

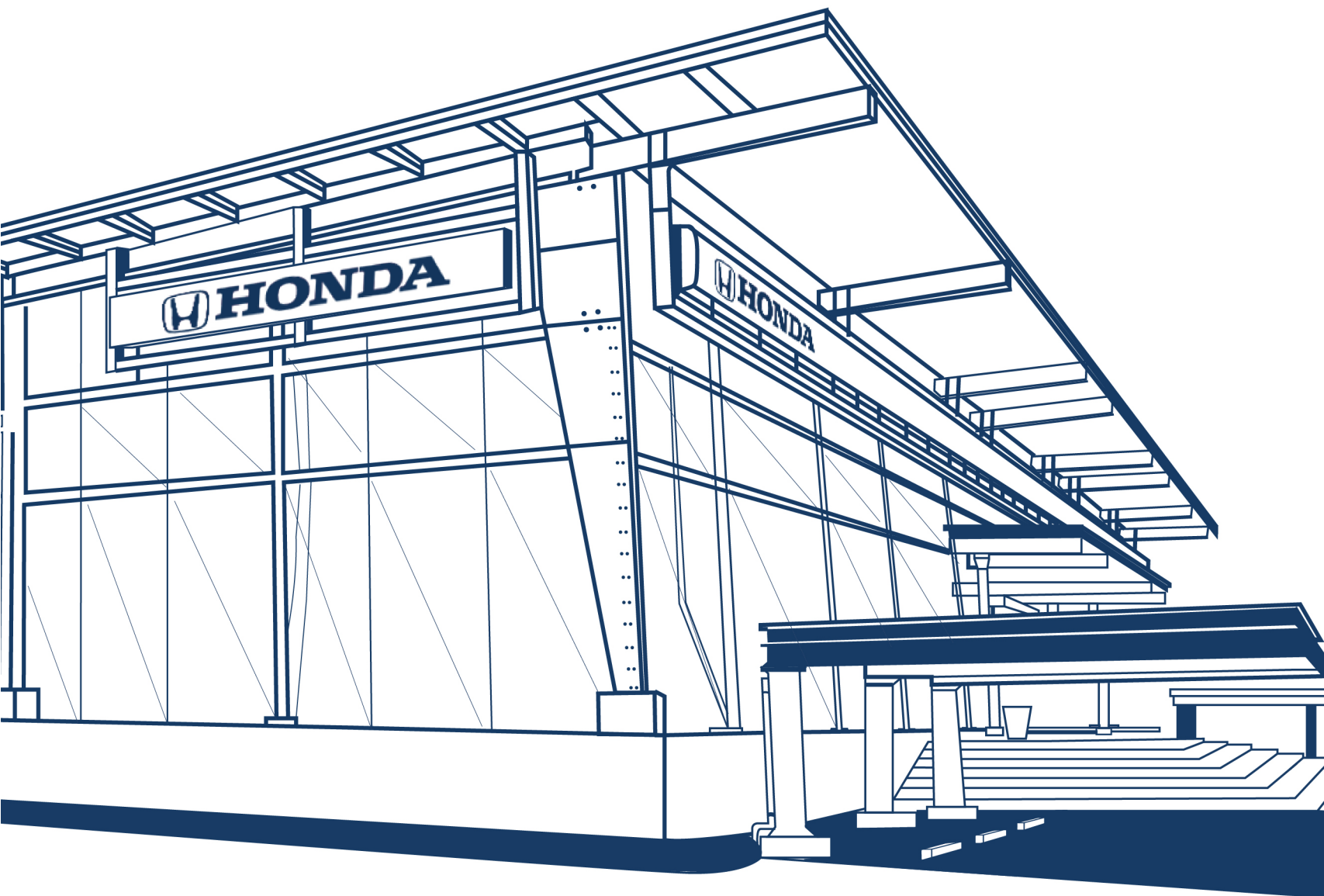
MALIWAN[®]



ACG : Autocorp Group

A PASSION

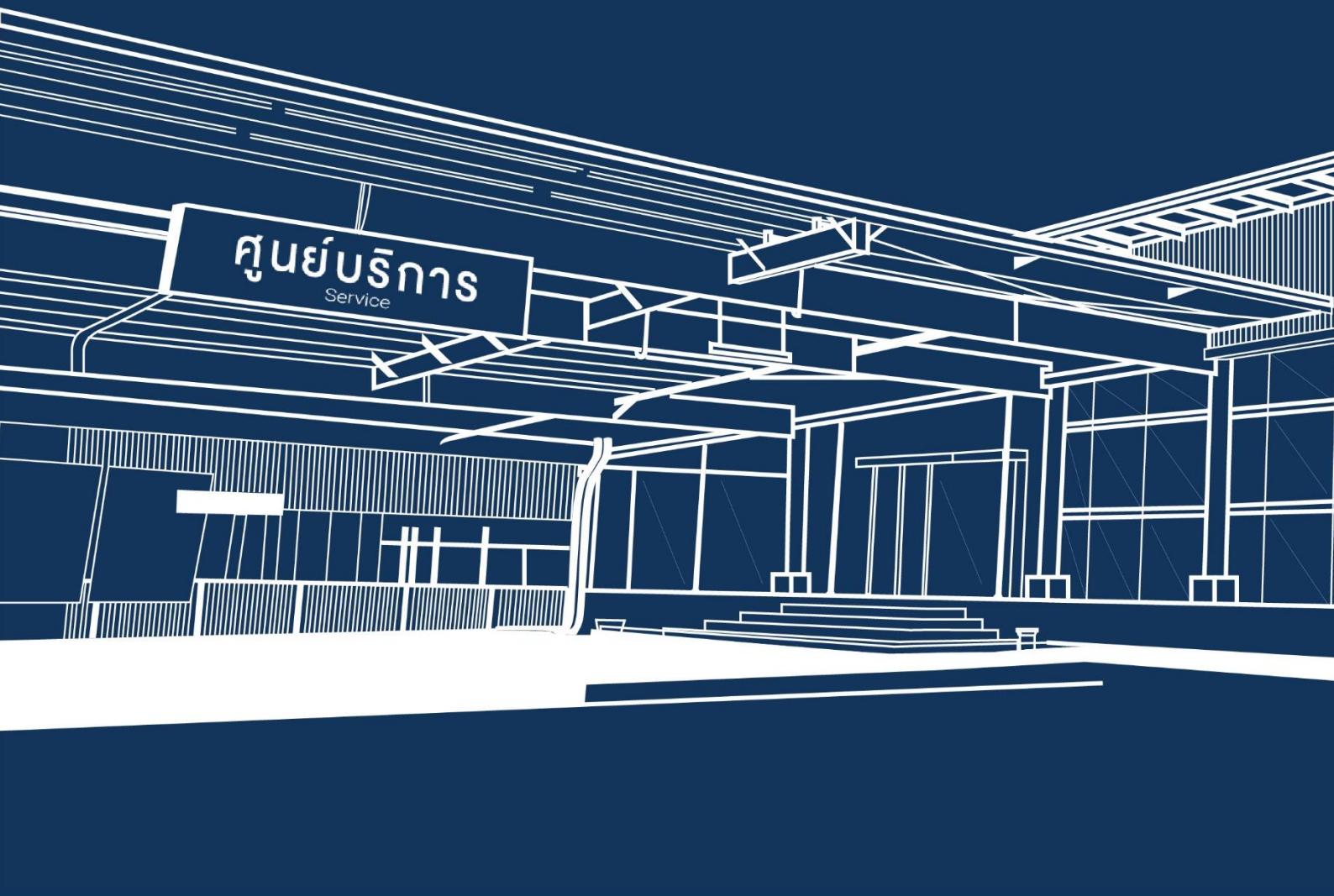
FOR SUSTAINABLE GROWTH



Annual Report

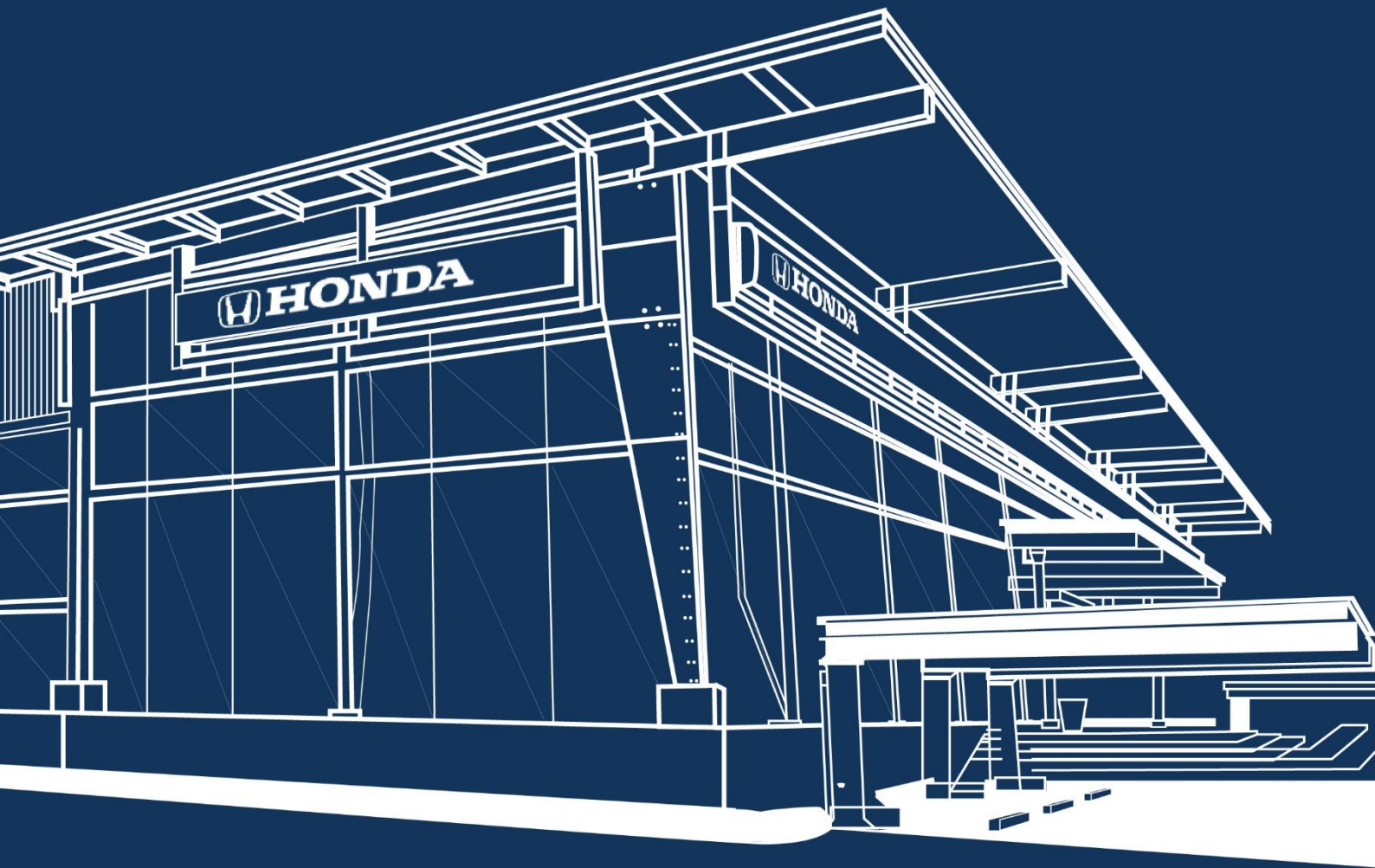
2019

Autocorp Holding Public Company Limited



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An aerial photograph of a winding asphalt road that curves through a vast, lush green landscape of rolling hills and valleys. The vegetation is dense and vibrant, with varying shades of green. The road is a light grey color with yellow lane markings. In the distance, more hills are visible under a slightly hazy sky. The overall scene is peaceful and scenic.

Vision

Autocorp shall step forward to be a leading holding company in automotive business.

Mission

To manage with honesty and earn maximum return to all stakeholder groups by creating maximum trust and reliability from quality sales and services to generate optimum satisfaction to the customers.

Objectives and Main Organization Goals

The company group has the business goals as follows:

1. To be one of the largest on distribution and service dealers of Honda cars in Thailand.
2. To increase sales by expanding the market to cover all regions in Thailand, and to create opportunities in expanding to neighboring countries.
3. To deliver services with quality, effectiveness and efficiency to satisfy customers.
4. To continuously develop personnel, promote new generation personnel with knowledge and capabilities by both internal and external trainings, including information technology (IT) process and system to support the business growth.
5. To create consistently and sustainably growth to generate appropriate returns to all parties.



Message from the Board of Directors



We assure that we will lead the Company to succeed, sustainably create a stability by conserving the transparency on good governance and consider the highest common interest as a fundamental principle.



A handwritten signature in blue ink, appearing to read 'Panich Pongporodom'.

Panich Pongporodom
Chairman of the Board of Directors /
Independent Director

A handwritten signature in blue ink, appearing to read 'Phanumast Rungkakulnuwat'.

Phanumast Rungkakulnuwat
Chief Executive Officer /
Nomination and Remuneration Committee

To Shareholders,

2019 marked a great changing year for Autocorp Holding Public Company Limited, as it was the first year that the Company stepped into being a listed company. With determination and intention to grow sustainably, the Company has always been giving precedence to many aspects of organization development by aiming on laying company foundation and system to be ready for the future growth.

The Company has set the growth target by expanding sales and customer reachability that are done through extensive branch expansion in other regions. Moreover, it also has a plan to expand its business to increase return for shareholders, by looking for other businesses that help promote and support the ACG to be stronger and steadier.

Although, in the past year, numerous untoward business factors such as global economic fluctuations; impacts from domestic situation; and sluggish automotive industry situations had occurred, the Company continues to develop its sales and services. Much important has been given to the delivery of quality products that best suit to the customer demand. Moreover, the Company never stops developing its organization in all dimension to achieve the endless growing business goal, and to stably and sustainably generate return to all stakeholders.

For the operating performance for the year 2019, the Company had 93.36 % increase in profit compared to 2018 from branch expansion into the Southern region. This caused revenue from sales and service to increase as much as 29.46%. These show a good sign to move forward according to plan.

The board of directors, executives and all employees would like to take this opportunity to express our gratitude to shareholders for giving trusts and supports to the Company. We assure that we will lead the Company to succeed, sustainably create a stability by conserving the transparency on good governance and consider the highest common interest as a fundamental principle.



Phanumast Rungkakulnuwat
Chief Executive Officer /
Nomination and Remuneration Committee



Panich Pongporodom
Chairman of the Board of Directors /
Independent Director

General information and other important information

Company Name	Autocorp Holding Public Company Limited (“Company” or “ACG”)
Registration Number	0107561000404
Business Type	Holding company investing in a portfolio of car sales and services business in automotive industry and other related businesses. Currently, the Company holds its shares in a subsidiary company, Honda Maliwan (“Subsidiary Company”), which is a dealer and service center of Honda car operating a total of 10 branches.
Head office, Khon Kaen Branch and Subsidiary Head office	1111, Moo 1, Maliwan Road, Ban Thum, Mueang Khon Kaen, Khon Kaen Telephone : 0-4330-6444 Fax : 0-4330-6448
Prachasamosorn Branch	345, Moo 6, Prachasamosorn Road, Nai Mueang, Mueang Khon Kaen, Khon Kaen Telephone : 0-4346-6555 Fax : 0-4346-6525
Surin Branch	274, Moo 9, Pattamanon Road, Salangpan, Mueang Surin, Surin Telephone : 0-4451-4075-8 Fax : 0-4451-2644
Weerawatyothin Branch	783, Moo 20, Surin-Prasat Road, Nok Mueang, Mueang Surin, Surin Telephone : 0-4451-4666 Fax : none
Buriram Branch	65, Moo 9, Buriram-Nangrong Road, Isan, Mueang Buriram, Buriram Telephone : 0-4460-2333 Fax : 0-4462-0925
Nangrong Branch	123, Moo 6, Chockchai-Dech Udom Road, Thanon Hak, Nangrong, Buriram Telephone : 0-4466-6044 Fax : 0-4466-6046
Phuket Branch	3/17, Moo 3, Thepkrasattri Road, Ratsada, Mueang Phuket, Phuket Telephone : 0-7660-6888 Fax : 0-7660-4118
Naka Branch	36/3, Moo 4, Chaofahtawantok Road, Vichit, Mueang Phuket, Phuket Telephone : 0-7660-5999 Fax : 0-7660-5980

Krabi Branch	489/8, 489/10, Utarakit Road, Krabi Yai, Mueang Krabi, Krabi Telephone : 0-7585-5888 Fax : 0-7585-5889
Mueang Krabi Branch	328, Moo 2, Phetkasem Road, Krabi Noi, Mueang Krabi, Krabi Telephone : 0-7585-5888 Fax : 0-7585-5889
Website	www.autocorpgroup.com
Registered capital	Baht 300 million / 600 million shares at par value of Baht 0.5 per share
Paid-up capital	Baht 300 million / 600 million shares at par value of Baht 0.5 per share

Securities Registrar

Thailand Securities Depository Co., Ltd.	
Address	: 93, The Stock Exchange of Thailand Building, Building B, 1st Floor, Ratchadaphisek Road, Din Daeng, Bangkok 10400
Telephone	: 0-2009-9000
Fax	: 0-2009-9991

Financial Advisor

Phillip Securities (Thailand) PCL.	
Head office	: 849, Vorawat Building, 11th Floor, Silom Road, Silom, Bang Rak, Bangkok 10500
Telephone	: 0-2635-1700
Fax	: 0-2635-1662

Auditor

KPMG Phoomchai Audit Co., Ltd.	
Head office	: 1, Empire Tower, 48th Floor, Sathon Road, Yan Nawa, Sathon, Bangkok 10120
Telephone	: 0-2677-2000
Fax	: 0-2677-2222

Internal Auditor

KPMG Phoomchai Audit Co., Ltd.

Address : 84/77, Soi Charoen Krung 80, Bang Kho Laem, Bangkok 10120

Telephone : 08-3299-5959

Legal Advisor

Siam Premier International Law Office Limited

Address : 999/9, The Offices at Central World, 26th Floor, Rama 1 Road,
Pathumwan, Bangkok 10330

Telephone : 0-2646-1888

Fax : 0-2646-1919

Dividend Policy



Dividend policy of the Company

Autocorp Holding PCL (“Company”) has a policy to pay dividend to the shareholders at a minimum rate of 40 percent of the net profit after corporate tax and the legal reserves, including other reserves (if any) of the separate financial statements. However, the Company’s dividend payment may be adjusted depending on the Company’s investment requirements, liquidities, necessities and other future appropriateness of the Company. In the case where it is resolved by the Company’s Board of Directors to pay annual dividend, the Company’s Board of Directors must propose such resolution to the Company’s meeting of the shareholders for approval, unless it is an interim dividend payment which the Company’s Board of Directors has the authority to authorize dividend payment to the shareholders and will report such payment in the subsequent Shareholders’ Meeting. Such dividend payment shall not exceed the accumulated profit appears in the Company’s separate financial statements, and shall conform with relevant laws.

The company operates the business as a holding company with its major assets being investment in subsidiary. Thus, the ability to pay the dividends of the Company depends on the performance of, and dividend payments by, the Company’s subsidiary.

Dividend policy of the Company’s Subsidiary

The company has designated the policy on the dividend payment of the subsidiary to the shareholders at a minimum rate of 40 percent and presented to the shareholder meeting of each company to approve each year. The dividend payment is made out of the net profit in accordance with the financial statements of the subsidiary after tax, legal reserve and other obligations under financing agreements. However, the Company’s dividend payment may be adjusted depending on the Company’s investment requirements, liquidities, necessities and other future appropriateness of the Company. The Company’s Board of Directors has the authority to authorize interim dividend payment to the shareholders and will report such payment in the subsequent Shareholders’ Meeting.

Nevertheless, in the consideration for approval of the annual and interim dividends (if any) of the Subsidiary must be approved by the board meeting except for the case that the Subsidiary pays the dividend for the whole year at a minimum of what designated in the annual budget of each one.

Dividend payment from the annual operating results can be summarized as follows:

Dividend payment for the annual operating results	Dividend payment rate (THB/share)	Dividend payout ratio on net profit according to the separate financial statements of the Company (%)	Dividend payment date
2017	7.5	0.61	March 2018
2019	0.04*	17.57	May 2020

Remark:

* The Company's Board of Directors' Meeting No. 2/2019 dated February 24, 2020 resolved to propose to the Annual General Meeting of Shareholders for the Year 2020 the dividend payment for the Company's performance ended as of December 31, 2019 at the rate of THB 0.04 per share, amounting to Baht 24 million in total.

Investment structure

Registered and paid-up capital

The Company has the registered capital on 31 December 2019 in the amount of THB 300,000,000 divided into 600,000,000 common shares at the par value of THB 0.5 per share.

The Company has the paid-up capital on 31 December 2019 in the amount of THB 300,000,000 divided into 600,000,000 common shares at the par value of THB 0.5 per share.

Other types of shares with the rights or conditions are different from the common shares.

- no other types of shares -

Shareholders

The ten largest shareholders

The ten largest shareholders whose names appear in the shareholders' registration as of October 25, 2019 are as follows:

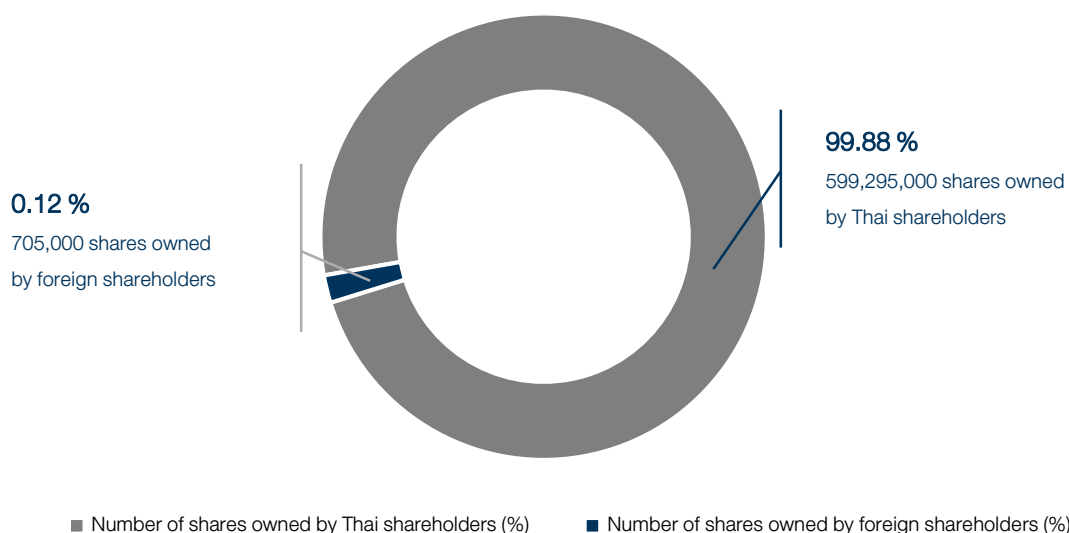
No.	Shareholders	Number of Shares	Percentage
1.	Mr. Phanumast Rungkakulnuwat	270,839,000	45.14
2.	Mrs. Hathairat Rangkagoonnuwat	146,960,000	24.49
3.	Mrs. Vilawan Rangkakulnuwat	2,220,000	3.70
4.	Phillip Life Assurance PLC	1,408,000	2.35
5.	Miss Sukulaya Uahwatanasakul	8,521,100	1.42
6.	Mr. Ekkarin Limtawin	7,029,000	1.17
7.	Mr. Sompon Roekwibunsi	5,740,000	0.96
8.	Mr. Nitipong Chotrattananon	5,505,000	0.92
9.	Mr. U-Thain Limtawin	3,657,200	0.61
10.	Mr. Boonchai Panasakulkarn	3,100,000	0.51
	Total	487,635,300	81.27
	Other shareholders	112,364,700	18.73
	Total shareholders	600,000,000	100.00

Registered and paid-up capital as at October 25, 2019 is THB 300,000,000, at the par value of 0.5 THB per share.

Shareholding Dispersion

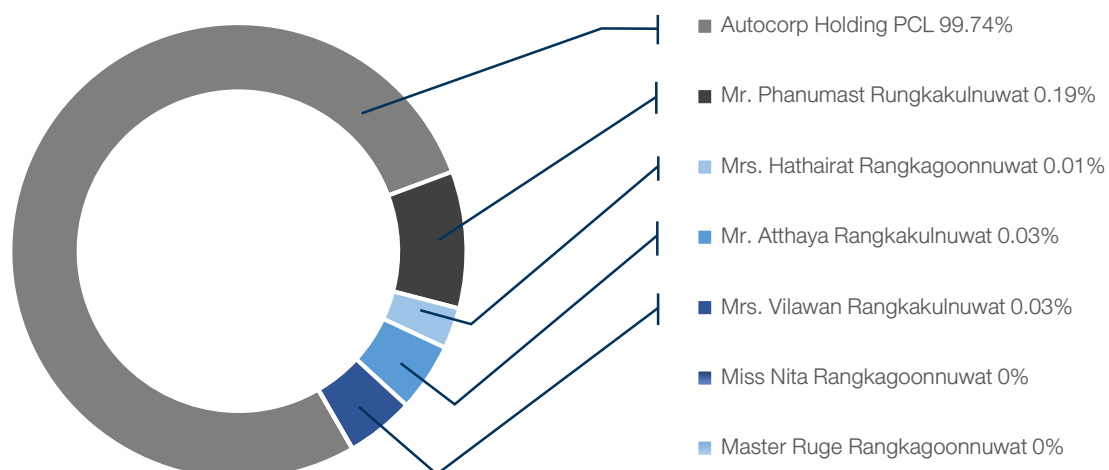
The shareholding dispersion of Autocorp Holding PCL on latest shareholders' registration date on October 25, 2019.

Percentage of Shareholding Dispersion



	Number of Shareholders	Number of Shares	Percentage of Shares
Thai Shareholders	1,162	599,295,000	99.88
Foreign Shareholders	2	705,000	0.12
Total	1,164	600,000,000	100.00

List of Subsidiary's shareholders in percentage as at December 31, 2019



Honda Maliwan Company Limited, a subsidiary, has the registered and paid-up capital in the amount of THB 550,000,000, divided into 5,500,000 shares at the par value of THB 0.5 per share.

The list of subsidiary's shareholders is shown in the table below:

	As at 31 December 2019	
	Number of Shares	Percentage
Autocorp Holding PCL	5,486,000	99.74
Mr. Phanumast Rungkakulnuwat	10,492	0.19
Mrs. Hathairat Rangkagoonnuwat	502	0.01
Mr. Atthaya Rangkakulnuwat	1,500	0.03
Mrs. Vilawan Rangkakulnuwat	1,500	0.03
Miss Nita Rangkagoonnuwat	3	-
Master Ruge Rangkagoonnuwat	3	-
Total	5,500,000	100.00

Issuance of Other Securities

- none -

Financial Highlights

Total assets

Baht 1,569 million



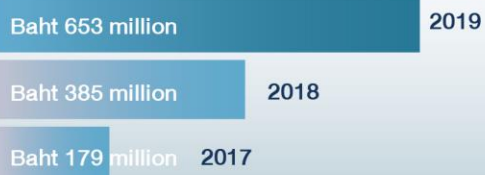
Total liabilities

Baht 916 million



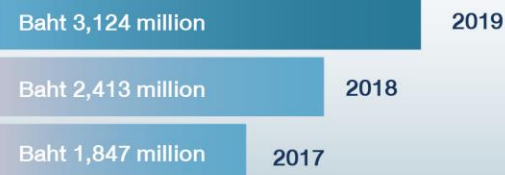
Total shareholder's equity

Baht 653 million



Revenue for Sales

Baht 3,124 million



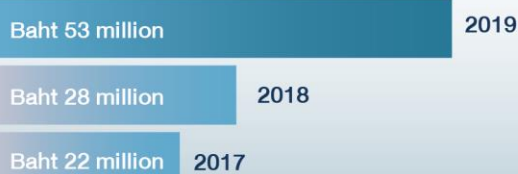
Total cost of sales and administrative costs

Baht 3,055 million

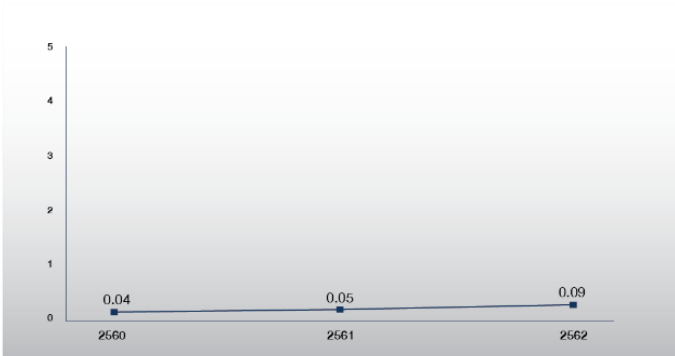


Net profit

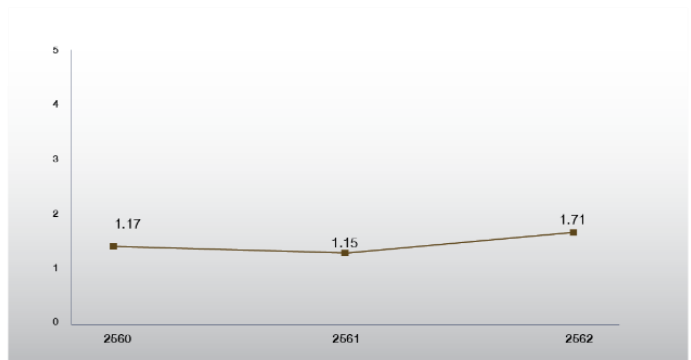
Baht 53 million



Financial Ratios



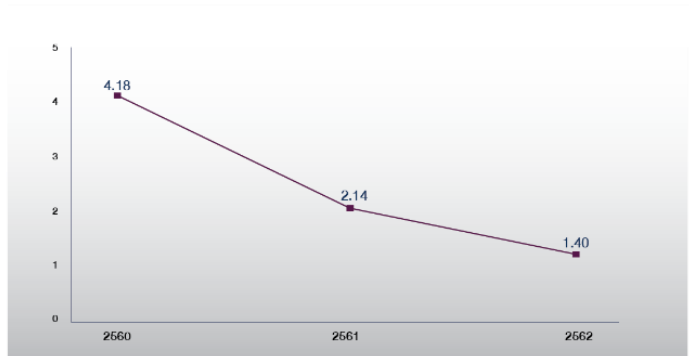
Fully diluted earnings per share (THB)



Net profit margin (%)



Return on assets (%)



Net debt to equity (times)



Background and Key Milestones

Policies and Business Outlook

Autocorp Holding PCL (“Company”) operates the business as a holding company that sell cars and services in the car industry as well as the related businesses. Currently it holds shares in a subsidiary, which is Honda Maliwan Ltd. (“ Subsidiary”) , a Honda dealer and service center (Hereinafter collectively called Company and Subsidiary “ Company Group”) It was established by Mr. Phanumast Rungkakulnuwat in Surin province for the first time in 1992.

The product of the group is Honda cars, which manufactured by Honda Motor Ltd. , a car manufacturer from Japan. Honda manufactured cars, trucks, motorcycles and heavy industries of various types. Honda Motor has the head office in Tokyo, Japan, founded on 24 September 1949 by Mr. Sojiro Honda. It went into the world market by producing Honda motorcycle and succeeded by Honda Civic car which started selling in 1972.

For the opening of the car market in Thailand, Honda Motor from Japan started its business in Thailand in 1983 under the name Honda Cars (Thailand) Ltd. Later in 1992, it established Honda Cars Manufacturing (Thailand) Ltd. to produce cars in Thailand by its own. In 2000 it combined the production and distribution together by founding Honda Automobile (Thailand) Ltd. (“Honda”) up to the present. It is considered as a late car manufacturer to incorporate in Thailand. However, at present, Honda is considered to be one of the largest passenger car manufacturers of the country. In 2017, Honda cars had the market share of about 30 percent for the sedan cars with no more than seven passengers (included Honda BR-V, HR-V and CR-V).

At present Honda has dealers across the country to serve customers thoroughly. Honda will select the dealers at its own discretion solely. It is also the deliverer of the cars, in accordance with the purchase orders of the dealers around the country; price setter and sales promoter for the dealers.

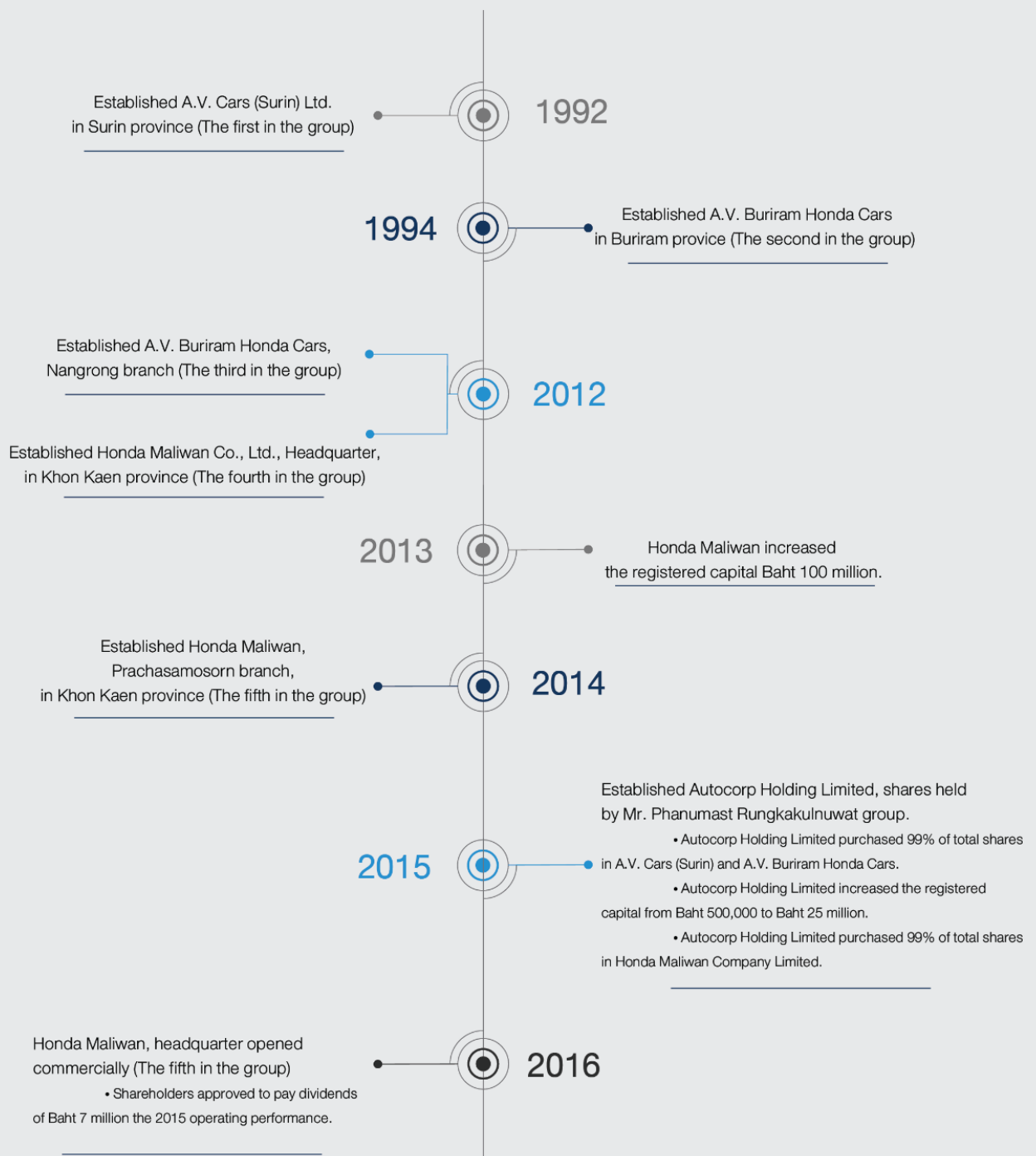
The subsidiary is one of the Honda trusted dealers. Started the first time in 1992 under the name of A.V. Cars (Surin) Ltd., it is the sole dealer in Surin province up to date. Later on it has expanded the business to Buriram province, under the name of A.V. Buriram Honda Cars Ltd., and in Khon Kaen, Phuket and Krabi provinces under the name of Honda Maliwan Ltd. respectively.

In the first quarter of 2018, the group adjusted its structure to only one subsidiary, Honda Maliwan Ltd. , which now has the total sales and service centers of 9 places covering five provinces in Surin; Buriram; Khon Kaen; Phuket and Krabi provinces, in order to respond to the demand of the consumers in the car market and follow the changed in consumer values. Other than selling cars and spare parts, the group also has the service centers for maintenance and body- and- paint repair as after- sales services. The company also offers hire- purchase sales (“Finance”) and car insurance to completely respond to the need of the customers.

