on the report of an independent appraiser dated June 23, 2016, using the income approach (based on the minimum volume of water to be supplied throughout the remaining term of the contract of 29 years) less the fair value of the property, plant and equipment.

The Management estimates the estimated duration of the benefit from the right under the raw water distribution contract starting from the date the Company exercises control over the subsidiary throughout the term of the contract of 350 months. The amortization is charged to profit and loss on a straight – line basis.

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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13. OTHER INTANGIBLE ASSETS

The condensed movements for the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Baht)	
	Consolidated	Separate
	Computer program	Computer program
<b>Cost</b>		
Balance as at January 1, 2018	11,914,323.29	11,556,068.52
Increase during the year	337,357.42	16,435.93
Balance as at December 31, 2018	12,251,680.71	11,572,504.45
Increase during the year	1,103,478.32	-
Disposal / Written off	(5,043,895.54)	(5,043,895.54)
Disposal assets groups classified as held for sale (Note 9)	-	(61,935.93)
Balance as at December 31, 2019	8,311,263.49	6,466,672.98
<b>Accumulated amortization</b>		
Balance as at January 1, 2018	(11,515,690.93)	(11,432,278.27)
Amortization charge	(294,532.43)	(124,113.72)
Balance as at December 31, 2018	(11,810,223.36)	(11,556,391.99)
Amortization charge	(325,567.82)	(4,108.73)
Disposal / Written off	5,043,849.54	5,043,849.54
Disposal assets groups classified as held for sale (Note 9)	-	49,979.20
Balance as at December 31, 2019	(7,091,941.64)	(6,466,671.98)
<b>Net book value as at December 31, 2018</b>	441,457.35	16,112.46
<b>Net book value as at December 31, 2019</b>	1,219,321.85	1.00
<b>The amortization expense in statement of profit or loss for the year :</b>		
Ended December 31, 2018	294,532.43	124,113.72
Ended December 31, 2019	325,567.82	4,108.73



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14. DEFERRED TAX

Deferred tax as at December 31, 2019 and 2018 are as follows:

	(Unit : Baht)			
	For the years ended December 31,			
	Consolidated		Separate	
	2019	2018	2019	2018
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(35,867,922.60)	(37,048,389.99)	-	-
Deferred tax assets – net	(35,867,922.60)	(37,048,389.99)	-	-

Movements in deferred tax assets and deferred tax liabilities during the years 2019 and 2018 are as follows:

	(Unit : Baht)				
	Consolidated				
	(Charged) credited to:				
	January 1, 2019	Other comprehensive income			December 31, 2019
		Profit or loss	Equity		
<b>Deferred tax assets :</b>					
Deferred revenue – accounting	-	-	-	-	-
Total	-	-	-	-	-
<b>Deferred tax liabilities :</b>					
Additions from asset revaluation at the acquisition date	(37,048,389.99)	1,180,467.39	-	-	(35,867,922.60)
Total	(37,048,389.99)	1,180,467.39	-	-	(35,867,922.60)

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(Unit : Baht)

	Consolidated				December 31, 2018
	(Charged) credited to:				
	January 1, 2018	Other			
		Profit or loss	comprehensive income	Equity	
<b><i>Deferred tax assets :</i></b>					
Deferred revenue – accounting	-	-	-	-	-
Total	-	-	-	-	-
<b><i>Deferred tax liabilities :</i></b>					
Additions from asset revaluation at the acquisition date	(38,228,857.37)	1,180,467.38	-	-	(37,048,389.99)
Total	(38,228,857.37)	1,180,467.38	-	-	(37,048,389.99)

Income tax recognized in the statement of income

Income tax expenses for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	For the years ended December 31,			
	Consolidated		Separate	
	2019	2018	2019	2018
<b>Current tax :</b>				
Income tax expenses for the year	54,649,107.03	32,966,207.23	17,968,526.97	12,384,152.73
<b>Deferred income tax :</b>				
Expenses (income), deferred income tax on temporary differences and reversals of temporary differences.	-	-	-	-
	54,649,107.03	32,966,207.23	17,968,526.97	12,384,152.73

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Current income tax payable

Movements during the years 2019 and 2018 are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
Balance as at January 1	12,732,552.84	130,546.23	8,836,041.49	-
Tax (expense) income for the years	54,649,107.03	32,966,207.23	17,968,526.97	12,384,152.73
Expenses (income), deferred income tax	-	-	-	-
Paying corporate income tax in the middle of the year paid during the year	(16,135,295.91)	(5,780,855.22)	(12,238,784.56)	-
Corporate income tax is withholding with exercising rights	(51,246,363.96)	(14,583,345.40)	(14,565,783.90)	(3,548,111.24)
Balance as at December 31	-	12,732,552.84	-	8,836,041.49

Reconciliation of effective tax rate

	(Unit : Baht)			
	Consolidated			
	Promoted operation		Non – promoted operation	
	2019	2018	2019	2018
Profit (loss) before tax	-	30,209,580.90	306,962,396.76	227,331,367.17
Tax rate	-	20%	20%	20%
Current income tax expense as tax rate	-	6,041,916.18	61,392,479.35	45,466,273.43
Tax implications for:				
Non – deductible expenses by the revenue code	-	81,239.92	1,541,425.06	1,218,616.84
Non – taxable income / Deductible expenses	-	-	(2,867,589.94)	(395,235.66)
Inter – company transactions	-	-	1,042,511.56	1,033,032.01
Benefit from taxable loss	-	-	(6,843,282.37)	(14,375,079.54)
Benefit of Non – taxable for promoted operation	-	(6,123,156.10)	-	-
Net loss in current year, not recognized as deferred tax	-	-	383,563.37	18,600.15
Total	-	(6,041,916.18)	(6,743,372.32)	(12,500,066.20)
Income tax expense	-	-	54,649,107.03	32,966,207.23

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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	(Unit : Baht)			
	Separate			
	Promoted operation		Non – promoted operation	
	2019	2018	2019	2018
Profit (loss) before tax	-	30,209,580.90	101,829,354.16	118,941,213.42
Tax rate	-	20%	20%	20%
Current income tax expense as tax rate	-	6,041,916.18	20,365,870.83	23,788,242.68
Tax implications for:				
Non – deductible expenses by the revenue code	-	81,239.92	379,246.08	663,402.20
Non – taxable income / Deductible expenses	-	-	(2,776,589.94)	(360,235.66)
Benefit from taxable loss	-	-	-	(11,707,256.49)
Benefit of Non – taxable for promoted operation	-	(6,123,156.10)	-	-
Net loss in current year, not recognized as deferred tax	-	-	-	-
Total	-	(6,041,916.18)	(2,397,343.86)	(11,404,089.95)
Income tax expense	-	-	17,968,526.97	12,384,152.73

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows :

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Loss carry forward	8,405,131.61	14,851,689.72	-	-
Employee benefit obligations	4,812,449.58	3,156,874.21	1,088,221.13	2,641,237.00
<b>Deferred tax assets - Net</b>	<b>13,217,581.19</b>	<b>18,008,563.93</b>	<b>1,088,221.13</b>	<b>2,641,237.00</b>

As at December 31, 2019 and 2018, The consolidated financial statement have deductible temporary differences totaling Baht 13.22 million and 18.01 million respectively, (Separate: Baht 1.09 million and 2.64 million respectively). On which deferred tax assets have not been recognized as the Company's management considers that there is uncertainty whether the Company will have sufficient future taxable income to utilize such items and/or they might not be used to offset taxable income in the future.

