



Annual Registration Statement

ANNUAL REPORT 2022

(Form 56-1 One Report)

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Financial Highlight

Financial Ratio	2022	2021	Unit
1. Current Ratio	2.07	1.87	times
2. Quick Ratio	0.84	0.66	times
3. Number of Days Receivables	45.07	50.90	days
4. Numbr of Days Inventory	110.47	108.78	days
5. Number of Days Payables	60.48	62.93	days
6. Cash cycle	95.06	96.76	days
7. Gross profit margin	20.84	19.33	%
8. EBITDA margin	20.23	20.64	%
9. EBIT margin	12.21	9.22	%
10. Net profit margin	10.71	9.63	%
11. Debt-to-Equity ratio	0.44	0.75	times
12. Interest Coverage ratio	11.92	6.71	times
13. Return on Assets	12.64	7.46	%
14. Return on Equity (1)	17.55	14.47	%
15. Earning per share(2)	0.36	0.25	Baht
16. Book value per share	2.18	1.79	Baht

Remark

- (1) Return on Equity = Profit (loss) for the year / average total shareholders’ equity
- (2) Earnings per share = Net profit (loss) attributable to equity holders of the company / number to issued and fully paid share

Message from Acting Chairman of the Board

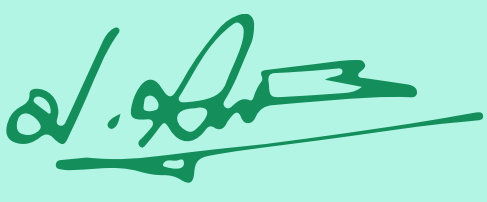
It is my great pleasure and honor to have this opportunity to greet shareholders, investors, and all in this annual report of 2022.

In the past year, the company has seen much improved outcomes of operations compared to the previous year, with 30 percent growth in sales and 46 percent increase in net profit, leading to a much better financial status for the company. Although operations must still face various challenges such as global economic issues, the COVID-19 pandemic that still remains, and the shortage of chips and raw materials used in manufacturing, the management team has made efforts to adeptly steer the company through these issues in the past year.

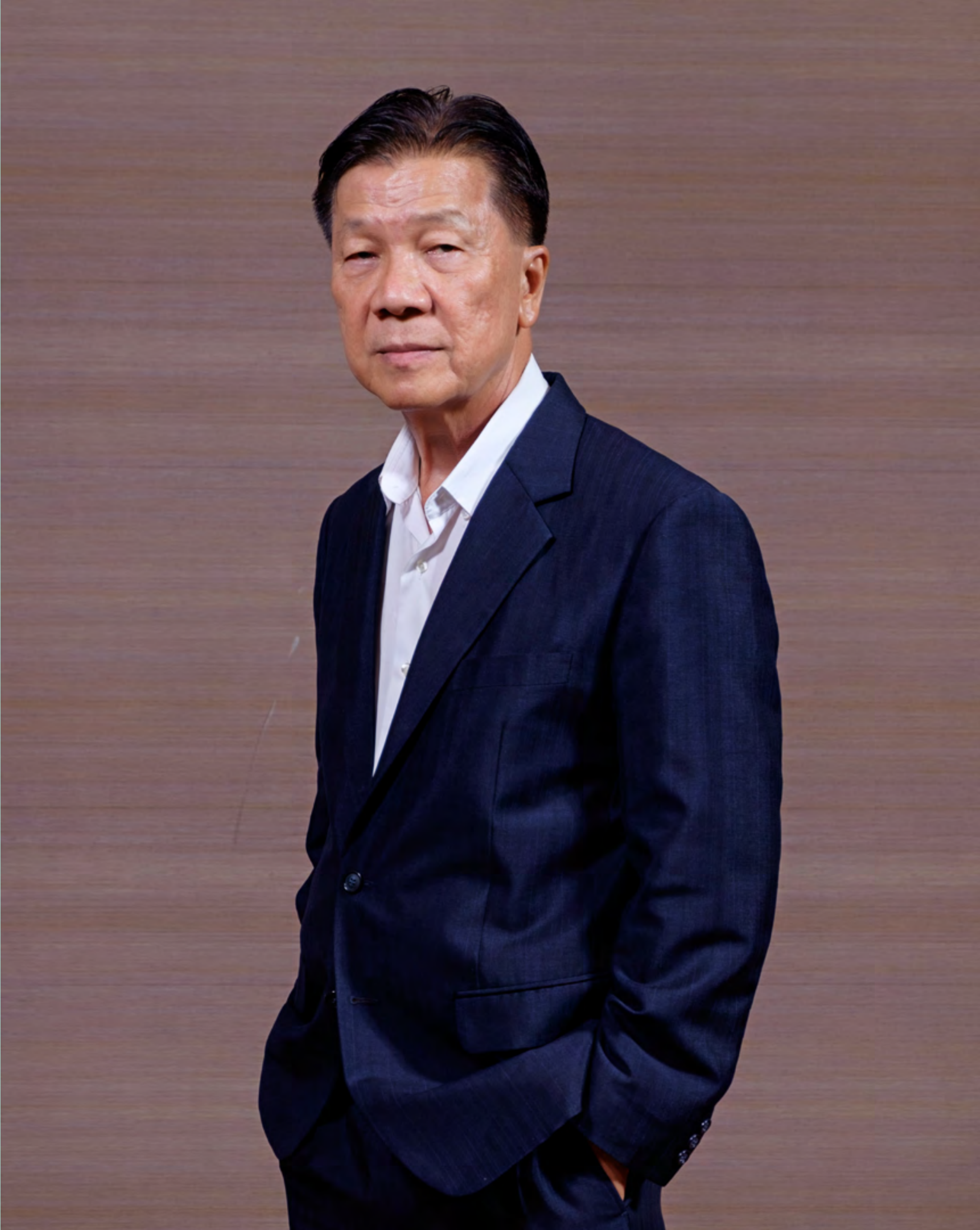
In 2023, the company has set its goal for the growth of sales and profits to be no less than what was achieved in the year 2022, as the management team has further expanded the company’s customer base into Europe by visiting customers and participating in electronic fairs in Norway and Germany, in addition to the US. Nevertheless, the management team still expects to encounter several different challenges in 2023, but we remain confident that we can competently manage the company to overcome them.

The company would like to thank the shareholders, investors and all stakeholders that have always aided and supported the company’s operations. We also thank the Board of Directors, the management team and all employees that have dedicatedly worked towards the utmost benefit of the company and its shareholders in the past year.

On behalf of the Board of Directors, I assure you that the Board will oversee the operations of the company with good governance, risk management in all aspects and protection of the shareholders’ interests as best we can towards the company’s success and for the interests of shareholders in the future.



Sincerely yours,
(Associate Professor Dr. Preecha Jarungidanan)
Acting Chairman



Message from the Chief Executive Officer

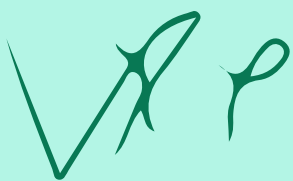
As the representative of the management team and company employees, the team and I are very pleased to take this opportunity to offer our greetings and communicate with shareholders about the company’s operations once again through this annual report of 2022.

Throughout 2022, the company has continued to be affected by various external factors, for example, the shortage of raw materials for electronic equipment, the increasing market price of raw materials, the global economic slowdown and recession, which results in lower market demand, and the continuous effects of the COVID-19 pandemic. Nevertheless, the management and employees of the company have worked together to operate in accordance with the company’s business strategies towards the established goals with dedication and determination throughout the past year. We also continually adjusted operational plans and fostered innovation in operations to suit the given situation and needs of customers. As a result, the company continues to grow and generate profit towards the goals that had been set out.

Moreover, the company was successful in the expansion of its customer base into industries with more advanced levels of technology, such as the automotive industry, fiber optic communication devices, industrial electronic controllers, measuring instruments, and high-end audio equipment, in both US and European markets.

The company’s personnel have continued to develop professionally in both manufacturing and service innovation. At present, the company is able to manufacture automated machinery and product testing instruments for usage and for providing services to customers. In addition, innovative skills for product design were also developed.

I would like to take this opportunity to express my gratitude to the management and employees of the company for working with proficiency and dedication. I also thank all stakeholders for their great support of the company as always.



Sincerely yours,
(Virat Phugthai)
Chief Executive Officer



Board of Directors



Associate Professor Dr. Preecha Jarungidanan
Acting Chairman, Independent Director, Chairman of Audit Committee and Chairman of Nomination & Remuneration Committee



Mr. Prompong Chaikul
Vice Chairman, Chairman of Executive Committee and Risk Management Committee Member



Associate Professor Dr. Aekkachai Nittayagasetwat
Independent Director, Audit Committee Member and Nomination & Remuneration Committee Member



Professor Dr. Kamphol Panyagometh
Independent Director, Audit Committee Member and Chairman of Risk Management Committee



Mr. Nattapong Chaikul
Director and Executive Director



Mr. Yunyong Sawasdi
Director, Company Secretary, Executive Director, Nomination & Remuneration Committee Member and Risk Management Committee Member



Assistant Professor Dr. Jitkasame Ngarmnil
Director

Management Team



Mr. Virat Phugthai

- Chief Executive Officer
- Executive Director



Mr. Ruangpoj Phakdurong

- Chief Operations Officer
- Executive Director
- Risk Management Committee Member



Mr. Naris Chandang

- Chief Marketing Officer
- Executive Director
- Risk Management Committee Member



Mr. Chotisak Promwas

- Chief Financial Officer
- Executive Director
- Risk Management Committee Member

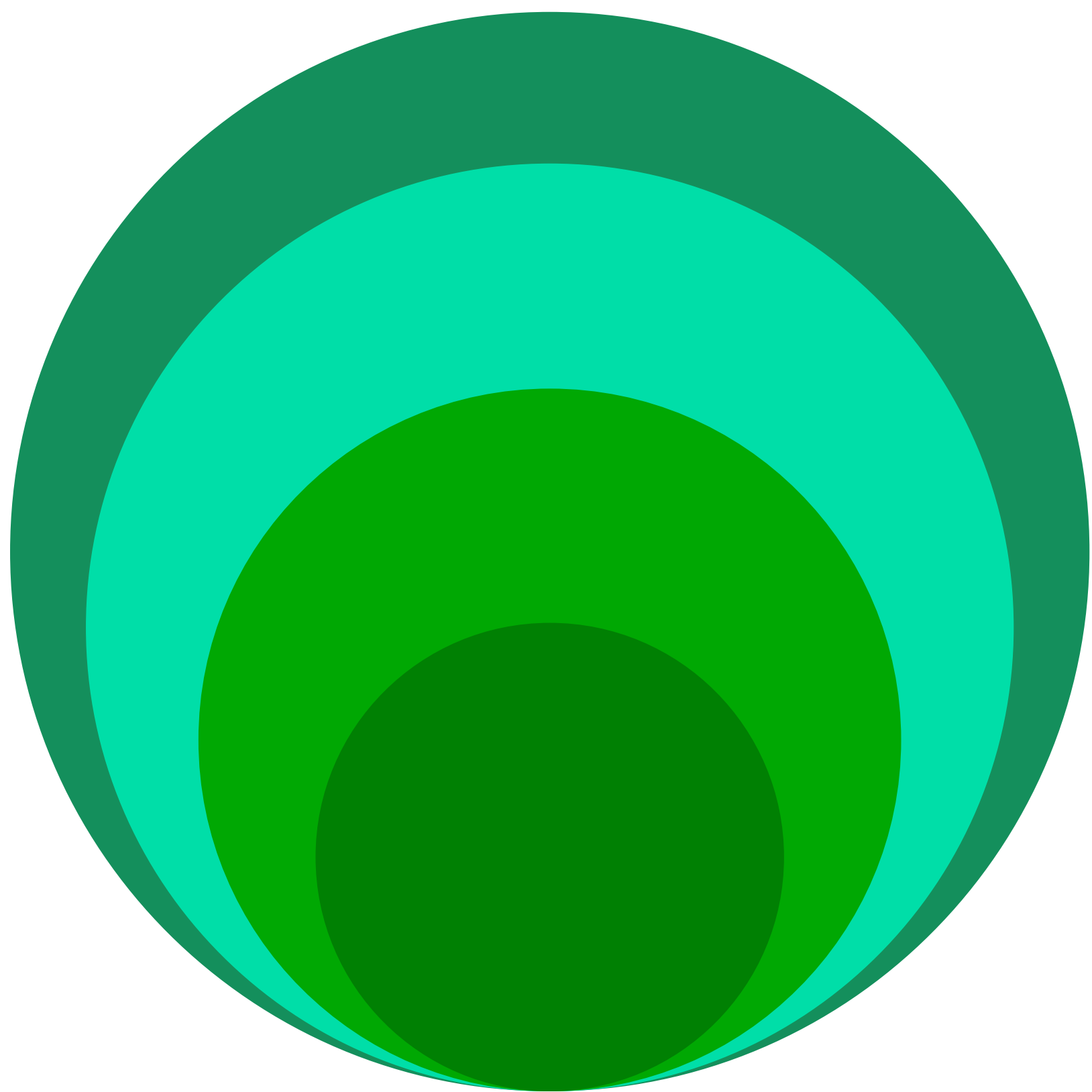
Business Operation and Operating Results

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Section 01

Business Operation and Operating Results

1. Organizational structure and operation of the group of companies



1.1 Policy and business overview

1.1.1 Vision , Objectives , Goals, Mission , Strategy, Core Value, Quality Policy

Vision , Objectives, Goals

“To be a sustainably profitable and growing company by providing five-star customer satisfaction and quality goods through a skilled workforce and world class manufacturing facility.”

Mission

“To provide our customers superior quality electronics, medical devices and other technological products through total team commitment, skillful staff, advanced manufacturing processes and world class facility.”

Strategy

1. Cost reduction to maximize profit of current product
2. Increase volume of current customers for better utilization
3. Diversify our services, products and customers

Core Value

Customer focus
Cost awareness
Cross functional teamwork
Creativity
“DO IT RIGHT & DO IT NOW”

Quality ploicy

We are committed to achieving total customer satisfaction through;

• Consistently supplying quality products to our valued customers.

• Continually improving the effectiveness of our quality management system.

• Creating an environment for cross-functional teamwork with a positive attitude and innovative approach.

The vision, mission and strategies for 2022 have already been considered and reviewed by the Board of Directors.

1.1.2 Material changes and developments

During the past three years (2019 -2022),there were the following important changes and developments in the company

2019

- The company has changed the amendment of Articles 24. Which is shall be called extraordinary general meetings of shareholders with the revised Business Security Act B.E. 2535 , section 100 , changed by National broadcast by Head of The National Council for Peace and Order (NCPO)”. No. 21/2560
- The company received the 2019 Thailand Energy Award for outstanding executive of the controlled factory from the Ministry of Energy.
- The company received the 2019 Prime Minister’s Industrial Award for outstanding industry and energy management from the Ministry of Industry.
- The company received a “very good” score of CG Score of Thai listed companies.
- The company received “CSR-DIW” Award from the Department of Industry Works, Ministry of Industry. The Company has received this award continuously for many years. This award is given to the companies that are responsible for society consistently and sustainably.
- The company has established the technology department to prepare for the company’s future growth
- The Board of Directors has appointed the nomination committee by assigning the current remuneration committee to act as the nomination committee and change the name of the committee to be the “Nomination and Remuneration Committee”.

2020

- The company received a “very good” score of CG Score of Thai listed companies.
- The company received “CSR-DIW” Award from the Department of Industry Works, Ministry of Industry. The Company has received this award continuously for many years. This award is given to the companies that are responsible for society consistently and sustainably.
- The Company had appointing Mr. Virat Phugthai the new CEO as 16 April 2020

2021

- Decrease in the Company’s registered share capital from Baht 1,229,890,150 (1,229,890,150 ordinary shares with the par value of Baht 1 each) to Baht 836,479,381 (836,479,381 ordinary shares with the par value of Baht 1 each) by cancelling 393,410,769 unissued registered shares with the par value of Baht 1 each, totaling Baht 393,410,769, for warrants to purchase the Company’s ordinary shares (SMT-W1, SMT-W2 and SMT-WB) which were not exercised and currently expired.
- Increase in the Company’s registered share capital from Baht 836,479,381 (836,479,381 ordinary shares with the par value of Baht 1 each) to Baht 1,062,599,227 (1,062,599,227 ordinary shares with the par value of Baht 1 each) by issuing 226,119,846 new ordinary shares with the par value of Baht 1 each to reserve for the exercise of the 209,119,846 warrants to purchase the Company’s ordinary shares No.3 issued to the existing shareholders (SMT-W3) in proportion of their shareholdings and the 17,000,000 warrants to purchase the Company’s ordinary shares No.3 issued to directors and/or employees of the Company (SMT-WC).