On March 2018, the subsidiary expanded two branches to the southern region at Phuket province (Phuket and Naka branches) and another Krabi province in January 2019, which is the expansion beyond the northeast region. However, in the future, the subsidiary is also determined to additionally expand the market to the provinces with potential economic growth and customer demand to cover all regions.

“ However, in the future, the subsidiary is also determined to additionally expand the market to the provinces with potential economic growth and customer demand to cover all regions. ”

“Summary ACG Timeline”



“Summary ACG Timeline”

2017

Established A.V. Cars (Surin) Ltd., Weerawatyothin branch, in Surin province (The sixth in the group)

Established Honda Maliwan, Phuket Branch in Phuket province (The seventh in the group)

2018

- A.V. Cars (Surin), A.V. Buriram Honda Cars and Honda Maliwan were amalgamated under entity named Honda Maliwan (“Subsidiary”). It had the registered capital of THB 140 million Baht.

- The Company paid Baht 18.75 million from 2018 operating performance.

- Autocorp Holding Ltd. increased the registered capital from Baht 25 million to Baht 222 million.

- The Subsidiary the registered capital from Baht 140 million to Baht 337 million.

- Established Honda Maliwan, Naka branch in Phuket province (The eighth in the group)

- The company was registered as a public company on September 17, 2018.

- Established Honda Maliwan, Krabi branch in Krabi province (The ninth in the group) and started the construction.

Honda Maliwan, Krabi branch opened commercially (The ninth in the group)

2019

- Common shares were registered and traded in The Stock Exchange of Thailand for the first time on June 27, 2019.

- Established Honda Maliwan, Mueang Krabi branch in Krabi province (The tenth in the group). The service center was opened in October 2019; and The showroom will be opened on January 2020.



Capital Structure

The Company has an investment in subsidiary in one company which is Honda Maliwan Company Limited.

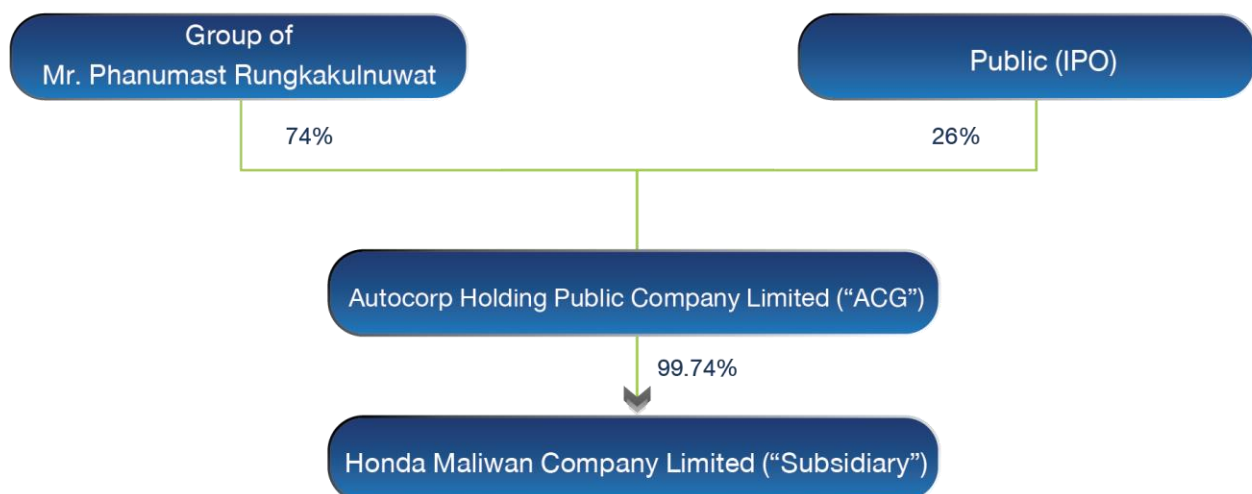
Current Structure



The Group changed its holding in the 1st quarter of 2018, from holding 3 subsidiary companies operating the same core business. Therefore, the 3 subsidiaries were amalgamated to increase operating agility, and to make inventory management and procurement more efficient.

This initial public offering is the offer to sell company's 156,000,000 new ordinary shares at the par value of THB 0.5 per share, which equals to 26% of issued and paid-up ordinary shares after the public offering. The shareholding structure after initial public offering depicts as follow:

Table showing the shareholding structure after the initial public offering



Honda Maliwan Company Limited (“Subsidiary”)

Date of Establishment	On February 28, 2018, three companies were amalgamated following: : 1. A.V. Cars (Surin) Co., Ltd. (established on December 17, 1992) 2. A.V. Buriram Honda Cars Co., Ltd. (established on September 27, 1994) 3. Honda Maliwan Co., Ltd. (established on September 3, 2012)
Headquarter	: 1111, Moo 1, Maliwan Road, Ban Thum, Mueang Khon Kaen, Khon Kaen
Nature of Business	: Honda dealer and related services
Issued/paid-up Capital	: THB 555 million
Directors	: 1. Mr. Phanumast Rungkakulnuwat 2. Mrs. Hathairat Rangkagoonnuwat 3. Mrs. Suksai Phoksap 4. Miss Nuchanadh Sakulsanthia
Authorized Directors	The joint signature of two directors, namely Mr. Phanumast Rungkakulnuwat or Mrs. Hathairat Rangkagoonnuwat with Mrs. Suksai Phoksap or Miss Nuchanadh Sakulsanthia.
Relationship with the Company	Honda Maliwan Company Limited is a subsidiary of ACG which holds 5,486,000 shares, accounted for 99.74% of registered capital of the subsidiary. Common directors namely Mr. Phanumast Rungkakulnuwat, Mrs. Hathairat Rangkagoonnuwat, Mrs. Suksai Phoksap and Miss Nuchanadh Sakulsanthia.
Shareholder Structure	ACG holds 5,486,000 shares, accounted for 99.74%. : Group of Mr. Phanumast Rungkakulnuwat holds 14,000 shares, accounted for 0.26%.

However, the consideration of the company size regarding Public Offering Approval for Holding Company are as detailed as follows:

Company Size Comparison	Requirements as Holding Company Regulations	Company's Qualification ¹
Size of the Subsidiary, which operating the core business, compared to the size of the Company <u>Calculation formula:</u> (Total Asset – Investment in associated and other company) / Total Assets	≥ 25.0 %	100 %
Size of the Company, which operating the core business, compared to the size of the Company <u>Calculation formula:</u> (Total Asset – Investment in other company) / Total Assets	≥ 75.0 %	100 %
Size of other company compared to the size of the Company <u>Calculation formula:</u> Investment in other company / Total Assets	≤ 25.0 %	0 %

Remark: ¹Calculated from Consolidated Financial Statements at 31 December 2018 and 31 March 2019

From consideration:

- The size of the subsidiary operating core business was not less than 25% of the size of the Company.
- The size of the company operating core business was not less than 75% of the size of the Company and
- The Company had no other investments apart from Honda Maliwan Co., Ltd. (Subsidiary)

Thus, the Company is fully qualified according to Holding Company Regulations.

Relationship with group of major shareholder

The major shareholder of the Company is Mr. Phanumast Rungkakulnuwat's group which has no other business that rely on or support Autocorp Holding Public Company Limited its subsidiary.

Company's Business

1. Characteristics of the products and services

Honda Maliwan Co., Ltd. ("Subsidiary") operates the business as a distributor of Honda cars, including the relevant services as follows:

1. Business from sales of cars and accessories is divided into two types which are:
 - a. Car sales
 - b. Accessory sales
2. Business from repairing services and spare part sales
3. Business from offering a car financial and insurance services
4. After-sales services

1.1 Car and accessory sales business

a. Car sales

The main business of the subsidiary is being Honda dealer and service center. At present it has a total of 10 places consist of 9 showrooms and service centers and 1 display center (showroom) as follows:

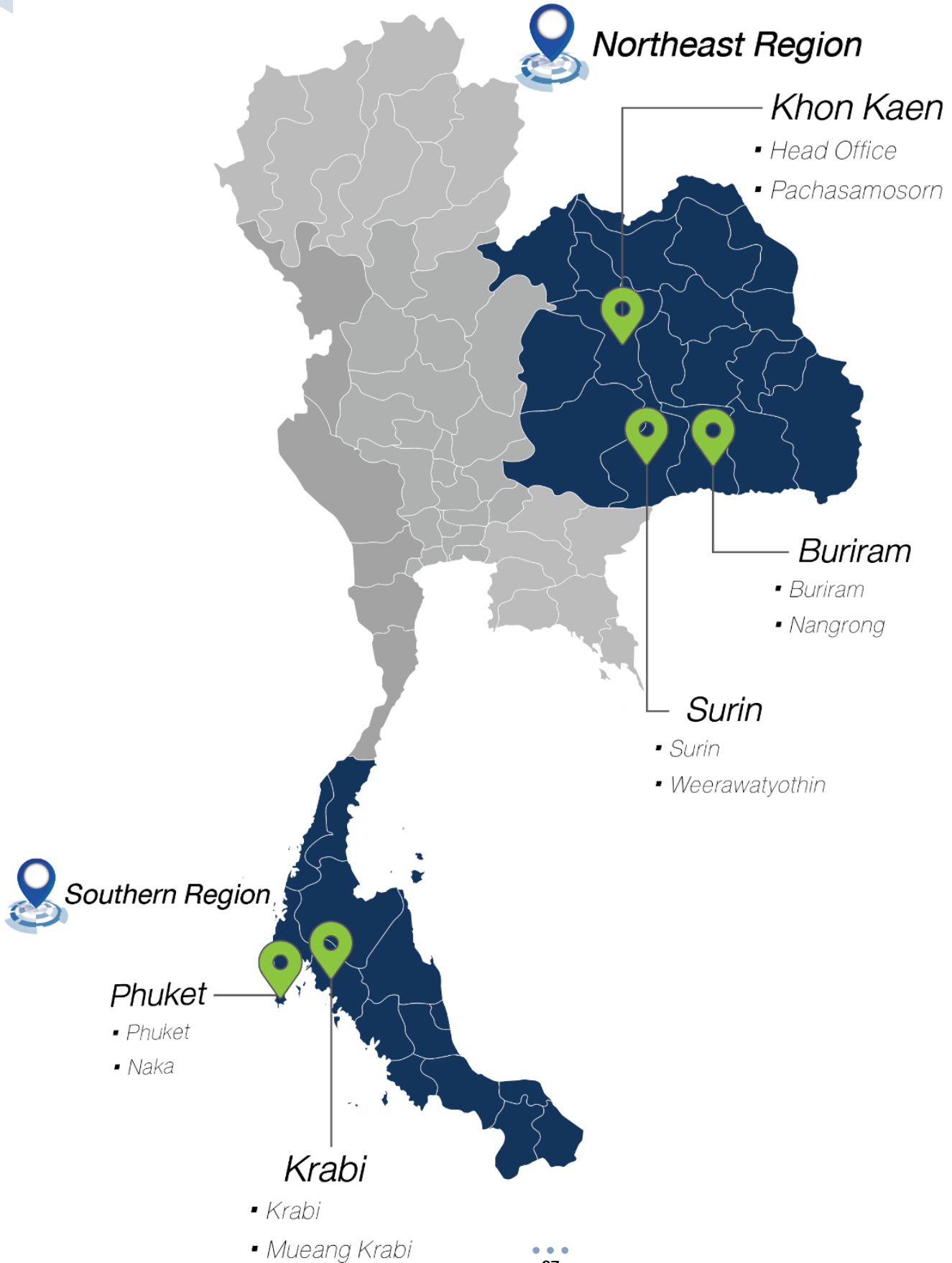
Showroom and service center	Province	Location	Year started	Showroom area (sq.m.)	Service center area (sq.m.)
Surin Branch	Surin	274, Moo 9, Pattamanon Road, Salangpan, Mueang Surin	1992	525	3,260
Buriram Branch	Buriram	65, Moo 9, Buriram-Nangrong Road, Isan, Mueang Buriram	1994	650	1,820
Nangrong Branch	Buriram	123, Moo 6, Chockchai-Dech Udom Road, Thanon Hak, Nangrong	2012	625	1,400
Prachasamosorn Branch	Khon Kaen	345, Moo 6, Prachasamosorn Road, Nai Mueang, Mueang	2014	370	360
Maliwan Branch (Head Office)	Khon Kaen	1111, Moo 1, Maliwan Road, Ban Thum, Mueang Khon Kaen	2016	2,400	8,200
Weerawatyothin Branch	Surin	783, Moo 20, Surin-Prasat Road, Nok Mueang, Mueang Surin	2017	240	1,100
Phuket Branch	Phuket	3/17, Moo 3, Thepkrasattri Road, Ratsada, Mueang Phuket	2018	316	312
Naka Branch	Phuket	36/3, Moo 4, Chaofahtawantok Road, Vichit, Mueang Phuket	2018	920	1,840
Krabi Branch**	Krabi	489/8, 489/10, Utarakit Road, Krabi Yai, Mueang Krabi	2019	240	570
Mueang Krabi Branch***	Krabi	328, Moo 2, Phetkasem Road, Krabi Noi, Mueang Krabi	2019	1,000	1,600

Remark: *The showrooms open daily including the public holidays, while the service centers open Monday-Saturday except the public holidays (Only Maliwan and Naka service center branches open on Sunday. The Weerawatyothin branch has no service center).

** Krabi Branch was opened its showroom and service center on January 4, 2019.

*** Mueang Krabi Branch was opened its service center in October, 2019 and showroom in January, 2020, respectively.

The main business of the subsidiary is being Honda dealer and service center
At present it has a total of 10 places consist of 9 showrooms and service centers and
1 display center (showroom) as follows :





Northeast Region



▪ Maliwan Branch (Head Office)

Year started : 2016
 Location : 1111, Moo 1, Maliwan Rd. ,
 Ban Thum, Mueang Khon Kaen
 Showroom Area : 2,400 Sq.m
 Service Center Area : 8,200 Sq.m

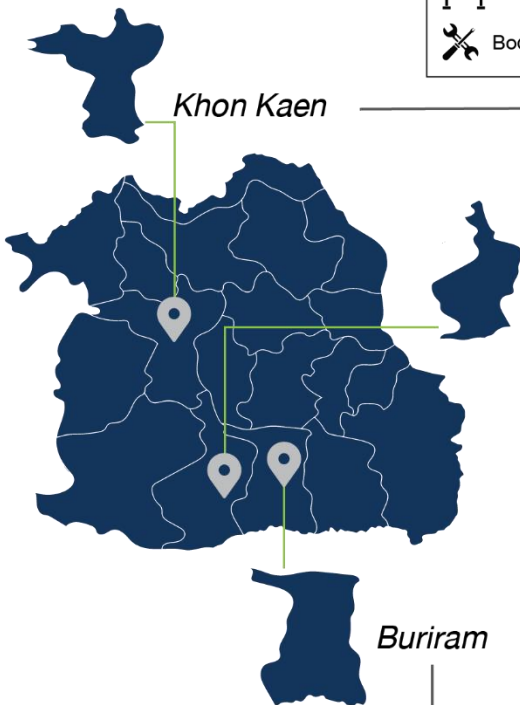
- Periodic Maintenance
- Body and Paint Repair



▪ Prachasamosorn Branch

: 2014
 Location : 345, Moo 6, Prachasamosorn Rd. ,
 Nai Mueang, Mueang
 Showroom Area : 370 Sq.m
 Service Center Area : 360 Sq.m

- Periodic Maintenance



Khon Kaen

Surin

Buriram



▪ Surin Branch

Year started : 1992
 Location : 274, Moo 9, Pattamanon Rd. ,
 Salangpan, Mueang Surin
 Showroom Area : 525 Sq.m
 Service Center Area : 3,260 Sq.m

- Periodic Maintenance
- Body and Paint Repair



▪ Buriram Branch

Year started : 1994
 Location : 65, Moo 9, Buriram-Nangrong
 Rd. , Isan, Mueang Buriram
 Showroom Area : 650 Sq.m
 Service Center Area : 1,820 Sq.m

- Periodic Maintenance
- Body and Paint Repair



▪ Nangrong Branch

Year started : 2012
 Location : 123, Moo 6, Chockchai-Dech
 Udom Rd , Thanon Hak, Nangrong
 Showroom Area : 625 Sq.m
 Service Center Area : 400 Sq.m

- Periodic Maintenance
- Body and Paint Repair



▪ Weerawatyothin Branch

Year started : 2017
 Location : 783, Moo 20, Surin-Prasat Rd.,
 Nok Mueang, Mueang Surin
 Showroom Area : 240 Sq.m
 Service Center Area : None



Southern Region



▪ Phuket Branch

Year started : 2018

Location : 3/17, Moo 3, Thepkrasattri Rd. , Ratsada, Mueang Phuket

Showroom Area : 316 Sq.m

Service Center Area : 312 Sq.m

 Periodic Maintenance



▪ Naka Branch


Year started : 2018

Location : 36/3, Moo 4, Chaofahtawantok Rd. , Vichit, Mueang Phuket

Showroom Area : 920 Sq.m

Service Center Area : 1,840 Sq.m

 Periodic Maintenance

 Body and Paint Repair

Phuket



Krabi



▪ Krabi Branch

Year started: 2019

Location : 489/8, 489/10, Utarakit Rd. , Krabi Yai, Mueang Krabi

Showroom Area : 240 Sq.m

Service Center Area : 570 Sq.m

Remark Krabi Branch was opened it's showroom and service center on January 4, 2019.




▪ Mueang Krabi Branch


Year started : 2019

Location : 328, Moo 2, Phetkasem Rd. , Krabi Noi, Mueang Krabi

Showroom Area : 1,000 Sq.m

Service Center Area : 1,600 Sq.m

 Periodic Maintenance

 Body and Paint Repair

Main products

of car sales division of the subsidiary

are Honda passenger cars, which can be divided into

6 main groups as follows:

1. Eco car Group

small-sized cars with 1,300 cc engines namely Brio and Brio Amaze models.

2. Subcompact Group

small-sized cars with 1,000 and 1,500 cc engines namely City and Jazz models.



3.Compact group

medium-sized cars with 1,500 – 1,800 cc engines
namely Civic and Civic Hatchback models.

4.Sedan group

large-sized cars with 1,500 – 2,000 cc engines
which is Accord model.

5.SUV (Sport Utility Vehicle) group

cars with 1,500 – 2,000 cc engines
namely CR-V, HR-V and BR-V models.


6.MUV (Multi Utility Vehicle) group

7-seater and 5 seater family cars with 1,500 cc engines,
which is the Mobilio model.

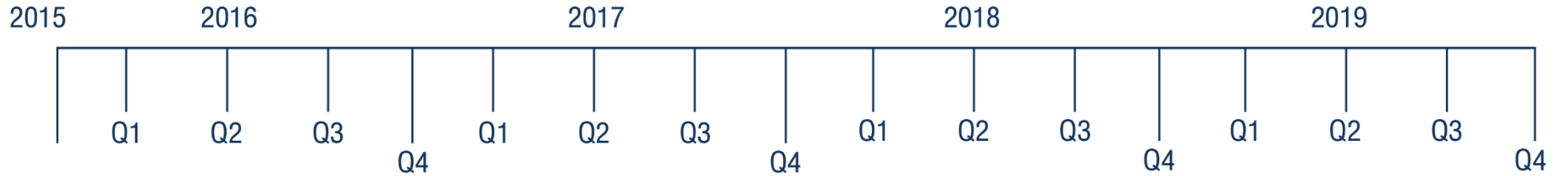




Honda has been constantly developing its products to passenger car market in response to the demand of the consumers and to build the growth of the Honda car in the Thai automotive industry. The product development can be divided into 3 main groups as follows:

1. New model is the model that has never been marketed before.
 2. Full model change is the new generation of the model that has been marketed.
 3. Minor model change is the model that has been marketed, with partial adjustments on the car.
- 

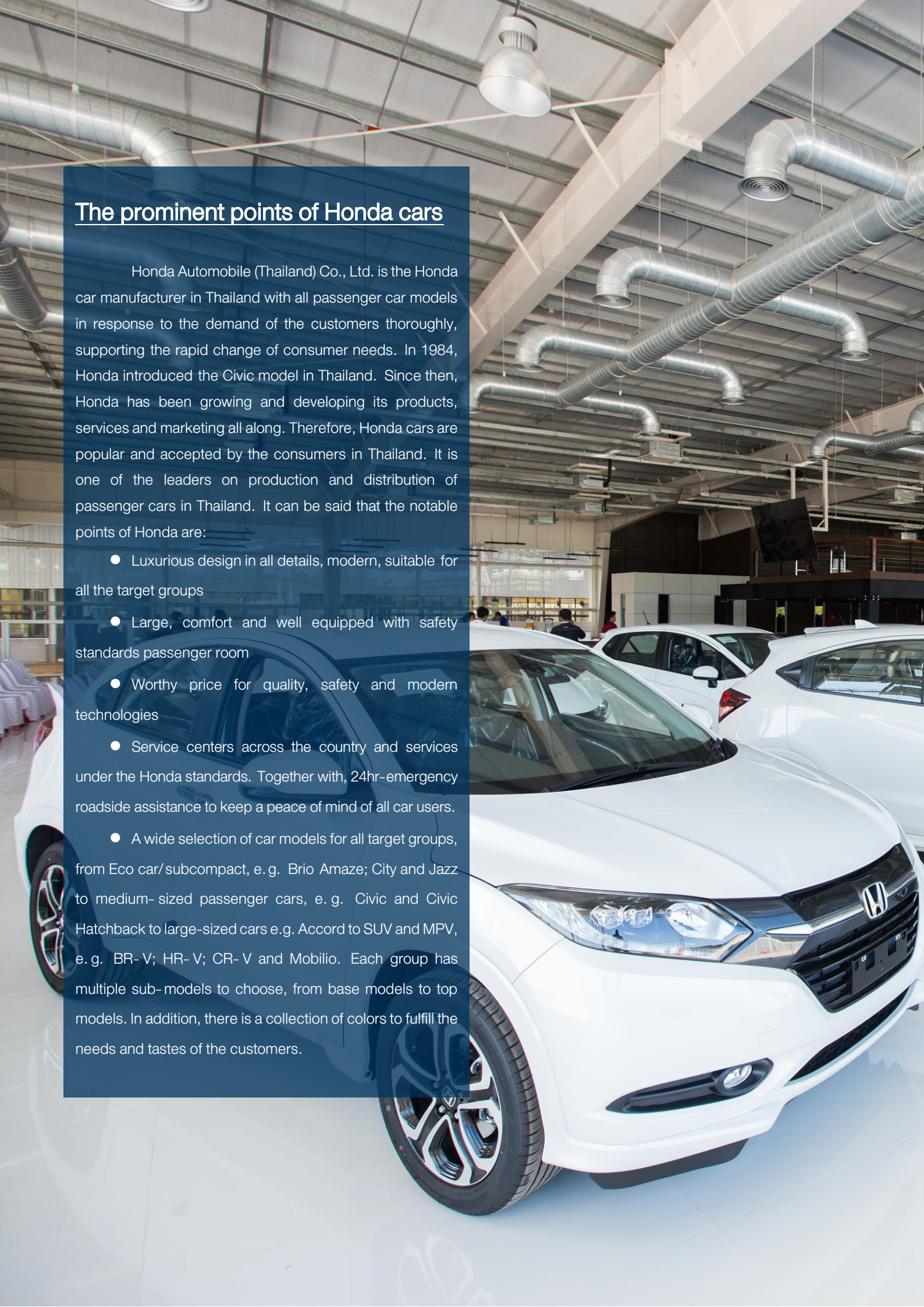
Evolution of Honda products during the past 5 years (2015-2019)



The prominent points of Honda cars

Honda Automobile (Thailand) Co., Ltd. is the Honda car manufacturer in Thailand with all passenger car models in response to the demand of the customers thoroughly, supporting the rapid change of consumer needs. In 1984, Honda introduced the Civic model in Thailand. Since then, Honda has been growing and developing its products, services and marketing all along. Therefore, Honda cars are popular and accepted by the consumers in Thailand. It is one of the leaders on production and distribution of passenger cars in Thailand. It can be said that the notable points of Honda are:

- Luxurious design in all details, modern, suitable for all the target groups
- Large, comfort and well equipped with safety standards passenger room
- Worthy price for quality, safety and modern technologies
- Service centers across the country and services under the Honda standards. Together with, 24hr-emergency roadside assistance to keep a peace of mind of all car users.
- A wide selection of car models for all target groups, from Eco car/subcompact, e.g. Brio Amaze; City and Jazz to medium-sized passenger cars, e.g. Civic and Civic Hatchback to large-sized cars e.g. Accord to SUV and MPV, e.g. BR-V; HR-V; CR-V and Mobilio. Each group has multiple sub-models to choose, from base models to top models. In addition, there is a collection of colors to fulfill the needs and tastes of the customers.





b. Accessory sales

The subsidiary also has the income from the accessory sales, consist of the genuine accessories, rust-preventive sprays, color coating and light-screening films, and so on.

1.2 Repair service and spare part sales business

The subsidiary has the service centers that are modern and safe in accordance with the Honda standards to provide the after-sales services, e. g. maintenance, body and paint repair, and spare part sales. It focuses on quality service and rapidity that suit the customers. It has the integrated service to create maximum satisfaction for the customers. In addition, the service is not only for the customers who bought the cars from the company group only, but also those who bought from other Honda dealers as well. The type of repair services can be divided as follows:

1. PM (Periodic Maintenance) To assure users' confident and to extend the life expectancy of the cars, cars need to be inspected in accordance with the manual schedule. The warranty conditions shall comply with the terms stated in the warranty book.

2. GR (General Repair) e. g. the engine, transmission, suspension, air-conditioning and electricity systems, etc. Long experienced mechanics will check and analyze the problems using the modern tools to repair and set the engines to solve customers' problems. If there is any spare parts that need to be replaced, the service center shall notify the customer for acknowledgement in advance. Moreover, there is a warranty for a replaced spare part, which the warranty period depends on each type of the spare part.

3. BP (Body and Paint) The body and paint repair service ensure the customers that their cars shall be returned to the original condition as required, like new, with specialization and experience on the body repair and paint of the experts who have been trained very well in accordance with the service standards that emphasize neatness and the quality inspection process in all procedures. The service includes a use of new repair innovation, the waterborne, that gives the glossy lines that are even and bonding in all circumstances and reduce the pollution for environmental friendly.

The service center facilitate on the claim for the car users by giving confidence that their cars shall be suitably taken care of, and the work quality shall abide by the standards. In the case there is an expense beyond the warranted claims, the customer shall be notified for acknowledgement and before each operation.

For all the three aforementioned types of car repair services, the group offers the 10,000 km or 6-month warranty, depending on which comes first for PM. For GR, the warranty depends on each spare part warranty. And 1-year warranty for BP.





1.3 Leasing and insurance services offering business

In the case that customer wishes to make a hire- purchase, the group shall offer a financial institutions, providing car financial services (“Financial Institution” or Finance Company”) to the customer. Furthermore, when there is a wish to insure a car, the group shall present an insurance brokers or insurers (“Insurer”) to the customer who buys a new car and the

former Honda customer. The company shall receive incentives for such the operations.

The company group has a policy to select financial institutions and insurers to be recommended to the customers. The conditions and services of each financial institution or broker will be considered monthly.

1.4 After-sales services

The group has the multiple after- sales services to provide convenience and service that are most consistent with the demand and satisfaction of the customers. The cars will be taken care by the skilled and devoted mechanics under the quality standards together with the verifiable standards from Honda on the various fields, for example:



Super Fast Tech

The “Super Fast Service” is the urgent checking service for 10,000 km interval. It is convenient, quick, time and expense-savings under the slogan “Fast and ready” without any additional service costs.

Honda Ultimate Care

The products that increase the assurance to the customers by the service program called “Honda Ultimate Care” that helps extend warranty for another two years or 40,000 km without a worry on the expense about the spare parts and labor cost in the future possible maintenance. The customer can purchase the ultimate care to extend the original three years warranty to five years by paying the designated price.



Honda 24-hr Roadside Assistance

The group creates confidence on safety by providing the Honda 24 - hr Roadside Assistance, which is the service for all Honda car users to receive the free privileges membership for three-year warranty or 100,000 km period.

Honda Paysave periodic maintenance package

The group provides the continuous car maintenance with the Honda Paysave package which is the program for periodic maintenance from 10,000 up to 200,000 km. The customers shall receive 15% maximum discounts on the labor cost and spare part for the maintenance at the designated mileage. The package has the useful life of 12 or 24 months.

2. Service principles of Honda service center under the ACG standards

Since the group has given priority on the goods and service quality as the principle. Therefore, to get successful management of the branches dispersed over various provinces, it is necessary to designate a business policy on the service of each branch to go in the same direction and standards. The Company is using centralized management approach to relay the policies and working methods from the head office to the all 9 branches.

However, the group has the standard to create customer impressions, from training staff to be potential and inculcated by the service mind and rapid on-time delivery. Due to the number of branches, the group is able to manage inventory more efficiency. Other than services, the group also has modern and environmental-friendly showroom and service center design with customer waiting areas to make waiting to be resting, including movie theater, small playground, coffee corner and other rest corners. These together with the technologized services are adopted for more customer comfort.

Apart from the various services providing to the customers, the group also gives much priority on internal management of the organization. The company has an inventory management policy (cars, spare parts and accessories). The policy includes strict inspections from the both internal and external sources according to the designated time, personnel development, fringe benefits and incentives to maintain the quality personnel. There are also other policies to promote all branches with robust work structure.

Evaluation by Honda

Each year Honda shall evaluate the performance of its dealers. The evaluation has 3 topics which are;

1. Dealer standards namely the area arrangement, cleanliness, readiness of the tools, service capability on the sales showrooms and repair centers, including data communications with Honda.

2. CSI (Customer Satisfaction Index) survey on sales and services satisfaction which is a direct customer satisfaction survey. Customers will be inquired about the sale and service, e.g. satisfaction on staffs, enthusiasm of sales representative, and goods and services information given by the sales representative, placement and service, and car delivery.

3. Key Performance Index (KPI) which is the measurement of sales and service performance compare with the target.

The whole guidelines will be used by Honda as an information to consider the business plan and incentives that each dealer will be received. The group has been evaluated in the good criteria all along, and received the awards for the effective operation that is in consistent with the goals and guidance by Honda.

3. Market and Competition

3.1 Customer groups and sales channels

Consumer behavior

At present, car is considered to be an important thing in the daily life. Although it cannot be compared with the necessities for living, it is the thing that helps travelling more convenient and rapid. Therefore, the consumers give importance and dedicate their time when buying a car. The main consumer decision-making factors are as follows:

- **Safety** is considered as the main factor in deciding to use a car. Presently, Honda aims to emphasize the new models to be equipped modern technologies to increase consumer's confidence in more driving safety.

- **Fuel economy** due to the constant fluctuation in oil prices, consumers are more careful on spending. Fuel-saving cars are the main options for the contemporary consumers.

- **Interior design, exterior design, and car size** beautiful and futuristic designs, with complete convenient equipment for the driver and the passenger, quality interior materials, detailed assembly, and low cabin noises from the outside have influences on the purchase decision-making of this generation people.

- **Car price** is the most important factor. This is because money is the budget used in deciding whether the consumer has an ability to pay the price or installments or not. It also includes the affordability of spare parts and maintenance costs to be incurred in the future as well.

Currently, the car purchasing behavior has changed from the past from going straight to the showroom to see, touch a desirable car with the information, e. g. car engine specifications, installments or other details. On the overall, this behavior has been lessened due to the consumers are able to find the information via the Internet. They can consider a few interested brands and find the fundamental data by themselves before deciding to enter the showroom and the service center to compare the data and make their final decisions.

Customer group

The customers and the targeted groups are the consumers of all levels with sufficient income and purchasing power to buy or replace a car. The service centers of the group are able to serve the customers using all Honda car models, regardless of buying from the company or not.

In the past three years, the group had no sales of the goods to a specific customer which are more than 30 percent of the total income. This is because it mostly sell to small customers.

Finance and insurance company trade partner group

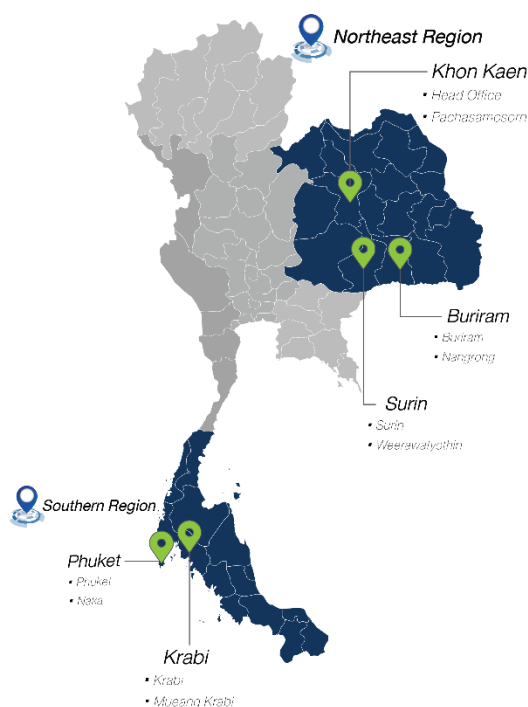
The group has the customers that apply for hire purchase with finance companies. The ratio between cash and hire purchase is 90:10. The group has the main income from the 10 largest trade partners (which are the finance and insurance companies) in 2018 and 2019 at the ratio of 85.80% and 89.06% percent of the main revenue respectively.

During 2017-2019, the group had two trade partners with the revenue exceeded 30 percent. However, there still were other finance companies with the lower ratio of the income from which the group could choose to use their services. Therefore, there was no risk from losing the income from this large trade partners. It considered as reciprocal benefit for both the group and the finance companies.

The income from the commissions from presenting car insurers had a small ratio, which was not over 5 percent of the total revenue. Nonetheless, the commission revenue in 2018 had an increase trend from 2017 by 17.11 million Baht or 2.42 percent of the total revenue. Moreover, in 2019 saw an increase of 19.00 million Baht or 2.48 percent of the total revenue, which complied with the trend of the increased car sales from the branch expansion.

Sales and sale channel

The sales channel of the company is direct sales to consumers through the sales department. Presently, there are 9 showrooms and service centers and 1 display center (showroom), altogether 10 places, as following details:



Remark:

Naka branch was opened temporarily in March 2018. The service center was opened in October 2018 and the showroom was opened on 27 March 2019 (income recognition started in April 2019).

Krabi branch was opened on 4 January 2019.

Muang Krabi branch the service center was opened in October 2019 and the showroom was opened on 1 January 2020 (income recognition started in January 2020).

The group has the important strategies to develop its sales channel as follows:

(1) A branch expansion to cover all regions by considering various important factors, e.g. the average income per household, density of the residing population, community economic conditions or the targeted city, purchasing power of such the area, etc. Nevertheless, the company has a plan to open a new branch in the future in high potential area in all regions.

(2) Improvement of the existing branches to create good atmosphere and increase customers' impression and,

(3) Increase the use of online media to build sales channel to get more access to consumers.

Sales and service division are positioned in two areas which are:

- **Showroom Area** is the area inside the building that displays the cars. Customers can view and inquire details with the sales consultants. The display of new cars and accessories are done by considering the esthetics, modernity, cleanliness and orderliness, as well as the creation of the friendly viewing atmosphere.

Inside the showroom, the company provides sales consultants at all the time in each display area to provide convenience and information, including the technical advice, car operation and monthly sales promotion as well.

- **Service Area** is divided into the body and paint shop and the engine repair center with the size of the repair shop dependent on the projection of the cars to be repaired calculated from the experience of the management.

The company does not just only display new cars in the all 10 showrooms, but also organizes public relations, including holding events in a department stores or communities to present new car models or promote monthly sales promotion to the public.

3.2 Marketing strategies

To maintain the existence customer and increase its market share, the group has designated competitive strategies as follows:

1. Branch extension to cover all regions

The branch expansion is the important factor in expanding the company business to increase the income growth. This is also answering the question of the company as the dealers and service center that is the first customer when thinking of the Honda goods and services. For the acquisition of the high potential locations, the company make a feasibility study on the branch expansion and present it to Honda for a new branch investment approval. Even though the company has just started the business in the northeast region, it does not stop expanding to other provincial branches outside the region. In 2018, it envisaged the economic growth in Phuket, so it requested an approval to open a branch to expand into the market with new group of customers with prospecting and purchasing power. In addition, in 2019 it expanded the branch to Krabi province with the plan to expand to the branches in other regions of the country as well.