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As at December 31, 2019 and 2018, the Group had temporary differences mainly arising from the unutilized tax losses carry forward which have not been recognized as deferred tax assets in the statement of financial position as following:

(Unit : Baht)

	For the years ended December 31,			
	Consolidated		Separate	
	2019	2018	2019	2018
Loss carry forward	42,025,658.06	74,258,448.60	-	-

**15. OTHER NON-CURRENT ASSETS**

(Unit : Baht)

		For the years ended December 31,			
		Consolidated		Separate	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deposits at financial institution with commitment					
	Type	Guarantee			
- Saving accounts		Credit line	14,304,897.43	14,198,919.25	-
- Fixed deposits		Credit line and letter of guarantee	526,840.36	522,430.22	-
		Raw Water Buy and Sell Contract	2,940,186.40	2,909,937.60	-
		Fleet Card	616,065.94	550,345.11	-
			18,387,990.13	18,181,632.18	-
Other non-current assets			36,785,770.19	11,606,493.49	114,000.00
	Disposal assets groups classified as others				
		non – current assets (Note 11)	16,725,768.02	-	16,725,768.02
			71,899,528.34	29,788,125.67	945,169.50

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**16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTION**

	(Unit : Baht)					
	Interest rate (% p.a.)		Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Bank overdrafts	MOR	MOR	4,904,223.99	4,940,739.11	-	-
Promissory note from financial	3.40	-	46,324,045.00	-	-	-
Trust receipts and letter of credit			226,786,922.42	-	-	-
<b>Total</b>			<b>278,015,191.41</b>	<b>4,940,739.11</b>	<b>-</b>	<b>-</b>

Short – term loan from financial institution is promissory notes, maturity of 3 months and interest rate at 3.40% per annum.

As at December 31, 2019 and 2018, The Company and its subsidiaries have credit line of bank overdrafts from financial institutions of Baht 7 million and Baht 37 million, respectively. (Separate financial statement: Baht 2 million and 32 million respectively)

Bank overdrafts and short – term loans from financial institution (promissory note) is guaranteed by property and machinery of the Company and its subsidiaries. (Note 11)

The condensed movements for the nine-month period ended December 31, 2019 are as follows:

	(Unit : Baht)	
	Consolidated	Separate
Net book value as at January 1, 2019	-	-
<u>Add Increase</u>	98,196,805.59	-
<u>Less Decrease</u>	(51,872,760.59)	-
Net book value as at December 31, 2019	<b>46,324,045.00</b>	<b>-</b>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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17. TRADE AND OTHER CURRENT PAYABLES

(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade payable – Relate parties (Note 5.1)	-	-	24,102,233.76	14,296,006.68
Trade payable – Other parties	526,437,367.19	767,082,408.43	46,845,795.27	70,175,914.75
Retention payables	127,283,163.25	61,018,908.58	-	-
Advance Payment	5,854,905.89	7,123,580.99	-	-
Asset payable – Other parties	-	396,240.00	-	396,240.00
Unearned revenue from construction (Note 29)	-	13,247,655.83	-	-
Cash advance received of contract	24,080,256.56	75,468,171.40	-	-
Advance revenue from service contract	566,666.70	-	-	-
Advance received from goods	14,659,835.72	-	-	-
Other current payable				
– Other payable – Relate parties (Note 5.1)	-	-	-	80,000,000.00
– Deposit of land – Relate parties (Note 5.1)	-	-	100,000,000.00	-
– Other payable – Other parties	5,242,978.20	4,956,931.58	2,809,917.94	3,235,499.48
– Revenue department payables	48,593,997.86	6,874,455.32	12,961,694.20	2,571,891.35
– Accrued expenses	2,909,431.87	3,570,839.87	1,573,993.61	2,784,650.34
– Short-term employee benefits	20,063,135.12	22,116,921.35	17,323,976.56	18,799,817.74
– Other	3,082.50	824,647.92	-	821,565.42
Total trade and other current payables	<u>775,694,820.86</u>	<u>962,680,761.27</u>	<u>205,617,611.34</u>	<u>193,081,585.76</u>

18. SHORT TERM – BORROWINGS

(Unit : Baht)

	Consolidated		Separate	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Borrowings from persons and related parties (Note 5.1)	73,985,115.88	71,318,602.26	100,007,328.77	-
Borrowings from other company	-	-	-	-
	<u>73,985,115.88</u>	<u>71,318,602.26</u>	<u>100,007,328.77</u>	<u>-</u>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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19. LONG – TERM BORROWINGS

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>Long – term borrowings</u>				
Long – term borrowings from financial institutions	69,501,768.38	77,601,768.45	-	-
Finance lease liabilities	2,105,114.26	3,211,961.64	-	-
	<u>71,606,882.64</u>	<u>80,813,730.09</u>	<u>-</u>	<u>-</u>
<u>Current portion of long – term liabilities</u>				
Long – term borrowings from financial institutions	(8,100,000.00)	(8,100,000.00)	-	-
Finance lease liabilities	(1,153,315.37)	(1,123,051.75)	-	-
	<u>(9,253,315.37)</u>	<u>(9,223,051.75)</u>	<u>-</u>	<u>-</u>
	<u>62,353,567.27</u>	<u>71,590,678.34</u>	<u>-</u>	<u>-</u>

19.1 Long – term borrowings from financial institutions

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>Long – term borrowings</u>				
Long – term borrowings from financial institutions	69,501,768.38	77,601,768.45	-	-
Current portion of long – term liabilities	(8,100,000.00)	(8,100,000.00)	-	-
	<u>61,401,768.38</u>	<u>69,501,768.45</u>	<u>-</u>	<u>-</u>

The condensed movements for the year ended December 31, 2019 are as follows:

	(Unit : Baht)	
	Consolidated	Separate
Net book value as at January 1, 2019	77,601,768.45	-
Increase	-	-
Decrease	(8,100,000.07)	-
Net book value as at December 31, 2019	<u>69,501,768.38</u>	<u>-</u>



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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Long – term loan has detail of interest and repayment term which can be summarized as follows:

Credit limit		(Unit : Million Baht)		Period	Interest rate	Amount (Per Installments)
Credit limit	December 31, 2019	December 31, 2018				
1	210	210	September 2017 to December 2024	MLR p.a.	<ul style="list-style-type: none"> <li>- Shall monthly repay at least 900,000 Baht from January 2018 to July 2020</li> <li>- Shall monthly repay from at least 900,000 Baht November 2018 to December 2020</li> <li>- Shall monthly repay at least 1,500,000 Baht from January 2021 to July 2022</li> <li>- Shall monthly repay from at least 1,500,000 Baht November 2021 to December 2022</li> <li>- Shall monthly repay at least 2,000,000 Baht from January 2023 to July 2024</li> <li>- Shall monthly repay from at least 2,000,000 Baht November 2023 to December 2024 and remaining debts must be repaid within December 2024.</li> </ul>	

The long–term borrowings of Baht 210 million represent loans of a subsidiary which have the following securities:

1. Mortgage of its land subsidiaries. (Note 11)
2. Pledge of its deposit subsidiaries. (Note 15)
3. Guarantee by the director of the subsidiary.
4. Assign the right of receipt from Eastern Water Resources Development and Management PLC. (EASTW)

The borrowings agreement contains certain covenants regarding the dividend payment, maintaining the financial ratio, the lending to the related parties, additional borrowing and maintaining the shareholders structures.

On September 28, 2017, a subsidiary has entered into a debt restructuring agreement with a financial institution. The subsidiary shall monthly repay from January 2018 to December 2024 with the interest at the rate of MLR. The loan is guaranteed by A2 Technology Co., Ltd. not charged the fee between related.