- The Company registered the decrease and the increase in its registered share capital with the Ministry of Commerce on 21 June 2021.
- The company received a “very good” score of CG Score 2021 of Thai listed companies
- The company received “CSR-DIW” 2021 Award from the Department of Industry Works, Ministry of Industry. The Company has received this award continuously for many years. This award is given to the companies that are responsible for society consistently and sustainably
- The company received “CSR-DIW” 2022 Award from the Department of Industry Works, Ministry of Industry. The Company has received this award continuously for many years. This award is given to the companies that are responsible for society consistently and sustainably

1.1.3 Name and location of the head office

Corporate information and Reference Persons

Corporate information

Stars Microelectronics (Thailand) Public Company Limited
Registration No. 0107545000098

Type of Business : Electronic Manufacturing Service
Headquarter : 605-606 Moo 2, Tambol Klongjig , Amphur Bang Pa-In Ayutthaya 13160 Thailand
Tel: 035-258-555
Fax: 035-258-914
Website : www.starsmicro.com

Subsidiary Company :
: Stars Microelectronics USA, Inc.
2157 O’Toole Ave., Suite I San Joes, CA 95131 USA
Tel : +1 (408) 894 – 8160
Fax : +1 (408) 894 – 8180
: SMT Green Energy Company Limited
605-606 Moo 2, Tambol Klongjig , Amphur Bang Pa-In Ayutthaya 13160 Thailand
: SS RFID Company Limited
605-606 Moo 2, Tambol Klongjig , Amphur Bang Pa-In Ayutthaya 13160 Thailand

1.2 Nature Of Business

Nature of Business and Samples of Products

The Company provided Electronics Manufacturing Services (EMS) to original equipment manufacturers, original design manufacturers, and Outsourced assembly and test (OSAT) which offers integrated circuit (IC) packaging services. The company is a truly integrated technology to support production capabilities from the wafer level through system build.

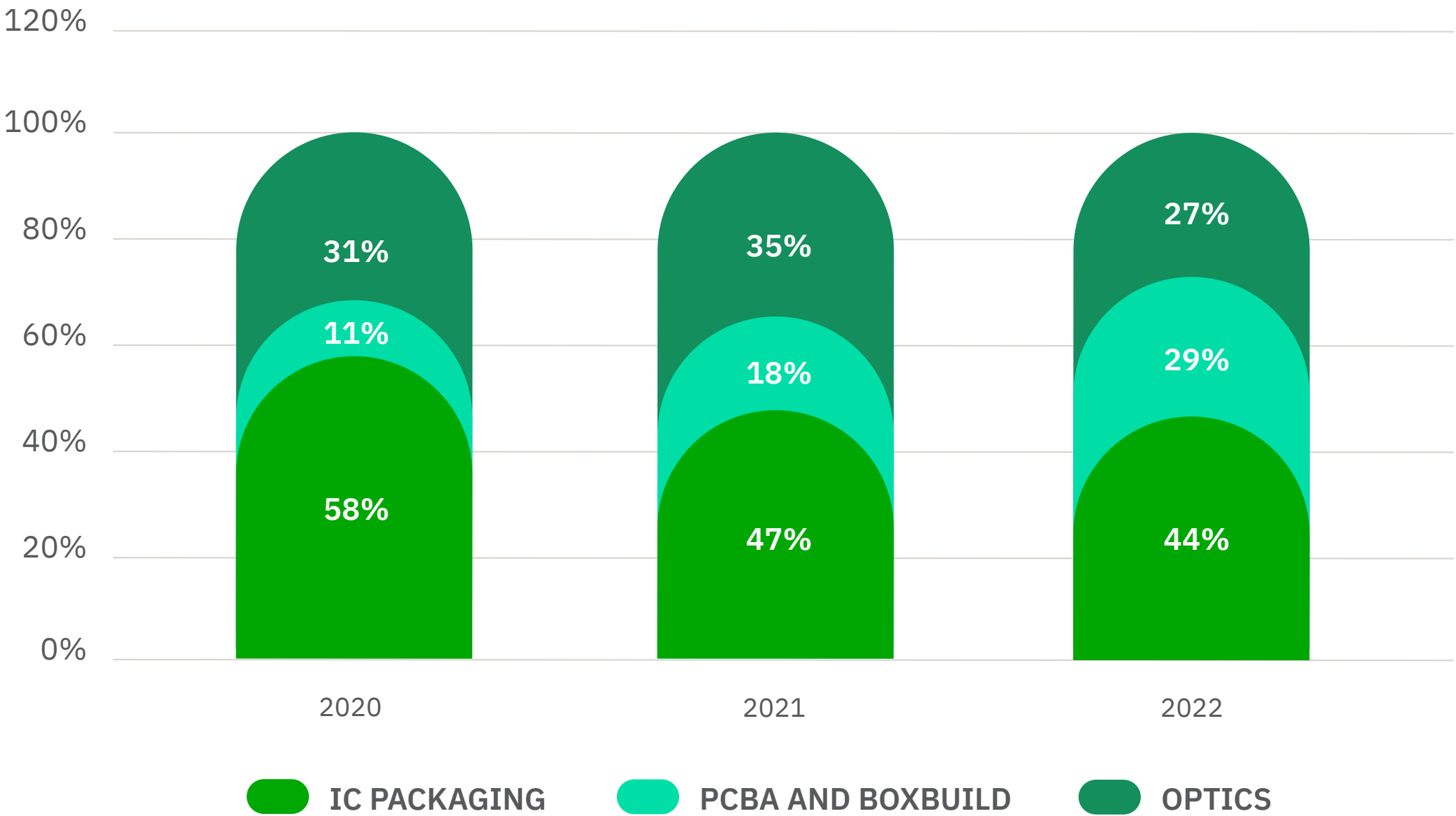
The markets are both local and international customers with major income mainly on IC packaging and continuously increased into optical electronics, PCBA, System build, and vertical business.

The company can provide a complete range of services in the manufacturing and assembly of electronic components for electronic products using modern, high-tech, and high-quality machinery facilities, including standard machines

that can be bought directly from manufacturers and special machines from joint-venture between the company and manufacturers to get the machines with more efficiency and quality. The company is thus able to manufacture and assemble complex innovative electronic components with high precision and accuracy to serve both the products' specifications and the needs of the global leading customer.

1.2.1 Income Structure

The company has 3 main business areas which are Original Design manufacturer and Outsourced assembly and test (OSAT), Print Circuit Board Assembly and Boxbuild (PCBA & Boxbuild), and Optical devices The below is the income structure per business area.



1.2.2 Products information

The company is a contract manufacturing with capabilities to support a full range of products from Microelectronic to System build. These could be separated into 3 main business areas as below.

1. Integrated Circuit (IC) Packaging and Testing

The company currently offers different packages for IC Packaging and Testing services.

- For standard packaging, there are long-time products of standardized patterns and sizes in the market. Generally thick and large, these include SOIC, TSSOP, SC70, SOT23, and SOT143. As for advanced packaging, this involves assembling circuit boards that have only been recently developed. They are much smaller and thinner than those in standard packaging, including TDFN (Thin Dual Flat Non-Lead) and UDFN (Ultra-Thin Dual Flat Non-Lead). An example of an IC packaging service is for IC chips.
- System-in-Package (SIP): The Company is one of the leading manufacturers of Micro-Electro-Mechanical Systems (MEMS), a fast-growing technology at present. The Company has more than 10 years of experience in co-developing the MEMS with leading global companies to apply to the Tire Pressure Monitoring System (TPMS). This system is now legally required in each new car in the U.S.A. starting in 2009. This requirement will be enforced in European countries in 2012. The Company also uses this technology to produce other products such as microphones in mobile phones, pressure measurement devices in medical equipment as well as other industrial and consumer products.

- Wafer Processing is one of the key services for the company in the way that it provides a complete service for pre-assembly processes for both IC packaging and electronic device assembly, namely wafer probing, wafer back-grinding, wafer dicing, and die delivery. Wafer can be in 6-inch, 8-inch and upcoming 12-inch form depending on customers’ requirements. Wafer back-grinding service offers a mirror-like, ultra-strong wafer in different wafer thicknesses. For wafer dicing, there are 2 types of wafer dicing technologies offered: Mechanical Dicing and Stealth Dicing. The company is considered one of the top global service providers for laser dicing methods (Stealth Dicing) to be able to achieve a few hundred thousand IC chips on one single wafer.
- Testing is a crucial process step in semiconductor and electronic manufacturing in which it ensures that the delivered products will be fully functional as expected. The company can provide both wafer-level testing and final testing on package- or module-level. A variety of testing equipment and handlers are available to offer full of flexibility for customers for their product testing and verification.

2. Print Circuit Board Assembly (PCBA) and Box Build
Electronics Manufacturing Services (EMS) is an industry designed to support the electronics products industry and other high-end equipment such as industry, automotive, telecommunication, and medical devices.

The Company established and provided product design development to our strategic customers. Added services and engineering values to our existing manufacturing services and supply chain including designing and developing the test systems to test assembled products and their reliability before delivery to our customers.

The company deals in the production and assembly of electronic components for electronic products such as the following:

- Internet of Things (IoT) Devices.
IoT has become a part of our life. The IoT has shaped the future and made our life easier, safer, and more productive has led to a lot of applications and hardware being developed to support this technology.
- Medical Devices.
The medical is gradually increasing year over year to support the modern lifestyle and longer aging of the worldwide population including pandemic situation.
- Industrial Control Module.
There is a wide range of applications under this category.
- Energy Management Devices.
Effective energy management will help businesses and homes to save money on their electricity and heating bills, simplify control of HVAC and lighting, and reduce their carbon footprint.
- Audio and Video Devices
The company has a Joint Development Manufacturing (JDM) with the customer to develop and manufacturing profession amplifier.
- Automotive Devices
The automotive product is a continued growth segment as most of the control units in automotive are using electronic parts especially the electric vehicle.

3. Fiber optics devices

Nowadays, fiber-optic communications have played a significant role in telecommunication because of their ability to transfer massive amounts of data over long distances at high bandwidths (data rate). The heart of this communication system is Optical Fibers which are used as a means to transmit data in the form of lights. The company has started to produce and assemble fiber optic devices for industrial operations as follows.

- Datacenter :
This is an industry with high growth because there has been multiplied increase in data storage and online access now and in the future. Recently, the company produced Active Optical Cable (AOC) which replaced Coaxial Line. AOC is used to connect servers and supercomputers in data centers. It converts a signal from electrical to optical and from optical to electrical. Moreover, AOC transmits a light signal to the connected devices with a bit rate of more than 150 Gbps.
- Broadcasting
The company produces Optical Transceiver for VDO streaming which is widely popular today.
- LiDAR application
The Company has the manufacturing service capabilities to produce the LiDAR product, including the laser assembly and also the detector assembly part. Self-driving cars or autonomous vehicles have the potential to reduce deaths and injuries from car crashes, particularly those from driver distraction and human error. Currently, autonomous vehicles use a light sensor called LiDAR (Light Detection And Ranging) which is short for light radar. Since light travels at a known speed, the round-trip time gives a precise estimate of the distance.

2. Marketing and Competition

(A) Marketing of key products and services

The company has a market policy by bringing the company core values with the ability to provide service on Electronics Manufacturing Services (EMS) and Outsourced Assembly and Test (OSAT). The company has a full range of technologies capability able to produce products from wafer level through system build included final test and ready to deliver products directly to the end customer.

The company finds markets, contacts customers, and offers manufacturing and assembly service for electronic products through direct marketing by various units within the company, through associate companies, business allies, and the company’s market representatives.

The company has comprehensive technology. This gives an advantage in marketing the company and serving customers in all dimensions of production. Compared to other company similar businesses, the company may not have all services as below.

- 1. Electronics Manufacturing Services (EMS)
- 2. Outsourced Assembly and Test (OSAT)
- 3. Optical Products

The company policy is building relationships with customers as a long-term partnership. Most of our main customers have had a business with the company for more than 5 years.

Target customers are in the below segment.

- Optical
- IC Packaging
- Medical Devices
- Industrial Modules
- Audio and Video Devices
- Automotive Devices

The company is located in the Free Zone with the privilege on import and exporting. The business territory is 84% in the USA, 14% in Europe, and 2% in Asia respectively.

The company has revenue and proportion of sales to various business groups in the past 3 years as follows:

	FY2020		FY2021		FY2022	
	Thousand Baht	Percentage	Thousand Baht	Percentage	Thousand Baht	Percentage
Sales and Service Income						
IC PACKAGING	1,095,124	57.38%	1,033,651	47.36%	1,261,308	44.48%
PCBA AND BOXBUILD	213,336	11.18%	385,910	17.68%	804,652	28.38%
OPTICS	600,031	31.44%	763,045	34.96%	769,501	27.14%
Total sales and Service Income	1,908,491	97.73%	2,182,606	97.44%	2,835,461	97.19%
Other Income	44,405	2.27%	57,331	2.56%	81,874	2.81%
Total Revenues	1,952,896	100.00%	2,239,937	100.00%	2,917,334	100.00%

(B) Competition conditions

The electronics industry is a highly competitive industry. Therefore, the company focuses on the strategy of differentiation of manufacturing services and creating competitive advantages by focusing on the production and assembly of electronic products that require machines with advanced technology, modern and high accuracy. Most of the customers are high-end who place importance on product quality as the main factor in business decisions. The overall growth of the business is to maintain the growth rate of existing customers and increase sales from a new customer.

The company developed an R&D and test development team including software applications to control devices. This gave an increased competitive advantage. The company will continue to use this advantage to develop potential business.

Another important strength of the company is its potential in providing comprehensive electronics manufacturing services starting from Wafer Processing, IC Package, and PCB Assembly to system build level. Manufacturing electronic products at all levels and bringing expertise to integrate to create more efficient services By calling this marketing plan “True Vertical Integration”, it is different from other electronic product manufacturing companies that have specific expertise. This strength drives the company to be different from competitors and has the competitive advantage to compete with the world’s leading level.

3. Procurement of products or services

Raw material procurement and raw material suppliers

As the company products include Outsourced Assembly and Test or OSAT, Printed Circuit Board Assembly or PCBA, and Optic Device, raw materials to produce these products are diverse and therefore need to be procured from different sources both domestically and internationally. Some of them are purchased from the customers who have prepared the main raw materials according to the quantity of the products they wish to produce. Some are bought directly from the manufacturer and other trade agents.

The proportion of imported raw materials equals > 95% while domestically sourced raw materials equal < 5%.

The share of raw material suppliers

Year	Import			Domestic			Total		
	No. of Suppliers	Amount of money (million baht)	%	No. of Suppliers	Amount of money (million baht)	%	No. of Suppliers	Amount of money (million baht)	%
2019	254	390.93	95%	79	22.47	5%	333	413.40	100%
2020	245	457.95	95%	76	21.67	5%	321	479.63	100%
2021	292	738.79	97%	78	26.60	3%	370	765.39	100%
2022	235	1,434.11	96%	79	54.87	4%	314	1,488.98	100%

The risk of shortage and raw material price adjustment

Raw materials are the main components in manufacturing products for customers. The company recognizes the importance of raw materials regarding their quality, price, and specification specified by the customers. As the demand for technology and electronics constantly increases, price adjustment as enforced by the market mechanism is inevitable.

Low-quality imitation of raw materials has also become ubiquitous. To ensure the quality of procuring proper raw materials specified by the customers, the company has screened and made a purchase from the suppliers and official dealers from the brand’s owner only.

To reduce the risk of raw materials shortage, price increase due to market conditions, and the price surge of basic raw materials (such as gold, copper, plastics, etc.), the company distributes orders to multiple sources by procuring raw materials from the second or third manufacturers or suppliers, increasing the chances of delivery and the number of raw materials. This also results in the company being able to control the cost at a level that the company and customers found acceptable. The company always screens new manufacturers and suppliers, tests their raw materials and gets approval from the customers before placing an order.

4. Assets used in business operation

4.1 Main fixed asset in business operation

As of 31 December 2022, the company and its affiliates have main fixed asset for business operation as follows.

(unit: baht)		
List of assets	Ownership	Net realizable value after accumulated depreciation
Proprietary property		
1. Land	The company	91,013,000.00
2. Buildings and building improvements	The company	342,902,812.07
3. Machinery and equipment	The company	1,008,661,910.26
4. Vehicles	The company	1,006,359.31
5. Machinery during installation	The company	374,597.02
6. Machinery in transit	The company	-
7. Buildings under construction	The company	2,371,383.59
8. Intangible assets	The company	33,259,523.13
Total		1,479,589,585.38

The company has made property risk insurance policy for Factory 1 and 2 which include buildings and extension, furniture, office equipment, inventories, machinery, and equipment, under the total sum insured of 4,479 million baht, business interruption insurance policy under the total sum insured of 940 million baht, third party liability insurance policy under the sum of 50 million baht, and liability insurance policy for directors and executives under the sum of 200 million baht.