2. Rapidity in goods and services delivery

The top reasons that the customers used in deciding to receive the service from the service center or car repair garages are convenience and rapidity. It does not matter how perfect the products and services are presented if they cannot punctually be delivered as demanded or the promised time. The company has always realized the importance of this matter so it becomes the guidelines on goods purchasing plan to ensure that they are sufficient for customer demand. All the time, the company has sufficiently delivered the goods and created good impression to the customers. Furthermore, the extensive branch number is one of the main factors that enable the company to efficiently manage its stock in response to the customer demand.

3. Differentiation strategy based on Autocorp Group “ACG” standards

To increase the competitiveness with other car dealers in the same and nearby provinces, the group has created the marketing strategy by building the car sales center in Khon Kaen province, the main city in the northeast region to be the largest service center in Thailand under the concept of luxurious design, elegance, and modernization as well as energy saving and environmental friendly. On a large area over 25 rai, it is divided in to the usable building area of more than 22,000 sq. m, and the new car display area of more than 1,200 sq. m, which can display up to 32 cars simultaneously. The enormous service center with the size of 9,000 sq. m that is able to support up to 139 service bays and ready for up to 4,000 cars per month. It is considered as integrated showroom and service center with the most service capacity in Thailand.

The group also has the intentions to build the unique of Honda center with the ACG standards by using the showroom and service center of the head office as the prototype for the following branches. Abidingly follow the company standards, the company determines to take care of the customers to receive the impressive and warm welcome service. It is ready with

the various amenities, e.g. electric massaging chairs, free Wi-Fi service and iPad table, various special select premium grade food and beverages, including Bud's ice cream, snacks and various desserts, including the hot and cold drinks at the premium grade, for instance, fresh coffee. Moreover, the Maliwan Club and Maliwan theater are designed especially for entertainment, turning the waiting time into the special time. Other than the service for the adults, there still the the Kid's Land, a children playground with bright colors to promote children learning development, emphasized on international safety standards as priority.

4. Excellent pre-sales and after-sales service

Since the goods of the group are Honda-standard goods, there is no product difference between dealers. Thus, building optimum customer satisfaction from the beginning to the end of the sale is the thing that helps create differentiation for the company. This is done by:

- Knowing and understanding the customers in- depth, regardless of age, education, behavior, income and demand thoroughly, without overlooking the possible various limitations of the customers,
- Giving complete knowledge on the product, to benefit the customer decision- making process. This includes the options offer for maximum benefits of customers and,
- Providing the service by the knowledgeable employee with service heart, polite smile, civility and friendship.

The thing that is no less important than the attention to the demand of the customers before a sale is the after-sales service. Apart from the Honda services, which are care programs, the company's part plays an important role in the following up or solving the problems. The company extremely realizes the importance on this matter; so it emphasis its employees to,

- Communicate with the customers and emphasis on building the preventive system against problems, e. g. a follow- up on an inquiry with the customers regularly, not just a few days after receiving the goods but entire product life. It also includes the practices that are in accordance with the rules and laws to excellently help the customers to be confident in the goods and services.

- Emphasis on reaction speed to solve a problem without ignoring the fixable problems of the customers. When the customer has a problem, the employee or company has a convenient and in-time channel to receive the matter with the fastest possible resolution the company can bring. This is for convenience of the customer and to prevent ensuing complaints.

Where the service goal of the group is the customer maximum satisfaction, employee training to service heart is the thing that it gives priority specially. The company has arranged intensive training and tests on the performance of the front employees, or the employees with the chance to meet or communicate with the customer directly and regularly to maintain the standard practices.

Nonetheless, the group and Honda also have an evaluation of customer satisfaction from using the service by using the questionnaire and the collection of service history data. These are used in developing the quality on the service of the group in both showroom and the service center department.

5. Experience of the management and company personnel

The management has a great deal of importance for the organization while maintaining the role of directing the company. For over 27 years in the business

operations as a dealer and service provider of the group, as a result, the management and personnel possess experience and understandings on the demand of the customer. They deeply understand the characteristics of the business, operations, including the problems or various situations; they are also able to apply the experiences or problems they have encountered to improve and develop the operational process to be more efficiency all the time.

3.3 Pricing Policy

The price settings of the group shall comply with the prices designated by Honda, which are the same standard prices across the country. The management can formulate strategies on other sales promotions to persuade the customers. For other products, e.g. the accessories and leather seats, the company has a policy to set the prices based on the cost plus the gross profit with the consideration of the market price as well.

3.4 Advertising and Public Relations

The group has a policy on using advertising media and public relations as follows:

- (1) Organize events to promote the showrooms of the group and introduce the new models or new promotions at least once a month. It uses the community places, e. g. department stores, exhibition halls and tourism events, etc.; as the public relations channel.

- (2) Produce company branded products for the sales promotions especially, e.g. a neck pillow, safety belt wrapper, umbrella and hat, etc.

- (3) Sponsor the various activities to promote the company, e.g. participation as a sponsor in the Phuket Marathon competition, etc.

- (4) Create the group website which is www.autocorpgroup.com to promote the group.

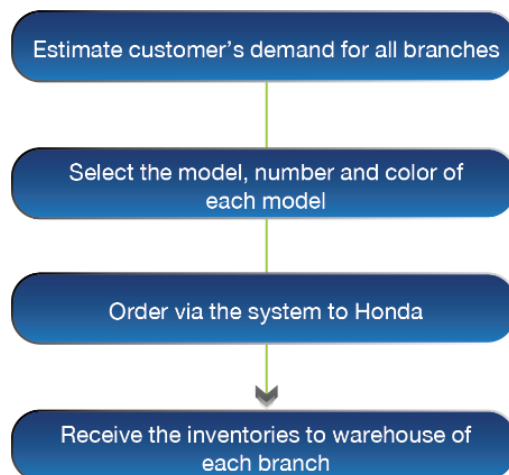
4. Products and Services Procurement

4.1 Procurement of products

Purchasing

The group ordered the goods directly from Honda Automobile (Thailand), the sole supplier in Thailand. For cars and spare parts up ordering process, the Group must send a car-ordering plan in 3 months in advance to choose the models and 1 month in advance for the colors for each branch. After Honda is able to confirm the number to be delivered, it shall notify in advance on the number of cars to be delivered in each month.

Purchasing



For the genuine spare parts and decorating accessories ordering, they must be ordered from Honda Automobile (Thailand) only. In the case of purchasing the aftermarket decorating accessories from other sellers, prices by a minimum of two sellers must be compared. Or sellers must be selected from the approved vendor list. Moreover, the spare part control staffs control the minimum stock of some regularly used parts, for instance, oil, spark plugs, brake disks, etc. Purchasing division responsible for ordering through the system. The goods will be received within seven days after the order for normal orders and within three days for urgent orders.

Inventory Management

The group has a policy on the management of the number of cars and spare parts to be reserved in the number that suitable and sufficient for the sales and delivery to the customers when ordered and not to cause a financial constraint to the group. It shall analyze the inventory to plan on ordering the various models for the models with quick circulation. It shall coordinate with the purchasing consultant on the order, so the inventory is at the safety level. On the average the minimum inventory is maintained for sales of about 15 days and the spare parts seven days. Moreover, it has set the random sampling on the count regularly each day in the service center.

The group has a policy of designating the number of spare parts at the suitable level and to prevent from shortages when the customer brings a car to be serviced. It has the area for storing large cars at Khon Kaen province, which is in the northeast region center in receiving the goods from the manufacturer.

Moreover, the company has designated the rules on the random counting the inventory of the spare parts daily and monthly. It is the guide on preventing the inventory from being lost or possible fraud. It has given priority on the count of the slow-moving inventory and has a high value, for instance, decorating accessories or frequent loss, e.g. oil, washers, etc. Moreover, it has set up a policy on reserving the obsolete and slow-moving goods to service the inventory with efficiency and suitability.

Hiring sales representatives

The group has a policy on sales management with each branch sales manager and hiring a sales representative with an appointment contract for the sales representative (so-called “Sales Consultant”) with a designated time for one year and can be renewed if no cancellation. The sales consultants have a duty on offering Honda cars and decorating accessories and have to summarize the sales results and report on the progress each day to the company.

The group has the procedures and guidelines on selecting the sales consultants by interviewing the sales manager and approved by the vice CEO. The selection criteria, e. g. education qualifications, experience, personality, confidence and attitude, etc. , which it shall put emphasis on honesty and responsibility of the sales representatives as priority. In the past the company could find the sales consultant for each branch sufficiently.

On 31 December 2019 the group had 57 sales consultants in the nine branches and five team leaders. The sales consultants are under supervision of each branch sales manager, who is a permanent employee.

Subcontractors

Most of the group service centers would hire a subcontractor to work on checking and repairing cars, including the body repairs and painting under supervision of the specialists with long experiences on the repair. The group has the procedures and guidelines on selecting the outside subcontractors, e.g. working experience, workmanship of the team, reliability, financial status, etc. The reason that the group chose to hire an outside subcontractor is due to it can measure the job success clearly and has more efficiency and effectiveness than hiring their own employees. Since the measurement of the job results can be considered from the work products and fast

delivery before choosing to order hiring with the hiring contract is year-to-year.

The group shall evaluate the work results of the subcontractors annually with the evaluation form and the price offer through the comparisons of two suppliers and up via the selection from the board of directors.

Currently, the group hire 4 companies as subcontractors for the body and paint repairing for the six service centers with body and paint services (presently, two places have no body shop and painting services); and to check and repair the car for two service centers. They are using the area of the group for the body and paint repairing, including checking and repairing the car entirely.

4.2 Value of procuring products

The group order cars, spare parts and accessories directly from Honda Automobile (Thailand) as the same standards. Thus, it can be said that the group is relying on Honda, which is the supplier for cars and spare parts, which most of the purchased value came from Honda. Moreover, the group has dealer contracts for Honda cars with Honda Automobile (Thailand) continuously over 27 years, and it can manage the sales targets and being trusted on the branch expansion from Honda all along.

4.3 Service area

In each service center, the group shall provide an area for receiving the cars for a repair and scheduled maintenance. Moreover, it also has a place for storing inventory safely and suitable for all five provinces as follows:

Province	Sales and Service Center	Service Center Area	Service Bay (Bays)	Warehouse Area
Khon Kaen	Maliwan (HQ)	8,200	139	2,400 sq.m. 150 cars
	Prachasamosorn Branch	360	6	None
Surin	Surin Branch	3,260	42	250 sq.m. 20 cars
	Weerawatyothin Branch (showroom only)	1,100	100	None
Buriram	Buriram Branch	1,820	33	None
	Nangrong Branch	1,400	21	2,200 sq.m. 132 cars
Phuket	Phuket Branch	312	4	None
	Naka Branch	1,840	47	1,200 sq.m. 80 cars
Krabi	Krabi Branch	570	-	None
	Mueang Krabi Branch	1,600	28	3,025 sq.m. 80 cars

4.4 Environmental Management and Sustainable Development Standards

Since Honda has announced its policy on the environment requiring the dealers to apply the Environmental Management System ISO 14001 within their showrooms and service centers. The group has been certified on the standards for the environmental management and sustainable development, including the sales and services with ISO 14001:2015 quality.

For Surin and Buriram branches, the certificate will be expired on 16 July 2021. Nang Rong branch will be expired on 2 June 2021 and Maliwan branch will be expired on 23 March 2021.

For the new branches, the group is now under the process and will provide ISO accreditations within the time set by Honda.

5. Impact on the environment

The group had no dispute on the environment, nor a history of committing an offense as refers to the regulations on the environment with the governmental agency.

Moreover, Honda has announced the intentions for the dealers to be most responsible for the environment by,

1. Have the dealer participate in taking care of the environment and become the good model to their community.

2. Encourage the compliance with the law on safety, health occupation and working environment and other laws involved with the environment.

3. Respond to the Honda policy to be a company with the most responsibility for the environment in Thailand.

6. Benefits from the investment certificate by the BOI.

- None -

7. Undelivered job

- None -

Industrial Overview

Automotive industry situations and Competition Situation

Automotive industry situations

In the past five years, the car industry situations in Thailand were rather fluctuated, especially from the economic stimulus policy by government via “ the first- car ownership campaign” during September 2011 to December 2012. As a result, the car market in the country had grown considerably during such the time, with the car sales as high as 1.4 and 1.3 million in 2012 and 2013 respectively (compared with the average in 2007-2011 with the annual average sales of 0.7-0.75 million units). This, together with constantly increasing car export from the Eco- car export in accordance with the conditions of the investment promotion project by the The Board of Investment of Thailand (BOI),. caused the car export to increase by over one million units from 2012 onward. Furthermore, the car production number in Thailand during that period was increased a great deal and had the highest record at 2.46 million units in 2013.

Nonetheless, in 2014-2016 the car production of Thailand was decreased to 2 million units. The main cause was from the severe slowdown in the domestic car market after the end of first- car ownership campaign that brought forward the future demand or demand for the car in 3-4 years to the project period. The total sales of the car sales fell to about 0.7-0.8 million per annum, and the domestic car market had the strongest competition from the significant change in market share of the car. Toyota market share was reduced as opposed to other car brands, which are Isuzu, Honda, Mitsubishi and Nissan; with an increased market share after introducing the new car models in both Eco-car and SUV classes to compete in the market.

During 2017, the domestic car market rose up again for the first time in the five-year cycle after the

first- car ownership campaign effect. In 2018, the market still had the continuous expansion. From the information by The Federation of Thai Industries, the 2018 Thai automotive industry was growing continuously compared with the previous year. The details can be divided into:

1. Car production in 2018 had the number of 2,167,694 units, the highest in the five-year cycle, increased by 8.99 percent. 40.81 percent was the passenger car production.

2. Domestic car sales in 2018 had the sales quantity of 1,041,739 units, the highest in the five-year cycle, increased by 19.5 percent. 38.36 percent was passenger car sales and,

3. Car export in 2018 had the number of 1,140,640 units, increased by 0.08 percent, but the export value was reduced from 2017 by 1.36 percent.

In 2018 the total sales number of domestic car sales was 1,041,739 units, the highest in the five-year cycle, increased from the same period in 2017 by 19.5 percent. The sales growth was increased from the introduction of new models, improved economics from the investment by the public and private sectors, the small income earners and agriculture supporting campaign, the numerous foreign tourists and the increase in industrial sector confidence. These effects continued to the first quarter of 2019, which the car sales were increased, when compared with the same period of 2018.

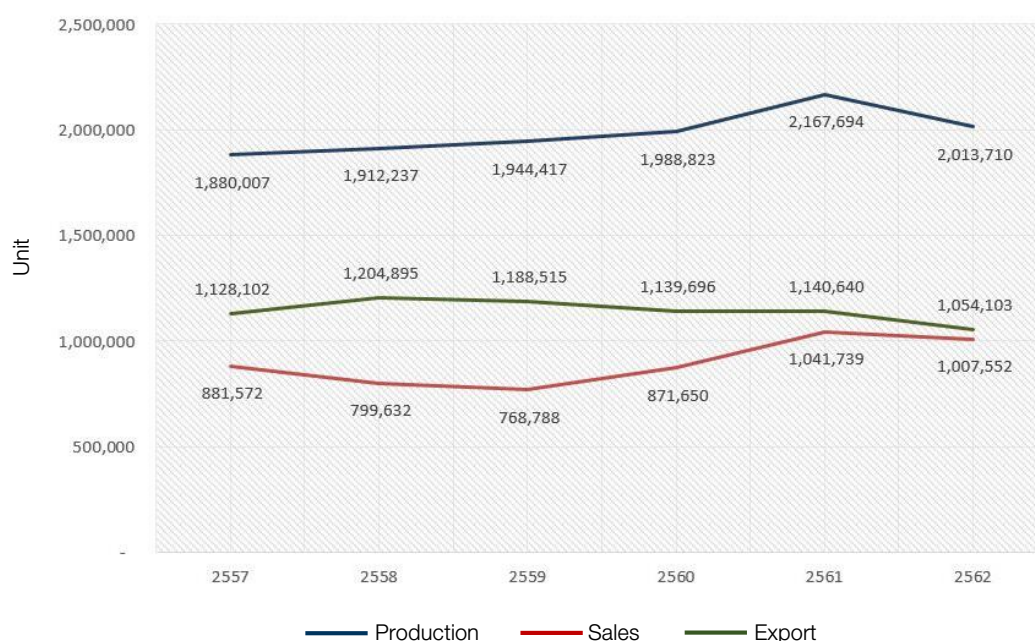
For 2019, the car production volume, sales and export compared 2018 were as follows:

1. Car production in 2019 had the production quantity of 2,013,710 units, decreased by 153,894 units or 7.10 percent compared with 2018.

2. Car sales in 2019 had the number of 1,007,552 units, decreased by 34,187 units or 3.28 percent compared with 2018.

3. Car export in 2019 had the number of 1,054,103 units, decreased by 86,537 units or 7.59 percent compared with 2018.

The graph shows the car production numbers, sales and export (units) during 2014 – 2019:



(Source: The Office of Industrial Economics, collected from Automotive Industry Club, The Federation of Thai Industries).

The table shows the number of car sales and during January – December of 2018 and 2019:

Car Type	Number of car sales (units)		
	January – December		
	2019	2018	Change
Passenger car	398,386	399,657	(0.32%)
Commercial Vehicle	609,166	642,082	(5.13%)
Total	1,007,552	1,041,739	(3.28%)

(Source: Department of Land Transport, The Federation of Thai Industries).

However, Automotive Industry Club, The Federation of Thai Industries, revealed the projections of the car and motorcycle production of the group member in 2020, divided into the production for export and domestic sales. The car production projection in 2020 is about 2,000,000 units, less than 2,013,710 units in 2019; reduced by 13,710 units or 0.68 percent.

Total car production can be divided into the export production of about 1,000,000 units, or 50 percent of the total production; and domestic sales production about 1,000,000 units, or 50 percent of the total production.

The export production of 1,000,000 units is predicted to be reduced from 1,037,164 units in last year, by 37,164 or 3.58%. This is because the concerns on endless trade war, Baht appreciation and conflicts between some countries in some regions.

The domestic sales production of 1,000,000 units is predicted to be increased from 976,546 units in last year, by 23,454 or 2.4%. This is because the production of new eco cars from many brands are resumed. However, there still concerns on drought, political situation in the country and deceleration in international tourist index.

2020 is forecasted to be a challenging year for car market. The car market is still facing with numerous factors, from consumer confidence to uncertain global economy and stricter car loan control measures. Therefore, domestic car market is forecasted to be 940,000 units, about 7 percent decrease from 2019, divided into 358,500 units for passenger cars and 581,500 units for commercial vehicles.

Automotive industry direction of Thailand

In early 2017 the government announced the measures to promote an investment in hybrid electric vehicle (HEV), the plug-in hybrid electric vehicle (PHEV) and battery electric vehicle (BEV) by promoting the production of both the passenger, pick-up truck and bus, including the electric vehicle components (equipment for electric energy vehicle that the BOI supports are traction motor battery, mechanic or electric air conditioning system, battery management system (BMS), drive control unit (DCU), on-board charger producer, battery charging cable with the outlet producer, DC/DC converter producer, inverter producer, portable electric vehicle charger producer, electrical circuit breaker producer, EV smart charging system developer and front/ back suspension for electric bus producer.

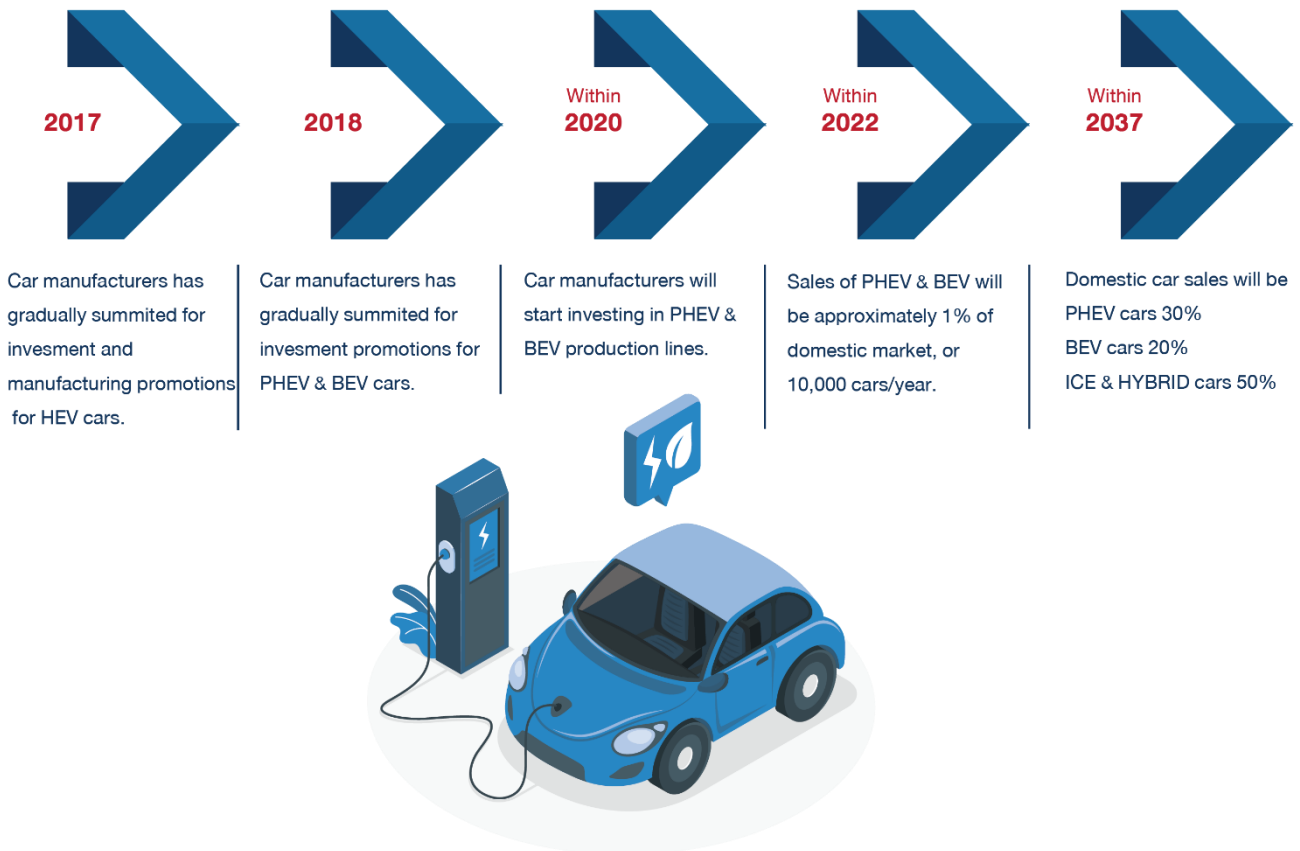
On 25 December 2018 the BOI disclosed the green light for the first private investment over 1,000 million Baht to set up electric stations for 3,000 chargers disperse in all regions of the country. It also approved the project production of battery for electric vehicles to support the growth after the leading vehicle camp comes to invest in Thailand to feed the demand for personal electric car vehicle over 1.2 million units by 2021. Mr. Chokdee Keosaeng, deputy secretary of BOI, revealed that the committee considering the project promoting the investment approved the investment in the project service station charging for electric vehicle of Mahanakorn Energy Co., Ltd. invested a total of 1,092 million Baht. It is considered as the first investment in the charging station for electric vehicle of the private sector that has been promoted by the BOI. However, such the project is the investment to support the expansion of the plug-in hybrid electric vehicle (PHEV) and the battery electric vehicle (BEV), now the leading car camps around the world are interested and plan to set up an electric production base in Thailand. According to the plan on energy driving and promotion of the electric car of the government, it is expected to have 1.2 million private electric cars by 2021.

On 16 March 2019 the BOI revealed that there were a total of nine EV projects as PHEV of Mitsubishi 1 project, the HEV that they were approved, and the BEV that used to approve by one project and under consideration of PHEV for another four projects. The total investment of 51,550 million Baht by approving the battery investment 10 projects in the amount of 6,800 million Baht (Source:www.thaipost.net/main/detail/31471 on 16 March 2019).

However, the production and sale can take place within 3-5 years ahead.



Thailand Future Development Trend of Electric Cars



Source : Electric Vehicle Association of Thailand, Thai Autoparts Manufacturers Association

Competition Situation

The growth of the car sales in 2018 came from new model launching from the many car brands and persuasive marketing promotions. Meanwhile, there was a leniency on the guidelines to release the hire-purchase loan, including the cars in the first- car ownership project in the last batch to complete the five years. It was supplemented by the measures to stimulate the economics of the public sector that pushed the GDP of Thailand to grow 4.2%. The 2018 car market was decreased by 3 percent, with the total sales of 1,007,552 units. It is considered to be the fourth time in the Thai car market history achieving 1 million car sales even though the market was clearly shrink in the second half of the year, especially since the last September.

For the car market trend in 2020, large manufacturers are expecting a challenging year for car market. The car market is still facing with numerous factors, from consumer confidence to uncertain global economy and stricter car loan control measures. Domestic car market is forecasted to be 940,000 units, about 7 percent decrease from last year.

Car Market Share

According to www.headlightmag.com website, which collected data from the Japan Automobile Manufacturers Association (JAMA) from all brands that go to the central, it divided the “Segment” of the car market into 13 segments are:

- | | |
|--------------------|---------------------|
| 1. Eco Car | 8. C-SUV |
| 2. B-Segment | 9. Pick-up |
| 3. C-Segment | 10. PPV |
| 4. D-Segment | 11. Van (6-7 Seats) |
| 5. Mini MPV | 12. Van (11 Seats+) |
| 6. MPV | 13. Commercial Van |
| 7. B-SUV/Crossover | |

Nonetheless, the model types of Honda available in the Thai market in 7 segments;

- (1) Eco Car includes Brio , Amaze
- (2) B-Segment or Subcompact as City , Jazz
- (3) C- Segment or Compact as Civic
- (4) D- Segment or Sedan as Accord
- (5) Mini MPV as Mobilio
- (6) B-SUV or the small utility vehicle as HR-V and BR-V
- (7) SUV as CR-V

Honda had a total of 125,833 units sales in 2019 (January-December 2019) in Thailand.

On the data of Honda dealers in Thailand, the information on 18 March 2019 showed that Honda had a total of 234 branches across Thailand (Included Naka branch, Phuket and Krabi province). The group is considered having the most branches of all the Honda dealers in Thailand (estimated by the company management). The group has a total of 9 branches in 5 provinces. Moreover, it is the only Honda dealer in Surin, Buriram, Phuket and Krabi provinces, while in Khon Kaen province, there are four other dealers.

The group market share when calculated from the number of units sold compared to the total domestic sales as Honda Automobile (Thailand) revealed to the public, its market shares were 1.63, 2.03 and 2.49 percent of all the Honda cars sold for 2017, 2018 2019 respectively.

Operational Performance and Financial Position Analysis

Overview

The Company operates the business as a holding company investing in other company that main business are car and accessories sales, repair services and Honda branded spare parts sales, finance and insurance provider and other related businesses. The group is one of the Honda dealers and has the most showrooms and service centers in Thailand. Presently, the subsidiary operates in high potential provinces in Northeastern and Southern region of Thailand.

During the past 2018, the Company has increased its investment in Honda showroom and service center business into high purchase potential province in Southern region of Thailand which are Phuket and Krabi detailed as follow:

1. In Phuket, 2 branches which are Phuket Branch, started sales and service sections in March 2018. The size of the service center and showroom are 312 sq.m. and 316 sq.m., respectively. And Naka Branch, started service sections in October 2018 and sales section in March 2019, with the size of the service center and showroom of 1,840 sq.m. and 920 sq.m. The total investment of these 2 branches are Baht 88 million.

2. In Krabi, 1 branch which is Krabi Branch, started sales and service sections in January 2019. The size of the service center and showroom are 570 sq.m. and 240 sq.m. The total investment is Baht 9 million.

In 2019, the Company has increased its investment in Honda showroom and service center business into Southern region of Thailand in Krabi province for another 1 branch which is Mueang Krabi Branch, started service sections in October 2019 and sales section is scheduled to be opened in January 2020. The size of the service center and showroom are 1,600 sq.m. and 1,000 sq.m., respectively. The total investment is Baht 57 million.

For financial sources, on March 20, 2018, annual general meeting resolved to approve the increase of registered capital from Baht 25 million to Baht 222 million by offering to existing shareholders to use in business expansion and working capital. On September 14, 2018, extraordinary general meeting, resolved to approve the increase of registered capital from Baht 222 million to Baht 300 million to offer ordinary shares amounting to Baht 156 million to the public.

In June 2019, the company initially offered its 156 million shares to the public in MAI amounting to Baht 224.64 million. The objectives are to use in business expansion and working capital.

For the important accounting policies of the Company, they are complied with the Thai Accounting Standards. In 2019, the Company has initially adopted the Thai Financial Reporting Standard No. 15 (TFRS15) "Revenue from contracts with customers" to replace the Thai Accounting Standards No. 18 (TAS18) "Revenue", Thai Accounting Standards No. 11 (TAS11) "Construction Contracts" and interpretations. Under TFRS 15, the Group recognizes revenue 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 to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The Group has a timing of revenue recognition mainly from sales and rendering service which are recognized at a point in time. Whereas, under TAS 18, the Group recognizes revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognizes revenue from rendering of services when the services are provided. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties in future economic benefits from sales of goods or rendering of services.

The operating results analysis for the year ended 31 December 2019

1. Business Segment Revenues Analysis

Revenue Structure	2019		2018		Change
	Million Baht	%	Million Baht	%	% YoY
Revenue from cars and accessories sales segment	2,650.00	84.80	2,078.00	86.10	27.50
Revenue from repair and maintenance services and spare parts sales segment	378.00	12.10	261.00	10.80	44.80
Commission income	78.00	2.50	58.00	2.40	34.50
Total core earnings	3,106.00	99.40	2,397.00	99.30	29.60
Other income*	18.00	0.60	16.00	0.70	12.50
Total revenue from business operation	3,124.00	100.00	2,413.00	100.00	29.50

Remark* Other income consists of incentives, gain on disposal of assets, interest income and etc.

An overview of income from business operation

In 2019, the Company's total revenue has constantly improved, which the revenue from core operation was reported a record levels of Baht 3,106 million. During 2019. The group's core earnings increased by Baht 709 million or 29.6% comparing to previous year. The major reasons were attributed to the success of branch expansion strategy to the area with high potential and the growth of revenue in some existing branches.

1.1 Car and accessories sales segment

Revenue from car and accessories sales segment has continuously grown even though Thailand's economy and the automotive industry sector in past three years from 2017-2019 has constantly fluctuated. In 2017 and 2018 the total auto sales for Thailand's market increased by 13.3 and 19.2 percent respectively. In 2018 the Thailand's automotive sales volume was equivalent to 1,039,158 units. However, the car sales statistic 2019 declined by 3 percent to 1,007,552 units because of the reason mentioned under the industry trend and future competition situation topic. Even if there was a fluctuation in both economy and overall automotive market sector, the group was aware and determined to stick to the Company's strategy which is to expand branch to the area with high potential and put into the detail in each stages. In 2019 the group started the car and accessories dealership segment in two branches which were Krabi branch in Krabi and Naka in Phuket. The income from car and accessories dealership segment from these two new branches was counted as 27.62% from total income from car and accessories dealership segment in 2019.

1.2 Repair and maintenance services and spare parts dealership segment

Revenue from repair and maintenance services and spare parts dealership segment was from the service center such as revenue from general service, periodical inspection and body and paint repair. Some maintenance cases are required to change spare parts. Thus the income from changing auto parts were grouped under service segment.

During the past three years since 2017-2019 the income from repair and maintenance service and spare parts dealership segment of the group had continuously improved. In 2019 the income increased by 44.8 percent compared to 2018 which mainly was from the branch expansion strategy, the full-year

revenue recognition of Phuket and Naka branches and the significant growth of the service center of Maliwan branch.

In 2019 it was the challenging year of the group due to there was a natural disaster in Northeastern of Thailand such as drought and floods in Q2 19 and Q3 19 which affected to the purchasing demand of Company's customers, however the Company was capable of reporting the growth of revenue from this segment.



1.3 Commission income

Commission income was majorly from the fee that the Company charges to a financing companies and insurance companies from introducing group's car-purchasing customer to them. Most of new car buyers are required to purchase insurance. The Group will record financing commission after a financing company approves a customer's hire-purchasing case and will record insurance commission from the insurance company once the insurance case is confirmed.

Throughout past three years since 2017-2019, the Company's operating results were consistently exceptional. In 2019 the operating result improved by 34.5 percent or amounting Baht 20 million from 2018. The increment was consistent with the rise in revenue from Car and accessories dealership segment.



2. Gross profit*

Gross Profit for the year ended 2019 increased by 10.4 percent YoY to Baht 18 million mainly because of the increase of revenue from sale and rendering of services from some existing branches, the full year service of Naka branch in Phuket, the two branches expansion in Krabi and the changing the staff employment style of some existing branches from hiring a subcontractor technician to employing an owner technician.

Remark* Gross profit from the Car and accessories dealership segment and Repair and maintenance services and spare parts dealership segment

3. Administrative Expense

Administrative expense for the year ended 2019 increased by 28.6 percent YoY to Baht 28 million, it was majorly attributed to the opening of new branch of Krabi and Mueang Krabi branches in 2019, a full-year administrative expense recognition of Phuket and Naka branches as well as the salary structure adjustments in January 2019.

4. Net profit for the year

Net profit for the year ended 2019 was Baht 53 million, increased by 93.36 percent YoY or Baht 26 million. The main reasons were the significant increment of the Group's core earnings, which conformed to the Company's branch expansion strategy, and the growth of revenue from existing branches.

Financial position analysis for the year ended 31 December 2019

1. Assets

As of 31 December 2019, the Company's total assets were Baht 1,569 million, increased by 29.7 percent from Baht 1,210 million at the end of 2018, mainly because of the increase of inventory and property plant and equipment.

- Net inventories increased by 119.0 percent from 2018-end to Baht 474 million, mainly because of an official opening of sales segmentation of Krabi and Naka branches in January and April 2019 and the Company likewise increased a car-stock quantity to support sales in Q120.

- Property, plant and equipment increased by 12.4 percent compared to 2018-end to Baht 696 million, it was mainly attributed to the construction of Naka and Mueng Krabi branches. Naka branch finished constructing and officially opening in March 2019. However, Mueng Krabi was partially opening as following; repair and maintenance services and spare parts business started opening in October 2019 and cars and accessories business will start opening in January 2020.

- In 2019 the current ratio increases to 0.88 time from 0.64 time comparing to previous year mainly because of the increasing capital from initial public offering ("IPO").

2. Liabilities

Total liabilities increase by 11.0 percent to Baht 916 million comparing to 2018 end.

- Trade accounts payable were Baht 162 million which increased by 34.5% from Baht 120 million comparing to last year. Likewise, short-term loan from financial institutions was Baht 670 million increased by 13.4 percent from Baht 591 million

comparing to previous year. Both of the increment were from the increase of inventory.

- The average payment day increased by 2 days from 14 days to 16 days because of the increase of car stock quantity during the end of 2018 as mention in the inventory analysis. The proportion of inventories which were not yet due in 2019 were higher than that of 2018.

3. Shareholders' equity

Total shareholders' equity increase by 69.6 percent from end of 2018 to Baht 653 million and debt to equity ratio decreased to 1.4 time from 2.14 time at the end of 2018, it was majorly attributed to the increasing capital from initial public offering ("IPO") and the increase from profit for year.

4. Cash flows

The Company net cash used in operating activities were at Baht 137 million because the Company increased a car-stock quantity to support both coming sales in Q120 and sales of two new branches in Krabi.

In the meantime, net cash used in investing activities were amounting Baht 112 million because the expansion of new branches in accordance with the Company's strategic plan.

The Company's net cash from financing activities amounting Baht 236 million which were from the initial public offering ("IPO") in the amount of Baht 225 million.

The Company's net cash and cash equivalents decreased by Baht 13 million which caused the Company to have net cash and cash equivalents equaling to Baht 154 million comparing to 2018 end.

Corporate Social Responsibilities (CSR)

The group has a policy in doing business that leads to sustainable growth by increasing efficiency on the operations, product and service development in response to the demand of the customer, considering the stakeholders, economics, society and environment by virtue, ethics and code of conduct. It included good governance with integrity, transparency, equity and accountability. The development and increase of the personnel value in the organization in tandem with the business with priority on CSR and environment. It is made by building mutual value with all the stakeholders of the company in accordance with the eight principles of the company in consistent with the guidelines on the CSR of the SET as follows:



(1) Business operation with equity

The business with equity can create confidence with the relevant persons; the group is determined to do business with good code of conduct against the competitor for fair competition with the following guidelines:

1. Behave under the framework of the good competition, promote free trade competition, and avoid the behavior of favoritism or collusion.
2. Do not seek confidential information of the trade competitor by a dishonest or inappropriate method, e.g. making a kickback to the competitor's employee.
3. Do not try to destroy the reputation of the trade competitor by making groundless allegations.
4. Do not encourage any operation with the characteristics that are in violation of the intellectual property, use copyrighted goods and services.