Under the term of the agreement, the subsidiary shall comply to the conditions as follow :

1. No decreasing in share capital or merge with other company or established new company to run its operation without acceptance by bank.
2. No dividends, neither interim nor annual or distribute to the benefit or any return to any shareholder, one or all. And no matter which way or how to pay. Unless a prior consent is obtained from the bank.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**DECEMBER 31, 2019**

19.2 Liabilities under finance lease agreements

	(Unit : Baht)	
	Consolidated	
	December 31, 2019	December 31, 2018
Liabilities under finance lease agreements	2,251,770.62	3,471,991.70
Less : Deferred interest expenses	(146,656.36)	(260,030.06)
Total	2,105,114.26	3,211,961.64
Less : Portion due within one year	(1,153,315.37)	(1,123,051.75)
Liabilities under finance lease agreements – net of current portion	<u>951,798.89</u>	<u>2,088,909.89</u>

The Company has entered into the finance lease agreements with leasing companies for rental of equipments and vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

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

	(Unit: Million Baht)					
	Consolidated					
	Less than 1 year		1 - 4 years		Total	
	2019	2018	2019	2018	2019	2018
Future minimum lease payments	1.22	1.22	1.03	2.25	2.25	3.47
Deferred interest expenses	(0.07)	(0.10)	(0.08)	(0.16)	(0.15)	(0.26)
Present value of future minimum lease payments	<u>1.15</u>	<u>1.12</u>	<u>0.95</u>	<u>2.09</u>	<u>2.10</u>	<u>3.21</u>

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**20. EMPLOYEE BENEFITS OBLIGATION**

Movements of the present value of employee benefits obligation and employee benefit expenses for the years ended December 31, 2019 and 2018 included in the statement of profit or loss and other comprehensive income are as follows:

	(Unit : Baht)					
	Consolidated					
	For the years ended					
	December 31, 2019			December 31, 2018		
	Other long – term			Other long – term		
	Severance	employees		Severance	employees	
	benefits	benefits	Total	benefits	benefits	Total
Employee benefits obligation at						
beginning of years	12,918,329.08	2,866,041.99	15,784,371.07	7,925,135.02	2,749,073.00	10,674,208.02
Amounts recognized in profit or loss:						
Current service cost	2,038,288.00	516,939.91	2,555,227.91	1,358,835.13	471,518.02	1,830,353.15
Interest cost	615,204.00	77,255.90	692,459.90	282,839.21	55,880.04	338,719.25
Measurements of the other						
long – term benefit	-	-	-	-	674,570.93	674,570.93
Changing post –employment						
benefit plans	3,277,257.05	-	3,277,257.05	-	-	-
Recognized in other comprehensive income:						
(Gain) loss from actuarial						
assumptions	2,657,931.99	-	2,657,931.99	3,351,519.72	-	3,351,519.72
Benefits paid during the years	-	(905,000.00)	(905,000.00)	-	(1,085,000.00)	(1,085,000.00)
Employee benefits obligation at						
ending of years	<u>21,507,010.12</u>	<u>2,555,237.80</u>	<u>24,062,247.92</u>	<u>12,918,329.08</u>	<u>2,866,041.99</u>	<u>15,784,371.07</u>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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(Unit : Baht)

	Separate					
	For the years ended					
	December 31, 2019			December 31, 2018		
	Severance benefits	Other long – term employees benefits	Total	Severance benefits	Other long – term employees benefits	Total
Employee benefits obligation at beginning of years	10,864,236.02	2,341,948.99	13,206,185.01	6,780,298.03	2,248,889.00	9,029,187.03
Amounts recognized in profit or loss:						
Current service cost	1,038,049.00	427,644.91	1,465,693.91	520,544.05	391,059.02	911,603.07
Interest cost	502,101.00	63,464.90	565,565.90	219,754.93	45,965.04	265,719.97
Measurements of the other long –term benefit	-	-	-	-	566,035.93	566,035.93
Change a considered a post – employment plan amendment	2,952,760.03	-	2,952,760.03	-	-	-
Recognized in other comprehensive income:						
(Gain) loss from actuarial assumptions	-	-	-	3,343,639.01	-	3,343,639.01
Employee benefits obligation transferred to Asia Precision AT Co., Ltd.	(9,993,872.69)	(2,065,226.49)	(12,059,099.18)	-	-	-
Benefits paid during the years	-	(690,000.00)	(690,000.00)	-	(910,000.00)	(910,000.00)
Employee benefits obligation at ending of years	<u>5,363,273.35</u>	<u>77,832.31</u>	<u>5,441,105.67</u>	<u>10,864,236.02</u>	<u>2,341,948.99</u>	<u>13,206,185.01</u>

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Long – term employee benefit expenses included in the statement of profit or loss and other comprehensive income are as follows:

	(Unit : Baht)	
	Consolidated	
	For the years ended	
	December 31, 2019	December 31, 2018
<b>Recognized in profit or loss:</b>		
Costs of sales	1,797,147.98	1,137,688.03
Selling expenses	214,659.47	35,719.88
Administrative expenses	3,315,027.63	1,065,177.47
Executive compensation	1,198,109.78	605,057.95
Total	<u>6,524,944.86</u>	<u>2,843,643.33</u>
<b>Recognized in other comprehensive income:</b>		
Actuarial profit arising from defined benefit plan	2,657,931.99	3,351,519.72

	(Unit : Baht)	
	Separate	
	For the years ended	
	December 31, 2019	December 31, 2018
<b>Recognized in profit or loss:</b>		
Costs of sales	1,492,799.54	934,856.06
Selling expenses	214,659.47	35,719.88
Administrative expenses	2,078,451.05	537,919.08
Executive compensation	1,198,109.78	234,863.95
Total	<u>4,984,019.84</u>	<u>1,743,358.97</u>
<b>Recognized in other comprehensive income:</b>		
Actuarial (profit) loss arising from defined benefit plan	-	3,343,639.01

On April 5, 2019, The Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019 that the change is considered a project amendment for the post-employment benefits plan. The Company will record the effect of change by recognizing the past service cost immediately in the income statement in the period which the law is effective consolidated amount of Baht 3.31 million, and Separate amount of Baht 2.95 million).

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Principal actuarial assumptions at the valuation date are as follows:

	Consolidated	
	December 31, 2019	December 31, 2018
Discount rate (% per annum)	1.84 - 3.56	2.92 - 3.56
Average salary increase rate (% per annum)	2.05 - 8.66	2.05 - 9.81
Turnover Rate	Age band	Age band
Retirement age	60 years old	60 years old

	Separate	
	December 31, 2019	December 31, 2018
Discount rate (% per annum)	3.15 - 3.38	3.15 - 3.38
Average salary increase rate (% per annum)	2.05 - 4.20	2.05 - 4.20
Turnover Rate	Age band	Age band
Retirement age	60 years old	60 years old

The result of sensitivity analysis for significant assumptions that affect the present value of the long – term employee benefit obligations as at December 31, 2019 are summarized below:

	(Unit : Baht)			
	Change of the present value of the employee benefit obligations increase (decrease)			
	Consolidated		Separate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1,322,407.00)	1,444,372.00	(865,443.00)	938,097.00
Salary increase rate	1,329,459.00	(1,229,135.00)	889,373.00	(826,611.00)
Turnover rate	(1,485,335.00)	1,612,544.00	(1,001,091.00)	1,075,546.00

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2019, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

	(Unit : Baht)	
	Consolidated	Separate
Within 1 year	2,287,470.00	1,876,575.00
Over 1 and up to 5 years	9,788,992.00	7,394,618.00
Over 5 years	28,433,092.00	15,517,774.00

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### 21. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its net income at each dividend declaration until the reserve reaches an amount not less than 10% of the authorized common share capital. The legal reserve is not available for dividend distribution.