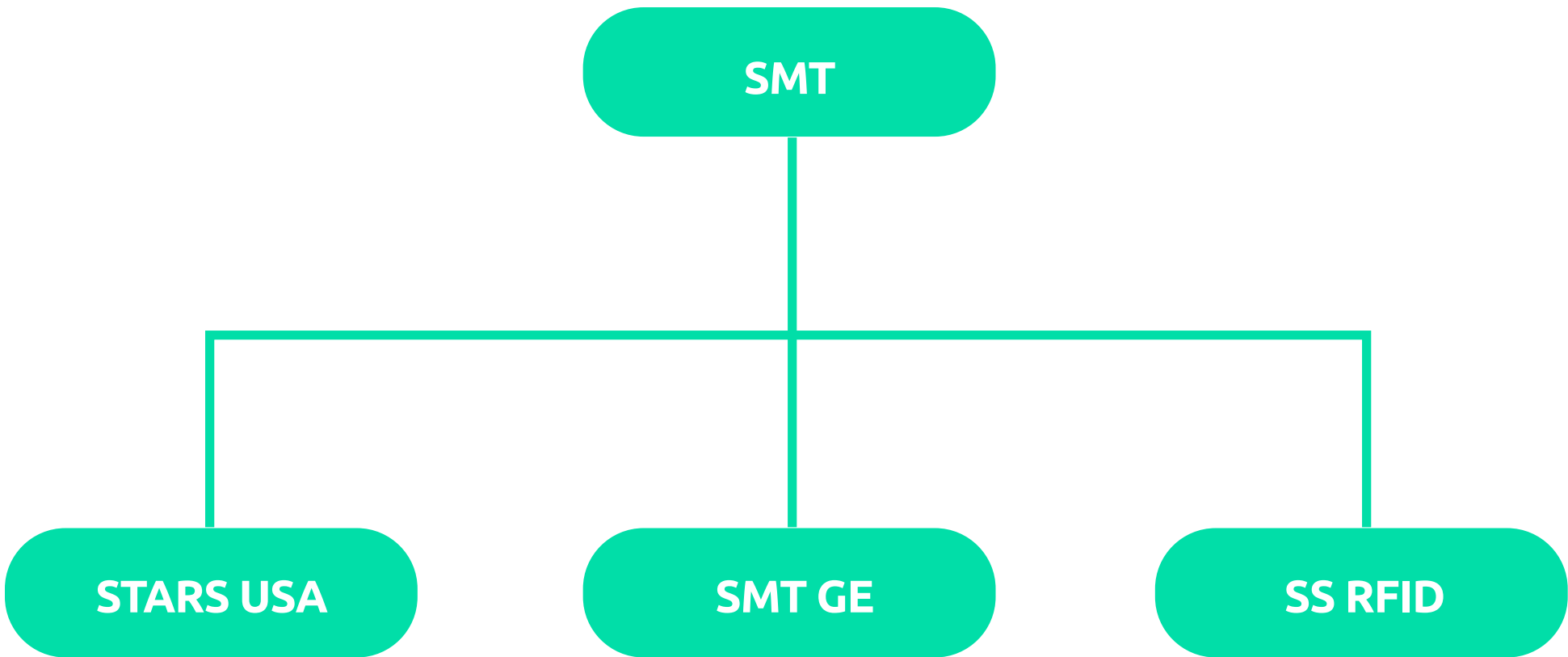
Trademark
-None-

1.3 Shareholding Structure

1.3.1 Shareholding structure of the group of companies

Shareholding Structure

Stars Microelectronics (Thailand) Public Company Limited now has 3 subsidiaries



Name	Registered capital and number of shares			Holding of SMT percent
	Registered capital	Paid-up capital	Number of shares	
STARS USA	20,000 USD	20,000 USD	20,000,000 shares	59.00%
SMT GE	1,000,000 Baht	500,000 Baht	100,000 shares	99.50%
SS RFID	100,000,000 Baht	100,000,000 Baht	10,000,000 shares	99.99%

1. Stars Microelectronics USA, Inc. (Stars USA)

Location : 2157 O’Toole Avenue, Suite 10 San Jose, California, USA.
Nature of Business: It is a sales representative of the company and was founded in 2005. The company invested 19% of the capital. Later, the company bought the shares from the former shareholders and now holds 59% of the capital. The outstanding point is that the management team of stars USA has had long experiences in electronic industry. Moreover, they have selling and marketing knowledge and joint-development with customers including dealing in the production and assembly of electronic components for electronic products. The customer base is Silicon Valley, USA.

2. SMT Green Energy Co.,Ltd (SMT GE)

Location : 605 – 606 Moo. 2,Tambol Klongjig,Amphur Bang Pa-In, Ayutthaya 13160,Thailand
Nature of Business: It is a Thai company and was founded in 2010 with the main purpose of producing and selling the electrical energy from alternative energy including related business such as the production and selling of equipment used in solar energy and all alternative energy.

3. SS RFID Co., Ltd. (SS RFID)

Location : 605 – 606 Moo. 2,Tambol Klongjig,Amphur Bang Pa-In, Ayutthaya 13160,Thailand
Nature of Business: It is a Thai company and was founded in 2012 with the purpose of producing and selling Radio Frequency Identification (RFID) Tags, which can be applied in many businesses, such as inventory management in modern trade business, checking the passengers’ bags at leading airports. The customer base is in USA, Europe and Asia.

Future projects

1. The company has set up a strategy to expand and diversify the business to increase revenue and minimize the risks in business operations. The company focuses on expanding production capacity to serve customers of value-added products with high growth rates which require joint research and development between the company and its customers. The results are expected to yield from 2015 onwards. The company will underline six product groups namely semiconductor, advanced consumer, niche & specialty, automotive, medical devices and optical components.
2. The company focuses on expanding into new markets in all continents such as the United States, Europe, Japan and other countries in Asia through building business alliances in each continent to effectively expand the customer base.
3. The company is preparing to be a part of ASEAN Economic Community where the entire region becomes a single market and production base. The company adjusts working environment into a global workplace to accommodate future employees from various countries and cultivates the value of cross functional teamwork to promote teamwork within the organization.
4. The company has been certified ISO13485 (Quality Management System for Medical Devices) and ISO22301 and will develop in the future

5. Because the company has more full turnkey businesses and more complicated products, to ensure the efficiency and maximum benefit of resources usage and management, the company switched from ERP system from Info Syteline to SAP system. The new system is being used and more developed in the future

Board of Investment Rights and Privileges

The company has been granted three issues of Board of Investment rights and privileges according to the Board of Investment Act, B.E. 2520 to conduct the company's business with Board of Investment approval under stipulated conditions 4 copy for SMT. The company's tax privileges can be summarized as follows:

The company's tax privileges

- **BOI Approval date**
- 18 March 2013

Board of Investment

Issue No. 5195 (1)/2013 dated 19 November 2013
Revise BOI
Issue No. Nor Ror 1307/022384 dated 3 October 2016
Issue No. Nor Ror 1307/025304 dated 12 October 2016
Issue No. Nor Ror 1307/009488 dated 3 May 2017
Issue No. Nor Ror 1303/334 dated 24 November 2020
Issue No. Nor Ror 91/Kor Tor Por./2020 dated 24 November 2020

- Type of business granted BOI
Manufacture of electronic components including Semiconductor and PCBA
- Summary of requirements, rights and privileges, and conditions
- The company is exempt from corporate income tax for section not be no more than 3,291,400,400 baht and not more than 150 percent business operation. The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight years starting from the date of income from such business operations. (This exemption from corporate income tax privilege ends 28 February 2022.) In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.
- The company is exempt corporate income tax for the net profit earned from BOI granted business operations 50 percent for five years from the end date of that period.
- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The registered capital must not be less than 831.78 million baht.
- Production capacity:

SEMICONDUCTOR 3,621,560,000 pieces per year
PCBA 60,000,000 pieces per year
(Working hours: 24 hours a day, 365 days a year)

- **BOI Approval Date**
15 November 2011
- Board of Investment
Issue No. 1167 (1)/2012 dated 15 February 2012
Revise BOI Or Kor 0907/004533 dated 4 March 2014
Issue No. Nor Ror 1307/007613 date 30 March 2015
Issue No. Nor Ror 1307/016362 date 12 July 2016
- Type of business granted BOI
Manufacture of WAFER GRINDING and WAFER DICING
- Summary of requirements, rights and privileges, and conditions
- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight starting from the date of income from such business operations. . (This exemption from corporate income tax privilege ends 1 May 2022.) In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.
- The company is exempt corporate income tax for the net profit earned from BOI granted business operations 50 percent for five years from the end date of that period.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The registered capital must not be no less than 830.42 million baht.

- Product capacity:
WAFER GRINDING and WAFER DICING 172,572 pieces per year
(Working hours: 24 hours a day, 365 days a year)

- **BOI Approval Date**
30 June 2014
- Board of Investment

Issue No. 1500(2)2558 dated 21 April 2015
Revise BOI

Issue No. Nor Ror 1307/007613 date 30 March 2015
Issue No. Nor Ror 1307/016362 date 12 July 2016

- Type of business granted BOI
- Manufacture of electronic , electric appliances such as TV SET TOP BOX , WI-FI BOX , TABLET ,SMART METER ,etc
- Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period not more than 100 percent of Investment exclude land and working capital for seven years starting from the date of income from such business operations.

In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The company is exempt from corporate income tax for section 31 first paragraph and third paragraph not be no more than 10.75 million baht. Change by of Investment exclude land and working capital on date open operation from BOI granted.
- the net profit earned from BOI granted business operations for a period not more than 100 percent of Investment exclude land and working capital
- The registered capital must not be no less than 839.16 million baht.

- Product capacity:
 - Manufacture of electronic , electric appliances such as TV SET TOP BOX , WI-FI BOX , TABLET and SMART METER 1,051,000 pieces per year
(Working hours: 24 hours a day, 365 days a year)

- **BOI Approval Date**
2 March 2015
- Board of Investment

Issue No. 58-22578-0-00-2-0 dated 3 December 2015
Revise BOI

Issue No. Nor Ror 1303M620200003094 date 8 February 2019

- Issue No. 016/Kor Bor Tor.1/2520 date 25 February 2020
 - Type of business granted BOI
 - Medical Instrument
 - Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight starting from the date of income from such business operations. In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The registered capital must not be less than 836.40 million baht.

- Product capacity:
Medical Instrument 292,000 set per year
(Working hours: 24 hours a day, 365 days a year)

In addition, the company was granted the Board of Investment privilege of listing on the Stock Exchange of Thailand according to the announcement of the Board of Investment No. 7/2009 regarding the Board of Investment Measure of BOI Companies being listed in the Stock Exchange of Thailand and the MAI Exchange, which allows the company to be exempt from corporate income tax with no limited amount.

1.3.2 Shareholders

Shareholding Structure

Shareholders

The Company’s shareholding structure as of 31 December 2022 featuring the Top 10 shareholders can be summarized as below:

Top Ten Major Shareholders

	Shareholders	Number of Shares	Percentage
1	UOB KAY HIAN PRIVATE LIMITED	75,226,674	8.937
2	Mr. Nattapong Chaikul	62,218,860	7.392
3	THAI SIIX (THAILAND) CO.,LTD.	41,495,962	4.930
4	Mr. Prompong Chaikul	37,665,668	4.475
5	Miss Nunticha Chaikul	37,500,000	4.455
6	Miss Lucksika Chaikul	37,500,000	4.455
7	Miss Oranuj Chaikul	30,202,000	3.588
8	Thai NVDR CO., LTD.	28,704,722	3.410
9	Mr. Somnuk Chaikul	28,632,600	3.402
10	Mr. Petch Wailikit	22,400,000	2.661
	Other	440,164,695	52.294
	Total	841,711,181	100.000

Note: The Company’s paid-up capital as of 31st December 2022 was 841,711,181 baht.

1.4 Amounts of registered capital and paid-up capital

1.4.1 Capital Structure

- Common shares (as at 31 December 2021)
Registered capital: 1,062,599,227 baht consisting of 1,062,599,227 shares with 1.00 baht par value per share
Paid-up capital: 841,711,181 baht consisting of 841,711,181 shares with 1.00 baht par value per share

1.5 Issuance of other securities

Investment Policy and Investment Structure

Investment Policy

The Company has a policy of investing in subsidiary and/or associate companies that support and benefit the Company’s business, are in high growth industries or are involved in areas in which the Company has skills and expertise. Of particular interest is the rate of return on investment, mainly for the benefit of the Company’s shareholders. The Company controls or supervises the investments by having directors or high-level executives represent the Company proportionately based on the number of the shares held. The Company has controlling rights over important matters conducted by the subsidiary and/or associate companies. These investments must be approved by the Company’s Board of Directors and shareholders and/ or in the case of connected transactions, the Audit Committee, with related rules and regulations enforced.

Investment Structure

Warrant, SMT-W3

The Annual General Meeting of Shareholders for the year 2021 of Stars Microelectronics (Thailand) Public Company Limited held on April 27, 2021 passed a resolution of issuance and offering of SMT-W3 in the amount of not exceeding 209,119,846 units to existing shareholders in proportion of shareholdings without charge, at the ratio of 4 to 1 unit of SMT-W3 (fractions will be discarded). Each unit of warrants has the right to purchase 1 ordinary share, unless the exercise ratio is adjusted under the conditions of the rights adjustment and the price to exercise the right was set at 4.00 baht per share.

The exercise date is stipulated on the last business day of March, June, September and December of every year, throughout the entire 3 years life of the SMT-W3 program until the last exercise date on June 28, 2024.

On July 1, 2021, the company has allotted SMT-W3 to the existing shareholders for totaled of 209,119,366 units. The remaining of 480 units are discarded according to the resolution.

From the date of the issuance of the warrants to December 31, 2021, warrant holders exercised their rights to convert a quantity of 112,000 warrants to a total of 112,000 common shares. The remaining warrants to be converted are 209,007,366 units.

No warrant holder exercised their rights from January 1, 2021 to December 31, 2022. The remaining warrants, SMT-WC to be converted are 209,007,366 units.

Warrant, SMT-WC

The Annual General Meeting of Shareholders for the year 2021 of Stars Microelectronics (Thailand) Public Company Limited held on April 27, 2021 passed a resolution of issuance and offering of SMT-WC in the amount of not exceeding 17,000,000 units to directors and/or employees of the Company without charge, at the ratio of 4 to 1 unit of SMT-WC. Each unit of warrants has the right to purchase 1 ordinary share, unless the exercise ratio is adjusted under the conditions of the rights adjustment and the price to exercise the right was set at 4.00 baht per share.

The exercise date is stipulated on the last business day of June and December of every year, throughout the entire 3 years life of the SMT-WC program until the last exercise date on June 28, 2024.

From the date of the issuance of the warrants to December 31, 2021, warrant holders exercised their rights to convert a quantity of 4,932,200 warrants to a total of 4,932,200 common shares. The remaining warrants to be converted are 12,067,800 units.

From January 1, 2021 to December 31, 2022, warrant holders exercised their rights to convert a quantity of 4,028,640 warrants to a total of 4,028,640 common shares. The remaining warrants, SMT-WC to be converted are 8,039,160 units.

1.6 Dividend policy

The company and its subsidiaries have a policy of paying dividends at the rate of 40% of the net profit after tax and legal reserves. The company’s Board has the authority to refrain from following the policy or to change the policy on occasion under the condition that such decisions are made for the maximum benefit of shareholders, such as for use as capital reserves for loan repayments, for use as investment capital for production expansion, or in situations where market changes which may affect the company’s cash flow in the future.

The details of dividend payment are showed below.

	(baht per share)										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interim Dividend Payment from first half year result	-	-	-	-	-	-	-	-	-	-	-
Dividend Payment from second half year result	-	-	-	-	-	-	-	-	-	-	-
Yearly Dividend Payment	-	-	-	-	-	-	-	-	-	0.05	0.06*

*Subject to approval of Annual General Meeting of shareholders of 2023 on 27 April 2023

2. Risk Management

Enterprise Risk Management

Stars Microelectronics (Thailand) Public Company Limited realizes the importance of the company’s risk management and adopts the international standard of principle of risk management from The Committee of Sponsoring Organization of The Treadway Commission (COSO-2017 ERM Integrated Framework). The company’s Board of Directors appointed the Risk Management Committee (RMC) under good corporate governance, who, every year reviews and sets risk management policies and then assigns each related department to implement. Thus, the company’s risk management is systematic and moving in the same direction. The RMC sets rules, regulations and procedures for the company’s risk management and sets auditing, evaluating, and reporting to the Board of Directors and reveals the important information to related parties on a regular basis.

The company designs the framework for identifying incidents that are likely to occur and make an impact throughout the organization, and lower them into risk appetite. It also sets up risk management framework with good governance for estimating risk through opportunity assessment including implication, business environment analysis, identifying and evaluating risk, risk management, communication for risks, risk and company’s performance report, and follow-up in order to improve company’s efficiency. The company aims to drive the organization and improve risk management continuously to increase the company’s efficiency by considering internal and external risk factors which change simultaneously.

In 2022, the RMC meeting held 4 times and reported the progress and obstacles to the Audit Committee meetings and the Board of Directors’ meetings. The company divides risks into four categories following COSO’s framework is that:

- 1. Strategic Risk Management
- 2. Operational Risk Management
- 3. Financial Risk Management
- 4. Compliance Risk Management

Risk management procedure begin with identifying policies and objectives from the management team, and comply with risk management procedure which created by the company’s members. The procedure can be categorized into 6 steps as the picture is below.



The important factors affecting the company’s performance in 2022 are concluded as follows.

1.) Strategic Risk Management

The company has established a process for strategic risk management. The process is starting from risk identification, analysis, evaluation, treatment, and monitoring plans. In setting of the company strategic plan and annual budget, the company takes into consideration all risk factors both internal and external factors in order to gain confidence that the strategic plan reflects the company’s true potential operations plan correctly to targets. The strategic plan is prepared transparently within the framework of good governance and can be audited.