(2) Anti-corruption

The group has a policy to do business with transparency, adheres to righteousness, no support

to create job success by a dishonest method. The board of directors has a policy to abide by the law and anti- corruption by setting the guidelines in accordance with the details in (d).

(3) Respect for human rights

Respect for human rights means the treatment of the stakeholders, surrounding community and society with respect in human value and do not violate their basic rights. The group has intentions to respect and do not violate human rights with the following guidance.

1. Promote and respect in protection of human rights by diligently monitor their business not to violate human rights, e.g. do not encourage forced labor and against child labor, etc.
2. Promote the compliance with the requirements on human rights within their business and stimulate compliance with the human rights principles in accordance with the international standards.

(4) Fair treatment of labor

The group has a policy to treat all employees with equality and equity, taking care on the livelihood, safety and hygiene at the workplace. It includes the promotion of learning at the organizational level and personnel development to raise the working level of the employees professionally, and develop the working system and create organizational innovation with the following guidelines:

1. Provide conditions on fair employment and have the employees receive the appropriate compensation in accordance with their potential.
2. Provide fringe benefits to the employees reasonably, e.g. having an annual vacation, reasonable overtime and medical treatment as necessary and appropriate, etc.
3. Appointment, reshuffle, reward and punishment of the employees with integrity, equality and based on their knowledge, capability and suitability.
4. Provide care for the working environment to have safety for life and employee's property.
5. Develop the employees to train skills and increase potential by open a chance for the employee to learn widely and constantly.
6. Abide by the law and the various regulations involved with the employees strictly.
7. Avoid any unfair action, which may have an impact on the stability on the working duty of the employees, including the treatment of the employees with politeness.

(5) Responsibility for the consumers

The group is determined to sell the goods and services meeting the qualities and standards at the suitable prices, keep confidentiality for the customer seriously and regularly. It seeks to find a way without a stop to increase the benefit to the customer continuously and abide by the various conditions with the customers strictly by the following guidelines:

1. Deliver the quality product and the standards in line with the demand of the customers under the fair conditions.

2. Develop the product and service continuously to increase the value to the business and increase the benefits for the customers.

3. Give information on the product and service that is correct, sufficient without exaggeration, so the customer has sufficient information making a decision.

4. Keep confidentiality of the customer by not utilizing for self-benefit or the relevant persons illegally.

(6) Taking care of the environment

The group realizes of the importance of the environment by not causing various pollution problems, including the global warming, with the impact on the human life quality and the ecological system. It has a policy not to do anything to result in damage to the natural resources and environment with the following guidelines:

1. Use the resources with efficiency, having energy savings measures and consider recycling.

2. Develop the goods and services that do have an impact on the environment with a safer use.

3. Use the production technology and procedures considering reduction of the volume and pollution treatment before releasing to the nature.

4. Promote the activities with social creativity and environment constantly.



Moreover, the group also received a certificate from Honda Automobile (Thailand) as the “Excellent” dealer on management of the environment and participation in the activity of building a rubbish-holding house that is friendly to the environment. It includes passing the green garage guidelines and the standard emissions clinic from the Department of Pollution Control as well.



(7) Participation in the community and social development

The group has a policy to promote the use of business process for the benefit on development of life quality to build economy and strength to community and society with the following guidelines:

1. Encourage hiring in the community.
2. Seek an opportunity to promote the activity on creative society and community.
3. Inculcate the conscience on social responsibility and environment to take place among all groups of employees.
4. Control to have strict compliance in accordance with the intentions of the law and regulations issued by the regulator.

(8) Having an innovation and its dissemination from the implementation of social responsibility and the stakeholders.

The group is aware that the stakeholders had the important role to designate the direction of the business operations, so it gives priority on the care and consideration to the stakeholders of all groups inside and outside the organization. It has a policy to promote the participation of the co-creation in the innovative development that create the balance between the value and community worthiness, society and environment in parallel with the business growth sustainably and the following practices:

- a. Analysis of the working process in detail to create the opportunity to develop into a discovery of business innovation.
- b. Creation of the opportunity to develop a new product jointly with the stakeholders for growth in parallel with the creation of business profit sustainably.
- c. Cooperation with a state agency in developing a product to help the underprivileged persons and society.

To ensure that everyone in the organization knows the policy on anti-corruption, the group shall propagate such the policy via the communication channel of its group by a letter, email, the annual information disclosure (56-1) and the annual report (56-2) by reviewing such the policy regularly each year.



a. Report implementation and preparation

The social responsibility in accordance with the policy and the above practices are part of the business process that the group has practiced all along. Meanwhile, the group has implemented the policies and designated guidelines from the stage in procurement of quality goods at the suitable price. In addition, it can create fair competition, avoid the behavior on favoritism, it has inspected and controlled the goods quality from the goods ordering up to the last step before delivery to the customers. Furthermore, the marketing shall follow up on the after-sales service to listen to the problems and recommendations from the customer for improvement and development to be able to respond to the demand of the customers even more.

b. Business operations with an impact on social responsibility

-None-

c. Activity for the CSR-after-process

The group has a policy to do an activity for the benefit to the society and environment when there is a suitable opportunity.

d. Prevention of participation in corruption

Corruption means the use of derived power or property in the illegal means for the self-benefit, family, friend, acquaintances, or other undue benefits to cause damage to the interest of other people. The corruption can take place in several manners, e.g. bribery on the authority or giving or taking a bribe that is in money or in kind, overlapped interests, money laundering, embezzlement, fact concealment and an obstruction of justice, etc.





Anti-corruption Policies

1. The group will not accept corruption covering the entire business and items all the units involved by the directors, the management and all employees have to abide by the policies on anti- corruption strictly.

2. The directors, management and employees of the group shall not accept corruption, regardless for the benefit of self, family, friend or acquaintances in all forms, directly or indirectly, by complying with the measures on anti-corruption strictly.

3. The group shall verify the compliance with the policy on anti- corruption regularly, including the review of the guidelines on the practices and requirements in the implementation to be consistent with a change in the business, regulation, bylaws and requirements of the law.

4. The group shall set up the steps on the compliance with the policy on anti-corruption to abide by this policy by verifying the procedure on compliance with the policy regularly. It includes a review, practice and requirements on the implementation to be consistent with a change in the business, rules, bylaws and requirements of the law.

5. It shall create and maintain the organizational culture that adheres to the notion that corruption is unacceptable in making a transaction with the public or private sector.

Anti-corruption Practices Guidelines

1. The board of directors, the management and employees of the group shall not get involved with the corruption, regardless of directly or indirectly.

2. The board of directors, the management and its employees shall not omit or ignore upon discovering an action that is considered corruption involved with the group. They shall notify the unit/designated persons to be responsible, or notify the superior for acknowledgement. It includes cooperating in the fact finding. However, if there is a doubt or inquiry, consult the unit/the designated persons to be responsible for the follow-up on the practice in accordance with the code of conduct, the company or superior via the various designated channels.

3. The group shall give fairness and protection for the people who reject corruption or whistleblower by applying the measures. It is to protect the complainant or cooperator in the report of the corruption as designated in the policy on protection and equity to the informant or whistleblower on corruption or non-compliance with the law, regulation, bylaws and the code of conduct of the group.

4. The group shall disseminate the knowledge and understanding with the outsiders with business involvement with the group on the compliance with the policy on anti-corruption.

5. The group shall communicate the measures on anti-corruption, including report on the channel of giving a lead or complaint to the people inside the group through the multiple channels, e.g. orientation course for the board directors and employees, seminars and trainings, including notifications via the Intranet, etc. So the measure can be applied seriously and to make sure that the company personnel has understanding, approval and compliance with the policy and measures on anti-corruption.

6. The group shall communicate the measures on anti-corruption, including reporting the channel on giving a lead or complaint to the public, core company, business partner and the stakeholder via the various channels, e.g. its website, the annual report, etc. to create understanding and seriously apply the measures.

7. The group shall provide a rule on the payment by designating the table of approved powers and amounts, which the payments shall require clear documentary evidence to supplement it. It is to protect against inappropriate practices, including do not create political help and assurance that a charity donation does not lead to corruption, and the financial support is intended for business, but not a pretext for corruption.

8. The board of directors, the management and its employees shall not accept or give a gift, entertainment and other expenses exceeding necessity and inappropriateness with the state official or person doing business with the group. In the case of receiving a gift with the extraordinary value in the customary occasion, the directors, management or employees shall reject and refuse it and report to the hierarchical command for acknowledgement. Moreover, it shall comply with the guidelines on the inspection process from the supervisory section and the internal audit regularly.

9. The group has provided the audit process and the internal control to prevent from corruption by such the process covers on sales, marketing, purchasing, personnel management, finance, accounting, record recording, operations, including other processes within the group related to the measures on anti-corruption. Nonetheless, there must be implementation in accordance with the audit process from the internal supervision and the audit as such regularly.

10. The group shall provide the process for the human resources management that reflects determination of the company with the measures on anti- corruption from the selection, training, job evaluation, compensation and promotion.

11. The group shall provide the risk management measures to prevent corruption by stating the events with a high risk from corruption that may happen from the business operations, assessment of the risk both the chance and impact together with the follow- up, progress of the risk management. It is to prevent from corruption regularly, also have a review on the risk measures to have suitability to prevent from the risk at the acceptable level.

12. The group shall provide an internal audit to make sure that the system of the risk management designated can help the group achieve the established targets, including an inspection of the practice within the group to comply with the requirements and the regulations.

13. The group shall arrange these measures to have documentation in accordance with the principle on the internal audit to be consistent with the policy and regulations of the group.

14. The supervisory and internal audit division shall designate as an agenda for the AGM, so the managing director can report the results on the audit in accordance with the annual corruption measures to the audit committee, and recommend to the board of directors later.

15. For clarity on the implementation in the matter with a high risk of causing corruption, the board, the management and the employees shall perform it with circumspection in the following matters:

15.1 Practical guidelines on political help

The political help means a support of a politician or political party using money or in kind. The non-financial support can include lending or donation of equipment, technological service free of charge. It includes advertising, promotion or supports of a political party and/ or encourage an employee to participate in a political activity on behalf of the group, so as to have a business advantage. However, the group has guidelines on the political aid as follows:

1. The group does business with political neutrality without a support or an action to indulge in politics or politician or a political party.
2. It shall not support in finance or thing to a political party, politician or political candidate to political help in accordance with the meaning of the definition of political help with the objective to give a business benefit to the group.
3. The employees are entitled to join a political activity under the provision of the constitution, but cannot refer the employment or use the property, equipment or any tool of the group for any benefit in politics. In a situation of participation, they shall be careful not to do anything to cause misunderstanding that the group is a partisan.
4. It shall notify the management and employees that it shall not join or help a partisan on a political activity.

15.2 Guidelines on a donation for a charity and financial support

A donation to a charity in the form of financial or other help, e.g. giving knowledge or time sacrifice etc. The group can do by as a part in the corporate social responsibility (CSR) without profit motive. However, it shall comply with the guidelines on the charity donation and financial support stringently.



The financial support for business public relations and promotion of good image to the group can be made with the business objective, goods brand or reputation of the group. Although it can be risky due to the payment for a service or interest that is difficult for evaluation and follow-up. Thus, it shall follow the practical guidelines on donation for charities and financial support strictly. The charity donation and financial support can be risky due to corruption due to such the activities involved with spending without tangible compensation and can be an excuse or route for corruption and without an ulterior objective.

15.3 Guidelines on the operations related to a gift, entertainment and other expenditures

The implementation related to a gift, entertainment and other expenses that are not appropriate may lead to an exposure to corruption and a channel of corruption, as such is a payment for an expense of a board director, the management or employees of the group for bribery. Moreover, while the group gives a gift, welcoming service or other inappropriate expenses to a customer may breach the policy of some customers to cause it to lose the business opportunity. The group is realized of the importance in building good relations with its business ally to lead to its continuous success. At the meantime to preserve the group reputation, which doing business with integrity and legality, it has set guidelines on handling of a gift, greeting service and other expenses as follows:

1. The board directors, management and employees can accept/give a gift, entertainment or other expenses, e.g. entertainment or acceptance from other people at the various occasions in the customary practices or social etiquette generally accepted shall be made with transparency and in the open. However, such the event shall not cause any advantage via the unsuitable action or a clear exchange of favors or with an ulterior motive to derive of help or returned interest. That it can allow leniency in a business agreement that is not suitable for a business decision and shall comply with the relevant law.

2. They shall not demand or accept a gift, greeting service or other expenses from a customer and trade partner or stakeholder of the group business, regardless of the case to impact a decision with partiality or difficulty or a conflict of interest.

3. They shall not accept a gift or compensation that is excessive due to the normal performance of duty, e.g. in a bid shall not accept a gift or greeting service from the participating company in the bid or relevant company, etc. Nonetheless, they can accept a gift and/or greeting service cost and/or other expenses in a festival or as a customary practice normally, but shall not exceed 2,000 (Two Thousand) Baht. Moreover, the gift shall not be in cash or its equivalent, e.g. a voucher or gift voucher, etc.

4. It is prohibited from accepting a gift or welcoming service or other interests with the value exceeding 2,000 (Two Thousand) Baht or that is cash or its equivalent, etc. When it is in the situation that cannot be refused at the time, e.g. in a meeting or consultation with the customer, etc. the receiver can accept it first and notify the superior promptly and prepare a report on the gift acceptance and submit to the office management. Nevertheless, the group shall consider donating the gift to a charity later as appropriate.

5. Giving and receiving other benefits, e.g. an entertainment shall be confirmed that such entertainment shall not be excessive or too often to cause an obligation to the entertainer, regardless of directly or indirectly.

6. The group shall publicize to its board directors, management and employees on the practical guidelines apply to the gifts, welcoming service and other expenses of its group via the annual meeting and other communication system it has.

7. It shall publicize or notify the customers, trade partners or business participants on its policy and guidelines on accepting a gift, welcoming service and other expenses of the group via the introducing document or brochure used in publicizing the group business.



Consideration for punishment if there is a violation or non-compliance with the anti-corruption policy

1. In the event that a director violates or fails to comply with this policy, the group shall set up an investigative committee to investigate the facts on the allegations without delay. However, the investigative committee shall consist of the entire independent committees of the group. In a scenario that a factual investigation found a violation or non-compliance, by an independent committee, who shall be banned from the investigative committee. In the case that it can be proven that a director is found guilty, they shall punish them based on the facts and the surrounding circumstances as appropriate in each case. So they shall report the investigated results to the board (except the violating director on anti-corruption) to consider later. However, if such the violation is illegal shall be prosecuted in accordance with the country law as well.

2. In the case the management and employees of the group violate this policy shall be disciplined, but the punishment depends on the facts and the circumstances. Nonetheless, if the case is illegal shall be prosecuted in accordance with the country law as well.

The group has no policy to demote or punish or cause a negative result to the employee who rejects a corruption practice, although it can cause the company to lose the business opportunity.

3. The group shall use all the internal communication systems to publicize the punishment, if there is a violation of the anti-corruption measures. It includes creating clear realization of the policy without a negative result to those who reject corruption, although it can cause the group to lose the business opportunity.

4. The group shall create realization to the general employees on the compliance with the policy on anti-corruption of any one or multiple persons, e.g. an announcement for commendation or giving a reward, etc.

Measures on reporting a clue or complaint

The board of directors shall provide measures on reporting a clue or complaint about an offense, a breach of the ethics or other behavior implies corruption or dishonesty of people in the organization. It includes the employees and the stakeholders. Such the actions include an incorrect financial report or an internal control that is defective. Moreover, the group must have a mechanism in protecting the whistleblower or complainant for the stakeholder to participate in monitoring the interests of the group with more efficiency.

The clues or complaints

- An offense on corruption, against the bylaws or ethics of the directors and employees.
- Irregularity on the financial report and a defective internal control system.
- The matter that affect the interests or reputation of the group.

Applicability of the measures by the company and the relevant persons

1. The group shall notify and encourage the lead company to apply the measures on anti-corruption.

2. It is prohibited the employees from hiring a business agent or middleman with the objective of committing corruption.

3. The group shall have goods and service purchasing with equity and transparency, including shall evaluate to select the vendors, service providers, including the contractor in accordance with the rules on hiring/ purchasing stringently. Moreover, the group shall notify the vendors and service providers, including the contractor to acknowledge the policies and measures on anti-corruption of this edition.

4. The group reserves the right to cancel the purchasing and hiring, if it finds that the vendor and the service provider, including the contractor commits corruption or bribery.

Propagation of the policy on anti-corruption

1. The group shall post the notice on the policy anti- corruption in the clearly visible for everyone in the organization to be aware of it.

2. It shall propagate the policy on anti-corruption via the communication channel of the company, e. g. the company website, Intranet or folder, etc. so the public can be aware of it.

The group shall communicate the policy on anti-corruption, including the channel on reporting a clue or complaint within the company via the diverse channels, e.g. the orientation course for the directors and employees, the board meeting, training, annual seminar, etc. so it can be practiced seriously. Furthermore, it is to make sure that the group is confident that its group has the resources and personnel with sufficient skills to apply the measures.



Mr. Panich Pongpirodorn

Chairman of the Board of Directors
and Independent Director



Mr. Weerachai Ngamdeevilaiak

Chairman of the Audit Committee
and Independent Director



M.L. Winai Kasemsri

Member of the Audit Committee and Independent Director
and Chairman of the Nomination and Remuneration Committee



Asst. Prof. Dr. Saranyapong Thiangtam

Member of the Audit Committee and Independent Director
and Member of the Nomination and Remuneration Committee



Mr. Phanumast Rungkakulnuwat

Chief Executive Officer and Director
and Member of the Nomination and Remuneration Committee



Mrs. Hathairat Rangakoonuwat

Deputy Chief Executive Officer and Chief Sales Officer
and Director



Mrs. Suksai Phoksap

Chief General Managing Officer
and Director



Ms. Nuchanadh Sakulsanthia

Chief Financial Officer
and Director



Ms. Thanya Thimachai

Director and Account Manager



Mr. Putip Vatin

Director and Account Manager



Mr. Phanumast Rungkakulnuwat

Chief Executive Officer and Director



Mrs. Hathairat Rangagoonuwat

Deputy Chief Executive Officer and Director



Mrs. Suksai Phoksap

Chief General Managing Officer
and Director



Ms. Nuchanach Sakulsanthia

Chief Financial Officer
and Director



Ms. Thanya Thimachai

Account Manager and Director



Mr. Putip Vatin

Account Manager and Director



Ms. Soontaree Chittham

Accounting Manager
and Company Secretary



Mr. Narawut Thaneeapun

Chief Service Center Officer

Management Structure

The management structure of the ACG group consists of the Board of Directors and 3 Sub-Committee namely Audit Committee, Executive Committee and Nomination and Remuneration Committee. The structure comprises of at least 3 independent directors and not less than one third of total directors. All independent directors and audit committee members possess all qualifications as announced in the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee B.E. 2558 (2015).

1. Board of Directors

The Board of Directors of the Company comprises of 10 directors as follows:

Director	Position
1. Mr. Panich Pongporodom	Chairman of the Board of Directors / Independent Director
2. Mr. Weerachai Ngamdeevilaisak	Chairman of the Audit Committee / Independent Director
3. M.L.Winai Kasemsri	Audit Committee Member / Independent Director
4. Asst. Prof. Dr. Saranyapong Thiangtam	Audit Committee Member / Independent Director
5. Mr.Phanumast Rungkakulnuwat	Chief Executive Officer / Chairman of the Executive Committee
6. Mrs.Hathairat Rangagoonnuwat	Director
7. Mrs.Suksai Phoksap	Director
8. Miss Nuchanadh Sakulsanthia	Director
9. Miss Thanya Thimachai	Director
10. Mr.Putip Vatin	Director

Miss Soontaree Chittham officiates as Company Secretary. She attended the Fundamentals Practice for Corporate Secretaries #2/2018 by Thai Listed Companies Association, in association with The Securities and Exchange Commission of Thailand and Thai Company Secretary Club.

Authorized Directors

Authorized Directors of the Company are Mr. Phanumast Rungkakulnuwat or Mrs. Hathairat Rangagoonnuwat sign together with Miss Nuchanadh Sakulsanthia or Mrs. Suksai Phoksap or Mr. Putip Vatin or Miss Thanya Thimachai.



2. Audit Committee

The Extraordinary General Meeting of Shareholders No. 3/2018 on November, 2017 resolved to appoint 3 audit committee members consisted of:

1. Mr. Weerachai Ngamdeevilaisak Chairman of the Audit Committee who is sufficiently knowledgeable and experienced to review the reliability of financial statements.
 2. M.L.Winai Kasemsri Audit Committee
 3. Asst. Prof. Dr. Saranyapong Thiangtam Audit Committee
- Miss Wichuta Wijitwarangkul officiates as Audit Committee Secretary.

3. The Board of Executives

As of December 31, 2019, name list as follows:

No.	Name	Position	Date of first appointment as executive
1.	Mr.Phanumast Rungkakulnuwat	Chief Executive Officer	November 8, 2017
2.	Mrs.Hathairat Rangkagoonnuwat	Deputy Chief Executive Officer	November 8, 2017
3.	Mrs.Suksai Phoksap	Executive	November 8, 2017
4.	Miss Nuchanadh Sakulsanthia	Executive	November 8, 2017
5.	Miss Thanya Thimachai	Executive	November 8, 2017
6.	Mr.Putip Vatin	Executive	November 8, 2017

Note: Presently, the Company has Risk Management Committee which is the same set of the Board of Executives.

4. Nomination and Remuneration Committee

The Extraordinary General Meeting of Shareholders No. 3/2018 on November, 2017 resolved to appoint 3 nomination and remuneration committee members consisted of:

1. M.L.Winai Kasemsri Chairman of the Nomination and Remuneration Committee
2. Asst. Prof. Dr. Saranyapong Thiangtam Nomination and Remuneration Committee
3. Mr.Phanumast Rungkakulnuwat Nomination and Remuneration Committee

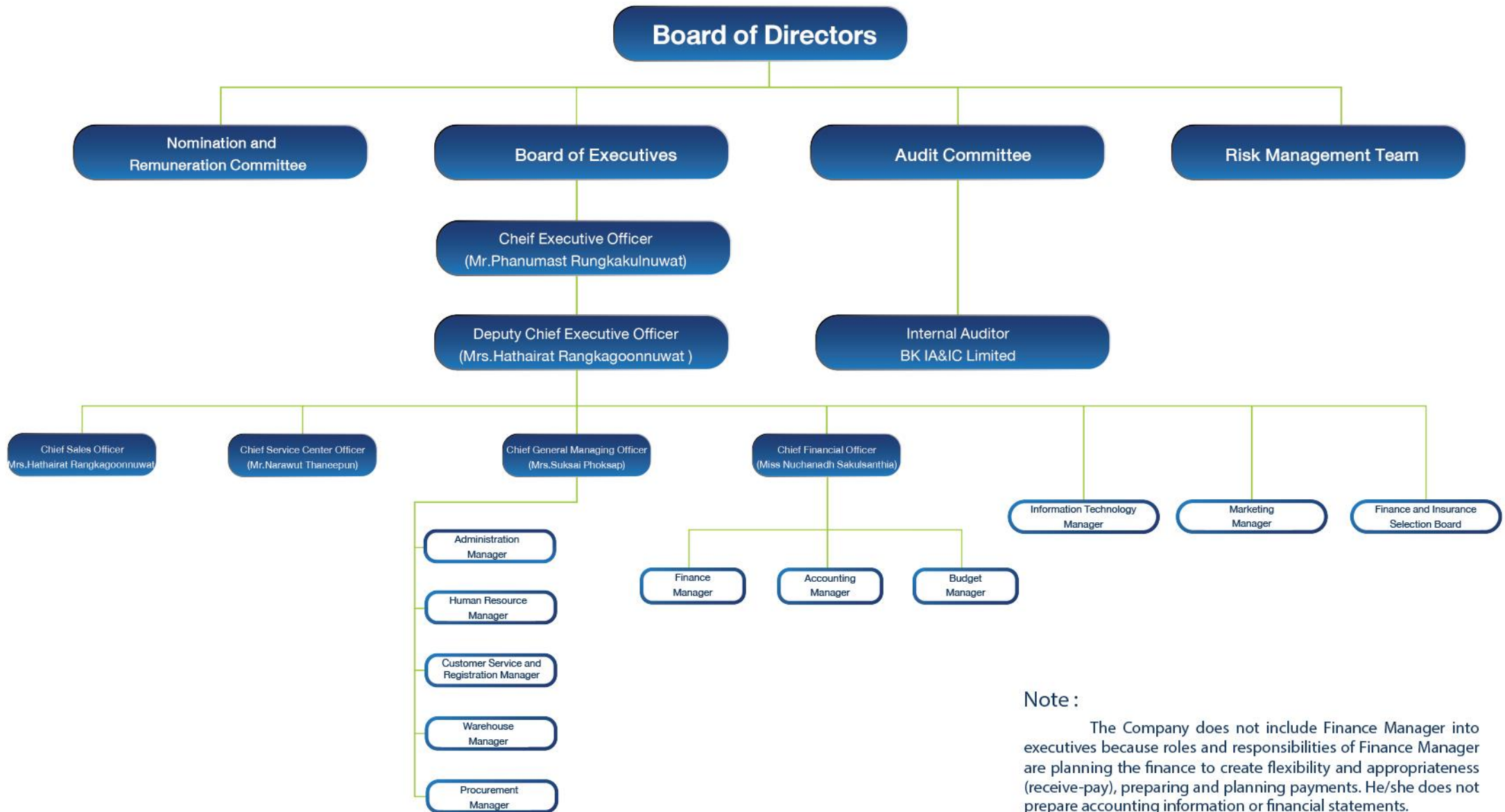
5. Executives

As of December 31, 2019, the Company has 8 executives as follows:

1. Mr.Phanumast Rungkakulnuwat Chief Executive Officer
2. Mrs.Hathairat Rangkagoonnuwat Deputy Chief Executive Officer and Chief Sales Officer
3. Mrs.Suksai Phoksap Chief General Managing Officer
4. Miss Nuchanadh Sakulsanthia Chief Financial Officer
5. Mr.Narawut Thaneepun Chief Service Center Officer
6. Miss Thanya Thimachai Accounting Manager
7. Mr.Putip Vatin Accounting Manager
8. Miss Soontaree Chittham Accounting Manager

*Definition of executive according to the Notification of the Securities and Exchange Commission of Thailand

Organization Chart



Note :

The Company does not include Finance Manager into executives because roles and responsibilities of Finance Manager are planning the finance to create flexibility and appropriateness (receive-pay), preparing and planning payments. He/she does not prepare accounting information or financial statements.

6. Company Secretary

The Board of Directors Meeting No.4/2018 dated October 12, 2017 resolved to appoint Miss Soontaree Chittham as a Company Secretary for the first time. She has appropriate qualification and been trained to be the company secretary. The appointment is in accordance with Section 89/15 of Public Limited Companies Act, B.E. 2535 with responsible, caution and integrity. It is also complied with the law, Company's objective and regulation and resolution of the Shareholder's Meeting. Details of roles and responsibilities are as follows:

1. Arrange the Board of Directors, Executives and Shareholder's Meetings under Company's regulations.
2. Oversee the Company and the Board of Directors to work consistently with related laws and regulations, as well as resolutions of the Board and shareholders and good cooperate governance.
3. Communicate with authorities such as The Stock Exchange of Thailand and oversee disclosures and reports to authorities and public to comply with the law.
4. Support directors/executives to attend courses related with their duties.
5. Provide trainings/orientation, as well as important information, for both new and current directors.
6. Suggest regulations to the Board of Directors and executives.
7. Organize performance assessments of the Board of Directors.
8. Manage, coordinate and keep the reporting of directors' and executives' interests as well as submit the copy of report to chairman and to chairman of the audit committee within 7 days from the date that the Company has received the report.
9. Prepare and keep important documents of the Company such as a register of directors, call for meeting note, board of directors and shareholders minute of meetings, annual report and reporting of directors' and executives' interests.
10. Be the center of contacts and information that the Board of Directors require from authorities including auditor, internal auditor. Arrange meetings between directors and executives as the Board requested.
11. Contact and communicate with shareholders to know the shareholder's rights and company's news.
12. Take care activities of the Board of Directors.
13. Other activities as required by Capital Market Supervisory Board.

7. Remuneration of the Directors and the Executives

The Company has set the remuneration of the directors and the executives clearly and transparently, in accordance with accountability and responsibilities in the Company which have been considered by the best interests of the Company and shareholders.

7.1 Remuneration of the Directors

1. Monetary Remuneration

Total Remuneration of Directors

The Company's Annual General Meeting of Shareholders for the Year 2019 dated March 18, 2019 resolved to approve the fixing of remuneration of the directors and the Audit Committee members for the year 2019 in form meeting allowance as follows:

Position	Meeting Allowance
<u>Board of Director Meeting</u>	
Chairman of the Board of Directors	Baht 25,000 per meeting
Director	Baht 20,000 per meeting
<u>Audit Committee Meeting</u>	
Chairman of the Audit Committee	Baht 25,000 per meeting
Audit Committee	Baht 20,000 per meeting
<u>Nomination and Remuneration Committee Meeting</u>	
Chairman of the Nomination and Remuneration Committee	Baht 25,000 per meeting
Nomination and Remuneration Committee	Baht 20,000 per meeting

In 2018 and 2019, the Company paid remuneration to the Board of Directors as follows:

Name - Surname	Board of Director Meeting Allowance		Audit Committee Meeting Allowance		Nomination and Remuneration Committee Meeting Allowance	
	2018	2019	2018	2019	2018	2019
1. Mr. Panich Pongporodom	150,000	125,000	-	-	-	-
2. Mr. Weerachai Ngamdeevilaisak	120,000	100,000	150,000	100,000	-	-
3. M.L.Winai Kasemsri	100,000	100,000	100,000	80,000	25,000	25,000
4. Asst. Prof. Dr. Saranyapong Thiangtam	120,000	100,000	120,000	80,000	20,000	20,000
5. Mr.Phanumast Rungkakulnuwat*	-	-	-	-	-	-
6. Mrs.Hathairat Rangkagoonnuwat*	-	-	-	-	-	-
7. Mrs.Suksai Phoksap*	-	-	-	-	-	-
8. Miss Nuchanadh Sakulsanthia*	-	-	-	-	-	-
9. Miss Thanya Thimachai*	-	-	-	-	-	-
10. Mr.Putip Vatin	-	-	-	-	-	-

*Note** Director number 5 to 10 do not receive remunerations as a director because they are already receiving remunerations as an executive.

Detail of meeting attendance of the board of directors and committees in 2019

No.	Name - Surname	Board of Directors (5 meetings)	Audit Committee Meeting (4 meetings)	Nomination and Remuneration Committee Meeting (1 meeting)
1	Mr. Panich Pongporodom	5/5	-	-
2	Mr. Weerachai Ngamdeevilaisak	5/5	4/4	-
3	M.L.Winai Kasemsri	5/5	4/4	1/1
4	Asst. Prof. Dr. Saranyapong Thiangtam	5/5	4/4	1/1
5	Mr.Phanumast Rungkakulnuwat*	5/5	4/4	1/1
6	Mrs.Hathairat Rangkagoonnuwat*	5/5	4/4	-
7	Mrs.Suksai Phoksap*	5/5	4/4	-
8	Miss Nuchanadh Sakulsanthia*	5/5	4/4	-
9	Miss Thanya Thimachai*	5/5	4/4	-
10	Mr.Putip Vatin	5/5	4/4	-

7.2 Remuneration of the Executives

1. Monetary Remuneration

For the year 2018 and 2019, the Company paid monetary remuneration to executives detailed as follows:

Remuneration of the Executives

Transaction	2018	2019
Number of executives	8	8
Total remuneration (Baht)	9,407,849	10,174,570
Form of remuneration	monthly salary/ bonus/ provident fund/ social security/ accommodation allowance	monthly salary/ provident fund/ social security/ accommodation allowance

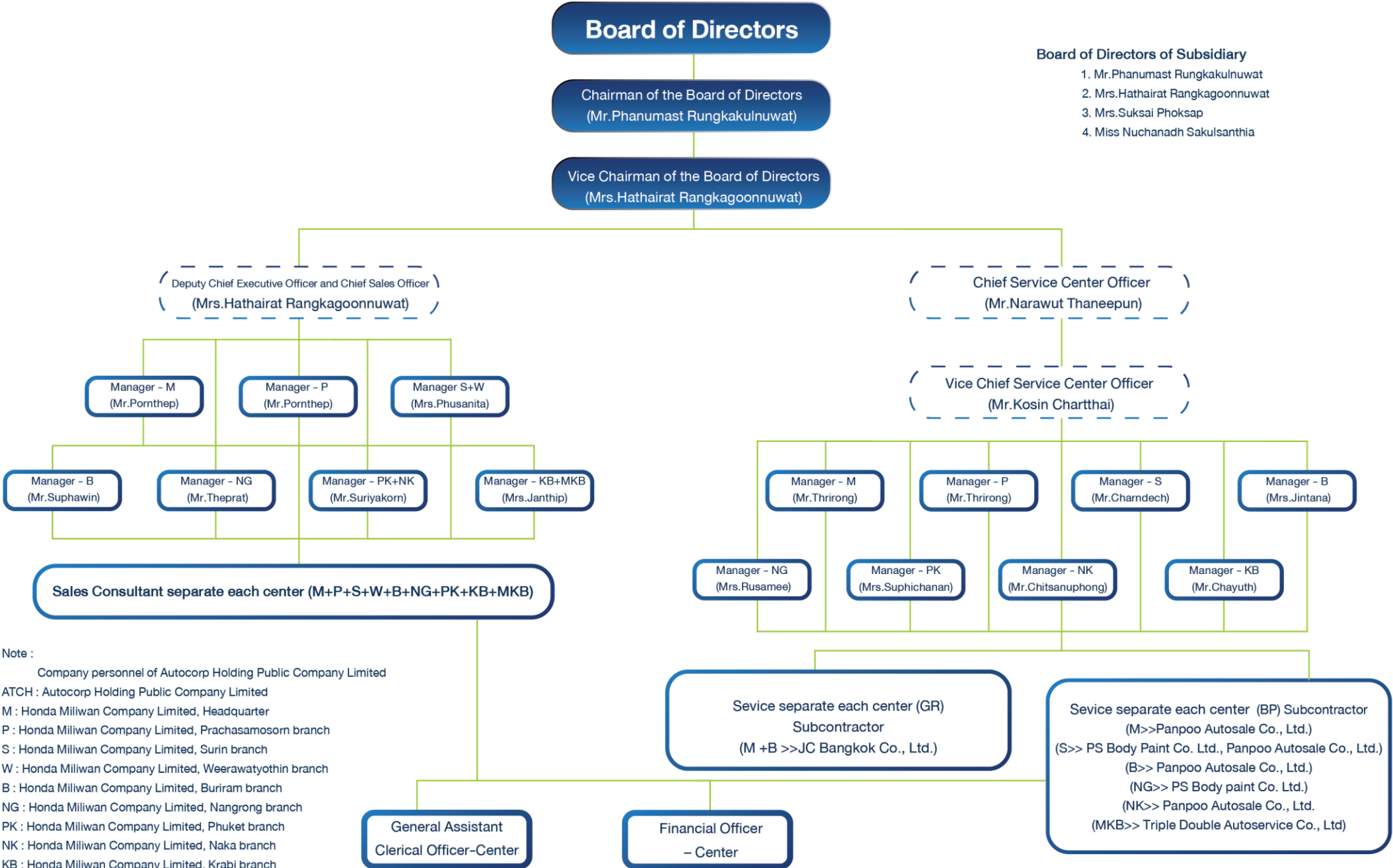
2. Other Remuneration

The Company has set up a provident fund for executives of the ACG group which TISCO Asset management is the asset management company, according to the Provident Fund Act, B.E. 2530 (including amendments). The provident fund has been effective from September 1, 2017 onwards. Member of the provident fund and employer (the Company) pay contributions in percentage of salary. Upon termination of membership, members will receive all of their savings and its incurred benefits, as well as a certain amount of employer's contribution and its incurred benefits. Conditions of payment under the following rules:

Years of working	Rate of contribution and benefit payment paid upon termination of membership (percentage of contribution and benefit)
Less than 2 years	0
2 years but less than 3 years	25
3 years but less than 5 years	50
5 years but less than 7 years	75
7 years up	100

However, the group has another remuneration of the executives, an executive residence which is to facilitate the work in Khon Kaen. The Company also offers discounts to executives and employees for spare parts and labor costs, excluding new car purchase, and car insurance renewal as specified in compensation and welfare policies approved by the Board of Directors.