#### 22. DIVIDEND

According to the Board of Directors of Asia Precision Public Company Limited meeting 4/2019 on November 12, 2019, the Board of Directors approved of interim dividend pay – out from operation of year 2018 at 0.10 Baht per share to shareholders, total amount of 65,999,996.20 Baht. The record date is on November 26, 2019 and the Company already paid the dividend on December 6, 2019.

#### 23. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing earnings (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid – up ordinary shares during the year.

	For the years ended December 31,			
	Consolidated		Separate	
	2019	2018	2019	2018
Profit (loss) of parent Company for the period (Unit : Baht)	238,743,093.26	221,421,591.14	83,860,827.19	136,766,641.59
The number of ordinary shares by the weighted average method (Unit : Shares)	659,999,862	659,999,862	659,999,862	659,999,862
Basic earnings (loss) per share (Baht / share)	0.36	0.34	0.13	0.21

#### 24. SEGMENT INFORMATION

The Group presents financial information by business segments. Based on the management system. The Group's management and internal reporting structure is a component of segment reporting.

Performance by segment and segment assets Include items directly related to the division. Or that can be rationalized to the segment. Most unallocated items consist of assets, other income, selling expenses, administrative expenses and financial costs.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Details of information classified by operating segments of the Company and its subsidiaries. For the years ended December 31, 2019 and 2018 are as follows:

(Unit : Million Baht)

	Consolidated							
	For the years ended December 31							
	High Precision Part and Components		Engineering and Construction		Water resource management		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from sales and services	853.64	990.71	1,870.79	1,450.40	63.72	35.71	2,788.15	2,476.82
Costs of sales / Cost of services	(652.88)	(748.39)	(1,644.25)	(1,285.65)	(18.46)	(13.01)	(2,315.59)	(2,047.05)
Gross profit (loss)	200.76	242.32	226.54	164.75	45.26	22.70	472.56	429.77
<b>Unallocated income and expenses :</b>								
Other income							22.52	3.67
Distribution costs							(5.33)	(5.33)
Administrative expense							(173.37)	(161.90)
Other expenses							(1.24)	(0.12)
Finance costs							(8.18)	(8.55)
Profit (loss) before income tax expense							306.96	257.54
Tax (expense) income							(54.65)	(32.97)
Profit (loss) for the year							252.31	224.57
<b>Other comprehensive income (expense) :</b>								
Actuarial gains							(2.66)	(3.35)
Total other comprehensive income (expense) for the year							(2.66)	(3.35)
Total comprehensive income (expense) for the year							249.65	221.22



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**NOTES TO FINANCIAL STATEMENTS**

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The reconciliations of each segment total assets to the Group's assets and other material items as at December 31, 2019 and 2018 were as follow:

(Unit : Million Baht)

	Consolidated							
	For the years ended December 31							
	High Precision Part and Components		Engineering and Construction		Water resource management		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Property, plant and equipment	383.24	476.26	29.23	15.46	378.82	384.58	791.29	876.32
Right under the raw water distribution contract	-	-	-	-	142.58	148.24	142.58	148.24
Intangible assets	0.10	0.01	1.11	0.42	0.01	0.01	1.22	0.44
Deferred tax assets	-	-	-	-	-	-	-	-
Other non-current assets	23.40	2.91	39.98	28.10	8.51	8.34	71.89	39.35
<b>Total non-current assets</b>	<b>406.74</b>	<b>479.18</b>	<b>70.32</b>	<b>43.98</b>	<b>529.92</b>	<b>541.17</b>	<b>1,006.98</b>	<b>1,064.35</b>

**Gross profit for each segment**

Geography is based on sales minus cost of sales. This is calculated based on the gross profit of the Company and its subsidiaries. Other assets Most of them consist of cash and cash equivalents, trade receivable, inventories and others.

**Major customer**

Separate financial statement

1 major customers for the ended December 31, 2019, The Company major customer were domestic sales and revenue from products for the automotive industry amounting to Baht 93.66 million.

For the year ended December 31, 2018, there is no major customer.

Subsidiary

The Subsidiary major customers for the year ended December 31, 2019 and 2018, 2 and 1 person, respectively were domestic sales and revenue from power plant construction and consulting fees amounting to Baht 1,374.91 million and Baht 803.27 million, respectively.

**Geographical segments information**

Revenue of the Group's Geographical segments information for the years ended December 31, 2019 and 2018 were as follows:

(Unit : Million Baht)

	For the years ended December 31,					
	Thailand		Overseas		Consolidated	
	2019	2018	2019	2018	2019	2018
Revenue from sales	2,645.21	2,312.14	142.94	164.68	2,788.15	2,476.82

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**25. BENEFICIAL PRIVILEGES FROM INVESTMENT PROMOTION**

The Company and subsidiary company were granted 2 investment promotion certificates from Board of Investment. The received benefits and privileges are under Investment Promotion Act, B.E. 2520 Sections 25, 26, 27, 28, 29, 36(1), The benefits derived from the include exemption of income tax on net profit derived from operating business under investment promotion for the of 8 years commencing from the first day the income is generated from promoted business. The details of investment certificates received are as follows:

**The Company**

Certificate No.	Date	Category of Promoted Business	Date of First Income	Expired Date
1257(2)2554	February 25, 2011	Manufacturing of metal parts	July 1, 2011	June 30, 2018

**The subsidiary company**

Certificate No.	Date	Category of Promoted Business	Date of First Income	Expired Date
60-1247-0-001-2	November 9, 2017	Manufacturing of metal parts	Not started to used yet	Not started to used yet

The details of the operating results of the promoted and non - promoted businesses in the financial statements are as follows:

(Unit : Baht)

	Consolidated					
	For the years ended December 31,					
	Promoted operation		Non – promoted operation		Total	
	2019	2018	2019	2018	2019	2018
Revenues from sales and services	-	310,273,456.22	1,023,433,552.23	689,184,197.58	1,023,433,552.23	999,457,653.80
Revenue from consulting services	-	-	51,000,000.00	-	51,000,000.00	-
Revenue from construction	-	-	1,650,001,492.89	1,441,651,866.27	1,650,001,492.89	1,441,651,866.27
Revenue from sale of raw water	-	-	63,716,482.05	35,710,103.95	63,716,482.05	35,710,103.95
Other income – scrap **	-	5,644,230.44	12,259,008.00	14,085,497.06	12,259,008.00	19,729,727.50
Other income	-	1,236,262.62	22,519,870.01	2,435,121.10	22,519,870.01	3,671,383.72
<b>Total</b>	<b>-</b>	<b>317,153,949.28</b>	<b>2,822,930,405.18</b>	<b>2,183,066,785.96</b>	<b>2,822,930,405.18</b>	<b>2,500,220,735.24</b>

(Unit : Baht)