2.) Operational Risk Management

The company has the procedure to manage the operational risk that it might happen during working process every time and could be identified to categories and severities together with the guideline for improving process as listed below.

2.1 Risk from material shortage and price fluctuation.

The cost of materials is a large part of the overall production costs. Therefore, a great material sourcing management and price control are a crucial part to the company’s operations. Prices of some raw materials are fluctuating overtime, along with evolving trends in the world market. In some cases, there may be such a shortage of materials that the company cannot produce and deliver finished goods on time. In this regard, the company manages to have strict control over raw material sourcing processes by closely tracking delivery procedures of each vendor (or customer’s in the case of raw material consignment). This is to ensure that there should not be any obstacles to company production processes, and to the plan of finished goods delivery.

2.2 Labor risk

An increase of labor cost, labor shortage, and category of labor generation is the key factors that the company is always aware of. To minimize the risks, The Company decrease procedure of workflow by using automated machine and advance technology which manage to control product quality and reduce labor cost in order that the existing employee will work to the best of their ability to achieve the company goals. Moreover, the company is constantly developing labor relationship management programs with the ambition to strengthen employee loyalty and provide reward both in a valuable item such as money or welfare and non-valuable item such as getting promoted, certification of honor etc. in order to boost the employee’s morale.

3.) Financial Risk Management

3.1 Customer Credit Risk

The company is exposed to customers’ credit risk. If a customer experiences financial difficulties, it could make an impact on the company’s financial performance, liquidity, and ability to pay debt. In this regard, the company closely monitors the credit quality of its customers and also puts focus on customer credit risk reviewing. In addition, the company has a policy to expand business targeting by acquiring new various customer groups in order to diversify revenue sources and also customer credit risks. The company also makes an insurance for account receivable to protect loss which occur from customer default.

3.2 Foreign Exchange Fluctuation Risk

The company is an exporter which uses US dollars in a major currency for selling goods. The US dollars is the proportion of sales. Nevertheless, the company sources raw materials and imports numbers of machine & equipment in US dollars. This makes collection and payment in US dollars match each other and allow the company to do natural hedging to reduce risk of currency exchange fluctuation. The company has opened FCD accounts for oversea debt collection and oversea payments to reduce risk exposure of currency exchange rate fluctuation. In addition, the company’s finance department adopt policy to use financial tools e.g. forward contract, financial derivative instruments, to hedge against short-term currency fluctuation.

4.) Compliance Risk Management

The company strongly desires to be acknowledged for high compliance with regulations. The company recognizes the risk that may arise as a result of evolution in modern and covering laws, rules and regulations including those for environment safety and health of employees. Therefore, the company simultaneously keeps up-to-date to the changes of those regulations. The company evaluates both the immediate and future impact, that may arise and adapts strategies to reduce any damage that may arise.

3. Business Sustainability Development

Part 1 Sustainability management policy and goals

3.1 Policy and objectives of sustainable management

Stars Microelectronics (Thailand) Public Company Limited is committed to driving sustainability in all sectors, including community, society, economy, environment and the company’s personnel in both the short and long term. The company adheres to good governance in operations in order to efficiently produce technology through electronic components and equipment, while also following international ethics. To this end, the company is determined to formulate policies and carry out operations and activities internally and externally while prioritizing the benefits of stakeholders at all levels of the value chain in every dimension as follows:

3.1.1 Governance policy

- The company will operate under the law and strict moral principles and ethics.
- The company will operate with transparency and traceability in accordance with international standards.
- The company will monitor, manage risks and focus on changes in various aspects such as economy, society, technology and environment to ensure that the company will consistently keep up with contemporary trends and future.

3.1.2 Human resources management policy

- The company is committed to fair human resources management, respecting the law and human rights principles, including managing the duties of personnel and compensating appropriate remuneration.
- The company is committed to respect and honor identities and opinions of the organization’s members through an open-minded management system that allows all members to participate equally in expressing their opinions to help guide the company’s direction.
- The company will provide protection in respect to basic legal rights for the members of the organization.
- The company is committed to sustainable human resources development and support, with an intent to building and developing capabilities of personnel in long term while keeping up with changes in the world to improve employee’s quality of life and potentials with respect to times.
- The company will educate, cultivate and raise awareness for personnel to have responsibilities for duties, society, community, and environment.

3.1.3 Social and community promotion policy

- The company will operate with care and listen to opinions from surrounding communities to improve and respond to the needs of the people in the community as the company is part of the community.
- The company will play a role in developing and promoting the community in various aspects by sharing resources, opportunities and knowledge to people in the society so that the community and society can thrive simultaneously with the company.

- The company will collaborate with public and private organizations or agencies to contribute to the sustainable development and enhancement of economy, industry, society and community.

3.1.4 Environment policy

- The company has an environmental standard audit to ensure that the company’s manufacturing process produces the least negative impact on environment and is at an acceptable level with relevant international standards such as RoHS and REACH, with efficient carbon footprint management. The company also thrives to raise existing and future standards consistently.
- The company will take part in reducing the use of natural resources, including formulating guidelines for the company’s activities to utilize resources with utmost efficiency.

The company has implemented the aforementioned policies to carry out its entire operation from product development, production process, procurement, service, and distribution process to create positive impacts and minimize the risks of negative impacts towards all parties, whether in terms of life and property safety or operational transparency, in order to achieve the most sustainable business operations. Currently, the company continually conducts attentive management and risk assessment, which up until the present time has demonstrated no record of severe impacts or complaints in any area.

Furthermore, the company has reviewed and acknowledged the views of all parties and has integrated these views to

formulate policies regarding prevention, mitigation and provision of compensation for persons that have been affected, taking into account the key factors which truly meet the expectations of those affected. The policies comprise two main dimensions as follows:

3.1.5 Prevention and compensation in the case of emergencies incurred from the company’s operations

Prevention begins with the regular training of personnel to implement manufacturing activities in a way that minimizes risks with an emphasis on safety policies, relevant standards, and continued strict compliance with the law. A standard of procedure has been formulated to control and limit emergencies in accordance with the company’s contingency plans. It has been designed to cover various cases that have the possibility of occurring, whether by nature, machinery, humans or external factors. In addition, if the emergency had incurred from the company’s operations, the company will provide support and compensation after the incident as appropriate.

3.1.6 Prevention and compensation for impacts incurred due to corporate governance or other factors

The company has established a clear code of conduct for personnel in business operations. If someone observes any negative indications or work behavior, the company has set up a central email for whistleblowing at complainbox@starsmicro.com. The company has assigned an officer to review all evidence and impacts from each case quickly for

immediate compensation and timely correction. The whistleblower’s identity will be protected with utmost confidentiality.

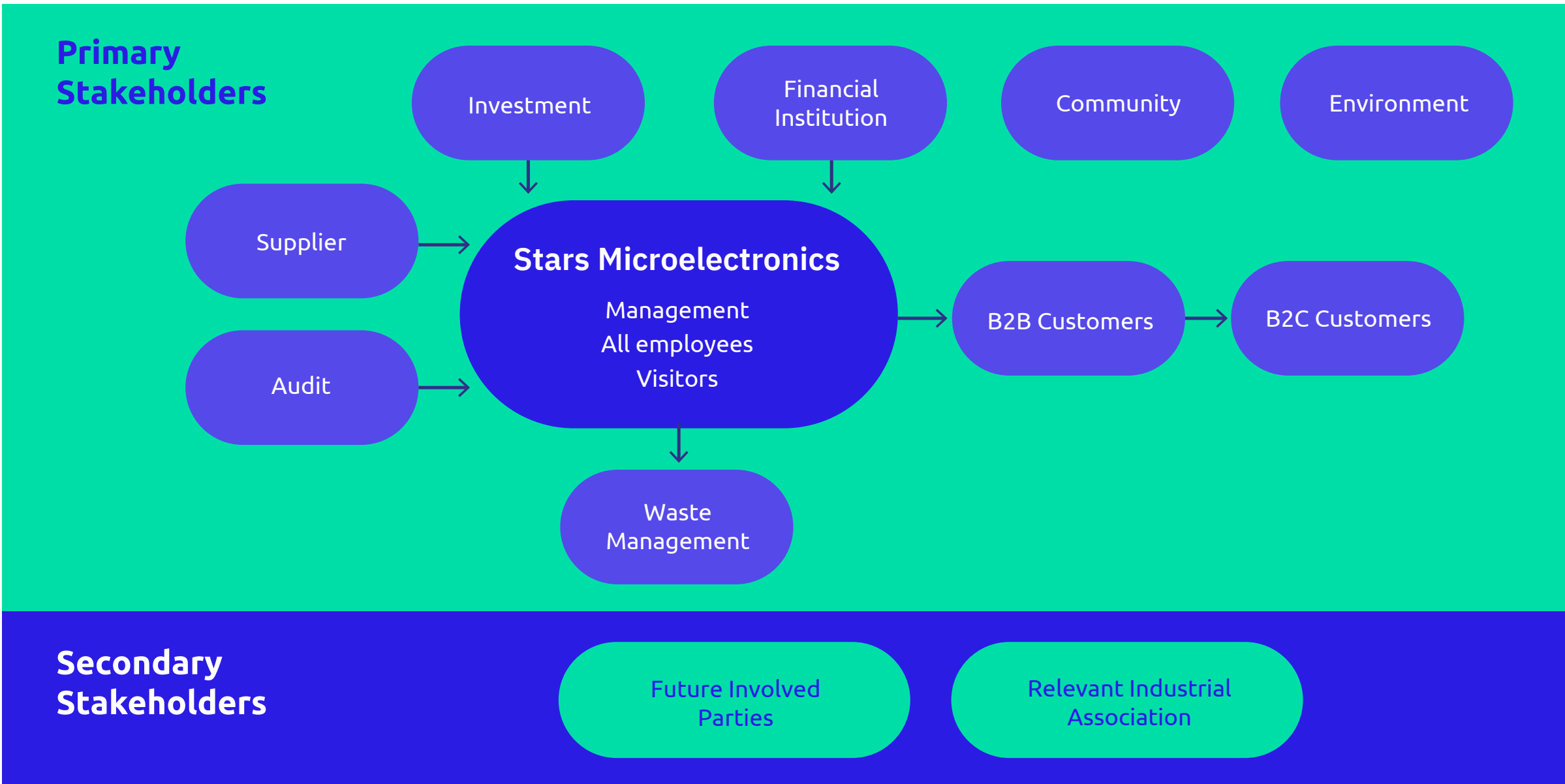
In order to keep compensation measures updated and relevant, the company has continuously listened to suggestions to improve the business from all parties. The company is determined to provide advice and accurate information to those affected by the company’s operations and activities to ensure the safety of health and well-being for involved parties and surrounding communities.

Part 2 : Impact management for stakeholders in the value chain

3.2.1 Production value chain

The value chain is key to the success of the business and provides a channel to create value and innovation for the company. The operations of all divisions in the company from business analysis, procurement, sourcing, storage, production, distribution and sales take into account the stakeholders from both primary and secondary groups to ensure sustainability management for all activities across the value chain.

Figure showing the value chain structure of Stars Microelectronics (Thailand) Public Company Limited



3.2.2 Analysis of stakeholders in the value chain

Internal stakeholders and analysis strategies to determine communication channels, expectations, and responses to holding stake in the company are shown in the below table.

Stakeholders		Communication/Participation	Expectation	Response
Internal Stakeholders	Management	<div><div>- Discussion</div><div>- Policy formulation</div><div>- Meeting arrangement between management executives in each division</div></div>	<div><div>- Accurate operations and practices in accordance with the law and policy</div><div>- Transparent, systematic and traceable operations</div><div>- Success and growth in business</div></div>	<div><div>- Sustainably and dutifully operate in accordance with the law and policy</div><div>- Examine and report operational results with accuracy and clarity</div></div>
	Full- time employee	<div><div>- Discussion</div><div>- Channel for voicing opinions</div><div>- Annual questionnaire</div><div>- Team building activity arrangement</div></div>	<div><div>- Stable career</div><div>- Remuneration increase</div><div>- Good welfare</div><div>- Good working environment</div></div>	<div><div>- Effective management of human resources</div><div>- Skill enhancement training for employees</div><div>- Effective career plan advice</div><div>- Clear career advancement plan for employees</div></div>
	Daily employee	<div><div>- Welfare committee establishment</div></div>	<div><div>- Career advancement</div><div>- New knowledge and experience</div></div>	<div><div>- Team building/off- site activity arrangement for corporate solidarity</div><div>- Proper welfare</div><div>- Provident fund establishment</div></div>
	Shareholder	<div><div>- Shareholder meeting arrangement</div><div>- Quarterly performance report</div><div>- Plant visit</div><div>- Meeting between analysts</div></div>	<div><div>- Good remuneration</div><div>- Stable management</div><div>- Continuous growth of the company</div><div>- Accurate, transparent and traceable information received</div></div>	<div><div>- Cautious and effective management</div><div>- Honest and clear audit and report on all operations</div><div>- Transparent information disclosure</div><div>- Reasonable compensation</div></div>

External stakeholders and analysis strategies to determine communication channels, expectations, and responses to holding stake in the company are shown in the below table.

Stakeholders		Communication/Participation	Expectation	Response
Primary Stakeholders	Supplier	<div><div>- Discussion</div><div>- Online communication</div><div>- Annual conference</div><div>- Annual supplier quality assessment</div><div>- Supplier visit and standard audit</div></div>	<div><div>- Trade agreement compliance</div><div>- Fair trade agreement</div><div>- Transparent business operation</div><div>- Understanding and flexible operation</div><div>- Good relationship</div><div>- Accurate and clear operational plan</div><div>- High sales and continuous growth</div></div>	<div><div>- Transparent audit and operations in accordance to the policy</div><div>- Anti- corruption policy</div><div>- Clear procurement policy</div><div>- Clear and fair agreement allowing suppliers to grow together</div><div>- Clear level of standardization and quality indicators of each supplier</div><div>- Clear management and resource planning system for suppliers to prepare for the next quarter</div></div>
	B2B Customer	<div><div>- Client meeting</div><div>- Online communication</div><div>- Product expo arrangement</div><div>- Dealer</div><div>- Dealer for each region</div><div>- Satisfaction survey</div><div>- Quality assessment survey</div><div>- Plant visit</div><div>- Activity with customers</div><div>- Media website online</div></div>	<div><div>- Quality product</div><div>- Accurate and traceable operation</div><div>- Reasonable price</div><div>- Honest, transparent and traceable operations</div><div>- Operations in accordance with the agreement</div><div>- Customer information security</div><div>- Product guarantee</div><div>- Effective resource management</div></div>	<div><div>- Effective workflow management set up</div><div>- Audit and product quality control system set up and standardized operation</div><div>- Systematic workflow to increase accuracy in operation and communication to the organization and customers</div><div>- Transparent and traceable systematic operation</div><div>- Responsibility of duty, product and service; clear guarantee policy and standard</div><div>- Perform ethically, maintain and protect the information of customers as stated in the contract</div><div>- Preparation for future situation or event such as customer’s changing demand, the leap of technology and rapid depletion of natural resources, etc.</div></div>
	B2C Customer/ End Customer	<div><div>- Client meeting</div><div>- Online communication</div><div>- Primary customer communication</div><div>- Satisfactory survey</div><div>- Quality assessment survey</div></div>	<div><div>- Quality product</div><div>- Reasonable price</div><div>- Customer information security</div><div>- Product guarantee</div><div>- Effective resource management</div></div>	
	Standard Auditor	<div><div>- Annual standard audit</div><div>- Organization’s and production’s standard meeting</div></div>	<div><div>- Effective management and operation in accordance with the standard</div><div>- Honest, transparent and traceable operation</div><div>- Cooperation in standard quality audit</div></div>	
	Investor	<div><div>- Quarterly performance report</div><div>- Meeting between analysts</div></div>	<div><div>- Good remuneration</div><div>- Stable management</div><div>- Continuous growth of the company</div><div>- Transparent and traceable information received</div></div>	<div><div>- Cautious and effective management</div><div>- Honest and clear audit and performance report</div><div>- Transparent disclosure of information</div><div>- Reasonable remuneration</div></div>

Stakeholders		Communication/Participation	Expectation	Response
Primary Stakeholders	Bank and financial institutions	<div><div>- Discussion</div><div>- Management and financial institution meeting arrangement</div></div>	<div><div>- Stable money management</div><div>- Honest, transparent, effective and traceable operation</div><div>- Organizational agreement compliance</div></div>	<div><div>- Cautious and effective management</div><div>- Honest and clear audit and performance report</div><div>- Transparent disclosure of information</div><div>- Effective money management planning</div></div>
	Waste management agents	<div><div>- Discussion</div><div>- Personnel meeting arrangement</div></div>	<div><div>- Effective waste management system</div><div>- Accurate waste separation</div></div>	<div><div>- Garbage and production waste control policy set up</div><div>- Knowledge training for members of the organization</div></div>
	Community	<div><div>- Activity with community</div><div>- Participation in developing and helping community</div><div>- Community hearing arrangement</div><div>- Community member survey or hearing arrangement</div></div>	<div><div>- Beneficial support from the organization</div><div>- Getting potential social problem prevention support such as corruption and narcotics</div><div>- Community issue support</div><div>- Minimum operational impact from the company’s operation and activity</div></div>	<div><div>- Organization and community bonding activity arrangement</div><div>- Support for social activities such as building library, reforestation, training for community, etc.</div><div>- Help for communities such as surgical mask distribution, life- sustaining equipment during flood, etc.</div><div>- Ground visit and consistent hearing from people in the community</div></div>
	Environment	<div><div>- Activity with community arrangement</div><div>- Investigation of impact from the company’s activity</div><div>- Cooperation with government agencies</div><div>- Meetings on environment arrangement</div></div>	<div><div>- Effective utilization of resources</div><div>- Minimum impact from the company’s operation and activity</div></div>	<div><div>- Effective resources management</div><div>- Effective inspection and planning for production waste management</div><div>- Alternative energy planning to minimize the use of resources</div><div>- Training for knowledge and understanding to raise awareness of the importance of environment for personnel</div></div>

Stakeholders		Communication/Participation	Expectation	Response
Secondary Stakeholders	Potentially involved parties in the future	<div><div>- Public relation through media</div><div>- Product expo</div><div>- Activity with community</div><div>- Open House activity</div><div>- Knowledge transfer to community activity</div></div>	<div><div>- Knowledge on aspects relevant to business and organization</div><div>- Career, duty and operation</div><div>- Business opportunity</div><div>- Support on different aspects</div></div>	<div><div>- Promotion through media; open opportunity for interested public to contact the company</div><div>- Clear business promotion to create new opportunities of business</div><div>- Activity for public to apply to become a part of the organization</div></div>
	Relevant industrial association	<div><div>- Public relation through media</div><div>- Product expo</div><div>- Meetings between entrepreneurs</div></div>	<div><div>- Business opportunity</div><div>- Inter- organizational collaboration network</div><div>- Information on various statistics</div></div>	<div><div>- Inter- organizational activity participation</div><div>- Sharing information that can be shared between organizations or associations</div><div>- Sharing know- how and supporting start- ups to enhance business opportunity in the future</div></div>

Part 3 Environmental sustainability management

Environmental policy and procedure

3.3.1 Environmental policy and practices

Stars Microelectronics (Thailand) Public Company Limited is concerned about the lives and health of employees, business partners and involved parties. We, therefore, have adopted an occupational health, safety and environment management system as part of the company’s operating systems and processes. The company has continuously developed and improved to meet global standards, and is committed to managing occupational health, safety and environment. The guideline is formulated as policy as follows.