8. Subsidiary Company Structure (Honda Maliwan Company Limited)



- Board of Directors of Subsidiary**
1. Mr.Phanumast Rungkakulnuwat
 2. Mrs.Hathairat Rangagoonnuwat
 3. Mrs.Suksai Phoksap
 4. Miss Nuchanadh Sakulsanthia

Note :
 Company personnel of Autocorp Holding Public Company Limited
 ATCH : Autocorp Holding Public Company Limited
 M : Honda Miliwan Company Limited, Headquarter
 P : Honda Miliwan Company Limited, Prachasamosorn branch
 S : Honda Miliwan Company Limited, Surin branch
 W : Honda Miliwan Company Limited, Weerawatyothin branch
 B : Honda Miliwan Company Limited, Buriram branch
 NG : Honda Miliwan Company Limited, Nangrong branch
 PK : Honda Miliwan Company Limited, Phuket branch
 NK : Honda Miliwan Company Limited, Naka branch
 KB : Honda Miliwan Company Limited, Krabi branch
 MKB : Honda Miliwan Company Limited, Mueang Krabi branch

Board of Directors of Subsidiary

The subsidiary has 4 directors which are:

Name	Position
1. Mr.Phanumast Rungkakulnuwat	Chairman of the Board of Directors
2. Mrs.Hathairat Rangagoonnuwat	Directors
3. Mrs.Suksai Phoksap	Directors
4. Miss Nuchanadh Sakulsanthia	Directors

Authorized Directors

Authorized Directors of Subsidiary are Mr. Phanumast Rungkakulnuwat or Mrs. Hathairat Rangagoonnuwat sign together with Miss Nuchanadh Sakulsanthia or Mrs. Suksai Phoksap, in total of two persons.

Subsidiary's Executives

Subsidiary has 5 executives which are:

Name	Position
1. Mr.Phanumast Rungkakulnuwat	Chief Executive Officer
2. Mrs.Hathairat Rangagoonnuwat	Deputy Chief Executive Officer and Chief Sales Officer
3. Mrs.Suksai Phoksap	Chief General Managing Officer
4. Miss Nuchanadh Sakulsanthia	Chief Financial Officer
5. Narawut Thaneepun	Chief Service Center Officer
6. Miss Thanya Thimachai	Accounting Manager

Remuneration of the Subsidiary's Directors

At present, Subsidiary's Directors do not receive monetary and other remunerations.

Detail of meeting attendance of the board of directors in 2019

No.	Name - Surname	Board of Directors (5 meetings)
1	Mr.Phanumast Rungkakulnuwat	5/5
2	Mrs.Hathairat Rangagoonnuwat	5/5
3	Mrs.Suksai Phoksap	5/5
4	Miss Nuchanadh Sakulsanthia	5/5

Remuneration of the Subsidiary's Executives

Subsidiary's Executives do not receive monetary remunerations from subsidiary company but receive as parent company's executives.

9 Personnel

9.1 Number of Employees (The Group)

As of December 31, 2018 and 2019, the group had total number of both permanent and outsource employees divided in to main departments as follows:

Main Department	December 31, 2018		December 31, 2019	
	Number of permanent employees*	Number of outsource employees**	Number of permanent employees*	Number of outsource employees**
1. Sales Department	5	56	10	71
2. Service Center Department	56	156	141	109
3. General Management Department	67	-	83	1
4. Finance and Accounting Department	91	-	74	-
Total	219	212	308	181

Branch	December 31, 2018		December 31, 2019	
	Number of permanent employees*	Number of outsource employees**	Number of permanent employees*	Number of outsource employees**
1. Head Office, Khon Kaen	26	79	40	46
2. Prachasamosorn Branch, Khon Kaen	3	11	11	4
3. Surin Branch, Surin	51	34	56	25
4. Weerawatyothin Branch, Surin	-	3	-	3
5. Buriram Branch, Buriram	22	38	20	31
6. Nangrong Branch, Buriram	15	10	18	14
7. Phuket Branch, Phuket	19	28	24	8
8. Naka Branch	32	9	47	32
9. The Company (ACG)	-	-	-	1
10. Krabi Branch, Krabi	-	-	30	18
11. Mueang Krabi Branch, Krabi	51	-	62	-
Total	219	212	308	182

Note: *Total of the Company and subsidiary employees who are permanent employees.

**Outsource employees such as sales representative and service center staffs which might be in and out during the year.

The Group have service center staffs that are company's staffs only in Surin Branch, Nangrong Branch and Naka Branch. For other branches, the group hires outsource staff to facilitate the management and diversify risks from having limited suppliers. Remunerations are as specify in contracts.

9.2 Remuneration of Employees

Monetary Remuneration

For the year 2017 to 2019, the Company paid monetary remuneration to permanent employees (excluding executives) in forms of monthly salary, bonus and others such as commissions, overtime pay, allowances and social security fund contributions. The amounts were as follows:

Transactions	2017	2018	2019
Number of employees*	118	219	308
Total remuneration (Baht)	24,565,188	37,503,933	67,918,285

Note: The group has regulations of commissions payment to sales department staffs. Calculations are based on agreements made with the group.

*Number of employees at the end of the year

Other Remuneration

The Company also offers discounts to employees for spare parts and labor costs, excluding new car purchase, and car insurance renewal as specified in compensation and welfare policies approved by the Board of Directors.

9.3 Provident Fund

The group has set up a provident fund for employees of the group which TISCO Asset management is the asset management company, according to the Provident Fund Act, B.E. 2530 (including amendments). This is to motivate the employees to work with the group and for their future collaterals.

The provident fund has been effective from September 1, 2017 onwards. Member of the provident fund and employer (the Company) pay contributions in percentage of salary. Upon termination of membership, members will receive all of their savings and its incurred benefits, as well as a certain amount of employer's contribution and its incurred benefits. Conditions of payment under the following rules:

Years of working	Rate of contribution and benefit payment paid upon termination of membership (percentage of contribution and benefit)
Less than 2 years	0
2 years but less than 3 years	25
3 years but less than 5 years	50
5 years but less than 7 years	75
7 years up	100

9.4 Labor Dispute

During the past three years, ACG had no labor dispute which the company and the subsidiary were parties or litigants which may significantly affect the business.

9.5 Personnel Development Policy

The executives realize the importance of human resource which is the heart of business operation. Therefore, there is an employee training policy to develop employee in various aspects namely sales, marketing, services, human resource management and safety. Training are both in-house and external courses according to responsibilities of each staff level, especially the trainings by Honda. This is to increase personnel capabilities in all departments to ensure that staffs are possessing knowledge and abilities to increase work efficiency.

The Group has designated training plans, including 2019 training plan, to use as guidelines to develop work efficiency of all staffs which will lead to the increase of work quality; and to prepare for business expansion. The company is determined to develop personnel in every levels and professions by combining the development of skills with the cultivation of organization culture and ethics to conform with strategy and business model of group in both present and future.

The personnel training and development expenses can be summarized as follows:

(in Baht)

Transactions	2017	2018	2019
Personnel training and development expenses	574,041	388,230	725,874

Good Governance

1. Policy on the good governance

The group realizes that the importance on compliance with the good corporate principles in doing business. Thus, the board shall provide a policy to comply with the practical principles and guidelines, which are consistent with the Corporate Governance Code 2017 of the Office of the Securities and Exchange Commission, adopted from the Principle of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand. It covers the principles of the OECD in all five chapters on the rights and equity of the shareholders and the stakeholders and their role, the disclosure of information and transparency and duties of the board of directors.

However, the practice on this good governance can reflect the business code of conduct, including the charter of the board and its subcommittees assigned on the various subjects, and an agenda on the board meeting and the committees in advance throughout the year. It is to make sure that the performance of duty by the board shall be complete with the practical details shall state in the good governance report.

Chapter 1 Rights of the shareholders

The group realizes the rights of the shareholders without doing anything in violation or derogation of their rights, including encouraging them to exercise their rights. The fundamental rights of the shareholders are the right to purchase, sell, or transfer shares, receive profits and sufficient information of the Company. The shareholders are entitled to freely express their opinions in Shareholders' Meetings and take part in decision-making on significant matters, appointment or removal of directors, appointment of auditors, and issues which impact the Company such as dividend allocation, amendments to the Articles of

Association, capital increase or decrease, and approval of extraordinary items.

The Company determines the policy to encourage and facilitate shareholders in the following aspects.

- The company designates its board of directors to make an appointment for the shareholder meeting with the sufficient information for the shareholders to acknowledge before the meeting date seven days in advance, or as the SEC and SET shall designate.

- In each shareholder meeting the chair of the meeting shall explain on the guidance used in the meeting, including the procedures on voting and allocation of the meeting sufficiently.

- It opens an opportunity for the shareholders can submit their opinions, recommendation and inquiry in advance before the meeting date.

- It opens the opportunity for the shareholders to inquire, express their opinions and recommendations fully with the directors and the management involved to attend it to answer the questions in the meeting. After the meeting is adjourned the company shall prepare the minutes of the meeting by showing the information correctly and fully, so they can verify them.

- In the case the shareholders cannot attend the meeting themselves, the company opens an opportunity to make a proxy for the independent director or anyone to attend on their behalf. They can use a proxy statement in the form provided by the company with the meeting appointment.

Chapter 2 Equal treatment of the shareholders

The company shall treat all the shareholders equally and fairly, included those who are the management, non-management, foreign shareholders and the minor shareholders with the following principles.

- The board shall not increase the agenda without notifying the shareholders in advance unnecessarily, especially the important item that the shareholders have to take time on the study of the data before making a decision.

- Encourage the shareholders to use a proxy in the format that they can designate the direction on voting and nominating a minimum of one independent director as an alternative in applying the proxy.

- It designates the independent director to have a duty to take care of the minor shareholders, who can introduce, show their opinions or complaint to them. The independent directors can verify the facts and find a suitable way to remedy it. In the case the recommendation by the independent directors deem to be an important matter with an impact on the stakeholders overall, or the business operation of the company. The independent director shall present such the matter to the shareholder meeting for consideration by designating in the agenda for the shareholder meeting.

- It promotes to exercise the right such as an opportunity for the minor shareholders to increase an item in the agenda before the meeting date. An opportunity for the minor shareholder can nominate a person to the directorship in advance at a reasonable time with the information for consideration on the qualification and consent of the nominee.

- The company designates measures to prevent from insider trading of the relevant persons, including the directors and the management related to the information (Including the spouse and underage offspring of such persons as well). In the case the employee or the management discloses or utilizes the information for self-interest or the relevant person shall be considered as a severe offense and face a disciplinary action.

- Encourage using a ballot on the important item, e.g. making a related item, on acquisition or disposal of assets, e.g. for transparency and accountability in the case there is a dispute later.

- It opens an opportunity for the shareholders to exercise the right to appoint the directors on an individual basis.

- In a shareholder meeting, the directors and the management shall reveal the information on the conflict of interest in each item, so the committee can consider the transaction that may have a conflict of interest and can make a decision for the benefit of the company overall. The directors and the management with a stake in such the matter cannot vote on such the item.

- It designates the guidelines on keeping and prevention of the use of the insider information in writing and may notify the guidelines to all people in the organization for practice. It shall designate the directors and the management to report on possession of the securities in accordance with the law on submitting such the report to the board of directors.

Chapter 3 Role towards stakeholders

The company has given priority to the rights of all stakeholders, and has a policy on their treatment of each the important stakeholder group as follows:

Shareholders	: The Company is determined to do business with knowledge and skills on management with full capability in all cases with integrity and equity to the major and minor shareholders for the optimum benefit of the overall shareholders. It includes disclosing the information regularly and fully in the actuality.
Employees	: The Company shall give the fair compensation to its employees to take care of the working environment to have safety and assets to give priority with potential development of the employees thoroughly and regularly. It shall comply with the laws and bylaws involved with the employees strictly. Including avoiding the unfair actions that may have an impact on the security in performing the duty of the employees, as well as the treatment of the employees with politeness and respect for human dignity.
Customers	: The Company is determined to produce goods and services with quality and standardization at the suitable price, keep confidentiality of the customers seriously and regularly. It seeks unstoppable guidelines to increase the benefit to the customers continuously and comply with the various conditions to the customers strictly.
Trade partner and creditor	: The Company shall not have business dishonesty with its trade partners and creditor, and is determined to comply with the various conditions with the creditors strictly. It is regardless on the objective of using money, repayment, taking care of the quality of the guarantee and other matters agreed with the creditors to achieve the mutual benefit.
Trade competitor	: The Company shall behave under the framework of rules on good competition by not seeking confidential information of the trade competitor by a dishonest or inappropriate method, and shall not try to destroy the reputation of the competitor using baseless fabrication.
Society responsibility	: The Company shall not do anything to affect the society, natural resources and the environment, while seeking an opportunity to support creative activities for the society. It shall inculcate the conscience of the CSR among the employees of all levels continuously and seriously, including the practice or control to have stringent compliance in accordance with the intentions of the law and regulations imposed by the regulators.

Chapter 4 Information disclosure and

transparency

The company gives priority on revelation of information with correctness, completeness, transparency, punctuality and in accordance with the guidelines of the Security and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) on the report of the general finance and information, including other important information with an impact on the securities prices as well as the process of making a decision and the stakeholders. So the entire relevant persons received the information equally. Meanwhile, the company has propagated the information via the SEC and the SET via the www.autocorpgroup.com.

The board has realized that the responsibility to report the financial statement that is correct, complete, true and reasonable. The conglomerated financial statement of the company is prepared in accordance with the generally accepted accounting principles by choosing to use the suitable accounting policy. The recording of accounting data is correct, sufficient and complete to maintain the assets and to know the weak points to prevent from corruption or abnormal operation significantly with regular practices. It includes the disclosure of important information sufficiently in the remark to supplement the financial statement. Moreover, the board has appointed an audit committee to audit the financial report, the interconnected items, and the internal audit system. While the audit committee shall report the results to the board in each board meeting, but the reports of the board, the audit committee and the auditor have details in the annual report. As for the work on the investor relations report the company still has no plan to set up a unit on investor relations in the near future, but it shall assign Ms. Nuchanadh Sakulsanthia, Chief Financial Officer, the duty to contact the shareholders, the analysts and the relevant persons.

Chapter 5 Directors’ responsibilities

(1) The Board of Directors structure

The board of directors consists of the directors with knowledge, capability and experience on the business operations that are beneficial to the company. They come from the appointment of the shareholder meeting consisted of 10 directors with the four independent directors, one chairman of the audit and two audit committees, who at least one of them has the knowledge on accounting sufficiently to audit the reliability of the financial statement. However, the company designates a minimum of one third of the whole board shall have a minimum of three persons, but the company has four directors as independent directors act as the representatives of the minor shareholders. They shall perform the duty to inspect and checks and balances the operations of the company to go smoothly, fairly and for the maximum benefit of the shareholders and have each term of three years.

The chairman of the board shall not be the same as the CEO and the president, so as to counterbalance and verify the management. In addition, the company has designated the scope, power, duties and responsibilities of the directors, management and CEO clearly, so the president and the CEO cannot have the administrative power and unlimited approval of the financial limit.

(2) The- sub-committees

The board of directors has appointed committees to help on the supervision are;

- The board of executives has six members to help the operations for flexibility with the scope of power and duty as assigned by the board of directors.
- The audit committee has a minimum of three persons to audit and help in the supervision of the company. It has the scope of power as assigned by the board with all members have the qualifications as designated by the law on securities and exchange, or

by the criteria, announcements, bylaws or regulations of the SEC or the SET.

- The nomination and remuneration committee has a minimum of three persons mostly are independent directors, who hold its chairman to be responsible for designating its guidelines and policy for the directors and the committees. It includes nominating the suitable persons to hold the directorship and establish the compensation for the board directors.

- The company has the risk management committee, which is now the same group with the board of executives to support the board of directors to establish the policy on risk management covering the whole organization. It includes the supervision for the system or process on risk management to reduce the impact on the business of the company suitably.

Nonetheless, in the future the company may recruit other committees to work on an assignment to mitigate the burden of the board of directors.

(3) Role and responsibilities of the Board of Directors

The board has responsibilities to set up a policy, vision, strategy, target, mission, business plans and budget of the company, including supervision for the management to comply with the designated policies efficiently and effectively. It shall come under the framework of the law, objectives, company's regulations and the resolutions of the shareholder meetings. The Board of Directors has provided;

3.1 Business ethics

The group has prepared the recommended practices on the business ethics for the board of directors, audit committee and the operators in the various sides to adhere as the practical guidelines. It has the main issues on keeping confidentiality of the company, integrity, legality, mutual respect, taking care of the internal resources and the external

environment. The priority on the business ethics can make the operational integrity and the internal control can be made more effective resulting in confidence to the capital market and building reliability to the investors.

3.2 Policy on the conflict of interest

The group has designated the policy on the conflict of interest on the principle that all employees shall perform their duty for the maximum benefit of the group only. Any actions and decisions shall be free of influence of personal interest of a family, relatives or acquaintances specifically. The policy covers two matters are;

- The related items: The group shall consider the suitability before making a related item prudently in all items. It includes designating the price and conditions of the related items as if it was an arm's length basis. Moreover, it has the audit committee to consider the necessity and justification of the items. When the company or its subsidiary has made a related item, if it falls in the announcement by the SEC, Re: Disclosure of information and practices of the registered company in the related item and the announcement of the SEC on the guidelines on the related item, the company shall abide by the terms, conditions and method of such the announcement. It includes a revelation of such the item in the annual report and the form showing the annual information item (56-1 Form). It is for transparency on making the related item and elimination of the problems on the conflict of interest and other situations to create a conflict of interest.

● *Other situations to cause a conflict of interest* divided into;

1. General investment, the company shall not allow its shareholders or beneficiary from a competitor or trader/ vendor that it has a business contact to participate in a business decision on the matter related with the business relations with such business except by approval by the board of directors.

2. Receiving a gift, the personnel at all levels should not accept a gift, boarding ticket, and sports ticket, recreation offer, entertaining accommodation or personal offer, etc., if such the action can lead to creating an obligation to the company or cause it to lose an interest.

3. Accepting an academic work, public service work, becoming a host or any title, personnel of all levels of the company can seek approval from the director in the field to work in a technical institution, public service work as a host or any title, e.g. a company director, consultant to help expand their vision and experience to such personnel. However, they cannot bring the company or position in the company to get involved in the external activity except approved to do so.

3.3 Internal control

The group shall provide the internal control for confidence to the investors that it shall operate with effectiveness and increased reliability on the financial statement from 2017. The company has hired BK OA & IC Ltd. with the knowledge and capability on the accounting system and the internal control as the internal audit, which is independent from the outside in the inspection of the internal audit. It includes setting up an internal audit to follow up on the various control systems.

Moreover, the company has appointed Ms. Wichuta Wijitwarangkul to be the secretary of the audit committee to present the results on the internal audit to the audit committee a minimum of each quarter.

(4) The Board of Director's Meetings

The board has a meeting schedule a minimum of once each quarter, and may hold a special meeting as necessary with a preparation of the result report to the committee each month. So the committee can supervise, control and take care of the operations of the management continuously and in time. It shall send an invitation to the directors for consideration before the meeting a minimum of seven days in advance except in case of urgency to preserve the right or benefit of the company with the directors can request for necessary information additionally from the company secretary.



The chairman of the board and the Chief Executive Officer shall jointly consider designate the agenda by open an opportunity for each director can present the matter to the agenda. In some items the senior management can attend the meeting to give information for the additional details.

In 2018 and 2019 the company held 7 and 5 board meetings respectively, and 6 and 4 audit committee meeting respectively. The details on the attendance of each director are as follows;

Name - Surname	Board of Directors Meeting		Audit Committee Meeting	
	2018	2019	2018	2019
1. Mr. Panich Pongporodom*	7/7	5/5	-	-
2. Mr. Weerachai Ngamdeevilaisak*	7/7	5/5	6/6	4/4
3. M.L.Winai Kasemsri*	6/7	5/5	6/6	4/4
4. Asst. Prof. Dr. Saranyapong Thiangtam*	7/7	5/5	6/6	4/4
5. Mr.Phanumast Rungkakulnuwat	7/7	5/5	6/6	4/4
6. Mrs.Hathairat Rangkagoonnuwat	7/7	5/5	6/6	4/4
7. Mrs.Suksai Phoksap*	7/7	5/5	6/6	4/4
8. Miss Nuchanadh Sakulsanthia*	7/7	5/5	6/6	4/4
9. Miss Thanya Thimachai*	7/7	5/5	6/6	4/4
10. Mr.Putip Vatin*	7/7	5/5	6/6	4/4

Note* On November 8, 2017, the Company appointed new 8 directors, which was adhered to the resolution of the Extraordinary General Meeting 3 / 2 0 1 7 , namely Mr. Panich Pongporodom, Mr. Weerachai Ngamdeevilaisak, M. L. Winai Kasemsri, Asst. Prof. Dr. Saranyapong Thiangtam, Mrs. Suksai Phoksap, Miss Nuchanadh Sakulsanthia, Miss Thanya Thimachai, Mr.Putip Vatin

(5) Reports of the board of directors

The audit committee shall review the financial report together with the accounting and finance department and the auditor in the joint meeting and present the financial report to the board of directors every quarter. The board shall be responsible for the consolidated financial statements of the company, including the financial information (Report on the responsibilities of the board in the financial report) as appears in the annual report. Such the financial statements are prepared in accordance with the accounting standards certified and audited by the company' s auditor, by choosing to use the accounting policies that are suitable and accepted and practiced regularly. It includes using the discretion with circumspection on the preparation and taking care to have a disclosure of the important information sufficiently in the remark to supplement the financial statement.

(6) Remuneration

The company has a policy to establish the compensation of the directors and the audit committee to be at the level that can motivate them to maintain the required quality. The remuneration shall be at the comparable level with the similar industry group and related to the company operation result by seeking approval for the directors at the shareholder's meeting.

The compensation of the CEO and the senior management is designated to have suitability with the power according to the guidelines and policy designated by the board of directors for the maximum benefit of the company. The compensation level in terms of salary, bonus and incentive in the long term shall be consistent with the results and the performance of each executive.

(7) Development of the directors and the management of the group

The board shall encourage and provide convenience to have training and knowledge to the relevant persons in the company system of the supervision, e. g. the board directors, audit committee and the management, etc. It is to improve the operations continuously, which the training and providing knowledge can be made inside the company or by outsourcing to an institution.

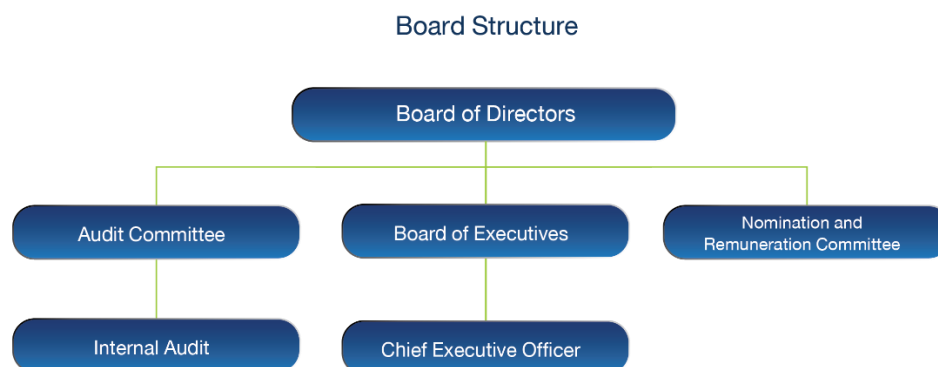
Each time that there is a change in a new director, the company secretary shall provide information document that is beneficial to the performance of the new director, including an introduction of the business characteristics and the business guidelines to them.

Designation of the responsible persons for the Corporate Good Governance

Subject	Responsible Person
Reviewer of the annual good governance policy each year.	CEO presents to the Board of Directors
Board meeting and shareholder meeting as well as storing of the meeting documents.	Company Secretary
Storing and preventing of using internal data in writing.	Company Secretary
Directors and the management have a duty to report on possessing lawful securities.	Directors and executives, Company secretary as the document keeper
Dissemination of data via the company website.	Company Secretary and Investor Relations Officer
Provider of information to shareholders, analysts and the relevant persons (Investor Relations Officer)	CEO and Investor Relations Officer
Taking care of the relevant and involved items on the conflict of interest.	Chief Financial Officer
Internal audit	Internal audit company from external
Preparation of a financial statement	Accounting Manager
Preparation of the annual report	Accounting Manager and Company Secretary
Coordinator with the SET and send the data via the Elcid system	Company Secretary and Investor Relations Officer

2. Board Structure

The Board of Directors of the company consisted of four groups as the Board of Directors, the Audit Committee, the Board of Executives and Nomination and Remuneration Committee.



Note: Apart from the Board of Directors and sub-committee above, the group designated the team called "the Board of Finance and Insurance Selection" which includes specific directors and executives who are responsible for finance and insurance selection. The meeting will be held every month (as shown in Organization Chart in section 10, Management Structure).

2.1 Scope of authority and responsibility of the Board of Directors

The extraordinary general meeting of the shareholders No. 1/2018 on September 14, 2018 resolved to give the board of directors the authority and responsibilities to manage the company in compliance with the laws, objectives and company regulations. The summary of their important duties and responsibilities are as follows:

1. Hold the annual general meeting (AGM) within four months from the end of the financial year of the company. While the company shall send a meeting appointment for the board meeting and for the shareholder meeting, included the meeting agenda and supplemental documents in reasonable advance period, and no less than the time specified in the company bylaws.

2. Have a board meeting a minimum of once each quarter and must be the plenary session when considered resolving on the matter or significant item, which should include the acquisition or disposal of the assets of the company and the subsidiary with significant impact on the company. The purchased item or sale of important assets, investment project expansion, consideration and approval of the related item in accordance with the guidelines of the SET, setting the level of power level and designating the policy on financial and risk management of the company business, etc.

3. Provide the accounting system on a financial report and the audit reliability, including having document storage that can verify of the data later on, and there is an internal control and risk management with efficiency and effectiveness.

4. Prepare a financial report at the end of the fiscal year of the company correctly to show the financial status and the operating results to be corresponded with the reality, completeness and correctness in accordance with the generally accepted accounting principles and audited by the

company auditor before presenting to the shareholder meeting for consideration and approval.

5. Designate the target, guidelines and policy on the business operation and the budget of the company by controlling, monitoring and supervision. Meanwhile, the administration and management shall comply with the policy, plan and budget designated with efficiency and effectiveness.

Moreover, the board still has the scope and duty on the supervision of the company and its subsidiary to abide by the law on securities and exchange, the notifications of the capital commission, the requirements of the SET, e.g. making a related item and acquisition or disposal of the important assets or the relevant laws with the company business.

6. Consider reviewing, verifying and approving the business expansion plans on the large investment projects, including investing with other operators that presented by the management.

7. Enforce on the control policy and the mechanism on supervision the business that the company invest in the subsidiary, e.g.;

- Perform the duty in accordance with the scope, duty and responsibility designated for the directors approved by the board meeting to become a director or the management of the subsidiary in the ratio of shareholding in that subsidiary.

- Follow up on the operations of the subsidiary to comply with the plan and the budget continuously.

- Follow up on the subsidiary to open up information related to the financial status and the operating result making between each other, and an acquisition or disposal of the assets with significance to the company completely and correctly.

- In the case the subsidiary makes an item with a related person on acquisition or disposal of an asset or other important item, the board especially a director or other people with a resolution from the

board meeting shall be appointed a director or the management in the subsidiary to supervise it in accordance with the supervisory mechanism on the related person and the item disposed of the assets. It includes the important item designated by the company. However, such making of the item of the subsidiary is the same as making the item in the same guidelines, characteristics and size that the company resolved by the board meeting or the shareholder meeting as the case maybe.

8. Consider and resolve to approve the appointment and change of the people to become a director and/or the management in the subsidiary in the proportion of shareholding in the subsidiary, including designating the use of policy on control and mechanism on supervising it as designated in the notification Tor Jor. 39/2559 Re: Seeking permission and approval to sell newly issued shares as amended.

9. Consider designating the structure on management and power in the appointment of the board of executives, CEO and the subcommittees as appropriate, e. g. the audit committee, recruitment and compensation committee, risk management committee, etc. It includes the designation of scope of power and duty, including the compensation of the board of executives, CEO and the various committees appointed.

However, such the authorization in the scope of designating the duty shall not be in terms that may not cause the board of executives, CEO and the various committees can approve the item that may have a conflict of interest with the company or subsidiary except it shall comply with the policies and guidelines that the board considers and approves already.

In the case the board assigns the president or other people to act on its behalf on a matter, it shall be made in writing or record as a board resolution in the minutes of the board meeting clearly and state the scope of power of the attorney clearly.

10. The board can authorize one or multiple directors or anyone to perform something on its behalf under its control and supervision or authorization for such people to have the power as it deems appropriate and within the time it deems appropriate. However, the board can cancel, revoke and change or amend such the authorization when it deems appropriate.

Nonetheless, such the authorization shall not cause such the person can approve the item or person with a conflict of interest in other way to make with the company or subsidiary except it is approved for of the normal business in accordance with the general trade conditions. In addition, it can be the policy and guidelines that the board considers and approved under the terms, conditions and method as designated on the related item and the item of acquisition or disposal of an important property of the registered company pertinent to the notification of the capital market regulator and/or other notices of the relevant agencies.

11. The board directors and management shall report to the company on a conflict of interest or of the relevant person, which involved the management of the company or subsidiary in accordance with the guidelines, conditions and method designated by the capital market regulator.

12. The board directors and management shall be jointly responsible for the people who trade in the securities of the company in any damages arising from any damage due to a disclosure of information to the shareholders or the general public by showing a false statement in the essence. In addition, when they conceal the truth that should be notified in the essence as designated in the law on the securities and exchange except the directors and the management can prove otherwise or a lack of the information that should be notified thereof.

13. The directors and the management, including their spouse and underage offspring, are forbidden from using the insider information of the

company and its subsidiary, derived from the performance of duty or other way that can have a significant impact on the company or subsidiary for self-interest or other people, regardless of directly or indirectly, regardless of receiving compensation or not.

14. The directors and the management of the company, including their relevant persons, have a duty to notify the company for acknowledgement, relations and transaction with the company or subsidiary in terms of causing a conflict of interest and avoid the items that may cause a conflict of interest with the company or subsidiary as such.

15. Sufficient and suitable verification of the internal audit and risk management policy shall cover the whole organization with the management as the performer of the policy in accordance with the policy and report to the board regularly. Moreover, it should have a review of the system or assessment of the effectiveness of the risk management a minimum of once a year. It shall be revealed in the annual report and each period that found the risk level has a change, included giving priority to the advance warning signal and all the abnormal items.

16. Consideration on screening the report to be presented to the shareholders for approval in the shareholder meeting with the main agenda in the AGM as follows:

- Consideration of the report of the board presented to the meeting to show the operation results of the company.

- Approval of the financial statement.

- Allocation of the company profit.

- Presentation of the names of the new directors to replace the old directors who are rotated as well as the candidates for the auditors and designate their remuneration.

- Consideration of the items that can cause a conflict of interest or need to seek approval from the shareholders.

- Other matters.

17. When the shareholder meeting has approved it the following matters can be made, but the directors with a stake or conflict of interest with the company or subsidiary cannot vote in these matters;

- The matter that the law designates a resolution from the shareholder meeting.

- Making an item that the director with a conflict of interest and within the scope that the law, SEC or SET stipulates approval from the shareholder meeting.

18. The following matters shall require approval from a board meeting with a majority vote by the attending directors and the shareholder meeting with a minimum vote of three-fourths of the votes by the attending and eligible shareholders.

- A sale or business transfer of the entire or partial business to other people.

- Buying or accepting a transfer of a public or private company to the company.

- Signing, revising or cancelling a contract on a lease of the company in whole or in part in the important part, an assignment for other people to manage the business of the company or a merger with the objective to share a profit and loss.

- An issue of new shares to repay a creditor of the company in accordance with the project conversion of debt to equity.

- An amendment of the memorandum of association or the articles of association.

- An increase or decrease of the capital, an issue of debenture, merger or dissolution.

- Other things designated under the provision of the law on securities and/or requirements of the SET shall be approved by a board meeting and the shareholder meeting at such the above vote ratio.

Moreover, any matter that the directors have a stake or a conflict of interest with the company; they are disqualified from voting on it.

2.2 Scope of authority and responsibility of the Audit Committee

The board meeting No. 4/2561 on 15 August 2018 resolved for the audit committee to have the power, duty and responsibility as follows:

1. Verify the company to report on the financial report correctly and sufficiently in accordance with the accounting standards by coordinating with the auditor and the management responsible for preparing the financial report on the quarterly and annual basis. The audit committee may advise the auditor to verify or inspect any item deemed necessary and important during their audit.

2. Verify for the company to have an internal control system and the internal audit that are suitable and effective, and consider independence of the internal audit unit. It includes approval in the consideration to appoint, transfer and terminate the head of the internal audit or other units responsible for the internal audit.

3. Verify for the company to comply with the law on securities and exchange, requirements of the SET and the relevant laws on the company business.

4. Verify and consult with the management on the important risk of the company and the measures that the management has implemented to follow up and control such the risk.

5. Consider selecting and appointing a person with independence to act as the company auditor and present the compensation for them. It includes attending the meeting with the auditor without the management attending it a minimum of once a year.

6. Consider the related items or may have a conflict of interest to comply with the law and the requirements of the SET and the SEC, to make sure that such the item is justified and optimized for the company.

7. Consider the acquired or disposed item of the company assets with the size of the item to be approved from the audit committee as specified in the law, the notifications of the SET and the guidelines by the Office of the SEC.

8. Prepare a report by the audit committee in the open in the annual report of the company, which it shall be signed by the chairman of the audit committee and shall be consisted of at least the following information;

(a) Opinion on the correctness, completion and reliability of the financial report of the company.

(b) Opinion on sufficiency of the internal control of the company.

(c) Opinion on compliance with the law on securities and exchange and the requirements of the SET or the relevant law on the company business.

(d) Opinion on suitability of the auditor.

(e) Opinion on the item that may have a conflict of interest.

(f) The number of the auditor committee meeting and the attendance of each audit committee.

(g) Overall opinion or remark of the audit committee received from the performance on the charter.

(h) Other items that the shareholders and general investors know under the scope of duty and responsibility assigned from the board of directors.

9. In the performance of duty by the audit committee, if found there is a doubt or the following item or action, which may have a significant impact on the financial status and the operation of the company, have the audit committee report to the board for remedy within the time it deems appropriate.

(a) The item that has a conflict of interest.

(b) Corruption or abnormality with important defect in the internal control system.

(c) A violation of the law on securities and exchange on the requirements of the SET or the relevant law of the company. If the board or the management fails to remedy it within the time stated in the first paragraph to the SEC or the SET.

In a situation that the board or the management fails to remedy it within the time specified above, one of the audit committee may report there is an item or action above to the SEC or SET.

10. In the performance of duty by the audit committee, which may seek consultation from an independent consultant or the expert from other professions, if they deem it is necessary and suitable. The company shall be responsible for the entire relevant expenses.

11. Review of the bylaws and the operating results for the past year a minimum of once a year in the performance of duty by the audit committee as mentioned above. The audit committee has responsibility for the board directly, but the board still has responsibility on the operations of the company for the outsiders.

12. Verify to make sure that the business ethics and code of conduct of the management and the employees and the policy on prevention of a conflict of interest is made in writing and the management and all of the employees are aware of it.

13. The audit committee should consult and verify the initial facts upon being notified a suspicious circumstance from the audit on corruption or violation of the relevant law on the performance of duty by the directors and the management pursuant to the Section 89/25 of the Securities and Exchange Act 2016, and report the results to the auditor and the SEC within the specified time.

14. Perform other things as the board shall assign with approval by the audit committee.

Term of office and the meetings

The audit committee has the term of three years each time, but the rotated committees can be reinstated again. In the case the audit committee position is vacated by other than the rotation, the board shall appoint the person with the full qualification to replace them to replenish the number designated by the board. The audit committees can remain in the office for the remaining term of the replaced person.

The audit committee shall convene a minimum of four times a year, and has the power to call an additional meeting as necessary. In the audit committee meeting, it can invite the management, the internal auditor, the accounting auditor or the relevant person in the agenda. The chairman of the audit committee has a duty to manage a meeting and chair it and approve the agenda, including report on the meeting results to the board regularly.

2.3 Scope of authority and responsibility of the Board of Executives

The board meeting No. 4/2018 on 15 August 2018 resolved for the board of executives to have the power, duties and responsibilities as follows;

1. To implement and manage the company in accordance with the objectives, bylaws, policies, rules, requirements, orders and resolutions of the board meeting and/or resolution of the shareholder meeting of the company in all respects by adhering to the rules/ requirements of the company board of executives.

2. To consider designating the policy, direction and tactics on the business operations of the company and its group to designate the financial plan, budget, human resources, investment, job expansion and public relations to comply with the framework that the board of directors approved and supervised on the operations of the appointed working group to achieve the target.

3. To consider on the annual budget allocation as the management has proposed before presenting to the board for consideration and approval. It shall include the consideration and approval, change and additional budget for the annual expense during no board meeting and present to the board meeting for acknowledgement in the next meeting.