	Separate					
	For the years ended December 31,					
	Promoted operation		Non – promoted operation		Total	
	2019	2018	2019	2018	2019	2018
Revenue from sale	-	310,273,456.22	918,517,508.59	680,440,936.12	918,517,508.59	990,714,392.34
Other income – scrap **	-	5,644,230.44	12,259,008.00	14,085,497.06	12,259,008.00	19,729,727.50
Other income	-	1,236,262.62	10,043,040.21	314,238.35	10,043,040.21	1,550,500.97
<b>Total</b>	<b>-</b>	<b>317,153,949.28</b>	<b>940,819,556.80</b>	<b>694,840,671.53</b>	<b>940,819,556.80</b>	<b>1,011,994,620.81</b>

\*\* It presents transactions in profit or loss by netting against cost of sales.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**26. Expenses by nature**

Significant expenses by nature of expense for years ended December 31, 2019 and 2018 are as follow:

	(Unit : Baht)			
	For the years ended December 31,			
	Consolidated		Separate	
	2019	2018	2019	2018
Change in finished goods and work in process	29,442,623.24	160,892.39	51,207,988.72	8,410,741.31
Raw material and consumables used	308,911,767.48	365,964,837.74	297,404,088.14	350,414,311.25
Cost of construction	1,478,197,159.83	1,276,882,844.54	-	-
Salary, wages and other employee benefits	304,460,951.27	301,357,022.36	218,727,511.71	221,005,077.68
Depreciation	95,804,147.01	111,606,370.03	84,369,874.60	102,320,321.07
Amortization – intangible assets	325,567.82	294,532.43	4,108.73	124,113.72

**27. DISCLOSURE OF IMPORTANT INFORMATION ABOUT THE CONTRACT**

**Raw Water Contract No. 1**

On January 29, 2014, Cholkij Sakol Company Limited (a subsidiary) has entered into a raw water purchase agreement with a private company. In accordance to the conditions stipulated in the agreement, the subsidiary agreed to sell raw water to the said company and comply with the conditions stipulated in the agreement. The agreement is effective for a period of 10 years and can be renewed for the contract 10 years, less up to 2 times (including 30 years contract), starting from November 1, 2017.

The subsidiary agrees to sell the raw water to such company. The minimum volume is not less than 8 – 12 million cubic meters per year.

**Special Reciprocal Lease Agreement**

On August 9, 2017, a subsidiary company entered into special reciprocal land lease agreement with a private company. Under the conditions of the agreement, the said company agreed to lease parts of the subsidiary company's land and to comply with the conditions stipulated in the agreement. The agreement is effective from August 9, 2017, and is valid for 30 years from the commencement date.

**Raw Water Contract No. 2**

On July 25, 2017, Cholkij Sakol Company Limited (a subsidiary) entered into raw water sales agreement with a private company. Under the terms of the agreement. The subsidiary agree to sell the raw water to the company. Minimum volume of not less than 5 – 8 million cubic meters per year for a of 30 years, starting from January 1, 2018 to December 31, 2047, and in accordance with the conditions specified in the agreement.

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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28. CONTINGENT LIABILITIES AND COMMITMENTS

28.1 Obligation and credit lines for loans from financial institutions

	Currency (Unit)	Consolidated					
		December 31, 2019			December 31, 2018		
		Credit lines	Credit Used	Credit remain	Credit lines	Credit Used	Credit remain
Bank overdrafts	Million Baht	7.00	4.90	2.10	37.00	4.94	32.06
Trust receipts and letters of credit */ **	Million Baht	30.00	-	30.00	220.00	1.36	218.64
Short – term borrowings	Million Baht	30.00	-	30.00	120.00	-	120.00
Long – term borrowings	Million Baht	450.00	94.96	355.04	-	-	-
Letter of guarantee **	Million Baht	13.38	7.93	5.45	147.08	70.13	76.95
Forward contract (USD)	Million USD	0.63	-	0.63	1.24	-	1.24

	Currency (Unit)	Separate					
		December 31, 2019			December 31, 2018		
		Credit lines	Credit Used	Credit remain	Credit lines	Credit Used	Credit remain
Bank overdrafts	Million Baht	2.00	-	2.00	32.00	-	32.00
Trust receipts and letters of credit	Million Baht	30.00	-	30.00	40.00	1.36	38.64
Short – term borrowings	Million Baht	30.00	-	30.00	120.00	-	120.00
Letter of guarantee	Million Baht	4.50	4.41	0.09	6.00	4.41	1.59
Forward contract (USD)	Million USD	0.63	-	0.63	1.24	-	1.24

\* Credit lines together with the parent company

Guaranteed of long – term loans from the financial institution

A2 Technologies Co., Ltd.

As at December 31, 2019, A2 Technologies Co., Ltd. guaranteed a letter of advance received under Construction contract to A2teeravat joint venture Co., Ltd. not charged the fee between related.

The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company at the rate of 22.12%) jointly guaranteed a letter of guarantee of Baht 162.67 million to A2 Technology Co., Ltd. to issue a letter of guarantee for the construction without inter – charges and Advance Web Studio Co., Ltd., pledge of 27.05 million ordinary shares of Asia Precision Public Company Limited as collateral.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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The Company and Advance Web Studio Co., Ltd. (a shareholder of the Company at the rate of 22.12%) and A2 Technology Co., Ltd. jointly guaranteed a letter of guarantee of Baht 62.20 million to A2teeravat joint venture Co., Ltd. to issue a letter of guarantee for the construction without inter – charges and Advance Web Studio Co., Ltd., pledge of 13.45 million ordinary shares of Asia Precision Public Company Limited as collateral.

\*\* On December 18, 2018, A2 Technologies Co., Ltd. received a credit limit from a financial institution, which consisted of a guarantee limit of Baht 70 million and a revolving credit limit of Baht 180 million. The purpose of this credit limit is for supporting projects and working capital requirement. The interest rate is equal to money market rate. The credit limit is guaranteed by Asia Precision PLC, Advance Web Studio Co., Ltd. and APCS Technologies Co., Ltd.

On November 7, 2019, an increase in credit limit of A2 Technologies Co., Ltd. from Baht 250 million to Baht 470 million was approved. Detail as follows:

1. Revolving credit limit (Combine Line) of Baht 450 million.
2. Pre-settlement limit of Baht 20 million for protecting against risk

Note that APCS Technologies Co., Ltd. is allowed to use the joint credit limit, but not exceeding Baht 250 million.

Key conditions regarding drawdown as follows:

1. A2 Technologies Co., Ltd. must transfer the claim to the bank in the agreed format, with value equivalent to the project contract value or the net installment minus advance payment, for projects that have project value exceeding Baht 30 million or projects with duration over 9 months.
2. In the case of drawdown guarantee limit, type receive payment in advance, prior to arranging collateral contract with the bank, A2 Technologies Co., Ltd. must arrange a claim transfer and/or registered collateral as agreed with the bank.

#### Cholkij Sakol Co., Ltd.

Guaranteed by land and machinery of a subsidiary, and for credit line of letter of guarantee amount of Baht 100.05 million has been co – guarantee by Advance web studio Co., Ltd. (holding 22.12% in the Company) which such company has used common share certificate holding in Asia Precision Public Company Limited by 25.50 million shares to co – guarantee.

The loan under debt restructuring of Cholkij Sakol Co., Ltd. is guaranteed loans in proportion to shareholding by A2 Technologies Co., Ltd. not charged the fee between related (Note 19.1).