- Product designs, production processes and services must be in compliance with occupational health, safety and environment law and requirements related to the company or environmental issues. This must be able to be continuously applied to all area of administrations or internal management to ensure confidence for employees, customers and the public.
- Implement a prevention of pollution and a control of the depletion of resources through the management of toxin, air pollution control, waste, product components control, water management, environmental data reporting and licensing, and energy and greenhouse gas management to prevent potential impacts to employees, community and surrounding environment in compliance with the law and relevant environmental standards.

- Conduct an assessment on occupational health, safety and environment impact incurring from activities, products or services and continuously apply the results to implement objectives and goals on occupational health, safety and environment.
- Disseminate occupational health, safety and environment policies to employees, business partners and involved parties to understand, acknowledge and voice their opinions in order to unify standards and policies throughout the supply chain and periodically review the policy to ensure its practicality.
- Conduct training to educate employees, business partners and involved parties to raise awareness on occupational health, safety and environment responsibilities across their activities consistently.
- Promote the participation in developing and improving occupational health and safety and protecting the environment across all activities of the company both directly and indirectly and apply. This shall be considered a duty and responsibility of all workers who are involved in implementing occupational health, safety and environment policies earnestly and consistently.
- Adequately and appropriately allocate resources to ensure that the occupational health, safety and environment management system is efficient and in continuous improvement.

3.3.2 Outcomes of environmental operations Assessment of environmental management

Under the continuous improvement in accordance with the environmental management standard of ISO 14001:2015, the finding from the assessment of external

auditors in the past year shows that the companies passed the standard in the requirements and exhibited no significant inconsistencies.

In addition, the company delivers the environmental quality measure report to the Office of Welfare and Labor Protection of Ayutthaya annually to raise awareness and prioritize the prevention and control of environment impacts caused by the operation including air quality, water, noise, waste and discarded materials management in compliance with the law and to enhance the quality of environment.

Water management

Systematical and cost-effective water management can reduce the risk of water shortage in the production process and help to assess the risk of water shortage management. The company has implemented a project to reuse treated water which does not only reduce water resources usage but increases the ability to manage water resources effectively in the long run.

The company, as a user of water resources, has applied for permission to use public water resource, paid for its service and installed an equipment to measure or assess the amount of water used as well as collecting necessary data for employees or officers to regularly inspect. The company also has sustainable water management along with water conservation and optimization of water resource. The company discloses information regarding water resource for investors to consider the pre-investment risk. The overall outcome is shown in the table below.

Table showing the volume of water used by the company

Operational data	Unit	Year			
		2019	2020	2021	2022
Tap water	M³	201,684	221,180	155,247	183,262
Reused treated water	M³	161,347	176,944	124,198	146,610
Percentage of reused water	%	100	79	45	8

The water discharged from the plant is directly related to the use of tap water. Usually, it accounts for 80% of actual tap water. Therefore, if tap water usage is reduced and reused water takes up usage proportion, the discharged volume will evidently decreased. The discharged water is always treated and inspected for its quality. The analysis results in 2022 show that the water quality still meets the specified standard.

Table showing analysis results of wastewater that had been controlled before discharging from the facility

Year	Conductivity	TDS	COD (mg/l)	BOD (mg/l)
2021	629	30	525	67
	N/A	STD 3,000 mg/l	STD 750 mg/l	STD 500mg/l
2022	676	382	369	46
	N/A	STD 3,000 mg/l	STD 750 mg/l	STD 500 mg/l

The company had two main projects to reduce water usage in 2022 as follows:

1. Changing the coolant of the wafer backgrinding machinery from an open-loop to a closed-loop cooling system

This has saved 40 cubic meters of water per day, which is equal to 1,200 cubic meters of water resources saved per month. Moreover, more water resources will not be wasted for machinery in case of business growth.

2. “Recovery Recycle Water” project for recycling water to be used in the cooling tower and process cooling water (PCW) system

This project expands on the results of analysis in 2022 to utilize water resources at a level that is consistent with continued business growth and to restore the water treatment system that had deteriorated with use. The water saved can be calculated as follows:

- Amount of water that was recycled200 cubic meters per day
- Amount of water used in the cooling tower150 cubic meters per day
- Amount of water used in the PCW system30 cubic meters per day
- Service life of the system5 years

Garbage and waste management

The management system begins with collecting and registering all industrial waste accounts, followed by proper control of the waste storage facility, transfer, and safe handling and disposal of waste. These processes are carried out with controls to ensure compliance with requirements and regulations.

All kinds of waste from the company have been sorted and sent for disposal or treatment by the company that has been authorized from the Department of Industrial Works. It is crucial that waste disposal operations at every procedural level is authorized by the Department of Industrial Works.

The company complies with the laws related to waste management. With a policy, the company implements a project of waste reduction according to the 3R principle: Reduce, Reuse and Recycle to minimize the impact on environment from waste disposal, aiming to reduce the amount of waste sent for disposal to a minimum to achieve long-term goals using the zero waste and zero landfill approaches.

Table showing the amount of waste disposed by the company

Operational data	Unit	Year		
		2020	2021	2022
Hazardous waste	Ton	31.62	5.5	4.42
Non-hazardous waste	Ton	96.48	54.9	52.5

3R principles is adopted despite challenges from increase demand for production and exponential business expansion. The company is committed to waste separation, employee trainings for waste sorting, especially for chemical often used in the plant, renewable package in replacement of disposable package between business partners usage, and quick-to-expire chemical needs management. These actions have continued to be successful as the amount of waste disposal decreased despite the company’s growth in all its businesses.

Energy management

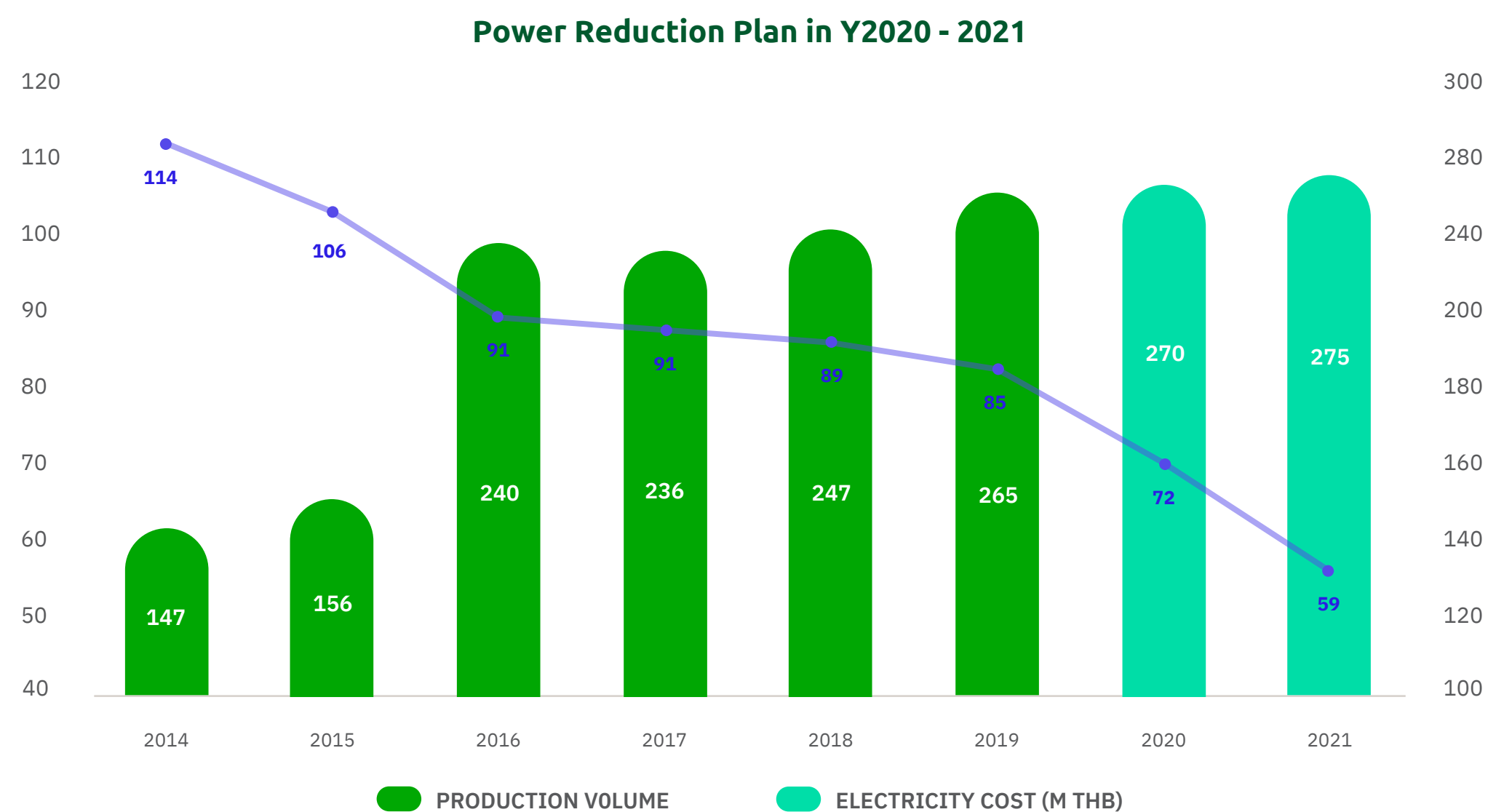
The company recognizes the importance of energy management and declares it as the main organizational goal in compliance with the requirements of the Ministry of Energy. The company annually formulates policies on energy management and energy conservation with a purpose to jointly promote the effective use of resources. Therefore, a working group for energy management has been established to monitor and check the efficiency of energy usage in production and other activities. The member of Energy Conservation Committee consists of representatives from the main departments of the plants and have responsibilities as follow.

- Long term: Search for practical and impactful project development idea in reducing energy consumption.
- Main duty: Closely control, monitor and report the performance of each project and periodically track and inspect the compliance with the energy management system.
- Communication: Designate learning courses for energy and energy conservation for employees at all levels of the plants and include the course into the orientation for new employees.

Table showing the amount of electricity used by the company

Operational data	Unit	Year				
		2019	2020	2021	2022	2022 (estimate)
External electricity consumption	kWh	26,332,092	27,141,431	24,580,598	24,694,034	24,925,223
Solar cell electricity consumption	kWh	1,543,863	1,445,860	1,331,077	1,224,625	1,244,922

The company maintains its declining rate of electric consumption, and in 2022, the rate of usage is rather consistent compared to 2021, despite leaps in production rates.



Climate change initiations

The company prioritizes mitigating impacts from climate change that relate to activities, products and services of the company, so both direct and indirect measures have been implemented to reduce the emission of greenhouse gas. Within the scope of control, the company tries its best to reduce the emission of greenhouse gas throughout the life cycle of the company's products from the procurement process to the production, usage and disposal, encouraging potential sustainable society to become a reality.

As a result, the company participated in the greenhouse gas reduction voluntary project according to the standard of the country, under the title of “Solar Rooftop Project of Stars Microelectronics (Thailand) Public Company Limited for 1,472.7 KW Electricity Generating Capacity” in the project type of renewable energy appraised by the Regional Environment Office 6 and Thailand Greenhouse Gas Management Organization (Public Organization). In 2022, the company continued to build upon the results and conduct joint inspections with the aforementioned agencies in order to achieve the long-term goals of the project.

[illegible]

Certificate :Thailand Voluntary Emission Reduction Program: T-VER



Greenhouse gas emission

The direct and indirect amount of greenhouse gas emission exhibits a tendency of continuous decline in relation to unique characteristics of products produced in that year, especially for 2021, even though deals were made with many domestic clients and more diesel fuel was required for needed goods.

The company is committed to the importance of these impacts by offering renewable products that are environmentally friendly to customers. We also try to reduce energy consumption and source renewable energy while raising awareness among employees to see the importance of reducing energy consumption. The result was evident as shown in the indirect indicators of 2022.

Thailand Voluntary Emission Reduction Program: T VER

[illegible]

T A R V

Table showing the decrease in the company's carbon footprint



In order to be a leader in tackling climate change and global warming, the company maintains its vision and goal to be a carbon neutral/net zero carbon emission organization within 15 years, faster than the 2050 goal of United Nations member countries and the 2065 goal of Thailand, through direct measures such as reducing greenhouse gas and carbon emissions in the ozone layer and indirect measures such as enhancing production process and projects namely:

- Promoting Carbon Credit Exchange Platform through Block Chain technology that is environmentally friendly without extra energy in the process
- Installing solar cell technology at the organization, surrounding communities and backcountry
- Creating market and technology for clean energy and renewable energy

- Promoting, developing and employing electric vehicle technology to improve the potential of the country to manufacture, assemble and use electric vehicles to reduce fossil fuel energy
- Adjusting holding plan for information technology to use a network that provides clean energy service
- Promoting integrated knowledge about carbon neutrality, other forms of energy and their application in the industry with educational institutions, communities and employees in the organization
- Formulating a plan and a fund for carbon credit
- Promoting research and development about the environment or technology to reduce the impact of global warming with the university and education institutions

Complaints

The company takes in great consideration the well-being of surrounding communities, hence, the company sent inquiry letters to the following organizations: Bang Pa-in Industrial Estate, Klong Jik Subdistrict Municipality, Bang Pa-in, Ayutthaya, and Ayutthaya Provincial Industrial Office. All three organizations confirm that there have been no complaints in 2022.

Pollution management

The company recognizes and prioritizes on preventing and controlling the environmental impact incurring from the operations to comply with standards set by law and to improve the quality of the environment.

With regards to the notification of the Ministry of Industry

on the specified amount of air contaminants emitted from the factory B.E. 2549, the company submits an annual report for air quality inspection to the Welfare and Labor Protection Office of Ayutthaya Province to raise awareness and prioritize the prevention and control of air pollution.

Hazardous materials management

The company has taken into account the management of hazardous materials in compliance with the standards stipulated by the law. The company reduces the health risk of workers and hazardous material users, minimizes the impact of hazardous materials to the environment, and organizes training for employees to understand the precautions while operating with hazardous materials. The company has processed hazardous materials in the plant as follows:

Chemical substances The company has formulated a list of hazardous chemicals with the details of their safety and submitted to the Welfare and Labor Protection Office of Ayutthaya annually. The company also follows the ministerial regulations on Setting Up Standards for Management, Managing, and Operating on Security, Occupational Health and Environment in Working with Chemical Substances B.E. 2556.

Industrial radiographic machine The company owns an industrial radiographic machine to monitor the quality of the products, under the guidance of officers trained in radiation safety. The assessment by Thailand Institute of Nuclear Technology (Public Organization) shows that the company **met the criteria** with reference to the benchmark, checked at 5 centimeters from the wall of the machine.

The radiation dose must not exceed 0.5 mR/hr. (µSv/hr) referring to FDA 21 CFR 1020.40 and 61010-2-091.