4. To consider and approve to the board on the policy of paying the dividends of the company.

5. To approve the payment of the important investment as designated in the annual expense budget as assigned from the board or as it used to resolve in the principle.

6. To be a consultant group on the financial policy, marketing, personnel management and other operations.

7. To review and approve on the investment and acquisition and disposal of the assets in the limited amount as approved.

8. To supervise and manage the investment of the company with effectiveness for optimum benefit to the shareholders.

9. To designate the organizational structure, power on the organizational management, including the appointment, employment, transfer, set up the wages, compensation, the managerial bonus and termination.

10. To have the power on the authorization to one or multiple directors or other people working under the supervision of the board of executives deems appropriate and within the time it deems appropriate, which it can cancel, revoke, change or revise the attorney or such the power as it deems appropriate. However, there will be no authorization to the people who may have a conflict of interest on the operations.

11. To report the important operation results to the board of directors for acknowledgement regularly, including the important issues that the board should acknowledge.

12. To self-assess the results of the operations annually.

13. To implement other things as the board shall assign from time to time.

Moreover, the board of executives cannot consider and approve the item it deems to have a stake or conflict of interest or with the company except the approval of the item that complies with the policy and guidelines that the board of directors or the shareholder meeting considers and approves and comply with the designated law. The board of directors can cancel, revoke, change or revise the power of the board of executives by a resolution of the board of directors.

An appointment of the term

The board of executives has each term for three years from the resolution and after completing, if the board of directors has not resolved to appoint a new board of executives a new board, the old one shall continue the duty until a new board is appointed to replace it. In the appointment shall be made within two months from the expiry date of the old board, and the old board can be reinstated.

In the case the board of executives is vacated by the reason other than the rotation and still has the remaining term a minimum of two months, the board of directors can appoint the vacated executives to replace the vacancy in the next board meeting. The replacing executive can remain in the position for the remaining term of the replaced executive only.

2.4 Scope of authority and responsibility of the Nomination and Remuneration Committee

The board meeting No. 4/2561 on 15 August 2018 resolved to designate the power and duty as well as responsibilities of the Nomination and Remuneration Committee as follows:

Nomination

1. Consider the components, qualifications of the board directors overall and on an individual basis that is suitable with the size, type and complexity of the company business on education, knowledge, experience, skill, specialization related to the business of the company and independence according to the guidelines designated by the company.

2. Consider the qualifications of the highest management that is suitable with the business management of the company to accomplish the designated visions covering education, experience, knowledge, specialization and the business environment factor that is important and involvement, e.g. the conditional and economic trend as well as

industry, including the competitive business situation to complement the consideration as well.

3. Designate the process and guidelines on recruitment of the people to be consistent with the structure and qualifications designated in Nos. 1) and 2) by adhering to the good governance principles.

4. Supervise the company to have an orientation and give the documents that are beneficial to the operations to the newly appointed committees.

5. Prepare and review the succession plan of the highest management of the company to prepare readiness as the continuous plan for the management of the company can be continued continuously.

6. Encourage the company to open an opportunity for the minor shareholders to nominate a person to become a company director.

7. Select the company directors with the suitable qualifications to become a committee for presenting to the board meeting to be appointed when the position is vacated.



Remuneration

1. Review and present the format and the guidelines on consideration for the remuneration to be suitable with the duty and responsibility of the directors by connecting the compensation with the overall operation result of the company to motivate and maintain the capable directors with quality and potential. However, the board directors shall consider for consensus before presenting to the AGM for approval.

2. Assess the annual operation results and consider adjusting the compensation rate that is suitable for the highest management for approval by the board of directors.

3. Other operations involved with the designation of the compensation as the board has assigned with the management and the various units shall report or present the information and the relevant documents to the recruitment and compensation committee for promoting its operations to accomplish the assigned duty.

Appointment of the office term

1. The recruitment and compensation committee has each term for three years, but can be reinstated as the board deems appropriate.

2. Other than the rotation after the 3- year term, the committee can be removed upon death, resignation and leaving the post or the board of directors resolves to disqualify from the committee.

3. The board of directors has the power to appoint an additional recruitment and compensation committee for the benefit on the operations in the objective or replacement to replace the resigned or dismissed committee. Meanwhile, the replacement can remain in the office for the remaining time of the replaced committee only.



2.5 Scope of authority and responsibility of the Chief of Executive Officer (CEO)

The CEO is assigned by the board of directors to perform the duty on the regular business operations in accordance with the plans and budget approved strictly, with integrity and preservation of the company optimum benefit. They shall not do anything to have a stake in it or have a conflict of interest with the company and the subsidiary. The CEO has the following duties and responsibilities.

1. Supervise and approve on the normal operations of the company and authorize the management or anyone to operate the daily operations normally. They also work on behalf of the executive only under the supervision of the CEO and within the time set by the CEO or deems appropriate. The CEO may cancel, revoke and change or revise such the powers.

2. Implement or work to comply with the policies, plans and budgets approved by the board and/or the board of executives.

3. Be an attorney of the company in the management of the company to comply with the objective, bylaws, policies, rules, requirements, orders, resolutions of the shareholder meetings and/or the resolutions of the board meeting and/or the board of executives in all respects.

4. Arrange the organization structure and management in accordance with the guidelines set by the board of directors.

5. Manage the human resources, finance and financial management and financial transaction with a financial institution in opening an account, loan, pledge, mortgage, guarantee and other, general management, transaction and register of land ownership, project operation approved by the board of directors and other items. It shall comply with the objectives for the benefit on the operations of the company and comply with the scope of power approved by the board.

6. Have the power in sub- authorization and/ or assign other people to perform a particular work by sub- authorization and/ or such assignment shall come under the scope of authorization and/ or comply with the rules, requirements or orders that the board of the company and/ or company has designated. To follow up and assess the operations of the company regularly to prevent from a risk from the various factors, regardless of inside and outside the company.

7. Follow up and evaluate the operations of the company regularly to prevent from the risk from the various factors, regardless of inside and outside the company.

8. Consider signing the contract on the business of the company and the various contracts for the benefit of the business of the company, including designating the procedures and method on preparing such the contract to be presented to the board of executives and/ or the board of directors.

9. Consider allocate the gratuity, reward or compensation approved by the board to the staff or employees of the company or anyone to do the business for the company.

10. Have the power to hire an employee and appoint, including transfer, reshuffle across the line/ division/ department or relieve from the employment, set the wage rate, compensation and bonus. It includes the entire fringe benefits of the employees except the employees at the managerial level.

11. Have the power to give an order, rule, announcement and record for the operation shall comply with the policy and benefit of the company and to maintain the working discipline within the organization.

12. Perform other duties as assigned by the board of directors/board of executives occasionally.

Nonetheless, the CEO cannot approve the item that they have a stake or conflict of interest except an approval to comply with the policy and guidelines that the board or the shareholder meeting considers and approves and as designated by the law. The board may cancel, revoke and change or revise the power of the CEO by a resolution of the board of directors.

2.6 Nomination and appointment of the directors and the executives

a. Board directors

The company has a nomination committee. The appointees shall possess the qualifications, knowledge, capability, experience and time to attend a meeting with the board regularly. However, a general meeting of the shareholders can use a majority vote to appoint them in accordance with the guidelines and method as follows:

1. One shareholder has one vote per share corresponded to the number of shareholding.

2. In a board election, the method of voting by one or multiple nominees at the same time as the shareholder meeting deems appropriate. However, in voting or a resolution by a shareholder each one can exercise the entire votes as stated in No. 1, but cannot divide the votes for one candidate for more or less.

3. Voting for the director election shall comply with the majority vote, if the votes are equal, the chair of the meeting can cast the deciding vote.

Compositions and appointments by the board of directors

1. The shareholders shall designate the number of the directors that the company can have in a meeting, but the minimum is five persons, but the minimum number of one- half of the directors shall have the residence in the Kingdom.

2. The board shall consist of the independent directors by no less than designated by the law. The independent directors shall have no business or related job, which can affect the decision-making of their independence (" Independent Directors") .

The following directors are considered as independent directors.

- Holding share by more than one percent of the outstanding shares of the company included the shares held by the relevant persons.

- Participation in the management of the company or the major shareholders of the company, or received a salary from the company or a major shareholder.

- Being a consultant receiving a salary from the company or a major shareholder or any benefit directly or indirectly on finance and management of the company or a major shareholder or the relevant person or next of kin to the senior management or a major shareholder of the company.

3. Have the board of directors selects one independent director as the chairman of the company by considering a minimum experience on an important field for the company, e. g. business, marketing, human resources, finance, law, management, but the chairman of the company cannot become the CEO.

4. The election of the board shall abide by the bylaws of the company and the relevant lawful requirements, but it is transparent and clear.

5. The recruitment of the directors shall go through the process of the nomination and remuneration committee with sufficient details for the benefit on the decision- making of the board of directors and/or the shareholders.

b. Audit committee

Compositions and appointment of the audit committee

The board of directors shall appoint the audit committee a minimum of three persons and one chairman appointed from the selected audit committees. The audit committees shall be the directors of the company and independent directors with the qualifications pertinent to the securities and

exchange, including the notices, bylaws and/or rules of the SET. Moreover, a minimum of one audit committee shall have the knowledge and experience related to accounting or finance.

Qualifications of the audit committees

1. Holding the maximum shares of 1% of the entire voting shares of the company, the parent company, subsidiary, affiliate or a juristic person that can have a conflict, including the shares held by the relevant persons.

2. No a director with participation in the management/ staff/ employees/ salaried consultant/ controller of the parent company/ subsidiary, affiliate and same- leveled subsidiary or a juristic person that may have a conflict (At present and appointed in the previous two years).

3. No blood relations or by registration in terms of parents, spouse, sibling, offspring and children, including the spouse of the offspring with the management, major shareholder, authorized person or people nominated as the management or authorized person of the company or subsidiary.

4. No business relations with a company, parent company, subsidiary, affiliate or juristic person that can have a conflict in terms of conflict characterized by obstruction of independent discretion. It includes not a major shareholder, non-independent director or the management of the business relations with a company, parent company, subsidiary and affiliate or a juristic person that can have a conflict.

5. Not an auditor of a company, parent company, subsidiary, affiliate or juristic person that may have a conflict in terms of obstruction of independent discretion, including not a major shareholder, not an independent director or the management of a person with business relations with a company, parent company, subsidiary, affiliate or a juristic person that can have a conflict.

6. Not a professional service provider, including a legal counsel or financial consultant, who received the service fees exceeding two million Baht per annum from a company, parent company, subsidiary, affiliate or a juristic person that can have a conflict. In addition, they are not major shareholders, not an independent director, the management or partner manager of a professional service provider as well.

7. Not a director appointed as an agent of a company director, major shareholder or shareholder related with a major shareholder of the company.

8. No other characteristics causing the incapable of independent opinions.

9. Not currently the director authorized by the board to make administrative decisions of the company, parent company, subsidiary, same-level subsidiary, major shareholders, or controlling persons. And, not currently the director of the parent company, subsidiary, or same-level subsidiary of listed companies only.

10. Having the same duties and characteristics designated in the notifications of the SET on the qualifications and scope of the operations of the audit committee.

c. Executives

Compositions and appointment of the board of executives

1. The board of directors appoints a number of directors as it deems appropriate to become the board of executives to work as assigned by it, and its executive board shall appoint one executive as its chairman.

2. The executives shall have the knowledge, capability and integrity and honesty with the business ethics and have sufficient time to perform the duty for the company as well.

3. They have the qualifications and do not possess the prohibited characteristics in accordance with the public company law and the relevant laws.

4. The executives cannot become a partner or director in other juristic person with the similar business and in competition with the company business, regardless of for personal benefit or for other people. However, they can notify the shareholder meeting before the resolution to appoint the executives to hold the positions as approved by the board of directors.



d. Nomination and Remuneration Committee

Compositions of the Nomination and Remuneration Committee

The nomination and remuneration committee is appointed by the board of directors and consisted of a minimum of three directors and executives, with one-half of the entire directors shall be independent directors, and the chairman of audit committee is the chairman of nomination and remuneration committee.

e. Senior Management

When the management position is vacated or incapacitated, the company has a system for the management at the nearby level or secondary level to become acting until there is a recruitment and selection of the qualified persons in accordance with the designated guidelines. They must be visionary, knowledgeable, capable and experienced and suitable for the corporate culture. The consideration by the recruitment and compensation committee shall present them to the board of directors to approve the appointment for the suitable person to replace them.

3. Overseeing of Operations of Subsidiaries and Associated Companies

The company designates the policy on supervision and management of the subsidiary and affiliate in the main business shall comply with the articles of association of the company on supervision and management of the subsidiary and affiliate. It has the objective to designate the measures with direct and indirect mechanisms, so the company can supervise and manage the business of the subsidiary and affiliate, including the follow-up for them to comply with the various measures and mechanisms designated as the company own unit. However, in the articles of association of the subsidiary has designated the management to comply with the policy on supervision by the parent company. It includes the public company law, the Civil and Commercial Code, the securities law and the relevant laws, including the announcements, bylaws and various guidelines involved with the Capital Regulatory Commission, the SEC, the SEC Office and the SET. However, it is to preserve the interest in the investment of the company in such the subsidiary, it has designated the policy on the supervision of the operations in the subsidiary and affiliate as well as requiring the directors, management and/ or employees appointed by the company to become a director and/or the management in the subsidiary and affiliate, which shall sign in to acknowledge the policy on their supervision.



In the case this policy has designated making an item or operation with significance or effect on financial status and operation results of the subsidiary and affiliate, it shall be approved by the board or the shareholder meeting (as the case maybe) for the director to hold a board meeting and/ or the shareholder meeting (as the case may be) to consider approve it before the subsidiary and affiliate to hold a board and/or the shareholder meeting (as the case may be) to approve before making or implement it. In this matter the company shall reveal the information and compliance with the guidelines, conditions, procedures and method involved to be approved as specified in the public company law, the Civil and Commercial Code, securities law, and the relevant law, including the notices, bylaws and the various guidelines of the Capital Market Regulatory Commission, the SEC, Office of SEC and the SET with a necessary change (as long as not in conflict) completely and correctly.

3.1 In the following cases the subsidiary or affiliate (as the case maybe) shall be approved by the board meeting of the company before the subsidiary makes an item.

(1) An appointment or presentation of a person to become a director and the management of the subsidiary or affiliate a minimum in accordance with the ratio of shareholding in a subsidiary or affiliate. It shall have nominated or appointed director at a discretion on voting in the board meeting of the subsidiary or affiliate on the general management and normal business operations of the subsidiary or affiliate as their director deems appropriate or for their maximum benefit (as the case maybe) except the matter that this policy designates otherwise.

Moreover, the directors and the management as stated in the above paragraph who have been nominated or appointed shall have their names in the list of the directors and the management

of the company that issued the white list and has the qualification, role, duties and responsibilities as designated in the relevant law. Furthermore, it has no lack of trust pursuant to the notification of the SEC on designating the lack of trust of the director and the management of the company.

(2) Consideration of approving the annual dividends and the interim dividends (if any) of the subsidiary except it pays the dividends in the total below what is designated in the annual budget of each company.

(3) An amendment of the articles of association in the subsidiary except on the important matter as refers to No. 3.2 (5), which required approval from the shareholder meeting.

(4) Consideration of approving the annual conglomerated budget of the subsidiary and the entire group except it is designated in the delegation of authority of the subsidiary approved by the board already.

(5) An increase of the capital by issuing additional shares of the subsidiary and allocation of shares, including a reduction of the registered capital and/or paid-up capital of the subsidiary, which does not comply with the ratio of old shareholding of the shareholders or other things. If it affects the shareholding of the company and/or exercise of the right to vote of the company directly and indirectly in the shareholder meeting of the subsidiary, regardless of which level, by less than 10 (Ten) percent of the paid-up capital of the subsidiary or its entire number (as the case maybe).

The items from (6) to (14) shall be considered as essential, and if making an item shall have a significant impact on the financial status and the operating result of the subsidiary. Thus, before there is a board meeting of the subsidiary, the director appointed by the parent company shall attend the meeting (except there is force majeure) and vote in the following matters. Such the director shall receive approval from the board of directors on such matter

first. However, it shall be the case when calculated the size of the item that the subsidiary compared with that of the company by applying the guidelines on the calculation of the item as designated in the relevant notice of the Capital Market Regulatory Commission and the SEC (as the case maybe) to apply with a necessary change. It shall be required approval from the company board in the following items;

(6) In the case the subsidiary agrees to make an item with the related person of the company or the subsidiary or the item related to the acquisition or disposal of the assets of the subsidiary.

(7) A transfer or waiver of the benefit, including the waiver on the person causing damage to the subsidiary.

(8) A sale or transfer of the business of the subsidiary, in whole or in part, on the important part to other people.

(9) A purchase or transfer of the business of other company to the subsidiary.

(10) Making, revising or terminating the contract on leasing the business of the subsidiary, in whole or in part, on the important part, an assignment for other people to manage the business of the subsidiary or merger it with other people.

(11) Leasing or hire-purchase of the business or assets of the subsidiary, in whole or in part, on the important part.

(12) Lending, borrowing of money, giving a credit, guarantee, making a binding legal act, which the subsidiary has to take a financial burden more or a financial aid in other forms to other people and not the regular business of the subsidiary.

(13) Dissolution of the subsidiary.

(14) Other items not the normal business of the subsidiary, but have an impact on the subsidiary significantly.

3.2 In the following cases the subsidiary shall require approval from the company shareholder meeting with a minimum of three-fourths (3/4) votes of the total by the attending and eligible shareholders before it makes the item.

(1) In the case the subsidiary agrees to make an item with a person related to the company or subsidiary or the related item on the acquisition or disposal of its assets. Nonetheless, it shall be the case when calculated the size of the item that it make the item compared with the company size by applying the guidelines on the calculation of the item size as designated in the notification involved with the Capital Market Regulatory Commission and the SEC (as the case maybe) to apply with a necessary change, and within the criteria to be approved by the shareholder meeting of the company.

(2) An increase of the capital by issuing shares in the subsidiary and allocation of the shares, including a decrease of the registered capital and/or the paid-up capital of the subsidiary, which does not comply with the ratio of holding the old shares of the shareholders or other thing in the same characteristics. As a result, the ratio of shareholding of the company and/or the exercise of the right to vote of the company directly and indirectly in the shareholder meeting of the subsidiary, regardless of which level to less than the designated ratio in the applicable law with the subsidiary. As a result, the company has no control on such the subsidiary, but it must be the case when calculated the size of the item compared with the company is within the range to be approved by the company shareholder meeting. It shall apply the criteria on the calculation as designated in the relevant notice of the Capital Market Regulatory Commission and the notifications of the SET (as the case maybe) with a necessary change.

(3) Dissolution of the subsidiary, only in the case when calculated the size of the subsidiary to be dissolved compared with the size of the company by applying the guidelines on the calculation of the size

of the item as designated in the relevant notifications of the Capital Market Regulatory Commission and the notifications of the SET (as the case maybe) with a necessary change, and within the criteria to be approved by the company shareholder meeting.

(4) Other items not the normal business of the subsidiary and is the item to have an impact on the subsidiary significantly. However, it shall apply the criteria on the calculation as designated in the relevant notice of the Capital Market Regulatory Commission and the notifications of the SET (as the case maybe) with a necessary change, and within the criteria to be approved by the company shareholder meeting.

(5) An amendment of the articles of association of the subsidiary on the matter that may have an impact significantly with the financial status and the operating result of the subsidiary, included but not limited to the amendment that may have an impact on the right of the company on the nomination of a name or appointment of a person to become a director or the management in the subsidiary in the ratio of the company shareholding in the subsidiary. It included voting by the nominated director and/or an appointment in the board meeting of the subsidiary, voting of the company in the shareholder meeting of the subsidiary and/or a payment of dividends of the subsidiary, etc.

3.3 The company shall follow up on the director and the management appointed to hold the position as a director and the management in the subsidiary and the affiliate (with a necessary change) to comply with the duties and responsibilities according to the law, rules and policy of the company.

3.4 The company board of directors shall implement for the subsidiary to have the internal control system and other necessary systems, including the measures to follow up on its operations of the subsidiary and the affiliate that is suitable with the efficiency and thoroughness to make sure that they shall comply with the plans, policies of the company, the law and notices Re: The good governance of a listed company. It includes the laws and notices Re: The good governance of the listed companies, including the notices, rules and various criteria involved with the Capital Market Regulatory Commission, the Office of the SEC truly and continuously. Furthermore, it shall follow up for the subsidiary and the affiliate to reveal the information, financial status and the operation result, and making the item related to each other and the item that may have a conflict on the benefit of the acquired or disposed item of the assets significantly. Any significant item with the company and the various operations shall comply with the guidelines on supervision and management of the subsidiary and affiliate completely and correctly in accordance with the related notifications by the Capital Market Regulatory Commission and the SEC (as amended) as the case maybe.

3.5 The company shall implement for the appointed director to become a director in the subsidiary to attend a meeting and vote as designated by the company in the subsidiary board meeting. In the consideration with essence on the business of the subsidiary each time, and the company board has a power to designate the scope, duties and responsibilities of the director or the management who is appointed in that subsidiary.

3.6 Have the director and the management of the subsidiary nominated or appointed by the company to the following duties;

(1) The director and the management of the subsidiary shall reveal the information on the financial status and the operating results on making the related item of the subsidiary, including the acquisition or disposal of the assets and/or the significant item to the company for acknowledgement completely, correctly and within the reasonable time as designated by the company.

(2) The director and the management of the subsidiary shall reveal the information on their stake and the relevant persons with the subsidiary board of directors on the relations and transactions with each other in terms that may cause a conflict of interest, and also avoid to make an item that may cause a conflict of interest. Moreover, the board of the subsidiary has a duty to report such the matter to the company board within the time designated by the company as the information to supplement the consideration, decision or approval, which considering the overall benefit of the subsidiary and the company as priority.

Nonetheless, the director of the subsidiary shall not have participated in approving the matter that they have a stake or conflict of interest directly and indirectly as well.

Furthermore, as such to cause the director, the management or the relevant person of the subsidiary to receive other financial benefit beyond the normality or to cause it to be damaged. It is assumed that the action that is in conflict of interest of the subsidiary significantly.

(a) Making a transaction between the subsidiary and the director, the management or relevant person shall comply with the guidelines on making a related item.

(b) Use of the company information or the subsidiary learned except it has been disclosed to the public already.

(c) Use of the assets or business opportunity or in the same characteristics as the company has made and in violation of the guidelines or general practices as the Capital Market Regulatory Commission has designated.

(3) The director and the management of the subsidiary have to report the business plans, business expansion, large investment project as approved by the company, including the joint investment with other operators to the company via the month operating result report, and give an explanation and/or submit the documents to supplement the consideration upon request.

(4) The director and the management of the subsidiary shall come to explain and/ or submit information or involved document on the operations to the company upon request.

(5) The director and the management of the subsidiary shall come to explain and/ or submit information or involved document to the company in the case the company discovers a significant issue.

(6) The director and the management of the subsidiary have to take responsibility for the subsidiary to have the internal control system, the risk management system and the anti- corruption prevention system suitably with efficiency and thoroughness sufficiently. It is to make sure that the various operations shall comply with the policy of the company, the requirements in this chapter, the law and notifications on good governance of the listed companies. It includes the notifications, requirements and various guidelines involved by the Capital Market Regulatory Commission, the SEC and the SET truly. It includes proving the clear working system to show that the subsidiary has sufficient system to reveal the information on the making of the item with significance in accordance with the designated guidelines continuously and reliably. They have a channel for the director and the management can receive the information of the subsidiary in the follow- up the operations and the financial status, making an item between the subsidiary and its

director and management and the making of the important item by the subsidiary efficiently. Moreover, it shall provide a mechanism on the inspection of such the job system in the subsidiary by the working team of the internal audit committee and the independent director of the company can access the information directly. It shall have a report on the audit result to the director and the management of the company to make sure there is compliance with the provided system regularly.

3.7 The directors and the management of the subsidiary, their staff and employees or assignees, including their spouse and underage offspring are prohibited from using the inside information of the company and the subsidiary. In spite of deriving from working on duty or other channels to have or may impact significantly to the company and/ or the subsidiary for self- benefit or other people, regardless of directly or indirectly, and there is compensation or not.

3.8 The directors, the management or those involved with the subsidiary can do a transaction with it when it is approved by its director and/ or the company board and/ or the subsidiary shareholder meeting and/ or the company shareholder meeting (as the case maybe) for the item size calculated (applying the guidelines on the calculation of the item as specified in the notifications of the Capital Market Regulatory Commission and the notifications of the SEC Re: Making a related item to apply with a necessary change) . Nevertheless, it is making a transaction that is a trade agreement in the same characteristics that a reasonable man shall with a contractual party generally in the same situation with trading power negotiations without an influence as a director, the management or the relevant person as the case maybe. It shall be a trade agreement approved by the company board or in compliance with the principles approved by it.



Oversight on the use of inside information

The company has a policy and method of auditing the directors and the management in using the inside information, which the company has not disclosed to the public to seek personal benefit in the securities trading as follows:

1. Giving knowledge to the directors and the management on the duty of reporting their possession of securities, spouse and underage offspring to the SEC pursuant to Section 59 and the notification of the Office of SEC No. Sor Jor.12/2552 Re: Preparation and disclosure of the report on possessing the securities by the directors, the management and auditor and the punishment provision pursuant to Section 275 of the Securities and Exchange Act 1992 (Included the amendment), as well as a report on the acquisition or disposal of their securities, spouse and underage offspring to the SEC pursuant to Section 246 and the punishment provision pursuant to Section 298 of the Securities and Exchange Act 1992 (Included the amendment).

2. The company requires its directors and the management, including the spouse and underage offspring to prepare a report on possessing of securities and a report on the change of securities possession to the SEC pursuant to Section 59 and the punishment provision in Section 275 of the Securities and Exchange Act 1992 and the notifications of the Office of SEC No. Sor Jor.12/2552 Re: Preparation and disclosure of the report on possessing the securities by the directors, the management and auditor and submit this report copy to the company on the same day of submitting a report to the SEC so the company can audit the share transaction of all the management.

3. The company designates its directors and the management, including the operator involved with the insider information in essence with effect on a change of the securities prices shall suspend securities trading during the one-month period before the financial statement or the insider information is disclosed to the public during the 24 hours after the insider information of the company is disclosed to the public already. Meanwhile, it is prohibited from disclosing the essential information to other people until there is a report on it to the SET, but if there is use of the inside information that implies the behavior to cause the company or shareholder to be impaired and damaged by a perpetrator at the board of executives, the board of directors shall consider punishing it as appropriate. In a situation the perpetrator is a lower managerial level, the board of executives shall consider the punishment.

4. Auditor Fee

1. Audit fees

The Company's financial statements were audited by Mr. Natthaphong Tantichattanon, Certified Public Accountant no. 8829 from KPMG Phoomchai Audit Limited. The audit fee for the year ended 2018 for the company and its subsidiary was Baht 4.5 million in total. In addition, there was a resolution to approve the audit fee for 2019 totaling Baht 2.7 million for the annual audit and quarterly reviews.

2. Non-audit fees

- None -

5. Other Compliance With Good Corporate Governance

- None -

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Autocorp Holding Public Company Limited is responsible for consolidated financial statements of the Company and its subsidiaries and separate financial statements of the Company, including the information and information disclosure and the financial presentation in 2019 annual report. Such financial statements were regularly prepared according to the financial reporting standard and appropriate accounting policy. The discretion and estimates were used carefully and reasonably as needed. The information disclosure in the financial statement appendix was sufficient.

The Board of Directors retain the effective control system in order to rationally assure that the accounting information was correctly and completely recorded and adequate to sustain the Company's assets as well as to prevent any frauds or significantly irregular operations.

The Board of Directors has appointed the Audit and Risk Management Committees comprising of the independent directors to take responsible on the quality of financial statements and internal control system. The opinions of the Audit and Risk Management Committees on such issues were presented in the annual report.

The Company's financial statements were audited by KPMG Phoomchai Audit Limited, the auditor's opinions were appeared the Auditor's Report which presented in the annual report.

The Board of Directors is of the opinion that the Company's overall internal control system is adequate and appropriate and can reasonably assure the creditability of the financial statements of the Company for the year ended December 31, 2019.



(Mr. Panich Pongporodom)

Chairman of the Board of Directors

Autocorp Holding Public Company Limited

February 24, 2020



Report of the Audit Committee

The Audit Committee of Autocorp Holding Public Company Limited comprises 3 independent directors, and who have experience in finance, accounting, economics and law. The members of the Audit Committee are:

Mr. Weerachai Ngamdeevilaisak	Chairman of the Audit Committee
Asst Prof. Dr. Saranyapong Thiangtam	Member of the Audit Committee
M.L. Winai Kasemsri	Member of the Audit Committee

Miss Wichuta Wijitwarangkul is the Secretary of the Audit Committee.

The Audit Committee has independently fulfilled its duties as prescribed by the Board of Directors and specified in the Audit Committee Charter, in compliance with all the rules stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The duties in the Committee's purview include the review of financial statements, connected transactions, risk management, internal control systems, supervision of internal auditing, compliance with laws and regulations relevant to the Company's operations, appointment of external auditors, and review of the audit fee. In 2019, the Audit Committee held 4 meetings. The summary of its operations in 2019 is provided below.

1. Review of financial statements

The Audit Committee reviewed the quarterly and annual financial statements of the Company and its subsidiary in 2019, with related members of the management and the external auditors present at the review meetings to offer clarifications and answer questions that the Audit Committee may have had regarding the accuracy, completeness, and adjustments to material items that affected the financial statements, the sufficiency of the information disclosure, and the observations of the auditors. After due consideration and thorough review, the Audit Committee was of the opinion that the financial statements present the Company's financial position fairly in all material respects and are fully consistent with Thailand's financial reporting standards, complete, timely, and reliable that are beneficial to investors and users.

In addition, the Audit Committee convened meetings specifically with the external auditors, without the management present, to discuss information of materiality and internal control systems related to accountancy and financial reporting and other relevant matters, including obstacles to their operation. The Audit Committee found that the auditors were given full cooperation from the management and provided with operational independence. In addition, the external auditors were knowledgeable and possessed experience and expertise commensurate with their duties as auditors.

2. Review of connected transactions or transactions that may result in possible conflicts of interest

The Audit Committee reviewed connected transactions and those potentially creating conflicts of interest that were considered connected transactions under the SET's and the SEC's notifications. The review of connected transactions between the Company and relevant parties revealed that the Company operated under general, fair, and

reasonable terms and did not facilitate any transfer of interest. In addition, its disclosure of information was complete, sufficient, and in compliance with Company's corporate governance policies and the SET's notifications.

3. Review of risk management

The Board of Directors, the Risk Management Committee, and the management have placed great emphasis on risk management and thus prescribed assessment of internal and external risk factors, risk potential, and impacts as well as compiled risk management plans to prevent or mitigate potential impacts on the business to an acceptable level. The Risk Management Committee was appointed by the Board of Directors to oversee risk management of the Company, and the management is responsible for reporting risk developments regularly. The Audit Committee reviewed the efficiency of the Company's risk management based on the performance reports of the Company and its subsidiary as well as reports of internal and external auditors and found that the Company's management had effectively reduced risks to an acceptable level.

4. Review of internal control's assessment

The Audit Committee reviewed the internal control systems of the Company and its joint ventures in accordance with the SEC's and the SET's guidelines. The results reported by the Office of Internal Audit and the external auditors revealed no issue or flaw that could significantly impact the Company. In addition, the management had consistently implemented recommendations of the Audit Committee, the external auditors, and internal Audit from outside. These efforts reflected the Company's commitment to appropriate internal control and constituted sufficient grounds to be confident that the Company's internal control was effective and sufficient.

5. Review of legal compliance

The Audit Committee reviewed the operation and compliance of the Company to ensure consistency with the prescribed system and that the operations of the Company and its joint ventures were governed with integrity and strictly complied with laws and regulations of the SEC and the SET as well as other laws relevant to the operation of the Company so as to ensure that the Company operated under correct and appropriate terms. The Audit Committee reviewed and ensured that the Company operated strictly in compliance with the laws and regulations of the SEC and the SET and other laws relevant to the operations of the Company and its subsidiary. In 2019, no case of violation of relevant laws and regulations was found in the Company and its subsidiary.

6. Appointment of the external auditors and review of the audit fee for 2020

Following thorough consideration of external auditor candidates based on their performance, independence, qualifications, skills, competency, experience in auditing in the previous year as well as the audit fees, the Audit Committee submitted auditors from KPMG Phoomchai Audit Company Limited to the Board of Directors to be proposed at the 2020 Annual General Meeting of Shareholders, to be appointed as the Company's 2020 external auditors, namely Mr. Natthaphong Tantichattanont, CPA Registered No. 8829 or Mr. Vairoj Jindamaneepitak, CPA Registered No. 3565 or Mr. Waiyawat Korsamarnchaiyakij, CPA Registered No. 6333.

7. Selection of the internal auditor

Audit Committee selects internal auditor based on their performance, independence, qualifications, skills, competency, experience in auditing in the previous year as well as the internal audit fees. The Audit Committee selected BK IA & IC Limited to be the company's internal auditor, as well as, to consider internal audit plan to cover all working flows.

In summary, in 2019, the Audit Committee sufficiently maintained its independence and fulfilled its duties in monitoring the Company's operation with proficiency in accordance with the roles and responsibilities prescribed in the Audit Committee Charter. The Committee was of the opinion that the Company's financial statements reliably present material information and are fully consistent with general financial reporting standards and acknowledged the Company's sufficient disclosure of connected transactions or those that may result in possible conflicts of interest, good corporate governance, appropriate risk management, sufficient internal control systems, and full compliance with all the laws, rules, and regulations relevant to the operation of the Company.

Related Party Transactions

1. Characteristics of Relationship

The group has related transactions with persons or entities who may have led to the conflict of interests. Connected persons, who are directors, shareholders and executives, are Mr. Phanumast Rungkakulnuwat and Mrs. Hathairat Rangkagoonnuwat are directors and major shareholders of the Company. Percentage of shareholding at related transaction date of Mr. Phanumast Rungkakulnuwat and Mrs. Hathairat Rangkagoonnuwat were 45.14 and 24.49% respectively.

2. Details of Related Party Transactions

Summary Table of Characteristics and Details of Related Party Transactions of Autocorp Holding Public Company Limited

Persons or entities who may have a conflict of interest	Characteristics of the transaction	Size of the Transaction (million Baht)	Outstanding Balances (million Baht)	Executive's Elucidations of Necessity and Appropriateness	Opinions of the Audit Committee
		2019	2019		
Honda Maliwan Co.,Ltd.	<u>Management service</u>	42.44	8.17	Management service of the Company and its subsidiary is in line with policy and regulation of the group.	Audit committee gave an opinion that management service fee is in line with policy and regulation of the group and is in accordance with TP document of an independent appraiser (KPMG) and appropriate.
Honda Maliwan Co.,Ltd.	<u>Office rental</u>	0.55	0.05	Since the employees of Autocorp Holding Public Company Limited are working in Honda Maliwan Co.,Ltd.'s areas, the subsidiary had been charging office rental for Baht 46,000 per month, area 418 sq.m. and office equipment rental for Baht 17,200. From September, 2018 onwards, office equipment rental rate has been adjusted to Baht 35,000 which is the rate that was compared with the market rate and appropriately calculated.	Audit committee gave an opinion that rental is appropriate because it makes business flexible. Rental rates are appropriate since they were compared with the market rate.
	<u>Office equipment rental</u>	0.42	0.04		

Summary Table of Characteristics and Details of Related Party Transactions of Autocorp Holding Public Company Limited

Persons or entities who may have a conflict of interest	Characteristics of the transaction	Size of the Transaction (million Baht)	Outstanding Balances (million Baht)	Executive's Elucidations of Necessity and Appropriateness	Opinions of the Audit Committee
		2019	2019		
Mr. Phanumast Rungkakulnuwat Mrs. Hathairat Rangkagoonnuwat Bank 1 and 3 are now under the process of personal collateral withdrawal request, expected to finish in December, 2020	<u>Collateralize for Subsidiary</u>	<u>Limit</u>	<u>Limit</u>	Mr. Phanumast Rungkakulnuwat put collaterals on his name for the Company without any compensations.	Audit committee gave an opinion that guarantee is appropriate and benefit to the Company and its subsidiary because no compensation is given for guarantee.
	<u>Bank 1</u>				
	Long-term loan	150.00	42.50		
	O/D, P/N, L/G, PSE	941.00	520.00		
	<u>Bank 3</u>				
	O/D, P/N, L/G	340.00	-		

Summary Table of Characteristics and Details of Related Party Transactions of Honda Maliwan Company Limited

Persons or entities who may have a conflict of interest	Characteristics of the transaction	Size of the Transaction (million Baht)	Outstanding Balances (million Baht)	Executive's Elucidations of Necessity and Appropriateness	Opinions of the Audit Committee
		2019	2019		
Autocorp Holding Public Company Limited	<u>Management service fee</u> Honda Maliwan Co.,Ltd.	42.44	8.17	Management service of the Company and its subsidiary is in line with policy and regulation of the group.	Audit committee gave an opinion that management service fee is in line with policy and regulation of the group and is in accordance with TP document of an independent appraiser (KPMG) and appropriate.
Autocorp Holding Public Company Limited	<u>Office rental revenue</u> Honda Maliwan Co.,Ltd.	0.55	0.05	Since the employees of Autocorp Holding Public Company Limited are working in Honda Maliwan Co.,Ltd.'s areas, the subsidiary had been charging office rental for Baht 46,000 per month, area 418 sq.m. and office equipment rental for Baht 17,200. From September, 2018 onwards, office equipment rental rate has been adjusted to Baht 35,000 which is the rate that was compared with the market rate and appropriately calculated.	Audit committee gave an opinion that rental is appropriate because it makes business flexible. Rental rates are appropriate since they were compared with the market rate.
	<u>Office equipment rental</u> Honda Maliwan Co.,Ltd.	0.42	0.04		
Autocorp Holding Public Company Limited	<u>Employee benefits from retirement</u> Honda Maliwan Co.,Ltd.	0.21	0.21	Since the employee benefits from retirement of employees which transferred from Autocorp Holding Public Company Limited to Honda Maliwan Co.,Ltd. were payment for former staffs. Transaction amounts are as appraisal report.	Audit committee gave an opinion that employee benefits from retirement is appropriate since it is calculated by report from external appraisal.