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**28.2 Operating lease commitments**

As at December 31, 2019 and 2018, the Group has entered into assets rental and other service agreements for the carried from 1 year to 5 years. The Group has commitment to repay service fee according to contract as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Due within one year	8,352,658.92	25,552,370.32	-	3,148,200.00
Due over one year but not later than five years	4,167,500.00	23,729,901.92	-	2,639,400.00
<b>Total</b>	<b>12,520,158.92</b>	<b>49,282,272.24</b>	<b>-</b>	<b>5,787,600.00</b>

**28.3 Contractor agreement commitments**

As at December 31, 2019, the subsidiary company has commitment as follows:

	Contractor amount (Contract)	(Unit : Baht)		
		Consolidated		
		Contract Amount	Payment	Outstanding
Construction agreement	95	1,347,186,068.04	(1,103,005,253.99)	244,180,814.05

**29. SIGNIFICANT INFORMATION OF CONSTRUCTION CONTRACTS**

The Company has significant information about the value of contract work as follow:

	(Unit : Baht)	
	Consolidated	
	December 31, 2019	December 31, 2018
Contract revenues at the beginning of the period/year	2,970,104,289.91	2,252,000,000.00
<u>Add</u> Get contractual work during the period/year	339,981,097.60	990,325,789.91
<u>Less</u> Construction work canceled during the period/year	(10,440,884.78)	(14,921,500.00)
<u>Less</u> Construction work can be closed by contract during the period/year	(793,095,690.39)	(257,300,000.00)
Contract revenues at the ending of period/year	2,506,548,812.34	2,970,104,289.91
Value of work completed of contract revenues (work not yet be closed)	(2,262,457,235.05)	(1,405,551,432.55)
Contract revenues the remaining – Net	244,091,577.29	1,564,552,857.36

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Significant information of construction contracts as at December 31, 2019 and 2018, are as follows:

	(Unit : Baht)	
	Consolidated	
	December 31, 2019	December 31, 2018
Revenues from contracts recognized as revenues at the beginning of the period/year	1,405,551,432.55	221,052,221.50
<u>Add</u> Revenues from contracts recognized as revenues during the period/year	1,650,001,492.89	1,441,799,211.05
<u>Less</u> Revenues from contracts work can be closed during the period/year	(793,095,690.39)	(257,300,000.00)
Revenues from contracts cumulative at the ending of period/year	<u>2,262,457,235.05</u>	<u>1,405,551,432.55</u>
Costs of contracts recognized as cost at the beginning of the period/year	1,245,045,083.15	171,353,419.94
<u>Add</u> Costs of contracts recognized as cost during the period/year	1,478,197,159.83	1,277,132,844.54
<u>Less</u> Costs of contract work can be closed during the period/year	(685,812,680.71)	(203,441,181.33)
Costs of contract cumulative at the ending of period/year	<u>2,037,429,562.27</u>	<u>1,245,045,083.15</u>
Profit on construction contract recognized as profit at the beginning of the period/year	160,506,349.40	49,698,801.56
<u>Add</u> Profit on construction contract recognized as profit during the period/year	171,804,333.06	164,666,366.51
Loss on construction contract work can be closed during the period/year	48,504.67	-
<u>Less</u> Profit on construction contract work can be closed during the period/year	(107,331,514.35)	(53,858,818.67)
Profit on construction contract cumulative at the ending of period/year	<u>225,027,672.78</u>	<u>160,506,349.40</u>
Unbilled construction revenues at the beginning of the period/year	830,749,471.88	30,573,802.77
Unearned construction revenues at the beginning of the period/year	(13,247,655.83)	-
<u>Add</u> Revenues from contracts recognized as revenues during the period/year	1,650,001,492.89	1,441,651,866.27
<u>Less</u> Progress billings during the period/year	(1,973,374,804.01)	(654,723,852.99)
Unearned construction revenues at the ending of period/year (Note 17)	-	13,247,655.83
Unbilled construction revenues at the ending of period/yea (Note 7)	<u>494,128,504.93</u>	<u>830,749,471.88</u>
	(Unit : Baht)	
	Consolidated	
	For the years ended December 31,	
	2019	2018
Revenues from contracts recognized as revenues	1,650,001,492.89	1,441,651,866.27
Costs of construction contracts incurred and recognized as expenses	(1,478,197,159.83)	(1,276,882,844.54)
Profit recognized during the year	<u>171,804,333.06</u>	<u>164,769,021.73</u>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENT

*Policy on financial risk management*

The Group is exposed to normal risk regarding to the change of market interest rate and currency exchange rate and non-performance of contractual obligations by counter parties. The Group will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Group has no policy to use financial instruments for speculating or for trading.

*Risk on credit provision*

The Group is exposed to credit risk primarily with respect to trade accounts receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, The Group does not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and notes receivable as stated in the statement of financial position.

*Risk on interest rate*

Interest rate risk is occurred from changes in market interest rates which will affect the results of the Group operations and its cash flows. The Group exposure to interest rate risk relates to their cash at banks and loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal, Details are as follows:

(Unit : Baht)

Consolidated

For the year ended December 31, 2019

	Fixed interest rate		Floating interest bearing	Non – interest bearing	Total
	Within 1 year	More than 1 year to 5 years			
<b>Financial assets :</b>					
Cash and cash equivalents	-	-	386,169,124.08	220,117,325.69	606,286,449.77
Trade and other current receivables	-	-	-	1,441,903,055.86	1,441,903,055.86
Other non – current assets	4,083,092.70	-	14,304,897.43	53,511,538.21	71,899,528.34
<b>Total</b>	<b>4,083,092.70</b>	<b>-</b>	<b>400,474,021.51</b>	<b>1,715,531,919.76</b>	<b>2,120,089,033.97</b>
<b>Financial liabilities :</b>					
Bank overdrafts and Short – term loans from financial institution	46,324,045.00	-	4,904,223.99	226,786,922.42	278,015,191.41
Trade and other current payable	-	-	-	775,694,820.86	775,694,820.86
Current portion of long – term liabilities	-	-	9,253,315.37	-	9,253,315.37
Short – term borrowings	185,400.00	-	48,033,076.75	25,766,639.13	73,985,115.88
Long – term borrowings	-	-	62,353,567.27	-	62,353,567.27
<b>Total</b>	<b>46,509,445.00</b>	<b>-</b>	<b>124,544,183.38</b>	<b>1,028,248,382.41</b>	<b>1,199,302,010.79</b>



ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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(Unit : Baht)

Consolidated

For the year ended December 31, 2018

	Fixed interest rate		Floating interest bearing	Non – interest bearing	Total
	Within 1 year	More than 1 year to 5 years			
Financial assets :					
Cash and cash equivalents	100,821,966.87	-	317,019,063.83	19,260,724.44	437,101,755.14
Trade and other current receivables	-	-	-	1,286,862,708.74	1,286,862,708.74
Other non – current assets	3,982,712.93	-	14,198,919.25	21,168,993.49	39,350,625.67
<b>Total</b>	<b>104,804,679.80</b>	<b>-</b>	<b>331,217,983.08</b>	<b>1,327,292,426.67</b>	<b>1,763,315,089.55</b>
Financial liabilities :					
Bank overdrafts and Short – term loans from financial institution	-	-	4,940,739.11	-	4,940,739.11
Trade and other current payable	-	-	-	962,680,761.27	962,680,761.27
Current portion of long – term liabilities	-	-	9,223,051.75	-	9,223,051.75
Short – term borrowings	-	-	48,033,076.75	23,285,525.51	71,318,602.26
Long – term borrowings	-	-	71,590,678.34	-	71,590,678.34
<b>Total</b>	<b>-</b>	<b>-</b>	<b>133,787,545.95</b>	<b>985,966,286.78</b>	<b>1,119,753,832.73</b>

(Unit : Baht)