Part 4 Sustainability management in social aspect

3.4 Sustainability management in social aspects

3.4.1 Social policies and practices

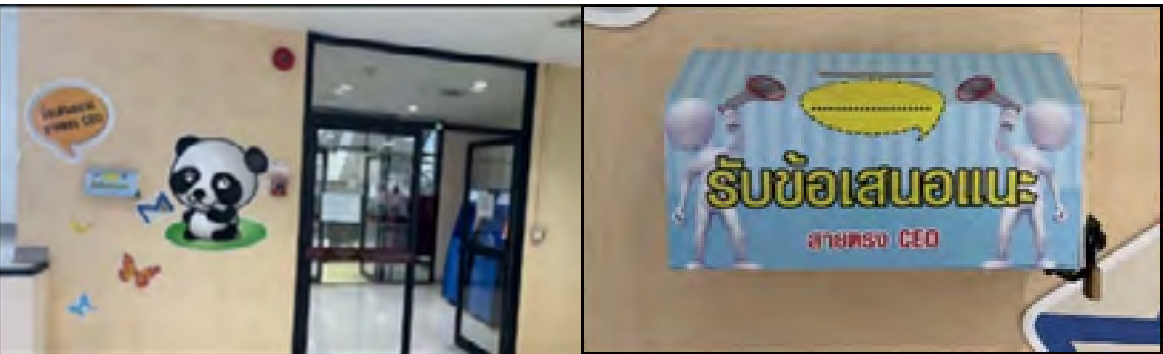
The company is committed to conducting its operations with good governance and adherence to ethical principles, together with care for and protection of the environment and society. We recognize our responsibilities towards society in accordance with the Responsible Business Alliance Policy (RBA) while taking into account both internal and external stakeholders, including shareholders, employees, customers, communities and society at large, leading to sustainable business development. To this end, implementing corporate social responsibility policy (CSR) activities is highly important in order to foster business practices alongside community development. The company has established the following policies for its social and community responsibilities:

- The company surveys the conditions of the community and society surrounding its premises to be informed of the effects of its business operations in order to review, revise and improve its practices.
- The company supports projects and implementation of volunteer activities related to community and social development.
- The company participates in the sustainable preservation and development of the environment in the community and society.

- The company supports and participates in community service.

The company has set clear policies regarding the management, recruitment and hiring of personnel, specifying that employees at all levels must only be accepted at 18 years of age. The company is careful and respectful of human rights and does not persecute, threaten or discriminate on the basis of sex, ethnicity, religion and culture. We employ foreign workers from Western countries such as Germany and Eastern/Asian countries such as India, Singapore, Philippines, etc. Employment is primarily considered based on qualifications, experience, knowledge and skills that are suited to the position.

The company is committed to human rights principles and remains open to comments and suggestions, providing opportunities for employees to participate and play a role in looking out for and developing the organization together at all levels of employment. The company provides this opportunity with communication channels through which employees can address senior management via the company’s website and email complainbox@starsmicro.com. For operative staff who cannot conveniently communicate via email, the company has provided an additional channel, which is a suggestion box where they can address the CEO directly. Only the CEO can open this box.



3.4.2 Outcomes of social operations

Assurance of the rights to freedom of association and protection of the rights to negotiation

The company prioritizes attending to problems arising from operation and being prompt to improve the situation. This is a role and duty of management executives to workers. Not only does this boost the morale of employees, it also allows the company’s performance to excel, especially for problems that are common. Employee association is thus a stage where employees can express their obstacles in operation and their needs about the working conditions. Issues raised by employees from such discussions are issues that management executives must pay attention and hasten to correct. In view of this priority, the company has organized the election of a workplace welfare committee as employee representatives to discuss, oversee and express their opinions regarding the various employee benefits. The formation of this committee is in accordance with the Labor Protection Act of B.E. 2541 (1998), which stipulates that employers must establish a Workplace Welfare Committee within 30 days of having 50 employees, with one committee to be elected per workplace.

Fair labor practices

Equitable and fair hiring and termination

The company has instated policies on employment that is equal and respectful of employees’ rights. There is no discrimination or limitation regarding gender. In addition, equal opportunities and consideration is given to the employment of the disadvantaged/persons with disabilities in roles that are safe and appropriate in accordance with the conditions and capability of each individual with respect for their right to choose. In addition, there are no practices of child labor, aggression and threats or violence towards employees. Regarding the termination process, the company has clear procedures and regulations in order to be just and fair to employees at all levels.

Table showing the employment of persons with disabilities and retail concessions granted to caregivers of persons with disabilities in the company

Operational data	Unit	Year		
		2020	2021	2022
Full-time employees	Person	1,123	1,085	1,101
Temporary employees	Person	-	-	-
Persons with disabilities employed at the company	Person	5	5	5
Retail concessions for people with disabilities	Shop	7	7	7

Table showing the ratio of female employees to male employees

Operational data	Compensation rate		
	2020	2021	2022
Full-time employees			
Male	1	1	1
Female	0.98	0.98	0.98
Daily workers			
Male	1	1	1
Female	1	1	1

Employee compensation and benefits

The company has established policies to provide suitable and fair compensation to employees based on the experience, knowledge and skills of the employee in the given position with consideration in accordance with labor laws and competitiveness within the same or similar area and in the same or similar industries. A structure for salary and benefits has been created to serve as a framework for consideration in recruiting new employees and salary adjustment. At present, in addition to the compensation provided for employees, the company offers other benefits, such as diligence allowance, shift differential pay, skill allowance, position allowance, and others as follows:

- Benefits for employees at all levels and in all areas including vacation leave, marriage leave, maternity leave, financial support in the case that an employee or family member of an employee passes away, provident fund, training, annual health checkup, etc.
- Annual and quarterly parties such as new year’s party, thank you party (for achieving a common goal)
- Transportation for employees covering areas where employees reside
- Cafeteria plan including free cooked rice and food that is hygienic and reasonably priced
- Rest areas for breaks
- Provident fund
- Group life insurance and life insurance for medical expenses
- Yearly bonus

Compensation payment and yearly evaluation of the employee is connected to the work performance of employees at all levels in the form of key performance indicators (KPI). Every employee will be evaluated by their supervisor. Pay raises and yearly bonuses will depend on work performance in accordance with the KPI evaluation results of each employee.

- The company has a clear compensation structure to create incentives for employees at all levels to perform in accordance with the organization’s main goals.
- The company has established policies on evaluation criteria, which have been communicated to all employees. The issuing of pay raises depends on the results of the employee evaluation e.g. grade A, B, C, D.
- The employee provides transportation for employees’ convenience, helping to lower their expenses, reduce traffic and save energy as well.

- The company does not have a uniform for employees. However, clothing is provided for employees working on the production line, together with work equipment and tools.

Union of employees for negotiation of rights and privileges

The company greatly prioritizes attention to issues that arise in the workplace and is ready to resolve problems for the better. Such is the duty of the manager towards their employees. Not only does this provide encouragement and support, but it also contributes to the smooth operation of business. Particularly for issues with common aspects, a staff union serves as a stage for employees to express their views on the obstacles encountered during their work and their needs related to work conditions. Management must pay attention to and promptly resolve the points raised by employees during these discussions. In view of this priority, the company has organized the election of the Workplace Welfare Committee as employee representatives to discuss, oversee and express their opinions regarding various employee benefits. The formation of this committee is in accordance with the Labor Protection Act of B.E. 2541, which stipulates that employers must establish a Workplace Welfare Committee within 30 days of having 50 employees, with one committee to be elected per workplace.

Occupational safety

The company’s policies have been specified in the Code of Business Ethics under the topic of **occupational safety and health**. Clear guidelines are provided as follows:

- The company will prevent work-incurred accidents, injuries and illnesses, with the good cooperation of all

- employees. The company will ceaselessly research and manage the various risks that can happen in the workplace.
- The company will provide tools, supplies, equipment and training for the safety of the company’s workers and property.
 - The company will rapidly and efficiently step in to tend to any emergencies or accidents that may occur in the workplace.
 - The company will act strictly in accordance with the various safety-related laws and regulations.
 - The company will carry out professional development and organize training for employees so that all personnel will understand and have sufficient information on the working environment and work processes, and be aware of the illnesses that may come about during work.

In addition to organizing orientation sessions to provide employees with knowledge and to emphasize the importance of safety consciousness in the workplace, the safety department also conducts monitoring of the quality and readiness of safety equipment such as fire extinguishers, emergency alarms, PPE equipment and PA system. Most importantly, safety drills are conducted to be ready to handle emergencies, for example, a fire drill is organized for all employees in the facility each year.

Table showing statistics of work-incurred emergencies/absenteeism/illness

Operational data	Unit	Year		
		2020	2021	2022
Employer representative and security officer	person	8	8	8
Employee representatives	person	7	7	7
Injury rate (IR)	prs/working hr	0	0	0
Occupational Disease Rate (ODR)	prs/working hr	0	0	0
Lost Day Rate (LDR)	prs/working hr	0	0	0
Absenteeism Rate (AR)	prs/working hr	1	0	0
Death rate from the operation	person	0	0	0

Maintaining a safe and hygienic working environment

The company firmly believes that a workplace that has a safe environment, appropriate safety measures and good occupational hygiene will naturally make employees feel comfortable and determined to deliver work to the best of their abilities. The company cares for the life and health of personnel, business partners and relevant parties, and therefore has established an occupational hygiene, safety and environment management system to be used alongside the company’s systems and operations. We are committed to the management of occupational hygiene, safety and environment through the creation of policies to serve as practical guidelines that will also be continually developed and improved upon.

There are various projects being carried out as follows:

- Annual health checkup for employees, aiming to control the risks to health and safety related to organizational activities

Images of annual health checkup activities in 2022



- Annual fire drill practice with training to provide knowledge to employees, inviting experienced trainers with expertise on the topic to conduct the fire drill practice in case of fire or other emergencies



- “Stars friends far from COVID” project, a system established to prevent and beware of the COVID-19 virus, e.g., the announcement of rules and regulations for practices in the manufacturing facility, an advisory unit for employee queries, provision of protective equipment and vaccines for employees, antigen test kit (ATK) testing for proactive COVID testing for employees, etc.

Savings and creating financial security for employees

The company provides a provident fund and a savings cooperative for personnel. Provident funds in the workplace are another form of benefit to take care of employees so that they have a source of systematic savings for after retirement. Employees are also supported in the provision of knowledge and understanding for managing their savings. The rate of contribution to the provident fund for employees at present is 85%.

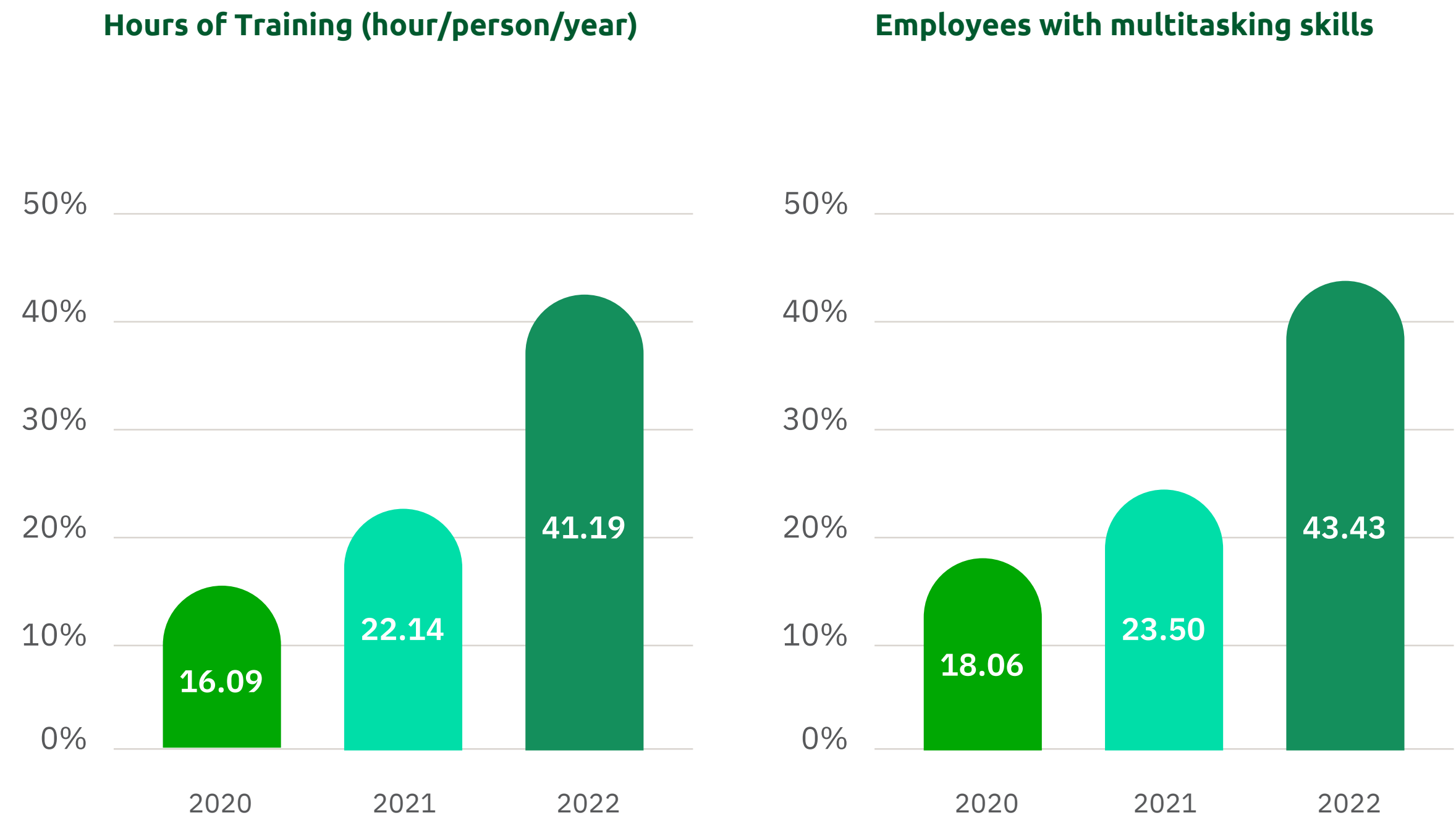
Professional development

The company prioritizes the provision of knowledge and training as specified by law and to develop the capacity of personnel, and also for the occupational safety of employees. The company conducts pre-employment training for personnel so that they may commence their work duties in a correct and accurate manner. In addition, technical training is also provided to build employees’ skills and knowledge for work practices that are correct, up to the standards as specified in policy goals and able to accurately deliver products and services as per customers’ requests. It also ensures risk prevention and minimization of accidents in the workplace so that the company can continue to operate sustainably. The training of skills and capacity in accordance with business strategy plans and future services of the company is conducted by the human resources department. Training is regularly provided to employees.

The company places importance on work-related skills and capacity development for employees as appropriate and in accordance with both current business plans and future development plans of the company.

In the past, training has been organized in all operational areas at the appropriate times and opportunities. Topics of training include fire safety training and practice drills, first aid, safe radiation-related work practices, energy conservation management, English skills for the workplace, English skills for managers, and technical training for specific groups or work areas requiring specific skills and operations, among others. A training plan has been formulated by the company. As stipulated by law, the number of employees trained each year is submitted to the Department of Skill Development in a punctual and complete manner, so that there is no need to submit funds to the Skill Development Fund.

Charts showing the number of training hours and employees with skills in multiple areas in 2020-2022



Anti-corruption

The company recognizes the importance and raises awareness among employees about conducting operations in an honest, upstanding and anti-corrupt manner as specified in the Code of Business Ethics and Code of Conduct for Executives and Employees. Employees at all levels receive the relevant communications and documents and are required to provide signed acknowledgement since their first day of work. This is in order for all personnel to be conscious of the information and practical guidelines in accordance with the main organizational policies.

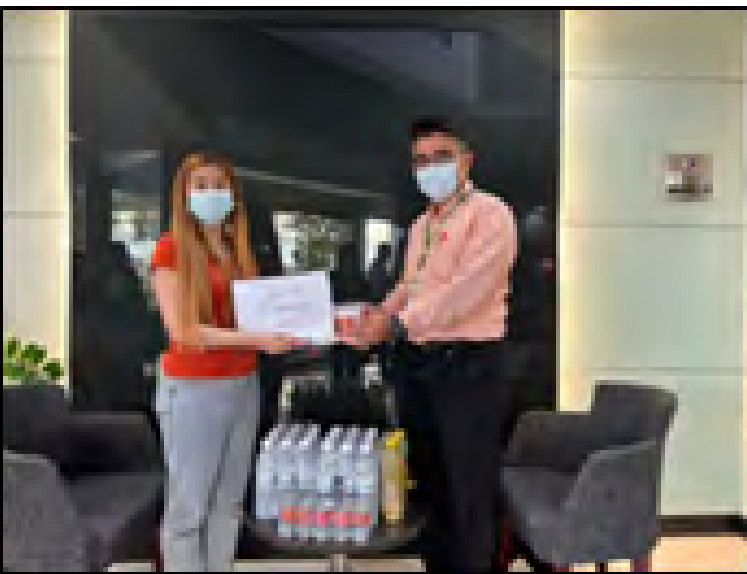
Table showing the number of employees trained in anti-corruption

Name of training course	Number of people trained/ Number of people signed up		
	2020	2021	2022
Code of Business Ethics & Code of Conduct	212	400	522

Building relationships and enhancing job satisfaction among employees

The company has a plan for building relationships and raising awareness about the roles and duties of employees, particularly for supervisors to understand the importance of the role they play in raising awareness in their own subareas of work. Stars organizes activities to enhance relationships between supervisees, supervisors and senior management. Such activities include:

- Welcome Back 2022 Party welcoming employees back to work at the beginning of the year
- Lucky draw with prizes such as a motorcycle, refrigerator, gold chain, etc.
- Thank You Party 2022
- Giving essential supplies to initial aid employees whose homes and residences were affected by floods



- Expansion of areas and provision of facilities within the manufacturing premises for employees to rest (green spaces)
- Expansion of parking spaces to sufficiently accommodate the increasing number of employees while chiefly considering employee safety
- Promoting cultural and traditional activities, for example, Songkran festivities, merit making and alms giving on important Buddhist holidays, etc.