3. Measures or Steps of Related Party Transactions Approval

Engagement in transactions with third parties who have the conflict of interests must be proposed to Audit Committee for consideration and approval of such transactions for maximum benefit of the entity and to protect investors, including related parties of the Company and its subsidiary. The transaction must be in compliance with the Securities and Exchange Act and regulations, notifications, orders and specification of the Stock Exchange of Thailand. It must also in compliance with regulations concerning related party transaction disclosure which instructing that a person who have the conflict of interests or interests in entering related transactions has no rights to be involved in transaction approval.

(a) Commercial transactions under general commercial conditions

Ordinary business transactions and ordinary business support transactions, namely selling of products and providing service, must have trade agreements with fair trade conditions and prices. The transaction must be comparable to transaction between the Company and its subsidiary with general people, or transaction between a person who may have conflict of interests with general people, or transaction with same characteristics of other companies in the business. The principle has been approved that management has the power to approve such transaction if the transaction has trade agreement with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or

related person. The executives of the Company and its subsidiary have normally operated under the principle approved by the Board of Directors and prepared reports of those transactions during the past to report in the Audit Committee and the Board of Directors meetings in every quarter.

(b) Commercial transactions not under general commercial conditions

For commercial transactions not under general commercial conditions, the Company designated the Audit Committee to consider and give opinion on the necessity of entering into a transaction and appropriateness of the price of the transaction. In the event that the Audit Committee has no expertise on price consideration of such transaction, the Company and its subsidiary will provide an independent appraisal or auditor to be a person who gives opinions about the transaction to the Audit Committee for consideration and give opinion to the Board of Directors or shareholders, as the case may be, for further consideration and approval.

Nonetheless, for both aforementioned case, the company discloses connected transactions that occur in the notes to financial statements audited by the company's auditor, annual registration statement (Form 56-1) and annual report (Form 56-2), in compliance with the Securities and Exchange Act and regulations, notifications, orders and specification of the Stock Exchange of Thailand.

4. Trend for Future Related Party Transactions

The Group has a trend for future related party transactions as follows;

1) Loan guarantee by director if financial institutions require the director of the Company and its subsidiary to sign loan guarantee jointly with the Company and its subsidiary to acquire the loan. The director and subsidiary company do not receive any compensation. However, the Company and its subsidiary have a plan withdraw the guarantees by the director after listed in the Stock Exchange. Nonetheless, it depends on the conditions of the financial institutions.

2) The group has no policy on providing financial supports to a person or juristic person related to the Company and its subsidiary, including directors and executives. In sometimes which loan between the Company and its subsidiary needs to be incurred to generate liquidity in business operation, there is a policy on loan or financial support between the Company and its subsidiary. The interest rates are loan interest of the Group plus margin.

3) Commercial transactions between the Company and its subsidiary and connected persons. the Company and its subsidiary still expect related transactions in the future such as selling of products and providing service. Sales and services of car to connected persons will be at the prices that do not lower than market prices.

Conditions of future related party transactions will be under general commercial conditions, referring to appropriate market prices and conditions. The company will designate the Audit Committee and/or Independent Directors give opinion on price and the necessity of the transaction. If a transaction with a person who may have the conflict of interests is occurred, the Company will comply with rules, notifications and/or regulations of The Securities and Exchange Commission and/or the Stock Exchange of Thailand. The Company and its subsidiary may assign an independent appraisal or the company's auditor to be a person who gives opinions about the transaction for consideration and approval of the Board of Directors or shareholders, as the case may be. Nonetheless, the company and its subsidiary disclose related party transactions in the notes to financial statements audited by the auditor of the company and its subsidiary.



Internal Control and Risk Management

In the Board of Directors Meeting No.2/2020 held on February 24, 2020, with the complete attendance of all 3 members of the Audit Committee, the Board of Directors evaluated the internal control system through “Internal Control Assessment Report” provided on SEC’s website on 5 categories of internal control system of the Company which are:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The Board viewed that the Company’s internal control was adequate and effective. The operation was efficiently managed with sufficient numbers of employees and processes. In addition, the Company had sufficient internal control system to oversee the subsidiary’s operation to ensure that prevent the assets of Company and subsidiary from misuse or unauthorized use by the Board, as well as, transactions with persons who may have conflict of interests or connected persons. For other categories, the Board viewed that the Company’s internal control was adequate. Independent directors and the Audit Committee had no different view from the Board.

Details of 5 categories of internal control system are as follows:

1. Control Environment

Executives and employees have attitudes that are good and conducive to the internal control. Executives give much important on a corporate culture that focuses on integrity and ethics. Appropriate audits are being conducted based on the facts, with fairness and transparency.

Overall, company's internal control system is appropriate and helps promote adequate and effective internal control system for instance:

- The Board supervises the formulation of business goal that is clear and measurable to be used as guidelines for executives and employees.

- The Board supervises the Company to correctly delegate the roles and responsibilities of the Board and executives in accordance with the charter law.

- The Board consists of persons with company's knowledge and useful experience or are able to request for suggestions from the experts. Moreover, the board consists of independent directors who are knowledgeable, reliable and independent.

- The Company designed the organization structure that helps support the management to work efficiently and effectively.

- The roles and responsibilities of the Board, executives, management and employees have been appropriately specified, delegated and restricted.

- The Company revises staff performance goals to ensure that they were carefully set. There is performance appraisal process including incentive or reward program for good performance employee and the management of under target employee,

as well as, the communication of these process to executives and staffs.

- The Company prepared written Code of Conduct for executives and employees. It is considered to be appropriate guideline. There is a rule that prohibits management and employees from causing any conflict of interests and corruptions to the Company. In addition, there are penalties for violation and monitoring for compliance of such ethics.

- The Company prepared written "Anti-corruption Policy" to create guideline/ steps for practitioners to be understand and used. Together with, information communication both inside and outside the Company to show all stakeholders the Company's determination on Anti-corruption.

- The Company prepared written policy and practice on transactions with risks, for instance finance, purchasing and management, to prevent corruption and damage which may incurred.

- The Company has a clear operational control and monitoring system. The responsible department, as well as internal audit who is independent and reporting directly to the Audit Committee, are responsible for formulating plan based on important level of business risk, covering all important work processes of the Company and its subsidiary.

The Audit Committee supervised the internal audit by approving annual audit plan, acknowledging the audit results and giving opinions on concise internal audit, to prevent or reduce the possible risks. The Audit Committee also gave the guidelines on the report for rectification follow-up to ensure the appropriateness and effectiveness of internal audit work. In 2019, no significant deficient internal control was found.

2. Risk Assessment

The Company places important on risk management by establishing The “ Risk Management Team”. Type of risks were specified to cover business. There are regular evaluation and monitoring of risk management plan of each department, as well as systemizing report and monitoring to be up to date. Company’s executives evaluate situations of risks and situations that may affect or damage the Company by creating measures to prevent, solve and monitor the situations that are the causes of risks; as well as, measures to mitigate those risks. Moreover, Risk Management Team communicates risk management policy to all executives and employees to acknowledge and follow until it becomes a part of corporate culture.

The company follows the generally accepted accounting policies which appropriate with the business. The Company set the significance of the financial transactions based on important factors such as financial report users, size of transaction and business trend.

The company’s financial reports truly reflect the operating activities. The presentation of financial report is complete, showing rights or obligations of the Company correctly with appropriate values and information is correctly and completely disclosed.

3. Control Activities

Overseeing the operation of management is important. It assures the Company and shareholders that guidelines created by management are responded and followed by all employees.

- The Company clearly set the written authorities and payment authorization limited of each management level by specifying as payment authorization limited regulation.

- The Company segregates the duties into 3 duties which are

(1) Approval duty

(2) Accounting entries and information posting duty

(3) Asset custodial duty

To enable segregation of duty and cross checking.

- There are system and technology safety control, use level specification, access to information that is restricted only for responsible person, control of access to programs that are appropriated with duties of each staff level.

- In the case that the Company has a connected transaction, the Company has a restrict measure to monitor that the transaction is under the process set by the authorities and for the maximum benefit of the Company, and treated on arm’s length basis.

- In the case of transaction approval with related person in the form of long-term binding, the company regularly inspect and monitor the abidance of agreed terms.

- In the case that the Company has an investment in subsidiary, the Company constantly analyze and evaluate the performance of the subsidiary.

- The Company has measures to ensure that the Company is abiding by relevant laws to mitigate the business risks and maintain company’ s reputation.

4. Information and Communication

The Company has continuously developed its information and communication system, by providing effective and efficiency system and channels for communication to both inside and outside the Company, to be comprehensive, accurate in a timely manner whatever it is a financial information or other information. For internal communication, the Company provide adequate and in- time important information which every employee receives through intranet system. For communication with third party, the Company communicates information via company's website (www. autocorpgroup. com) , as well as, reports required by institutes. The Company has the system controlling the data transmission or data input. There is a segregation of work, and appointment of responsible person including a clear specification of authorities of person and department that are relevant to communication of information. Moreover, the Company gives access to responsible person only.

5. Monitoring Activities

The Company monitors and evaluates performance of internal control and work quality by setting the work procedures and continuously monitoring the results. This is a part of normal works of management, supervisors and relevant person.

In addition, the Company evaluates performance of internal control from internal audit's report which is independent and reporting directly to the Audit Committee. In the event or suspect event of serious fraud which may significantly affect the reputation and financial position of the Company, management will immediately report to the Board of Directors/Audit Committee with guidelines of solutions to consider within appropriate time frame.

There were 4 Audit Committee meetings in 2019 to constantly consider and monitor financial position and operating performance and to periodically give important suggestions that have effects on organization to executives. There was a monitoring of targeted operation, continuation of internal control system review. Adjustments were made to be consistent with the changed situations. Furthermore, the external auditor of the Company, KPMG Phoomchai Ltd. by Mr. Natthaphong Tantichattanon who is the auditor of 2019 Financial Statements, did not express an opinion about deficiency of internal control system in auditor's report. The Company also appointed independent third party internal audit, BK IA & IC Ltd. by Miss Boonnee Kusolsophit, an internal auditor and a certified public accountant, who possess knowledge on accounting internal control system to perform risk and unusual transaction elimination. From qualification and experience on accounting and business operation, the Company deem the appropriate for BK IA & IC Ltd. to appropriately and adequately conduct aforementioned duties.

Appointment, demotion and rotation of the Company's head of internal audit must be approved (or agreed) by the Audit Committee.

Risk Factors

1. Risk in the business operations

1.1 Risk on the investment in expanding the branches not complying with the plans

The group has a business expansion plan by investing in the showroom and service center of Honda in accordance with the strategy on the branch expansion to cover all regions. The investment in the branch expansion of each showroom and service center can make the ACG group to have a risk from the improbable operations as planned, e. g. the revenue from sales and services do not meet the projection as calculated. While the company has a cost, land lease, depreciation cost and fixed financial cost, if the branch operations in the future do not comply with the established plans, it may have an impact on the operations of the ACG on the net revenue and profit are reduced.

The ACG has prioritized this risk issue using circumspection in a branch expansion by making a project feasibility study to analyze the financial status of the ACG, the investment budget and remuneration from the investment, including the time for the return on investment. The selection of a location of each branch shall consider the market suitability based on the potential and marketing gap, location of the showroom and service center. It includes the size and the budget on the suitable investment of each location.

Nonetheless, in 2019 the core company invested in opening a branch in Phuket province with the high potential for business operations. It has adjusted the format of investment and built a sales and service team for the opening within a few months to realize the revenue and reduce the risk from the investment in the branch expansion. Moreover, in each investment to expand a branch shall be approved by the board of directors to present the investment plan for Honda to approve in the next stage.

1.2 Risk of dependence on the Honda car manufacturer

The ACG depends on the business operation as a dealer and service of Honda car brand by purchasing the goods from Honda Automobile (Thailand) Ltd. (“Honda”) as the manufacturer to the ACG. Honda shall consider allocating the goods depended on the market condition and the number of goods in existence, also it shall consider helping on sales promotion, customer service, including the allocation of spare parts to the dealer at its own discretion for each one. The customer service included the allocation of spare parts to the dealer at its discretion to each distributor, and Honda shall approve a branch expansion in the future of the ACG. It includes approval to open a branch for all dealers based on the candidates with potential and complete qualifications. However, the selection of the dealer has no limitation on creating a competitor under the same brand. That said, each area can have more than one dealer depending on the size of the market and various factors at the time. The whole things have the risk to impact the business continuity significantly.

In the past Honda would set the standards for the operations of the “dealer,” including the assessment of the work product of the dealer to measure the sales standards and service of each one. They include satisfaction on providing the service and compliance with the plans or marketing target jointly planned. In addition, the company also set up its own business operations to make the ACG to receive the evaluation score at the good level and received a reward on such the assessment continuously.

The ACG has received approval from Honda in the expansion of eight showroom and service centers, which approved as mentioned above. The ACG had to present to the Honda group in the stages later.

Furthermore, since Honda car is the main goods of the group, so if there is a problem from the goods, so Honda shall recall it and can have an impact on the revenue and reputation of the ACG group. Nonetheless, from the experience of dealership and the service centers of Honda car brand over 25 years, it has never had such an event to impact the ACG.

Furthermore, if there is an incident that Honda has to decide to cancel a production and sales of goods in Thailand shall have a continuous impact on the future business operation significantly. Nonetheless, Honda was established in Thailand since 1983 and had the growth rate all along. Japan considered Thailand as a country with potential on the production and purchasing power of the consumers, so they decided to build a production base for car and spare parts to support the growth of the Honda car consumers sold in Thailand and exported to other countries. There is no other essential reason to cause Honda to terminate the production and sales of its goods in Thailand in a near future.

1.3 The risk from not renewing the dealership contract and service of Honda car or terminated from a breach of the agreement of the dealership agreement

Honda Maliwan Ltd. is a subsidiary and is a contractual party with Honda Automobile (Thailand) Ltd. by the contract appointing the dealership and service of Honda is for year-to-year (The current contract expires on 31 December 2021). The contract has the limited term that may cause a risk to ACG, in the case the contract is not renewed, or there is a change of the terms and conditions in the contract that may result in the company cannot continue the business, for example, the termination is conditional upon;

- The contractual parties can make a joint agreement at any time for the contract can be terminated.

- The dealer and Honda reserve the right to terminate the contract by notifying the other party in writing by designating the effective date on termination. However, if not stipulated otherwise the party given a notice or the dealer has paid any money owed Honda in full (if any).

- The dealer cannot maintain the license to operate the business as stated in the contract, or the license is not renewed, suspended or revoked by whatever reason.

- The dealer abandons/ cannot open the workplace for the consecutive days exceed the agreed days.

- The dealer moves the workplace or changes the business characteristics without prior consent in writing from Honda.

- The dealer cannot repay any money owed to Honda within the specified schedule from the request in writing from Honda.

- The dealer submits or participates in submitting to Honda a statement or document, so as to have a false payment is a fraud.

Such the above-mentioned conditions the ACG can comply with them all along throughout the business operation without breaching the contractual conditions.

Moreover, in the past the ACG has operated the business under the contract with Honda for a long time and the company management has experience on the business management for a long time, so the ACG has expertise on the business management and knowledge on the operations from setting a business policy, personnel training and selling of the goods under the framework and contractual conditions of Honda excellently all along. It has received an award from the evaluation of the operations as a Honda dealer with the good operating results, efficiency and is consistent with the target and guidelines of Honda on the operations and customer satisfaction.

Since Honda is a leading brand at the world level and one of the top leaders of Honda car in Thailand, which gives priority to the care of customers very much, so the high standards on selecting the dealers. Thus, to qualify as a Honda dealer must have been selected very well.

Although the term of contract is year-to-year, but it is a policy of Honda to treat all dealers in the whole country, the ACG is confident that it still can be renewed of the contract in the future due to no breach of contract to cause a breach of the contract appointing the dealership and service as such.

1.4 Financial risk

1.4.1 Risk on dependence on the loan from a financial institution

As of 31 December 2019 the ACG has borrowed money from a financial institution as the principle in doing the business. The group has a debt burden that is short-term and long-term loans from financial institutions totaling 712.5 million Baht, divided into the short-term loan with a financial institution of the promissory note (P/N) with the contractual term of three months for 670 million Baht. The long-term loan to be due within one year for 30 million Baht, and long-term loan remains 12.50 million Baht, which will be due by the end of May 2021. As a result, on 31 December 2018 the company has the liquidity ratio equals to 0.88 times and the debt ratio to equity equals to 1.40 times (calculated from the total debt) or equals to 1.09 times (calculated from the debt with interest-bearing debts). In 2016-2018, the company had the financial costs of Baht 32.80, 28.39 and 27.82 million respectively.

In a scenario that the business operations with the sales and services do not meet the set target the dependence of the capital from a financial institution can cause a risk to the financial stability and the ability to repay the interest and principal from the financial institution. It includes a breach of some conditions, which may affect the business operations of ACG significantly.

Moreover, the company group has the short-term loan ratio about 94 percent out of the total loan for use in buying goods and investment in a new branch. In the case the company is not renewed of the loan or the bank recalls the short-term loan may affect the company group to lack financial liquidity or working capital. However, the company still has good relations with the three financial institutions all along, and has never defaulted on the interest repayment. Thus,

the group is confident that it shall be supported from the financial institutions continuously. Moreover, the group can find a capital source from other financial institution or can request for a long-term loan due to there is a piece of land that is free from being used as a guarantee.

1.4.2 The risk from the subsidiary breaches the contract on maintaining the financial ratio in the loan contract.

The subsidiary company has borrowed from a commercial banks since 2015 with a condition that it needs not cause a debt obligation or burden for the debt-to-equity ratio exceeding 3.5 times in 2017-2018, and not exceeding 2.50 times for 2019. Also it has to maintain the debt service coverage ratio (DSCR) by no less than 1.1 times (calculated from the profit before interest expense, income tax, depreciation and amortization divided by current portion of long-term debt plus entire interest expenses) The conditions on the financial ratios by the bank are referenced to the annual financial statement of the subsidiary company on 31 December 2018. The subsidiary company had the debt ratio to equity and the DSCR equals to 2.1 times and 1.5 times respectively.

However, as of 31 December 2018 the core company had the D/E and the DSCR equals to 1.4 times and 2.2 times respectively, which means it can maintain the ratio according to bank conditions due to the better operation results. Nonetheless, if in the future the subsidiary cannot maintain the financial ratios in this requirements, it is confident that the financial institution shall give leniency on such the matter as in the past due to the subsidiary has not defaulted on the interest and principal and still has the guarantee with the financial institutions.

1.5 Other risks

1.5.1 The risk from depending on the large shareholder with the power to set the managerial policy.

At present the Rangkakulnuwat family is the major shareholder of the company or 74 percent of the paid-up capital, Mr. Phanumast and Mrs. Hathairat Rangkakulnuwat are still almost completely able to control the resolution at the shareholder meeting, regardless of on the appointment of the directors or the resolution on other matters to use a majority vote of the meeting. However, only the matter that the law or regulations of the company requires to receive three-fourths (3/4) of the votes in the shareholder meeting, e.g. the increase of the capital, capital reduction, sales or transfer of the business partially or entirely, etc. Thus, other shareholders cannot gather the votes to audit and apply checks and balances when the major shareholder proposes.

Nonetheless, the board of directors has appointed four independent directors with three audit committees and one chairman out of the total of 10 directors to attend the board meeting to audit and use the checks and balances of the board and the management. It includes the consideration on approval of the various items before presenting to the shareholder meeting is for confidence to the shareholders that the management inside the company shall be transparent.

Moreover, the ACG has depended on Mr. Phanumast Rungkakulnuwat as the CEO, who is the major shareholder of the company and has managed the business all along. If the ACG loses the main management may cause damage to the company. Nevertheless, Mr. Phanumast and family as the major shareholder is expected the company to be still able maintain the management with the company in the future.

1.5.2 The risk from the investment in other company

The company is a holding company, currently investing in Honda Maliwan Co. , Ltd. , which is the core company and doing the business of sales and service in the automobile industry and the related businesses at the ratio of 99.74 percent. While the company has not operated other business by itself results in the operating results of the company depends on the operating results of subsidiary entire, and the dividends come from them. Thus, if the subsidiary has good operations will result in the company having good operating result as well. However, on the other hand, if the subsidiary has poor operating result, it will send a negative impact to the company as well.

However, the company realizes the risk from the investment in such the subsidiary, it shall analyze the possibility and consider the potential of the future project, including the risk factor from the investment in a new branch and present the investment plan of the subsidiary to the company board consider, including an advice to reduce the investment risk that can happen. In addition, in the supervision of the subsidiary the company shall send a director or the management with the suitable qualification and experience to the business as the representative in the management of the business of such the subsidiary to designate the important policy and control the business operation of such the subsidiary.

Biography of the Board of Directors and Executives of Autocorp Holding Plc.



Mr. Panich Pongpirodom

Chairman of the Board of Directors and Independent Director



Mr. Weerachai Ngamdeevilaiak

Chairman of the Audit Committee and Independent Director



M.L. Winai Kasemsri

Member of the Audit Committee and Independent Director and Chairman of the Nomination and Remuneration Committee



Asst. Prof. Dr. Saranyapong Thiangtam

Member of the Audit Committee and Independent Director and Member of the Nomination and Remuneration Committee



Mr. Phanumast Rungkakulnuwat

Chief Executive Officer and Director and Member of the Nomination and Remuneration Committee



Mrs. Hathairat Rangkagoonnawat

Deputy Chief Executive Officer and Chief Sales Officer and Director



Mrs. Suksai Phoksap

Chief General Managing Officer and Director



Ms. Nuchanadh Sakulsanthia

Chief Financial Officer and Director



Ms. Thanya Thimachai

Director



Mr. Putip Vatin

Director



Ms. Soontaree Chittham

Accounting Manager and Company Secretary



Mr. Narawut Thaneepun

Chief Service Center Officer

Mr. Panich Pongpirodom

Chairman of the Board of Directors
and Independent Director



Date of first appointment

- 8 November 2017

Age

- 71 Years

(%) of shareholding as of 31 December 2019

- None -

Relation among family with other directors and executives

- None -

Educations

- Ph.D. in Engineer, Offshore Engineer, Asian Institute of Technology
- M.S. in Engineer, Water Resources Engineer, Asian Institute of Technology
- M.S. in Engineer, Environmental Engineer, Chulalongkorn University
- B.S. in Engineer, Civil Engineer, Chulalongkorn University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 56/2006
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD), Class 121/2009
- Understanding the Fundamental of Financial Statement (UFS), Thai Institute of Directors Association (IOD), Class 1/2016
- Setting the CEO Performance Plan and Evaluation, Thai Institute of Director Association (IOD)
- Role of the Compensation Committee (RCC), Thai Institute of Director Association (IOD), Class 21/2016
- Role of the Nomination and Governance Committee (RNG), Thai Institute of Director Association (IOD), Class 8/2016

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Chairman of the Board of Directors and Independent Director, Autocorp Holding Plc.
- 2013 - Present : Independent Director and Chairman of the Nomination and Remuneration Committee, Raja Ferry Port Plc.

Positions in Other Companies

- 2013 - Present : Energy and Environmental Professional, Rayong Provincial Administrative
- 1990 - Present : Director, Panich - Worasak and Friend 2510 Co., Ltd.

Mr. Weerachai Ngamdeevilaisak

Chairman of the Audit Committee
and Independent Director



Date of first appointment

- 8 November 2017

Age

- 58 Years

(%) of shareholding as of 31 December 2019

- 0.24

Relation among family with other directors and executives

- None -

Educations

- Mini MBA, Thammasat University
- Advanced Certificate, Public Administration and Law, King Prajadhipok's Institute
- B.S. in Commerce and Accountancy, Thammasat University

Training/ Certification

- Director Certification Program (DCP), Thai Institute of Directors Association (IOD), Class 0/2000
- Finance for Non-Finance Director (FN), Thai Institute of Directors Association (IOD), Class 1/2003
- Role of the Compensation Committee (RCC), Thai Institute of Directors Association (IOD), Class 3/2017
- Successful Formulation & Execution of Strategy, Class 4/2014
- Chartered Director Class (CDC), Thai Institute of Directors Association (IOD), Class 8/2014

Working Experience

Positions In Listed Companies In SET

- 2017 - Present : Chairman of the Audit Committee and Independent Director, Autocorp Holding Plc.
- 2016 - Present : Audit Committee and Independent Director and Chairman of the Nomination and Remuneration Committee and Member of Risk Management Committee, Pruksa Holding Plc.
- 2016 - Present : Chairman of the Audit Committee and Independent Director and Member of the Nomination and Remuneration and Governance Committee, SYN Mun Kong Insurance Plc.
- 2014 - Present : Chairman of the Board of Director and Chairman of the Audit Committee and Independent Director, Alla Plc.
- 2013 - Present : Member of Audit Committee and Independent Director and Chairman of Risk Management Committee and Member of the Nomination and Remuneration Committee, Srisawad Corporation Plc.

Positions in Other Companies

- 2013 - Present : Director, Mongkolpattawee Co., Ltd.
- 2017 - Present : Director, W&M Associate Co., Ltd.
- 2016 - Present : Director, Smile P Co., Ltd.
- 2010 - Present : Director, Audit one Co., Ltd.
- 2007 - Present : Director, F&A Solutions Co., Ltd.

M.L. Winai Kasemsri

Member of the Audit Committee, Independent
Director and Chairman of the Nomination and Remuneration
Committee



Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Member of the Audit Committee and Independent Director and Chairman of the Nomination and Remuneration Committee, Autocorp Holding Plc.

Positions in Other Companies

- 2015 - Present : Consultant, HMD Asia Co., Ltd.
- 2009 - Present : Consultant, Penven (Thailand) Co., Ltd.
- 2009 - Present : Director, Prime City Golf Co., Ltd.
- 2002 - Present : Consultant, Unipart Co., Ltd.
- 1992 - Present : Lawyer and Owner, M.L. Winai Kasemsri's office

Date of first appointment

- 8 November 2017

Age

- 69 Years

(%) of shareholding as of 31 December 2019

- None -

Relation among family with other directors and executives

- None -

Educations

- B.S. in Law, Thammasat University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 142/2017

Asst. Prof. Dr. Saranyapong Thiangtam

Member of Audit Committee, Independent
Director and Member of the Nomination and Remuneration
Committee



Date of first appointment

- 8 November 2017

Age

- 51 Years

(%) of shareholding as of 31 December 2019

- 0.13

Relation among family with other directors and executives

- None -

Educations

- Ph.D. in Technopreneurship and Innovation Management, Chulalongkorn University
- M.S. in Business Administration, Marketing, Kasetsart University
- B.S. in Economics, Chiang Mai University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 142/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Member of the Audit Committee, Independent Director and Member of the Nomination and Remuneration Committee, Autocorp Holding Plc.

Positions in Other Companies

- 2011 - Present : Director, M.S. Kinetic Co., Ltd.
- 1997 - Present : Lecturer at the Department of Business Administration, Marketing, Bangkok University

Mr. Phanumast Rungkakulawat

Chief Executive Officer and Director and Member
of the Nomination and Remuneration Committee



Date of first appointment

- 12 March 2015

Age

- 53 Years

(%) of shareholding as of 31 December 2019

- 45.14

Relation among family with other directors and executives

- Mrs. Hathairat Rangkagoonnuwat's spouse

Educations

- B.S. in Economics, Chiangmai University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 142/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Member of the Nomination and Remuneration Committee, Autocorp Holding Plc.
- 2015 - Present : Chief Executive Officer and Director, Autocorp Holding Plc.

Positions in Other Companies

- 1992 - Present : Director, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.



Mrs. Hathairat Rangagoonuwat

Vice Chief Executive Officer,
Chief Sales Officer and Director

Working Experience

Positions in Listed Companies in SET

- 2015 - Present : Vice Chief Executive Officer and Chief Sales Officer and Director, Autocorp Holding Plc.

Positions in Other Companies

- 2009 - Present : Director and Chief Sales Manager, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Date of first appointment

- 12 March 2015

Age

- 40 Years

(%) of shareholding as of 31 December 2019

- 24.49

Relation among family with other directors and executives

- Mr. Phanumast Rungkakulnuwat's spouse

Educations

- B.S. in Accountant, University of the Thai Chamber of Commerce
- M.S. in Business Administration, Mahasarakham University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 142/2017



Mrs. Suksai Phoksap

Chief General Managing Officer and Director

Date of first appointment

- 12 March 2015

Age

- 50 Years

(%) of shareholding as of 31 December 2019

- 0.1

Relation among family with other directors and executives

- None -

Educations

- Diploma Program in Accountant, Surin Vocational College

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 143/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Director, Autocorp Holding Plc.
- 2015 - Present : Chief General Managing Officer, Autocorp Holding Plc.

Positions in Other Companies

- 2018 - Present : Director, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.
- 1992 - Present : Chief General Managing Officer, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Ms. Nuchanadh Sakulsanthia

Chief Financial Officer and Director



Date of first appointment

- 8 November 2017

Age

- 30 Years

(%) of shareholding as of 31 December 2019

- 0.01

Relation among family with other directors and executives

- None -

Educations

- B.S. in Accountant, Khon Kaen University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 143/2017
- Strategic CFO in Capital Markets Program, Stock Exchange of Thailand (SET), Class 5/2017
- CFO in Practice (Certificate Program), Federation of Accounting Professions (FAP), Class 7/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Chief Financial Officer and Director, Autocorp Holding Plc.

Positions in Other Companies

- 2018 - Present : Director, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.
- 2016 - Present : Chief Financial Officer, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.



Mr. Putip Vatin

Director

Date of first appointment

- 8 November 2017

Age

- 29 Years

(%) of shareholding as of 31 December 2019

- 0.03

Relation among family with other directors and executives

- None -

Educations

- B.B.A in Accounting, Assumption University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 143/2017
- Strategic CFO in Capital Markets Program, Stock Exchange of Thailand (SET), Class 4/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Director, Autocorp Holding Plc.

Positions in Other Companies

- 2016 - Present : Accounting Manager, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Ms. Thanya Thimachai

Director



Date of first appointment

- 8 November 2017

Age

- 30 Years

(%) of shareholding as of 31 December 2019

- 0.05

Relation among family with other directors and executives

- None -

Educations

- B.S. in Accountant, Khon Kaen University

Training/ Certification

- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 142/2017
- Strategic CFO in Capital Markets Program, Stock Exchange of Thailand (SET), Class 4/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Director, Autocorp Holding Plc.

Positions in Other Companies

- 2016 - Present : Accounting Manager, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Ms. Soontaree Chittham

Accounting Manager and
Company Secretary



Date of first appointment

- 1 June 2017

Age

- 28 Years

(%) of shareholding as of 31 December 2019

- 0.03

Relation among family with other directors and executives

- None -

Educations

- B.S. in Accountant, Khon Kaen University

Training/ Certification

- Fundamentals for Corporate Secretary, Thai Institute of Directors Association (IOD), Class 2/2017

Working Experience

Positions in Listed Companies in SET

- 2017 - Present : Accounting Manager and Company Secretary, Autocorp Holding Plc.

Positions in Other Companies

- 2016 - Present : Accounting Manager, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Mr. Narawut Thaneepun

Chief Service Center Officer



Date of first appointment

- 12 March 2015

Age

- 47 Years

(%) of shareholding as of 31 December 2019

- 0.1

Relation among family with other directors and executives

- None -

Educations

- Diploma Program in Mechanic, Surin Vocational College

Training/ Certification

- None -

Working Experience

Positions in Listed Companies in SET

- 2015 - Present : Chief Service Center Officer, Autocorp Holding Plc.

Positions in Other Companies

- 1994 - Present : Chief Service Center Officer, Honda Maliwan Co., Ltd. (amalgamation between Honda Maliwan Co., Ltd. and A.V. Buriram Honda Cars Co., Ltd. and A.V. Cars (Surin) Co., Ltd.

Autocorp Holding Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Autocorp Holding Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Autocorp Holding Public Company Limited and its subsidiaries (the "Group") and of Autocorp Holding Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Notes 3 (d) and 7 to the consolidated financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The major inventory of the Group is cars. The sales volume of the Group depending on the market demand of each model and car manufacturer's supply. As a result of the fluctuation in sales volume of cars which may affect the price in certain period, the valuation of inventory involves management's judgment for the net realisable values of inventories by evaluating the future trading forecasts including the marketing and promotion program from car manufacturer. In addition, due to the material size of the inventories, I considered this as the key audit matter.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none">● Enquiring with management to obtain an understanding of the Group's policy in relation to the estimation of net realisable values of inventories;● Understanding the design of internal controls on inventory management;● Observing the inventory count;● Evaluating the appropriateness of retrospective review with estimation of the net realisable values of inventories at the reporting period;● Tested the calculation of net realisable value of inventories;● Evaluated the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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.