Separate

For the year ended December 31, 2019

	Fixed interest rate		Floating interest bearing	Non – interest bearing	Total
	Within 1 year	More than 1 year to 5 years			
Financial assets :					
Cash and cash equivalents	-	-	194,105,253.98	7,212,728.49	201,317,982.47
Trade and other current receivables	-	-	-	221,067,853.72	221,067,853.72
Short – term loans	-	-	150,000,000.00	-	150,000,000.00
Other current assets	-	-	-	16,839,768.02	16,839,768.02
<b>Total</b>	<b>-</b>	<b>-</b>	<b>344,105,253.98</b>	<b>245,120,350.23</b>	<b>589,225,604.21</b>
Financial liabilities :					
Trade and other current payable	-	-	-	205,617,611.34	205,617,611.34
Short – term loans	100,000,000.00	-	-	7,328.77	100,007,328.77
<b>Total</b>	<b>100,000,000.00</b>	<b>-</b>	<b>-</b>	<b>205,624,940.11</b>	<b>305,624,940.11</b>

ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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(Unit : Baht)

	Separate				Total	
	For the year ended December 31, 2018					
	Fixed interest rate		Floating interest bearing	Non – interest bearing		
	Within 1 year	More than 1 year to 5 years				
Financial assets :						
Cash and cash equivalents	-	-	274,245,146.97	461,108.13	274,706,255.10	
Trade and other current receivables	-	-	-	167,864,490.42	167,864,490.42	
Other current asset	-	-	-	945,169.50	945,169.50	
Total	-	-	274,245,146.97	169,270,768.05	443,515,915.02	
Financial liabilities :						
Trade and other current payable	-	-	-	193,081,585.76	193,081,585.76	
Total	-	-	-	193,081,585.76	193,081,585.76	

**Risk on exchange rate**

The Group has a foreign currency risks in respect of the sales purchase transactions. The Group Company manages its exposure to foreign currency risk by natural balancing net position of receipt and payment of the foreign currency transactions. In each period, The Group seeks to reduce the risk on net position by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at December 31, 2019 and 2018, the outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies which did not perform the forward contract so as hedge against risk of currencies are as follows:

(Unit : Million Baht)

	Consolidated			
	Financial assets		Financial liabilities	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
Currencies :				
USD	3.74	2.66	9.40	0.07
EUR	1.13	0.74	-	0.03
YEN	1.26	1.26	-	-
INR	-	-	-	0.80

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(Unit : Million Baht)

	Separate			
	Financial assets		Financial liabilities	
	December	December	December	December
	31, 2019	31, 2018	31, 2019	31, 2018
<b>Currencies :</b>				
USD	3.74	2.66	0.03	0.03
EUR	1.13	0.74	-	0.02
YEN	1.26	1.26	-	-
INR	-	-	-	0.80

***Determination of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non – financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short – term loans, other current assets, bank overdrafts, short – term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of long – term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

**31. PROVIDENT FUND**

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 1987. The Group and their employees will contribute the same amount at 2% of staffs' salary to this fund. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2019 and 2018, in the consolidated financial statements, the Group contributions amounted to approximately Baht 2.45 million and Baht 2.58 million, respectively and separate financial statements amounted to approximately Baht 1.62 million and Baht 1.19 million, respectively.

## ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### 32. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain assurance of shareholder, investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total shareholders' equity, excluding non – controlling interests and also monitors the level of dividends to ordinary shareholders.

As at December 31, 2019 and 2018, in the consolidated financial statements, debt to equity ratio is 0.67 : 1 and 0.70 : 1 respectively and the separate financial statements, debt to equity ratio is 0.22 : 1 and 0.15 : 1 respectively.

#### 33. BUSINESS TRANSFER OF HIGH PRECISION PARTS MANUFACTURING DIVISION TO ASIA PRECISION A.T. COMPANY LIMITED

On April 20, 2019, during the Annual General Meeting No.1/2019 of Asia Precision Public Company Limited, the shareholders approved the group business restructuring which will transfer high precision parts manufacturing division to Asia Precision A.T. Company Limited. Details are as follows:

- 1) On December 29, 2019, APCS and APAT entered into a purchase agreement to transfer business from APCS to APAT, with a total value of Baht 274.90 million. This includes, but not limited to, land, buildings, vehicles, licenses, employee, intellectual property, trademarks, inventories, office furniture, electrical equipment, office supplies, equipment used in manufacturing and sale of high precision parts, assets, rights, and all other assets from APCS related to operation of manufacturing business including benefits from the aforementioned assets without any obligations. APAT paid deposit to APCS in the amount of Baht 100 million, with the remaining balance to be paid on May 31, 2020.

The details of transaction are as follows:

Part 1 – Initial part of transaction was completed on December 31, 2019, which consisted of:

1. Inventory – total value of Baht 65.09 million.
2. Employee – 633 employees. APCS also transferred employee benefits to APAT, amounting to Baht 12.06 million.

These transactions were completed on December 31, 2019.

Part 2 – The remaining transactions will be completed within March 31, 2020, which will consist of:

1. Land and building – total value of Baht 187.34 million.
2. Vehicles – total value of Baht 2.78 million.
3. Other assets – total value of Baht 19.67 million.

These transactions were completed on January 3, 2020.

Nevertheless, APCS has the obligation to complete maintenance of electrical system, water drainage system, ventilation system, and building structure within March 31, 2020. APCS will be responsible for all costs related to the aforementioned maintenance project, but not exceed Baht 12 million.

- 2) On January 2, 2020, APCS sold total of 506 machines and equipment to a factoring company. Later on, APAT entered into a leasing agreement with the same factoring with total amount of Baht 255 million, with a lease term of 2 years and a pledge of Baht 55 million.

**ASIA PRECISION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

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**34. SUBSEQUENT EVENT**

- Approval from the Board of Directors' meeting of Asia Precision Public Company Limited ("Company") no.1/2020, held on February 28, 2020, are as follows:
  1. Approval for submission to shareholder's meeting to approve dividend payment from 2019 operation to shareholders in the form of cash at Baht 0.06 per share or not exceeding Baht 39.60 million and date of dividend payment to be on May 22, 2020.
  2. Approval for submission to shareholder's meeting to approve debenture issuance of total limit not exceeding Baht 1,500 million. Details as follows:

Objectives	:	For use in normal business operation, and/or for repayment of debentures, and/or for investment by the Company and its subsidiaries, and/or for working capital of the Company and its subsidiaries, and for any objectives the board of directors deem as appropriate.
Type	:	Debentures of any type: <ul style="list-style-type: none"> <li>- Specified and unspecified holder's name</li> <li>- Secured and unsecured type</li> <li>- With and without guarantor</li> <li>- With and without holder's representative</li> <li>- Subordinated or unsubordinated</li> </ul> The type of debenture issues depends on market condition at the time of issuance and any other factors affecting.
Currency	:	Thai Baht and/or foreign currencies of the equivalent value
Total debenture value	:	Principal value of debenture not exceeding Baht 1,500, or equivalent value in other currencies. The Company may choose to issue debenture (s) as a single issuance or multiple issuances, and/or per project basis. The Company may issue new debentures to replace existing debentures of any types of redemption (Revolving Basis). The total value of outstanding debentures at any point in time must not exceed the aforementioned principal value limit.
Interest rate	:	Depends on the market condition at the time of issuance of each debenture
Age	:	Depends on the market condition at the time of issuance of each debenture, and follow the terms set by SEC and/or SET
Early redemption	:	Holders of debentures and/or the Company may or may not exercise early redemption, this will depend on the terms set for each debenture issued
Issuance	:	The debenture may be issued as a single issuance in one or multiple batches or as multiple issuances. The debenture may be offered to the general public, and/or private investors, and/or institutional investors, and/or high net worth investors, and/or investors that have characteristics specified in SEC and SET announcement. The debenture may be issued to domestic and/or international market following terms set by SEC and/or SET, and/or regulations set by the related ministries.