The “Care for employees to be safe from COVID” project provided employees with vaccines, medicine and protective equipment against COVID-19 including maintaining a COVID-free workplace so that employees can work happily and safely

- SMT Operation Team Outing with organized team building and leadership building activities for supervisors and leaders on the company’s production line



- Thank you party expressing gratitude for all employees who contributed to the achievement of quarterly goals, held in October 2022



Table showing survey results of employee satisfaction regarding the organization of activities in the third quarter of 2022

Satisfaction level	No. of persons	Percentage
Very satisfied	756	67%
Moderately satisfied	339	30%
Slightly satisfied	28	2%
Unsatisfied	7	1%

From the aforementioned employee satisfaction survey used to manage human resources in 2022, in various companies in the same area and nearby areas, the labor market was highly competitive and companies were recruiting a large number of employees. This has led to an increased amount of employee turnover at the company this year, especially for day labor. Nevertheless, the recruitment team was still able to manage and recruit employees in the amount and time set out in the production plan. Therefore, the manufacturing and delivery of products was efficiently implemented according to plan.

Charitable activities

The company is aware of the importance of community service in all aspects in order to make society full of happiness and smiles through the form of activities and for the company’s employees to also participate, for example, blood donation activities, aid for victims of natural disasters or hardships, and communal merit making, among others. The activities organized by the company have brought pride to the employees who participated as members of the organization and of society. At the same time, good relationships were built among employees and management who came together to do good for society. The charitable activities that the company organized in 2022 are as follows:

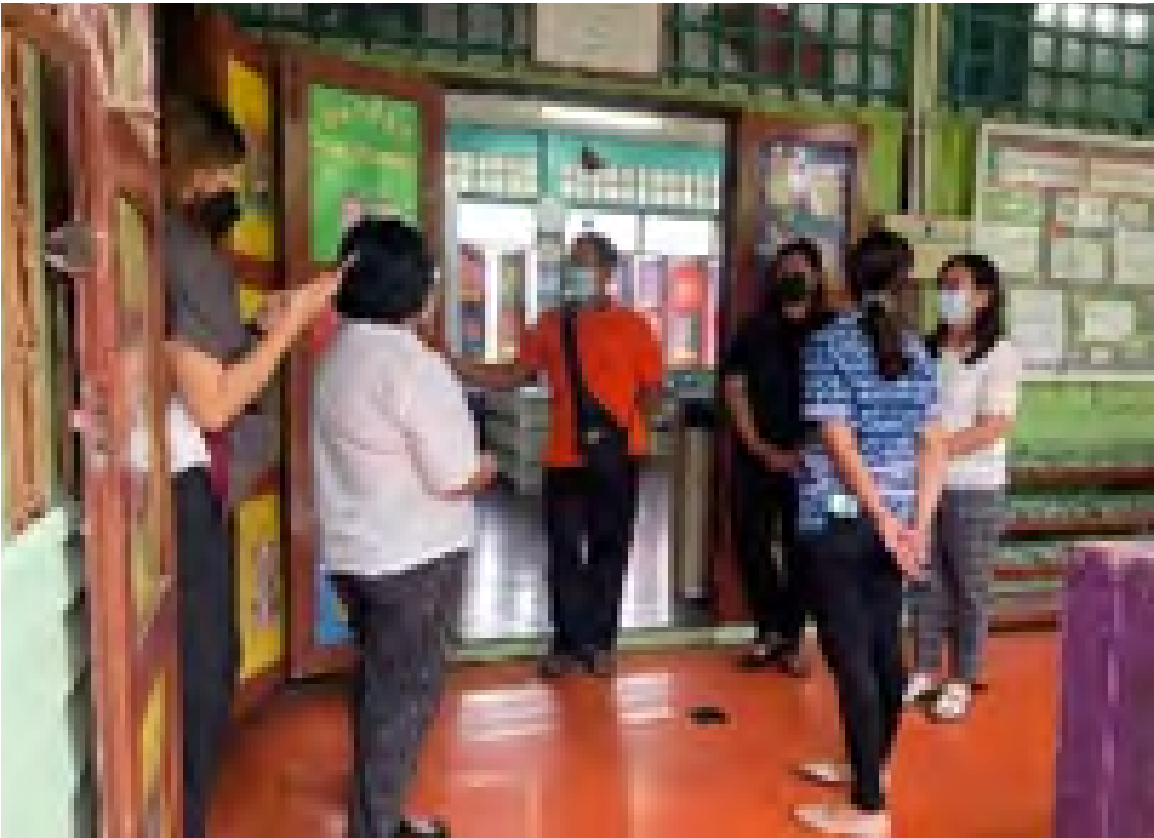
- “We want your old calendars” activity collected old desk calendars to continue to donate to the Foundation for The Blind in Thailand under the Royal Patronage of Her Majesty the Queen, who will recycle the calendars into teaching and learning materials, in addition to providing scholarships.
- “One person gives, many receive” project in partnership with the Lopburi Blood Donation Center of the Thai Red Cross continued to organize blood donation activities, inviting employees in the company to donate blood to help the lives of others.
- “Making merit, giving robes and other offerings and volunteering to clean temples” activities, as the company places importance on instilling charitable values in personnel to aid society, invited employees to a joint robe offering ceremony and to participate in the cleaning of temple grounds and bathrooms in order to make merit together at Wat Bot Somphonchai in Bang Pa-in district, Phra Nakhon Si Ayutthaya province.

- “Helping four-legged friends” activity, as the company places importance on instilling charitable values in personnel to aid society, invited employee volunteers to donate dry dog and cat food and other essential items for sick cats and dogs, in addition to cleaning crates and washing and feeding medicine to the animals at the CHSATHai stray animal shelter in Muak Lek district, Saraburi province.
- “Donating drinking water to medical professionals” activity donated a total of 5,000 bottles of drinking water to the Rajanukul Institute in Bangkok to support the medical professionals administering vaccines to the public during the COVID-19 pandemic.
- “Donating drinking water and essential items to Father Ray Foundation” activity, as the company places importance on instilling charitable values in personnel to aid society, invited employee volunteers to donate drinking water and essential items to the children under the care of Father Ray Foundation in Nong Prue subdistrict, Bang Lamung district, Chonburi province.
- “Aiding vulnerable groups in Phra Nakhon Si Ayutthaya province” activity in partnership with the Phra Nakhon Si Ayutthaya Chapter of the Thai Red Cross and the Office of Social Development and Human Security of Phra Nakhon Si Ayutthaya, visited residents of Phra Nakhon Si Ayutthaya who are in vulnerable groups, people with disabilities and senior citizens that were affected by floods, providing food, water and essential items in addition to cash donations to initially aid those affected by the adversity.
- “Donating drinking water to flood victims” activity donated drinking water to Bang Krasan Municipality in Bang Pa-in district, Phra Nakhon Si Ayutthaya province, to be added to survival bags given to residents in communities adjacent to the Chao Phraya river banks that were afflicted by floods.

Discussions with the community

The company has established a CSR working committee for community participation and development to serve as representatives in discussions with the community in order to determine the actual needs of the community and to collect proper data on the community prior to implementing joint community development activities. In the case of complaints, the company has a systematic procedure where relevant officers can send their complaint to the related team so that they can investigate and identify the source of the issue and report on the results to senior management for further follow up and support. However, in the past, the company has never received any complaints from the community.

Various projects or activities the company implemented with local communities



- Stars volunteering to renovate and repair the learning library project, in partnership with the Wat Wiwek Wayuphat community, Khlong Chik Municipality and teachers, renovated and repaired the library, including installing bird netting, painting the ceiling, installing lights, installing ceiling fans, revamping the corner honoring Princess Maha Chakri Sirindhorn and providing learning materials for students of Wat Wiwek Wayuphat School in Khlong Chik subdistrict, Bang Pa-in district, Phra Nakhon Si Ayutthaya province.



- Stars donating computers for learning to students project donated 5 computers to the library of Wat Wiwek Wayuphat School in Khlong Chik subdistrict, Bang Pa-in district, Phra Nakhon Si Ayutthaya province, for students to have the tools for seeking out knowledge.

Protection of privacy rights and personal data



As the Personal Data Protection (PDPA) Act will be enforced in the Kingdom of Thailand, the company, thereby, has complied with provisions in the Act by preliminarily appointing Personal Data Control Working Group to oversee the company’s measures to be in compliance with personal data protection law.

The Personal Data Control Working Group will have responsibilities as follow:

- Set up a roadmap/guideline and the company’s measures to comply with the personal data protection law
- Set up measures and notifications about rules and regulations regarding the protection of personal data delivered or transferred abroad
- Supervise and monitor the operation of the working group to follow the plans/guidelines of the relevant laws
- Evaluate the results after complying with the laws through operating result report
- Promote and support learning skills and understanding of personal data protection for employees
- Appoint a Data Processing Officer (DPO) of the company

Awards of Pride in Social and Environmental Aspects



The company was chosen by the Ministry of Social Development and Human Security to receive a plaque honoring “Organization with outstanding activities serving society in 2022”



The company received the CSR – DIW CONTINUOUS AWARD 2022 for corporate social responsibility standards



The company was certified as a “Level 3 Green Industry” by the Ministry of Industry

Protection of rights and development of the local community

The company believes that a strong community with sustainable development is crucial as a factor to drive business. The Bang Pa-in district in Ayutthaya Province is a community where the company is located so the company is a part of this community. Therefore, the company’s Corporate Social Responsibility policy plays an extremely important part in creatively operating in tandem with the development of the community, including the implementation of the “Renovation and Repair of the Library for Learning” project at the Wat Wiwek Wayuphat School in Khlong Chik subdistrict, Bang Pa-in district, Phra Nakhon Si Ayutthaya province.





Objectives of the project

- 1. To instill a love of reading in the students
- 2. To renovate the area to encourage students to seek out knowledge at the library
- 3. To procure suitable items for the convenience of library users
- 4. To help the students learn and have fun developing their intelligence outside the classroom
- 5. To serve as a charitable activity for employees to join forces with the community to make society a pleasant place to live

Goals of the project

- 1. Renovate and repair the learning library to be suitable and aesthetically pleasing
- 2. Provide updated materials and tools for the library to replace the broken and deteriorated items
- 3. Provide additional teaching and learning materials and tools as appropriate for students in kindergarten to primary levels
- 4. To have an additional area for students to productively spend their free time

Community Plan for the “Renovate and Repair the Library for Learning” Project

Topic	Details
1. Alignment with the nature of business or capacity of the organization	The “Renovate and Repair the Library for Learning” project utilizes the capabilities and capacity of employees who have expertise as electrical technicians/electronics technicians to inspect the school’s electrical system, particularly in the library area in order to implement the following: <ul style="list-style-type: none">• Install ceiling fans• Install electrical wiring and lighting fixtures• Install computers• Electrical safety inspection• Others
2. Employee participation	The company publicized the project, inviting employees to volunteer. There was an excellent response and participation from the employees, demonstrating the charitable spirit of the organization’s personnel.
3. Community participation	Before implementing the “Renovate and Repair the Library for Learning” project, company representatives conducted a discussion session with members of the community together with community leaders/representatives of Khlong Chik Municipality and teachers in order to inform the objectives and implementation process of the project, in addition to inviting the community to jointly volunteer to develop the community together.
4. Alignment with sustainable development practices	Implement plans to follow up and monitor the students’ library use and conduct regular visits in order to maintain sustainable relationships between the company, school and community. If the learning materials or equipment are broken, the company is ready to provide repairs or replacements for the sustainable development of the community/school. In addition, the plan/project aligns with the SDGs as follows: <div><div><p>SDG 4 on education The project supports early childhood education so that the students can have quality and equitable education and supports the provision of opportunities for increasing essential learning skills in literacy and arithmetic. Education is sustainably fostered and developed through supporting the renovation and repair of the library for learning at the school in addition to providing essential and suitable learning tools to the school as well.</p></div><div><p>SDG 17 on partnerships The company recognizes the importance of community, schools, children and youth, and therefore has delegated a group of employee volunteers to hold discussions asking for the cooperation of the municipality, community leaders and teachers to repair and renovate the library to be lively and modern. The company provided funding for the renovation in full, carried out by volunteers from the company and community who came together to share their knowledge, skills and expertise in order to achieve the objectives of the project, joining forces for the sustainable development of the school and the community.</p></div></div>

The company has formulated clear policies to provide practical guidelines that ensure implementation that is responsible to the community and society through various activities in the production value chain in order to foster a sustainable coexistence with the community.

In addition, the company also contributes to the social creativity and development of the quality of life of those in the community so that they can be self-reliant in a sustainable way. This is implemented through the promotion of local economic growth in the area of operation, including providing employment and supporting community businesses, which helps to develop the skills and capacity of community members and supports the development of the community, economy and society all at once.

4. Management Discussion and Analysis (MD&A)

4.1 Management Discussion and Analysis

Management Discussion and Analysis

The operation results of the company and its subsidiary for year ended 2022 reported the net profit of 303.81 million baht, increased 93.59 million Baht or 44.52%, compared with net profit of 210.21 million Baht in 2021.

• The operating results in 2022 in comparison with 2021

Income Statement	2022		2021		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Sales and service income						
- Sales from IC	1,261,308	44.48	1,033,651	47.36	227,657	22.02
- Sales from PCBA and BOXBUILD	804,652	28.38	385,910	17.68	418,742	108.51
- Sales from OPTICS	769,501	27.14	763,045	34.96	6,456	0.85
Total sales and service income	2,835,461	100.00	2,182,606	100.00	652,855	29.91
Cost of sales and services	2,244,485	79.16	1,760,650	80.67	483,834	27.48
Gross Profit (loss)	590,976	20.84	421,956	19.33	169,020	40.06
Selling Expenses	91,650	3.23	62,037	2.84	29,614	47.74
Administrative Expenses	227,975	8.04	216,036	9.90	11,938	5.53
Loss on derivatives	6,973	0.25	-	-	6,973	-
Operating Profit (loss)	264,378	9.32	143,883	6.59	120,495	83.75
Other income						
Revenue from scrap sales	30,043	1.06	27,856	1.28	2,187	7.85
Gain (loss) on exchange	-	-	9,671	0.44	-9,671	-100
Gain (loss) on derivatives	-	-	1,895	0.09	-1,895	-100
Bad debt recovery	29,291	1.03	-	-	29,291	-
Compensation from insurance	9,380	0.33	-	-	9,380	-
Others	13,159	0.46	17,909	0.82	-4,750	-26.52
Profit (loss) before finance cost and income tax expenses	346,251	12.21	201,214	9.22	145,038	72.08
Finance income	98	0.00	63	0.00	35	55.90
Finance cost	29,138	1.03	30,041	1.38	903	3.01
Profit (loss) before income tax expenses	317,212	11.19	171,236	7.85	145,976	85.25
Income tax benefits (expenses)	-13,407	-0.47	38,978	1.79	-52,385	-134.39
Profit (loss) for the year	303,805	10.71	210,214	9.63	93,591	44.52
Depreciation and amortization	227,459	8.02	249,311	11.42	-21,311	-8.76
EBITDA	573,711	20.23	450,525	20.64	123,187	27.34

The performance results for 2022 compared with 2021, as a result from the following factors: _

Sales and Service income

The Company and its subsidiaries reported revenue from sales and service of 2,835.46 million Baht, increased 652.85 million Baht, or 29.91%, from the previous year. The revenues from PCBA and IC divisions increased by 108.5% and 22.02% YoY respectively, despite the economic slowdown, the global chip shortage circumstance, and conflict between countries.

Cost of Sales and Gross Profit

Total cost of sales and service were 2,244.48 million Baht, increased 483.83 million Baht, or 27.48% from the corresponding period of the previous year. The cost increased in line with revenue growth and efficiency of cost management all year round.

Gross profit of 2022 was 590.98 million Baht, increased 169.02 million Baht, or 40.06% from the same period of the previous year. Mainly from expanding to new customers and new products together with efficiency of cost management.

Selling and Administrative Expenses

Selling and administration expenses of 2022 were 326.60 million Baht, increased 48.53 million Baht or 17.45% from the same period of previous year in the same direction with gross profit.

Other incomes

The Company and its subsidiaries reported other incomes of 81.87 million Baht, increased 24.54 million Baht or 42.81%, compared with the corresponding period of the previous year. Primarily, compensation from insurance and received payment from account receivables dictated by jurisdiction of 17.53 million Baht (Loss on exchanges included).