(Natthaphong Tantichattanon)
Certified Public Accountant
Registration No. 8829

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2020

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	153,900,977	166,777,556	5,068,381	3,664,669
Trade accounts receivable	6	130,554,150	95,105,207	-	-
Other receivables	4	16,069,567	11,576,859	8,655,901	9,347,036
Inventories	7	474,297,721	216,537,601	-	-
Current tax assets		3,030,546	4,309,538	2,016,830	1,301,827
Other current assets		13,344,400	5,855,461	97,413	406,128
Total current assets		791,197,361	500,162,222	15,838,525	14,719,660
Non-current assets					
Investments in subsidiaries	4, 8	-	-	548,600,000	335,600,000
Restricted deposits	11	-	9,000,000	-	-
Investment properties	9	69,596,683	69,596,683	-	-
Property, plant and equipment	10	695,817,322	619,154,785	-	-
Goodwill					
Intangible assets		8,347,873	7,622,862	4,553,721	3,548,329
Deferred tax assets		1,834,926	1,868,026	193,756	20,466
Other non-current assets		2,276,674	2,891,284	-	-
Total non-current assets		777,873,478	710,133,640	553,347,477	339,168,795
Total assets		1,569,070,839	1,210,295,862	569,186,002	353,888,455

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

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	11	670,001,193	590,879,849	-	-
Trade accounts payable		162,051,102	120,449,727	-	-
Other payables	4	32,611,306	34,737,062	1,516,828	3,490,482
Current portion of long-term loan from financial institution	11	30,000,000	30,000,000	-	-
Current tax payable		1,823,991	3,546,428	-	-
Other current liabilities		990,447	780,519	362,217	111,966
Total current liabilities		897,478,039	780,393,585	1,879,045	3,602,448
Non-current liabilities					
Long-term loan from financial institution	11	12,500,000	42,500,000	-	-
Non-current provisions for employee benefits		2,918,410	1,102,242	968,779	102,329
Other non-current liabilities		3,075,521	1,354,898	-	-
Total non-current liabilities		18,493,931	44,957,140	968,779	102,329
Total liabilities		915,971,970	825,350,725	2,847,824	3,704,777
Equity					
Share capital:	12				
Authorised share capital		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital		300,000,000	222,000,000	300,000,000	222,000,000
Share premium	12	137,109,509	-	137,109,509	-
Surplus on business combination under common control	13	130,891,299	130,891,299	-	-
Retained earnings					
Appropriated					
Legal reserve	13	1,518,303	1,450,000	1,518,303	1,450,000
Unappropriated		81,872,685	29,416,757	127,710,366	126,733,678
Equity attributable to owners of the parent		651,391,796	383,758,056	566,338,178	350,183,678
Non-controlling interests		1,707,073	1,187,081	-	-
Total equity		653,098,869	384,945,137	566,338,178	350,183,678
Total liabilities and equity		1,569,070,839	1,210,295,862	569,186,002	353,888,455

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

Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Revenue					
Revenue from sale and rendering of services	4, 14	3,027,873,338	2,338,842,617	42,434,556	36,740,067
Commission income		77,498,037	58,501,405	-	-
Other income	4	18,353,265	16,007,627	210,597	613,555
Total revenue		3,123,724,640	2,413,351,649	42,645,153	37,353,622
Expenses					
Cost of sales and rendering of services	16	2,833,107,000	2,162,385,277	-	-
Distribution costs	16	67,733,144	87,898,925	-	-
Administrative expenses	4, 16	126,812,401	98,626,025	41,369,540	36,597,976
Finance costs	4	27,819,845	28,391,463	-	-
Total expenses		3,055,472,390	2,377,301,690	41,369,540	36,597,976
Profit before income tax expense		68,252,250	36,049,959	1,275,613	755,646
Tax expense (income)	17	14,735,000	8,371,848	(90,453)	166,698
Profit for the year		53,517,250	27,678,111	1,366,066	588,948
Profit attributable to:					
Owners of the parent		52,995,738	27,412,225	1,366,066	588,948
Non-controlling interests		521,512	265,886	-	-
Profit for the year		53,517,250	27,678,111	1,366,066	588,948
Basic earnings per share	18	0.10	0.08	0.003	0.002

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

Statement of comprehensive income

	Consolidated financial		Separate financial	
	statements		statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
Profit for the year	53,517,250	27,678,111	1,366,066	588,948
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Losses on remeasurements of defined benefit plans	(591,284)	-	(401,344)	-
Income tax relating to items that will not be reclassified	118,257	-	80,269	-
Other comprehensive income (expense), for the period net of tax	(473,027)	-	(321,075)	-
Total comprehensive income for the year	53,044,223	27,678,111	1,044,991	588,948
Total comprehensive income attributable to:				
Owners of the parent	52,524,231	27,412,225	1,044,991	588,948
Non-controlling interests	519,992	265,886	-	-
Total comprehensive income for the year	53,044,223	27,678,111	1,044,991	588,948

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

Autocorp Holding Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements							
	<i>Note</i>	Issued and paid-up share capital	Surplus on business combination under common control	Retained earnings		Equity attributable to owners of the parent	Non- controlling interests	Total equity
				Legal reserve	Unappropriated <i>(in Baht)</i>			
Year ended 31 December 2018								
Balance at 1 January 2018		25,000,000	130,891,299	350,000	21,854,532	178,095,831	921,195	179,017,026
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the parent</i>								
Issue of ordinary shares	<i>12</i>	197,000,000	-	-	-	197,000,000	-	197,000,000
Dividends to owners of the Company	<i>19</i>	-	-	-	(18,750,000)	(18,750,000)	-	(18,750,000)
Total transactions with owners, recorded directly in equity		197,000,000	-	-	(18,750,000)	178,250,000	-	178,250,000
Comprehensive income for the year								
Profit		-	-	-	27,412,225	27,412,225	265,886	27,678,111
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	27,412,225	27,412,225	265,886	27,678,111
Transfer to legal reserve	<i>13</i>	-	-	1,100,000	(1,100,000)	-	-	-
Balance at 31 December 2018		222,000,000	130,891,299	1,450,000	29,416,757	383,758,056	1,187,081	384,945,137

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

Autocorp Holding Public Company Limited and its Subsidiaries
Statement of changes in equity

		Consolidated financial statements							
		Issued and paid-up share capital	Share premium	Surplus on business combination under common control	Retained earnings		Equity attributable to owners of the parent	Non- controlling interests	Total equity
<i>Note</i>					Legal reserve	Unappropriated			
		<i>(in Baht)</i>							
Year ended 31 December 2019									
Balance at 1 January 2019		222,000,000	-	130,891,299	1,450,000	29,416,757	383,758,056	1,187,081	384,945,137
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the parent</i>									
Issue of ordinary shares		12 78,000,000	137,109,509	-	-	-	215,109,509	-	215,109,509
Total transactions with owners, recorded directly in equity		78,000,000	137,109,509	-	-	-	215,109,509	-	215,109,509
Comprehensive income for the year									
Profit		-	-	-	-	52,995,738	52,995,738	521,512	53,517,250
Other comprehensive income		-	-	-	-	(471,507)	(471,507)	(1,520)	(473,027)
Total comprehensive income for the year		-	-	-	-	52,524,231	52,524,231	519,992	53,044,223
Transfer to legal reserve		-	-	-	68,303	(68,303)	-	-	-
Balance at 31 December 2019		300,000,000	137,109,509	130,891,299	1,518,303	81,872,685	651,391,796	1,707,073	653,098,869

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

Autocorp Holding Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Seperated financial statements		Total equity
			Retained earnings		
			Legal reserve	Unappropriated	
<i>(in Baht)</i>					
Year ended 31 December 2018					
Balance at 1 January 2018		25,000,000	350,000	145,994,730	171,344,730
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners of the parent</i>					
Issue of ordinary shares	12	197,000,000	-	-	197,000,000
Dividends to owners of the Company	19	-	-	(18,750,000)	(18,750,000)
Total transactions with owners, recorded directly in equity		197,000,000	-	(18,750,000)	178,250,000
Comprehensive income for the year					
Profit		-	-	588,948	588,948
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	588,948	588,948
Transfer to legal reserve	13	-	1,100,000	(1,100,000)	-
Balance at 31 December 2018		222,000,000	1,450,000	126,733,678	350,183,678

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

Autocorp Holding Public Company Limited and its Subsidiaries
Statement of changes in equity

	<i>Note</i>	Seperated financial statements				Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve <i>(in Baht)</i>	Unappropriated	
Year ended 31 December 2019						
Balance at 1 January 2019		222,000,000	-	1,450,000	126,733,678	350,183,678
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the parent</i>						
Issue of ordinary shares	12	78,000,000	137,109,509	-	-	215,109,509
Total transactions with owners, recorded directly in equity		78,000,000	137,109,509	-	-	215,109,509
Comprehensive income for the year						
Profit		-	-	-	1,366,066	1,366,066
Other comprehensive income		-	-	-	(321,075)	(321,075)
Total comprehensive income for the year		-	-	-	1,044,991	1,044,991
Transfer to legal reserve	13	-	-	68,303	(68,303)	-
Balance at 31 December 2019		300,000,000	137,109,509	1,518,303	127,710,366	566,338,178

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

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	53,517,250	27,678,111	1,366,066	588,948
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense (income)	14,735,000	8,371,848	(90,453)	166,698
Finance costs	27,819,845	28,391,463	-	-
Depreciation and amortisation	31,240,695	23,810,218	543,084	335,958
Doubtful debts	177,997	49,282	-	-
Losses on inventories devaluation	654,471	1,327,894	-	-
Gain on disposal of equipment	(2,713,629)	(2,712,352)	-	-
Interest income	(724,163)	(694,919)	(210,592)	(30,311)
	124,707,466	86,221,545	1,608,105	1,061,293
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(35,626,940)	(12,313,921)	-	-
Other receivables	(4,508,071)	(2,276,160)	691,135	(7,870,255)
Inventories	(258,414,591)	(12,547,445)	-	-
Other current assets	(7,488,939)	1,584,572	308,715	(230,468)
Restricted deposits	9,000,000	-	-	-
Other non-current assets	614,610	(1,875,374)	-	-
Trade accounts payable	41,601,375	66,220,266	-	-
Other payables	4,634,538	7,551,215	(1,973,654)	1,903,681
Non-current provisions for employee benefits	1,224,884	140,856	465,106	55,315
Other current liabilities	209,928	(994,575)	250,251	(56,023)
Other non-current liabilities	1,720,623	1,354,898	-	-
Net cash generated from (used in) operating	(122,325,117)	133,065,877	1,349,658	(5,136,457)
Taxes paid	(15,027,088)	(5,929,420)	(717,571)	(878,456)
Net cash from (used in) operating activities	(137,352,205)	127,136,457	632,087	(6,014,913)
<i>Cash flows from investing activities</i>				
Acquisition of plant and equipment	(116,746,463)	(224,507,067)	-	-
Proceeds from sale of equipment	6,547,791	8,492,975	-	-
Acquisition of intangible assets	(2,453,366)	(5,617,917)	(1,548,476)	(3,884,287)
Acquisition of investment in subsidiary	-	-	(213,000,000)	(197,000,000)
Dividends received	-	-	-	30,690,000
Interest received	739,526	694,768	210,592	30,311
Net cash used in investing activities	(111,912,512)	(220,937,241)	(214,337,884)	(170,163,976)

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

Statement of cash flows

	Consolidated financial statements		Separate financial statements		
	Year ended 31 December		Year ended 31 December		
	Note	2019	2018	2019	2018
					<i>(in Baht)</i>
<i>Cash flows from financing activities</i>					
Proceeds from issue of shares		224,640,000	197,000,000	224,640,000	197,000,000
Transaction costs from issue of shares		(9,530,491)	-	(9,530,491)	-
Decrease in bank overdrafts		(878,656)	(1,601,601)	-	-
Proceeds from short-term loans from financial institutions		2,770,000,000	2,635,000,000	-	-
Repayment of short-term loans from financial institutions		(2,690,000,000)	(2,585,000,000)	-	-
Repayment of long-term loan from financial institution		(30,000,000)	(30,000,000)	-	-
Repayment of short-term loan from related party		-	(29,000,000)	-	-
Dividends paid		-	(18,750,000)	-	(18,750,000)
Interest paid		(27,842,715)	(28,289,347)	-	-
Net cash from financing activities		236,388,138	139,359,052	215,109,509	178,250,000
Net increase (decrease) in cash and cash equivalents		(12,876,579)	45,558,268	1,403,712	2,071,111
Cash and cash equivalents at 1 January		166,777,556	121,219,288	3,664,669	1,593,558
Cash and cash equivalents at 31 December	5	153,900,977	166,777,556	5,068,381	3,664,669
<i>Non-cash transactions</i>					
Payable for purchase of plant and equipment		3,079,507	9,816,931	-	-

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

Note

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Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 24 February 2020.

1 General information

Autocorp Holding Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Market for Alternative Investment (MAI) on 27 June 2019. The Company’s registered office at 1111, Moo 1, Maliwan Road, Ban Thum, Mueang Khon Kaen, Khon Kaen, Thailand.

The group has registered branches as follow:

Headquarter	:	1111, Moo 1, Maliwan Road, Ban Thum, Mueang Khon Kaen, Khon Kaen, Thailand
Prachasamosorn Branch	:	345, Moo 6, Prachasamosorn Road, Nai Mueang, Mueang Khon Kaen, Khon Kaen, Thailand
Surin Branch	:	274, Moo 9, Pattamanon Road, Salangpan, Mueang Surin, Surin, Thailand
Weerawatyothin Branch	:	783, Moo 20, Surin-Prasat Road, Nok Mueang, Mueang Surin, Surin, Thailand
Buriram Branch	:	65, Moo 9, Buriram-Nangrong Road, Isan, Mueang Buriram, Buriram, Thailand
Nangrong Branch	:	123, Moo 6, Chockchai-Dech Udom Road, Thanon Hak, Nangrong, Buriram, Thailand
Phuket Branch	:	3/17, Moo 3, Thepkrasattri Road, Ratsada, Mueang Phuket, Phuket, Thailand
Naka Branch	:	36/3, Moo 4, Chaofahtawantok Road, Vichit, Mueang Phuket, Phuket, Thailand
Krabi Branch	:	489/8, 489/10, Utarakit Road, Krabi Yai, Mueang Krabi, Krabi, Thailand
Mueang Krabi Branch	:	328, Moo 2, Phetkasem Road, Krabi Noi, Mueang Krabi, Krabi, Thailand

The Company’s major shareholder during the financial year was Rungkakulnuwat family.

The principal activity of the Company is investing in the company which operates in distribution of cars and spare parts and services center dealership. Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 8.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements. The Group has initial applied TFRS 15 Revenue from Contracts with Customers which replaces TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations. The details of accounting policies are disclosed in note 3(p).

The Group has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 23.

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company's functional currency.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

(1) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3(p) and 14 Revenue recognition:

- whether performance obligations in a bundled sale of products and services are capable of being distinct;
- whether revenue from sales of products is recognised over time or at a point in time;
- commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;

(2) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- 7 Measurement of allowance for inventories

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder’s equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using methods as follows:

Cars	- Cost of each purchase transaction (Specific Identification method)
Parts and others	- First in first out

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

(e) Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

(f) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property.

No depreciation is provided on freehold land.

(g) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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 labour, 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Any gains and losses on disposal of 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 recognised in profit or loss.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

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.

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:

Buildings and building improvements	2 - 40 years
Furniture, fixtures and office equipment	3 - 5 years
Machinery and equipment	5 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

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

(h) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Amortisation is recognised 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 for the current and comparative periods are as follows:

Software licenses	3 – 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each 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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortisation, if no impairment loss had been recognised.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Provisions

Autocorp Holding Public Company Limited and its Subsidiaries

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A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(n) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on observable inputs.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has

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(o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(p) Revenue

Accounting policies for revenue recognition in 2019

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.

Sale of goods and services

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.

Revenue from rendering of services is recognised when the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Commission revenue

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

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Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and rendering of services

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Revenue from rendering of services is recognised when the services are provided.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(q) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss.

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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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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

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(u) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(v) Related parties

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(w) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly.

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4. Related parties

Relationships with subsidiaries and other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
A.V. Buriram Honda Cars Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)
A.V. Cars (Surin) Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)
Honda Maliwan Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)
Honda Maliwan Co., Ltd. (new company after amalgamation)	Thailand	Subsidiary, 99% shareholding and common directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
A.V. Buriram Honda Cars Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)
A.V. Cars (Surin) Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)
Honda Maliwan Co., Ltd.	Thailand	Subsidiary, 99% shareholding and common directors (transferred and amalgamated on 28 February 2018)

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Honda Maliwan Co., Ltd. (new company after amalgamation)	Thailand	Subsidiary, 99% shareholding and common directors

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Rendering of service	Cost plus margin
Receiving of services	Cost plus margin
Purchases of assets	Agreed prices
Rental expense	Agreed prices
Interest expense	Contractually agreed rates based on fixed deposits interest rate

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Rendering of services	-	-	42,435	36,740
Rental income	-	-	-	560
Rental expense	-	-	972	830
Key management personnel				
Land rental expense	-	453	-	-
Interest expense	-	62	-	-
Dividend expense	-	18,563	-	18,563
Purchases of assets	-	155,933	-	-
Key management personnel compensation				
Short-term employee benefit	5,035	3,840	5,035	3,840
Post-employment benefits	93	9	93	9
Total key management personnel compensation	5,128	3,849	5,128	3,849

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Balances as at 31 December with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Other receivables</i>				
Subsidiaries	-	-	8,171	9,061
Investment in subsidiaries (note 8)	-	-	548,600	335,600
<i>Other payable</i>				
Subsidiaries	-	-	288	-

Movements during the years ended 31 December of short-term loans from related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Key management personnel				
At 1 January	-	29,000	-	-
Decrease	-	(29,000)	-	-
At 31 December	-	-	-	-

Significant agreements with related parties

As at 31 December 2019, the Group has the following significant agreements with related parties.

Management Service Agreement

The Company has management service agreement with the subsidiary. The Company agrees to provide management, advisory and other services, whereby the service fees are stipulated in the agreement with the term of agreement for 1 year expiring in December 2020. This agreement shall be automatically renewable for an additional period of 1 year, unless either party gives written notice to the other of its intention to terminate the agreement.

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Office Rental and Service Agreements

The Company has office building rental and service agreement with a subsidiary. The subsidiary has leased an office, including office equipment and service for the operation of the Company, whereby the service fees are stipulated in the agreement. The term of agreement is for 1 year expiring in September 2020 and being able to renew by giving 30 days prior notice in writing to the subsidiary before the expiration date of the agreement.

5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	135	225	3	3
Cash at banks – current accounts	97	3,281	45	59
Cash at banks – savings accounts	140,582	138,880	5,020	3,603
Highly liquid short-term investments	-	536	-	-
Cheques on hand	13,087	23,856	-	-
Total	153,901	166,778	5,068	3,665

6. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other parties	130,781	95,154	-	-
Total	130,781	95,154	-	-
<i>Less allowance for doubtful accounts</i>	(227)	(49)	-	-
Net	130,554	95,105	-	-
Doubtful debts expense for the year	178	49	-	-

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Aging analyses for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	126,637	94,264	-	-
Overdue:				
Less than 3 months	3,792	624	-	-
3-6 months	145	15	-	-
6-12 months	68	124	-	-
Over 12 months	139	127	-	-
	130,781	95,154	-	-
<i>Less</i> allowance for doubtful accounts	(227)	(49)	-	-
Net	130,554	95,105	-	-

The normal credit term granted by the Group ranges from 7 days to 60 days.

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7. Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cars	437,918	185,782	-	-
Parts and others	39,333	33,055	-	-
Total	477,251	218,837	-	-
<i>Less</i> allowance for decline in value of inventories	(2,953)	(2,299)	-	-
Net	474,298	216,538	-	-
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	2,751,498	2,103,358	-	-
- Write-down to net realisable value	546	1,328	-	-
Net	2,752,044	2,104,686	-	-

8. Investments in subsidiaries

	Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	335,600	138,600
Acquisitions	213,000	197,000
At 31 December	548,600	335,600
<i>Amalgamation of subsidiaries</i>		

At the joint meeting of the shareholders of A.V. Cars (Surin) Co., Ltd., A.V. Buriram Honda Cars Co., Ltd., and Honda Maliwan Co., Ltd. (together referred as the "subsidiary group") held on 27 February 2018, the subsidiary group's shareholders passed a resolution to amalgamate the subsidiary group of business under business combination under common control for restructuring the business of the group companies which had the same principal business of cars, spare parts and services center dealership in order to enhance the effectiveness in management of business and aim to achieve the profitable of the Group.

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The amalgamation resulted in the dissolution of the subsidiary group on 28 February 2018, which was the registration date of Honda Maliwan Co., Ltd. (new company after amalgamation). This Company has received the transfer of all assets, liabilities, rights and obligations of the subsidiary group from the amalgamation date. As at 28 February 2018 (amalgamation date), the Company had an authorized share capital of Baht 140 million (comprising of 1,400,000 ordinary shares at par value of Baht 100 per share).

Acquisitions

At the Extraordinary General Meeting of the shareholder of subsidiary, Honda Maliwan Co., Ltd. (new company after amalgamation) held on 21 March 2018. The subsidiary's shareholders passed a resolution to increase the authorized share capital from Bath 140 million (comprising of 1,400,000 ordinary shares at par value of Baht 100 per share) to Baht 337 million (comprising of 3,370,000 ordinary shares at par value of Baht 100 per share) by offering to existing shareholder to their proportion. As a result, the Company had investment in the ordinary share of the subsidiary amounting to Bath 197 million. The subsidiary registered the additional authorized share capital with the Ministry of Commerce on 23 March 2018.

At the Extraordinary General Meeting of the shareholder of subsidiary, Honda Maliwan Co., Ltd held on 28 August 2019. The subsidiary's shareholders passed a resolution to increase the authorized share capital from Bath 337 million (comprising of 3,370,000 ordinary shares at par value of Baht 100 per share) to Baht 550 million (comprising of 5,500,000 ordinary shares at par value of Baht 100 per share) by offering to existing shareholder to their proportion. As a result, the Company had investment in the ordinary share of the subsidiary amounting to Bath 213 million. The subsidiary registered the additional authorized share capital with the Ministry of Commerce on 29 August 2019.

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Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income from those investments for the years then ended, were as follows:

Type of business	Ownership interest		Paid-up capital		Separate financial statements				Dividend Income for the year	
	2019	2018	2019	2018	Cost	At cost - net		2019	2018	
	(%)				2019	2018	2019	2018	2019	2018
<i>Direct subsidiaries</i>										
Honda Maliwan Co., Ltd.	99	99	550,000	337,000	548,000	335,600	548,000	335,600	-	-
Total					548,000	335,600	548,000	335,600	-	-

All subsidiaries incorporate in Thailand. The Company has no investments in subsidiaries listed in The Stock Exchange of Thailand, therefore, no published price quotations were disclosed.

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9. Investment properties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cost				
At 1 January	69,597	69,597	-	-
At 31 December	69,597	69,597	-	-
Net book value				
At 1 January	69,597	69,597	-	-
At 31 December	69,597	69,597	-	-

Investment properties comprise of the subsidiary's land which currently undetermined future use.

Fair values of investment properties as at 31 December 2019 amounting to Baht 152.46 million (2018: Baht 141.46 million) was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value

Security

At 31 December 2019, the Group's investment properties with carrying amount of Baht 23.64 million (2018: Baht 23.64 million), are mortgaged as collateral with financial institutions for the bank overdrafts and short-term loans for the subsidiary (refer to note 11).

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10. Property, plant and equipment

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Office furniture, fixtures and equipment	Machinery and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2018	125,420	311,752	30,804	40,785	36,937	12,967	558,665
Additions	155,934	980	6,693	12,330	7,211	51,152	234,300
Transfers	643	46,333	(776)	2,348	-	(48,548)	-
Disposals	-	(77)	(10,401)	(7,728)	(10,169)	-	(28,375)
At 31 December 2018 and 1 January 2019	281,997	358,988	26,320	47,735	33,979	15,571	764,590
Additions	-	567	5,768	9,439	27,525	66,711	110,010
Transfers	1,269	74,216	5,012	114	-)80,611(-
Disposals	-	(20)	(354)	(372)	(8,170)	-	(8,916)
At 31 December 2019	283,266	433,751	36,746	56,916	53,334	1,671	865,684
Depreciation							
At 1 January 2018	-	77,631	21,651	29,470	16,658	-	145,410
Depreciation charge for the year	19	9,080	3,458	3,698	6,364	-	22,619
Disposals	-	(77)	(10,077)	(7,434)	(5,006)	-	(22,594)
At 31 December 2018 and 1 January 2019	19	86,634	15,032	25,734	18,016	-	145,435
Depreciation charge for the year	40	12,845	4,680	4,837	7,113	-	29,515
Disposals	-	(1)	(273)	(203)	(4,606)	-	(5,083)
At 31 December 2019	59	99,478	19,439	30,368	20,523	-	169,867
Net book value							
At 31 December 2018	281,978	272,354	11,288	22,001	15,963	15,571	619,155
At 31 December 2019	283,207	334,273	17,307	26,548	32,811	1,671	695,817

- The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 78.07 million (2018: Baht 72.55 million).

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Security

At 31 December 2019, the Group's properties with carrying amount of Baht 509.83 million (2018: Baht 504.94 million) are mortgaged as collateral with financial institutions for the bank overdrafts and other credit facilities (refer to note 11).

11. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts				
Secured	1	880	-	-
Short-term loans from financial institutions				
Secured	670,000	590,000	-	-
Bank overdrafts and short-term loans from financial institutions	670,001	590,880	-	-
Current portion of long-term loans from financial institutions				
Secured	30,000	30,000	-	-
Total current	700,001	620,880	-	-
Non-current				
Long-term loans from financial institutions				
Secured	12,500	42,500	-	-
Total non-current	12,500	42,500	-	-
Total	712,501	663,380	-	-

As at 31 December 2019, the Group has short-term loans with various local financial institutions totaling Baht 670 million (2018: Baht 590 million) which bear interest at minimum loan rate (MLR) less 2% per annum and fixed interest rate at 3.95% per annum (2018: minimum overdraft rate (MOR) less 2.25% per annum, minimum loan rate (MLR) less 2% per annum and fixed interest rate at 4% per annum).

On 22 July 2015, a subsidiary entered into a secured long-term loan agreement with a domestic financial institution amounting to Baht 150 million with bear interest at THBFIX plus 1.62% per annum and repayment on a monthly basis from June 2016 with repayment term of 5 years and 6 months which will be due in May 2021. The subsidiaries must comply with other conditions related to maintain financial ratio and other restrictions stated in the term loan agreement.

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12. Share capital

	Par value per share (in Baht)	2019		2018	
		Number (thousand shares)	Baht (thousand Baht)	Number (thousand shares)	Baht (thousand Baht)
Authorised shares at 31 December		<u>600,000</u>	<u>300,000</u>	<u>600,000</u>	<u>300,000</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	10	-	-	2,500	25,000
- ordinary shares	0.5	444,000	222,000	-	-
Increase of new shares	10	-	-	19,700	197,000
Increase of new shares	0.5	156,000	78,000	-	-
Reduction in par value					
- from Baht 10 to Baht 0.5	10	-	-	(22,200)	-
- from Baht 10 to Baht 0.5	0.5	-	-	444,000	-
At 31 December					
- ordinary shares	0.5	<u>600,000</u>	<u>300,000</u>	<u>444,000</u>	<u>222,000</u>

At the Annual General Meeting of the shareholders of the year 2018 held on 20 March 2018, the Company's shareholders passed a resolution to increase the Company's authorised share capital from Baht 25 million (comprising 2,500,000 shares at par value of Baht 10 per share) to Baht 222 million (comprising 22,200,000 shares at par value of Baht 10 per share) by offering to existing shareholder to their proportion and fully paid-up share capital. The Company registered the additional authorized share capital with the Ministry of Commerce on 23 March 2018.

At the Extraordinary General Meeting of the shareholders of the Company held on 14 September 2018, the Company's shareholders passed a resolution as follow:

- ☞ The change in the par value of the Company's registered share capital from Baht 10 per share to Baht 0.5 per share. Therefore, the number of issued shares of the Company changed from 22.2 million shares to 444 million shares. However, the amount of the registered share capital of Company remained the same. The Company registered change in the par value with the Ministry of Commerce on 17 September 2018.
- ☞ Increase the Company's authorised share capital from Baht 222 million (comprising 444 million shares at par value of Baht 0.5 per share) to Baht 300 million (comprising 600 million shares at par value of Baht 0.5 per share). The company registered the additional authorized share capital with the Ministry of Commerce on 17 September 2018

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Initial Public Offering

On 27 June 2019, the Company completed its Initial Public Offering (“IPO”) and issued 156 million shares on the Market for Alternative Investment (MAI) with an offering price of Baht 1.44 per share (par value of Baht 0.5 per share and share premium of Baht 137.11 million) amounting to Baht 224.64 million. Directly attributable expenses of the initial public offering totalling Baht 9.53 million were deducted from the premium on share capital received from the offering.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

13. Surplus and reserves

Surplus on business restructuring under common control

The difference between net book value of asset of subsidiaries as at the business restructuring date and the cost of business combination under common control recognised in surplus on business combination under common control within equity.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

14. Segment information

Management determined that the Group has two reportable segments which are the Group's strategic divisions for different products and services and are managed separately. The strategic divisions have different transactions. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1* Cars and accessories dealership
- *Segment 2* Repair and maintenance services and spare parts dealership

Each segment's performance is measured based on segment profit before interest, tax, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before interest, tax, depreciation and amortisation is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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	Consolidated financial statements					
	Cars and accessories dealership		Repair and maintenance services and spare parts dealership		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Information about reportable segments						
External revenue	2,650,102	2,078,064	377,771	260,779	3,027,873	2,338,843
Total revenue	2,650,102	2,078,064	377,771	260,779	3,027,873	2,338,843
EBITDA segment					235,375	170,213
Depreciation and amortisation					(31,241)	(23,810)
Finance cost					(27,820)	(28,391)
Income tax expense					(14,735)	(8,372)
Administrative expense unallocated					(108,062)	(81,962)
Profit for the year					53,517	27,678
Segment assets as at 31 December	582,697	342,548	364,996	363,988	947,693	706,536
Segment liabilities as at 31 December	810,443	722,740	71,374	60,935	881,817	783,675

The Group is managed and operated principally in Thailand. The timing of revenue recognition from sales and rendering services are recognized at a point in time.

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Reconciliations of reportable segment assets and liabilities

	2019	2018
	<i>(in thousand Baht)</i>	
Assets		
Total assets for reportable segments	947,693	706,536
Other unallocated amounts	621,378	503,760
Consolidated total assets	1,569,071	1,210,296
Liabilities		
Total liabilities for reportable segments	881,817	783,675
Other unallocated amounts	34,155	41,676
Consolidated total liabilities	915,972	825,351

15. Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Wages and salaries	74,710	42,666	27,922	19,030
Social security contributions	2,313	1,356	553	355
Defined benefit plans	1,691	141	670	55
Defined contribution plans	1,641	942	930	656
Others	4,371	1,503	294	29
Total	84,726	46,608	30,369	20,125

Defined contribution plans

The Group established provident funds for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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Notes to the financial statements

For the year ended 31 December 2019

16. Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Changes in inventories		(258,415)	(12,548)	-	-
Purchases of inventory		3,010,459	2,117,233	-	-
Distribution		16,302	52,461	-	-
Depreciation and amortisation		31,240	23,810	543	336
Commission		22,181	18,462	-	-
Employee benefits expenses	15	84,726	46,608	30,369	20,125
Professional fees		4,228	12,957	2,485	8,349
Rental expenses		7,962	5,862	1,005	1,629
Others		108,970	84,065	6,968	6,159
Total cost of sales of goods, distribution costs and administrative expenses		3,027,653	2,348,910	41,370	36,598

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Notes to the financial statements

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17. Income tax

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	14,581	8,922	-	178
	14,581	8,922	-	178
Deferred tax expense				
Movements in temporary differences	154	550	(90)	(11)
	154	(550)	(90)	(11)
Total income tax expense (income)	14,735	8,372	(90)	167

Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before income tax expense		68,252		36,050
Income tax using the Thai corporation tax rate	20.0	13,650	20.0	7,210
Additional deductible expenses		(615)		(14)
Expenses not deductible for tax purposes		1,700		803
Current year losses for which no deferred tax asset was recognised		-		373
Total	21.6	14,735	23.2	8,372

	Separate financial statements			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before income tax expense		1,276		756
Income tax using the Thai corporation tax rate	20.00	255	20.0	151
Income not subject to tax		(483)		-
Expenses not deductible for tax purposes		138		16
Total	-	(90)	22.1	167

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For the year ended 31 December 2019

18. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the year by adjusted the number of common shares as if they were changed the par value of share from Baht 10 per share to Baht 0.5 per share at the beginning of the earliest period presented.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(thousand Baht/thousand shares)</i>			
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>				
Profit for the year attributable to owner of the Company (Basic)	52,996	27,412	1,366	589
Number of ordinary shares issued as at 1 January	444,000	50,000	444,000	50,000
Effect of shares issued and paid-up during the year	80,351	306,564	80,351	306,564
Weighted average number of ordinary shares outstanding (Basic)	524,351	306,564	524,351	306,564
Earnings per share (Basic) <i>(in Baht)</i>	0.10	0.08	0.003	0.002

19. Dividends

At the Annual General Meeting of the shareholders of the Company held on 20 March 2018, the shareholders approved the appropriation of the fiscal year 2017 performance and retained earnings as dividend of Baht 7.5 per share, amounting to Baht 18.75 million. The dividend was paid to shareholders during March 2018.

20. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group 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.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its loans (refer to note 11).

Foreign currency risk

The Group's normal business is relating to purchase and sale of goods and services which are denominated in Baht currencies, so the Group does not have a foreign currency risk.



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For the year ended 31 December 2019

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Carrying amount and fair values

The Group's fair values of financial assets and financial liabilities approximate their carrying values.

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Notes to the financial statements

For the year ended 31 December 2019

21. Commitments with non-related parties

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within 1 year	6,947	7,009	-	-
1 - 5 years	19,436	21,597	-	-
After 5 years	82,814	87,641	-	-
Total	109,197	116,247	-	-
<i>Other commitments</i>				
Purchase orders for goods and supplies	27,392	95,315	-	-
Bank guarantee for electricity usage	829	875	-	-
Bank guarantees for purchases of cars, spare parts and accessories under "Honda" trademark	80,000	81,000	-	-
Total	108,221	177,190	-	-

The Group has land and property lease agreements with non-related parties to use as the showrooms and services centre for a period of 2 years to 30 years which expiring in 2021 to 2048, respectively. The Group is committed to pay the rental fee at the agreed rate and conditions as specified in the agreements.

22. Events after the reporting period

At the Board of Directors' meeting of the Company held on 24 February 2020, the Board of Directors agreed to propose the shareholders at the Annual General Meeting of the Shareholders to consider and approve the following;

- ๕ The appropriation of the fiscal year 2019 performance and retained earnings as dividend of Baht 0.04 per share, amounting to Baht 24 million. The dividend will be paid to shareholders in May 2020.
- ๕ The offering and issuance of debentures in a total amount not exceeding Baht 600 million, through public offering and/or specific investor, and/or institutional investors, and/or major investors principally or partially. The type of offering and issuance of debentures depends on the appropriation of current market when issuing.

23. Events after the reporting period

Autocorp Holding Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Lease
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS – Financial instruments standards

TFRS – Financial instruments standards

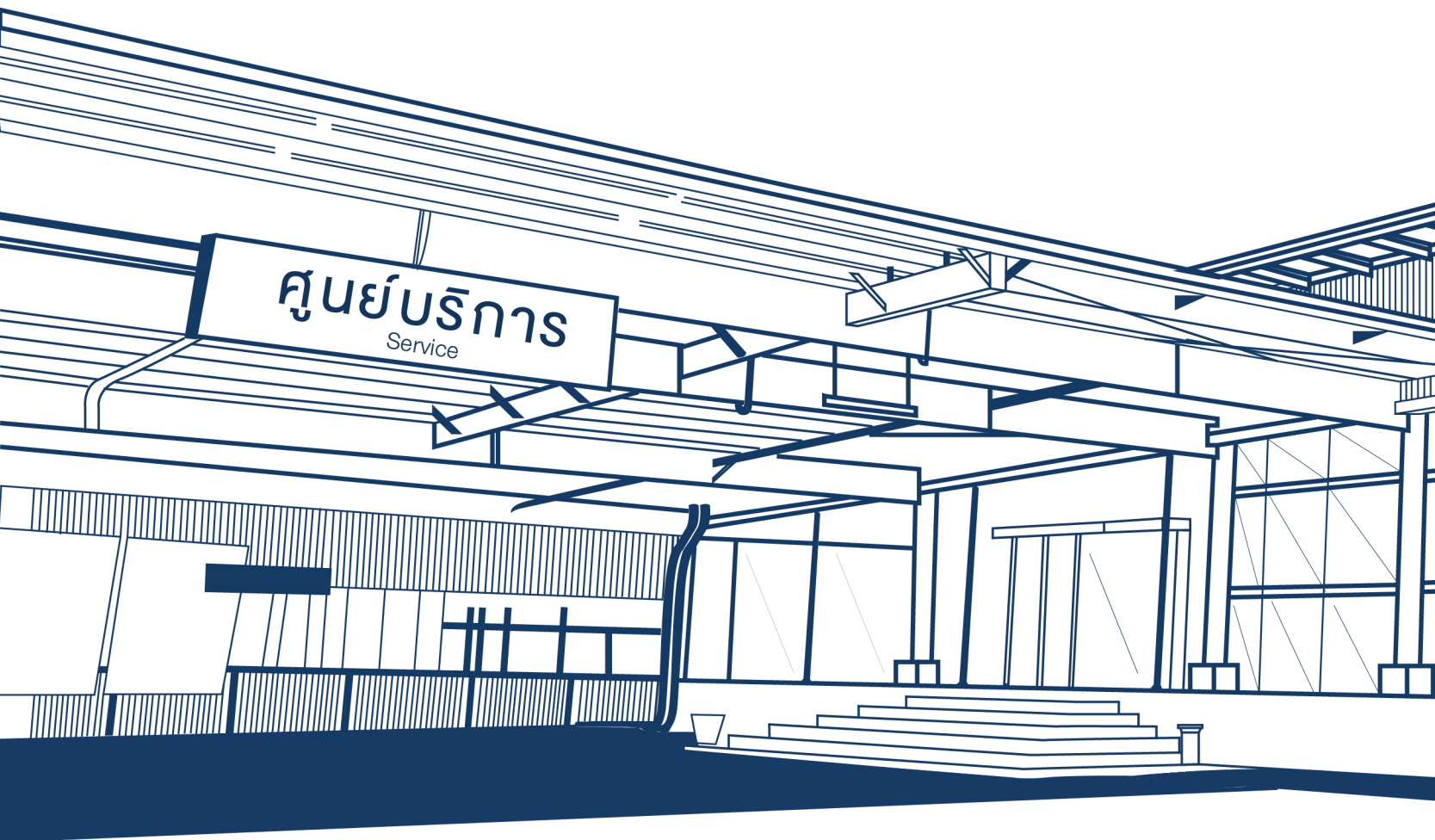
These TFRS – Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management has made a preliminary assessment of the potential impact of adopting and initially applying this TFRS on the financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to Baht 109.20 million, on an undiscounted basis. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from this TFRS on the financial statements in the initial period adopted.



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