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DECEMBER 31, 2019

Seeking the board of directors' approval to delegate authority to the chairman of the board, and/or board of directors, and/or managing director, and/or designated persons involved with the issuance of debenture. The delegates will have the authority to manage, but not limited to, the following matters:

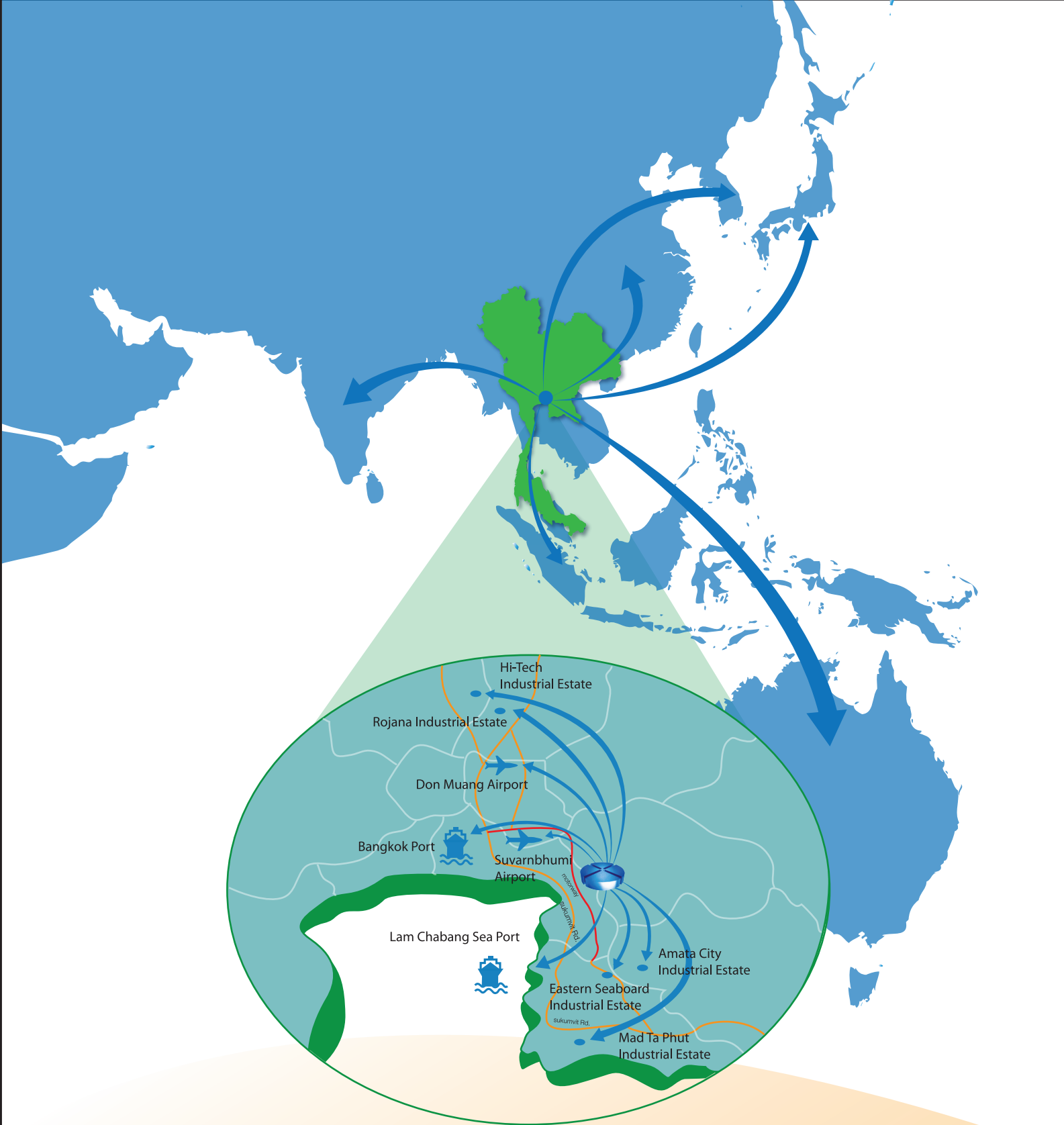
- i) Define conditions and details related to the debenture issuance as appropriate per market condition including, but not limited to, the debenture name, type, collateral (if any), currency, amount, age, face value, unit price, interest rate, redemption, issuance method, payment method, allocation method, right terms, and etc. The debenture may be issued as a single or multiple issuances.
  - ii) Perform necessary tasks to facilitate debenture issuance, and have the authority to assign debenture holder's representative, and/or debenture registrar, and/or distributor, and/or underwriter, and/or various consultants, and/or any person related to debenture issuance, and/or credit rating agency, and/or appraiser. Facilitate registration to Thai BMA and/or other secondary markets.
  - iii) Contact, inform, negotiate, sign, endorse, submit, and amend documents and agreements related to debenture issuance; this includes, but not limited to, permission request, prospectus, information sheet, documents and evidence to be submitted to SEC and SET, and/or other related authorities.
  - iv) Perform any other necessary tasks to complete debenture issuance.
- On February 19, 2020, Export – Import Bank of Thailand approved a credit limit for A2 Technologies Co., Ltd., details as follows:

Item	Details
<b>Credit Limit</b>	<ol style="list-style-type: none"><li>1. Credit limit PSF (Domestic P/O, Domestic Contract, Domestic Invoice) together with L/C, D L/C, T/R 90 days and Invoice Discounting, total of 100 million Baht.</li><li>2. Letter of guarantee: Bid Bond, Advance Payment Bond, Performance Bond, Retention Bond and Warranty, total of 130 million Baht.</li><li>3. Forward Contract Limit of 60 million USD.</li></ol>
<b>Interest rate / Fee</b>	<p><u>Credit Limit 1</u> PSF, T/R, Invoice Discounting : Prime Rate – 2.50 per annum Open L/C 1/4 % per 3 months, Open D L/C 1/8 % per month</p> <p><u>Credit Limit 2</u> Bid Bond 1.25% per annum, other types of letter of guarantee 1.50% per annum</p>
<b>Guarantee</b>	<ol style="list-style-type: none"><li>1. Registered deposit account as business collateral to support the transfer of right to receive payment from client</li><li>2. Guarantee by 2 companies:<ol style="list-style-type: none"><li>1) Asia Precision Public Company Limited</li><li>2) Advance Web Studio Company Limited</li></ol></li></ol>

### 35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved to be issued by the Company's board of directors on February 28, 2020.





# ASIA PRECISION

[www.asiaprecision.com](http://www.asiaprecision.com)

**บริษัท เอเชีย พรีซิชั่น จำกัด (มหาชน)**

**นิคมอุตสาหกรรมอมตะนคร**

700/331 หมู่ที่ 6 ตำบลดอนหัวฬ่อ อำเภอเมือง จังหวัดชลบุรี 20000

โทรศัพท์ 038-468-300 โทรสาร 038-458-751

**Asia Precision Public Company Limited**

**Amata Nakorn Industrial Estate**

700/331 M.6, Donhualor, Muang Chonburi 20000, Thailand

Tel: +66(0) 38-468300 Fax: +66(0) 38-458751