Financial cost

The Company and its subsidiaries reported financial costs of 29.14 million Baht, decreased 0.90 million Baht, or 3.01% compared with the same period of the previous year. The main reason came from prepayment on debt to in line with company’s performance.

Income tax

The Company and its subsidiaries reported tax expenses of 13.40 million Baht, increased 52.39 million Baht compared with the corresponding period from the last year, reported gain of 38.98 million baht from deferred tax.

Earnings before Interests, Taxes, Depreciation and Amortization (EBITDA)

The Company and its subsidiaries reported EBITDA of 2022 were 573.71million Baht, increased 123.18 million Baht or 27.34% from the same period of previous year

• Financial Position

At the end of 31 December 2022, the Company and subsidiaries reported assets, liabilities and shareholder’s equity compared to 31 December 2021 as below.

Balance Sheet	2022		2021		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash and cash equivalents	119,258	4.39	35,663	3.43	83,594	234.4
Trade and other receivables	370,060	13.62	330,242	31.74	39,818	12.06
Inventories	712,040	26.21	646,607	62.14	65,433	10.12
Total current assets	1,211,699	44.60	1,040,564	37.65	171,136	16.45
Property, plant and equipment	1,446,330	53.24	1,641,265	95.23	-194,935	-11.88
Total non-current assets	1,504,907	55.40	1,723,451	62.35	-218,544	-12.68
Total assets	2,716,606	100.00	2,764,014	100.00	-47,408	-1.72
Bank overdrafts and short-term loans from financial institutions	25,893	0.95	35,992	1.30	-10,100	-28.06
Trade and other payables	388,546	14.30	355,297	12.85	33,249	9.36
Current portion of long-term loans	154,382	5.68	154,207	5.58	176	0.11
Total current liabilities	585,677	21.56	555,183	20.09	30,494	5.49
Long-term loans, net of current portion	174,362	6.42	528,416	19.12	-354,053	-67.00
Lease liabilities, net of current portion	438	0.02	676	0.02	-238	-35.18
Total non-current liabilities	241,727	8.90	630,112	22.80	-388,385	-61.64
Total liabilities	827,404	30.46	1,185,295	42.88	-357,891	-30.19
Total shareholders’ equity	1,889,202	69.54	1,578,719	57.12	310,483	19.67
Total liabilities & shareholders' equity	2,716,606	100.00	2,764,014	100.00	-47,408	-1.72

Asset
At the end of 2022, the Company and its subsidiaries reported assets of 2,716.61 million Baht, decreased 47.41 million Baht or 1.72% compared to at the year end of 2021.

The Company and its subsidiaries reported trade and other receivables of 370.06 million baht in 2022, of which 352.68 million baht were net trade receivables. Referring to the mention amount from net trade receivables, the amount of net trade receivables which age is over 12 months was 232.29 million Baht, and the Company already reserved the amount of 232.97 million baht as allowance for doubtful. It decreased from the previous year by 131.58 million Baht. (See additional details in financial statements note 8)

In 2022, the Company and its subsidiaries reported the inventories of 712.04 million Baht, increased 65.43 million baht or 10.12% compared with the corresponding period in the previous year in order to serve the production plan which increase in line with revenue growth. (See additional details in financial statements 2022 note 9)

Liabilities and shareholders’ equity
At the end of 2022, the Company reported liabilities of 827.40 million Baht, decreased 357.89 million Baht or 30.19% compared to 2021 mainly from principal prepayment. Meanwhile, shareholders’ equity was 1,889.20, increased 310.48 million Baht or 19.67% compared with at the year end of 2021.

• Sources and Uses of Fund

Cash flow statement	2022	2021	Increase(Decrease)
	Thousand Baht	Thousand Baht	Thousand Baht
Net cash flows from (used in) operating activities	526,883	242,438	284,445
Net cash flows from (used in) investing activities	-34,089	-30,449	-3,641
Net cash flows from (used in) financing activities	-409,200	-208,833	-200,367
Net increase (decrease) in cash and cash equivalents	83,594	3,157	80,438
Cash and cash equivalents at beginning of year	35,663	32,506	3,157
Cash and cash equivalents at end of year	119,258	35,663	83,594

The Company and its subsidiaries reported net cash in the year 2022 of 119,258 million Baht, increased 83,594 million Baht from the year 2021.

The Company and its subsidiaries reported 2022 net cash flows from operating activities of 526.88 million Baht, increase 284.45 million Baht while net cash flows from investing activities of 34.09 million Baht, inched up from previous year of 3.64 million Baht. Besides, The Company and its subsidiaries reported net cash flows used in financing activities of 409.20 million Baht, increased 200.37 million Baht from the last year due to payment of long-term debt and dividend payment.

• Financial Ratio

Financial Ratio	2022	2021	Unit
1. Current Ratio	2.07	1.87	times
2. Quick Ratio	0.84	0.66	times
3. Number of Days Receivables	45.07	50.90	days
4. Numbr of Days Inventory	110.47	108.78	days
5. Number of Days Payables	60.48	62.93	days
6. Cash cycle	95.06	96.76	days
7.Gross profit margin	20.84	19.33	%
8.EBITDA margin	20.23	20.64	%
9.EBIT margin	12.21	9.22	%
10.Net profit margin	10.71	9.63	%
11.Debt-to-Equity ratio	0.44	0.75	times
12.Interest Coverage ratio	11.92	6.71	times
13.Return on Assets	12.64	7.46	%
14.Return on Equity (1)	17.55	14.47	%
15.Earning per share(2)	0.36	0.25	Baht
16.Book value per share	2.18	1.79	Baht

Remark

(1) Return on Equity = Profit (loss) for the year / average total shareholders’ equity
(2) Earnings per share = Net profit (loss) attributable to equity holders of the company / number to issued and fully paid share

In 2022, the company and its subsidiaries reported current ratio of 2.07, increased from 1.87 in 2021, reflected in efficiency in liquidity management.
Cash conversion cycle decreased from 96.76 days in the year 2021 to 95.06 days in 2022 thank to decrease in numbers of days receivables.

Gross profit margin was 20.84% in 2022, increased from 19.33% in 2021, mainly from raising in sales and service income of PCBA and IC divisions, growing 108.51% and 22.02% YoY respectively.

Debt to equity ratio in the year 2022 was 0.44, decreased from 2021 of 0.75 as a result from prepayment of debts, led to lower in interest expenses.

Interest coverage ratio in 2022 was 11.92, increased from 2021 of 6.71 mainly from increase in revenues and operating profits and decrease in interest expenses.

Return on asset in 2022 was at 12.64%, increased from 2021 of 7.46%, reflected in efficiency of asset management to generate more incomes.
Return on equity in 2022 was at 17.55%, increased from 14.47% in 2021, indicated company’s profitability and well management in capital from shareholders.

4.2 Investment Policy and Capital Structure

Investment Policy

The Company has a policy of investing in subsidiary and/ or associate companies that support and benefit the Company’s business, are in high growth industries or are involved in areas in which the Company has skills and expertise. Of particular interest is the rate of return on investment, mainly for the benefit of the Company’s shareholders.

The Company controls or supervises the investments by having directors or high-level executives represent the Company proportionately based on the number of the shares held. The Company has controlling rights over important matters conducted by the subsidiary and/or associate companies. These investments must be approved by the Company’s Board of Directors and shareholders and/or in the case of connected transactions, the Audit Committee, with related rules and regulations enforced.

5. General information and other material facts

5.1 General information

Reference Persons
The Stock Registrar
Thailand Securities Depository Co., Ltd
93 Stock Exchange of Thailand Building
Ratchadapisake Road, Dindaeng, Dindagen, Bangkok 10400
Tel: 0- 2009-9000
Fax : 0- 2009-9991
SET Contact center: 0 2009-9999
Website: <http://www.set.or.th/tsd>
E-mail: SETContactCenter@set.or.th

Investor Relations Contact
Stars Microelectronics (Thailand) Public Company Limited
Bang Pa-In Industrial Estate (I-EA-T Free Zone)
605-606 Moo 2, Tambol Klongjig, Amphur Bang Pa-In
Ayutthaya 13160
Email: ir@starsmicro.com
Tel: 035-258-555 ext 313
Fax: 035-258-914

Auditor: Mr. Termphong Opanaphan (Certified Public Accountant License No. 4501); and/or

Ms. Vissuta Jariyathanakorn (Certified Public Accountant License No. 3853) nd/or ; Ms.Manee Rattanabunnakit (Certified Public Accountant License No. 5313)
EY Office Co.,Ltd.
33rd Floor, Lake Ratchada Building
193/136-137 New Ratchadapisake road
Klongtoey, Bangkok 10110
Tel: 0-2264-0777
Fax: 0-2264-0789-90

5.2 Other material facts

Investors can learn more information of the Company from Annual Registration Statement (Form 56-1 one report) on www.sec.or.th or www.set.or.th or the company’s website www.starsmicro.com

5.3 Legal disputes

Disclosure in Notes to consolidated financial statements
For the year ended 31
December 2021 Item 29.4 Contingent liabilities for litigations

5.4 Secondary market

The Company has not securities listed on a stock exchange of another country.

5.5 Financial institution with regular contact (only in case of debt securities offeror)

The Company has not case of debt securities offeror

Coporate Governance

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Section 02

Corporate Governance

6. Corporate

governance policy

As a listed company in the Securities Exchange of Thailand, the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited is determined to continuously develop good corporate governance and best practices in the hope that the organization is well-accepted in this regard, thereby creating confidence in shareholders and stakeholders as well as creating added value for the total benefit of shareholders.

The Company have describe the overall policy and guidelines under the Corporate Governance Code (CG Code) 2017 for listed companies and the business code of conduct specified in writing by the Company, to disclosure to the shareholder and stakeholders, employee & executive.

In year 2022, the Company have follow the policy and Code of Conduct by strictly and continuously. This year 2022, have evaluated the action . The Company must develop level of CG by continuously.

6.1 Overview of the Policy and Guidelines

6.1.1 Policy and guidelines related to the Board of Directors

For support Policy and guidelines related to the Board of Directors under the Corporate Governance Code (CG Code). The Company have policy and Guidelines as follows,

Guidelines for Management compensation

The Nomination & Remuneration Committee considers the remuneration of directors and Chief Executive Officer, submitting the proposal to the Board of Directors for approval. Remuneration for the Board of Directors requires approval of the shareholders at a shareholders’ meeting. The company’s guidelines regarding management compensation are lay down as follows:

1. Guidelines for Director

The company determines appropriate remuneration to attract and retain directors with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company's performance
- responsibilities assigned to directors, and
- average remuneration rate of businesses in the same industry.

Directors’ remuneration consists of an annual retainer fee and meeting attendance fee.

2. Guidelines for high level executives

The Executive Committee will consider remuneration of high level executives including those in Chief positions, senior directors and directors of various departments to maintain pay at an appropriate level in order to attract and retain executives with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company's performance
- the Key Performance Indicators - KPI when considering an increase in remuneration or annual salary raise
- average remuneration rate in the industry

In addition, the company may also seek consultation from experts in Human Resources Management at the company's expense.

Qualifications of Board of Directors

1. Possess the qualifications required by law (Public Company Act and Securities and Stock Exchange Act)
2. Be knowledgeable, capable, and experienced in matters beneficial to business operations, and be forthright and possess ethics in business operations
3. Have reliable discretion independent from management and any other interest groups
4. Be able to devote adequate time to the company and pay attention to fulfilling responsibilities

Qualifications of the Executive Committee

1. Have vision, initiative and integrity
2. Be knowledgeable, capable, and experienced in matters beneficial to the business operations, and be forthright and possess ethics in business operations

3. Able to devote adequate time to the company and pay attention to fulfilling responsibilities

Qualifications of Audit Committee

1. The Audit Committee comprises at least three independent directors.
2. The Audit Committee is appointed by the Board or the shareholders
3. The Audit Committee members must not be persons assigned by the Board to make decisions regarding the company, its parent company, subsidiaries, associate companies, affiliates or corporate bodies that might have conflicts.
4. The Audit Committee members must have adequate knowledge and experience to fulfill duties as Audit Committee members; it is noted that there must be at least one Audit Committee member who is knowledgeable and experienced enough to review the reliability of the financial statements.

Qualifications of Nomination & Remuneration Committee

1. The Nomination & Remuneration Committee must consist mainly of independent directors.
2. The Nomination & Remuneration Committee members must be knowledgeable, capable, and experienced as well as understand the qualities, duties, and responsibilities as a committee member considering remuneration.
3. The Nomination & Remuneration Committee members must be able to devote adequate time to fulfill the Nomination & Remuneration Committee's duties.

Qualifications of Independent Directors

Independent Directors carry out duties assigned by the Board of Directors independently from major shareholders and the company's management and meet all the qualification requirements stipulated by the Office of the Securities and Exchange Commission (SEC). Independent directors shall form at least one-third of the total number of the directors but must be no less than three. Each director must have the following qualifications:

1. Must not hold shares in excess of 1% of the total voting shares of the Company, its parent company, subsidiaries, associate companies or corporate bodies that may have conflicts of interest. This also covers shareholding of persons associated with independent directors.
2. Must not be a board member, employee, staff, consultant earning regular salary or person with controlling interest, or a person with the authority to make decisions within the company, its subsidiaries, associate companies or corporate bodies that may have conflicts of interest, unless having been relieved of such conditions for no less than two years prior to the appointment.
3. Must not be a person who is related through kinship or legitimate registration as a father, mother, spouse, sibling, child or spouse of a child of a management executive or major shareholder, a person with controlling interest or person to be nominated as an executive or person with controlling interest of the Company or its subsidiaries.
4. Must not have a business relationship with a company, parent company, subsidiaries, associate companies or corporate bodies with possible conflicts that might impair independent judgment. Independent directors must not be major shareholders or persons with controlling interests

under those with a business relationship with the company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts unless having been relieved of such conditions for no less than two years prior to the appointment. Business relationship in the above paragraph includes any trading transactions in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance worth from three percent of the net tangible assets or from 20 million baht over above, whichever is lower. Debts incurred during the year before the business relationship with the same person are also counted.

5. Must not be auditor of a company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to control nor a partner of an audit firm that audits a company, its subsidiaries, associate companies or corporate bodies that might have conflicts unless having been relieved of such conditions for no less than two years prior to the appointment.
6. Must not be a person who provides any professional services, including legal counseling or financial consulting services, receives annual service fees over two million baht from the company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to make decisions or a partner of an entity providing such professional services unless having been relieved of such conditions for no less than two years prior to the appointment.
7. Must not be a board member who is appointed to be a representative board member of the company, major shareholder, or shareholder who is associated with a major shareholder.

8. Must not have any other attributes that may prevent him/her from freely expressing opinions about the Company’s operations.

Company’s Secretary

Appointed by the Board of Directors on 7 August 2009, the company’s secretary has the major duties of organizing the Board of Directors’ meetings and shareholders’ meetings, ensuring that they run smoothly and according to the law. The secretary also prepares meeting reports, collects them and keeps the records for easy retrieval, prepares and sends letters of invitation to the meetings along with annual reports to shareholders and supervisory agencies as well as disseminates the information via the company’s website. The secretary ensures that the company, its subsidiaries, directors and executives operate in accordance with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). The secretary coordinates with said agencies, reporting information regarding the company’s directors and executives to the SET and SEC. In addition, the secretary provides recommendations and consultancy to new directors regarding assuming their positions. The secretary takes care of shareholders relations, acting as the liaison between shareholders and the Board of Directors and executives. The secretary also promotes knowledge and understanding regarding corporate governance providing related information and encouraging Board adherence. Additionally, the secretary ensures that there be a performance review conducted according to stated principles, and provides information and suggestions to directors and executives in preparing various reports as required by law and regulations for

public disclosure to ensure transparency. This is information such as acknowledgement of duties regarding securities holding reports and supervision of the company’s operations so that they comply with the rules and regulations of the company, the Stock Exchange of Thailand and related compliance units.

Internal Auditor

The Internal Auditor of the Company reports direct to The Audit Committee. They have Independence to comment and perform in accordance with Internal Audit standard by audit, evaluate risk, assess adequacy of Internal Control for the efficiency of audit and achieve the audit plan objective.

6.1.2 Policy and guidelines related to shareholders and stakeholders

In 2022, the company followed corporate good governance practices related to shareholders and stakeholders as follows:

1. Rights of Shareholders and Shareholders Meeting

The Company’s 2022 Annual General Meeting was held on Thursday, 28 April 2022 at 14.00 p.m. (within four months from the company’s fiscal year end). Record date shareholders were determined and the list of shareholders was settled on according to Section 225 of the Securities and Exchange Act, B.E. 2535. The Company designated Thailand Securities Depository Co., Ltd., its registrar, to send an invitation letter both in Thai and English for the shareholders’ meeting, along with the annual report in CD-ROM format to shareholders 14 days in advance of the meeting date. The meeting date was also publicized in newspapers for three consecutive days, no less than three days before the meeting date. This was to ensure that shareholders had enough time to consider the meeting information. The invitation letter specified in detail the meeting agenda and whether each item on the agenda was for acknowledgment, approval, or consideration. It also contained directors’ opinions for each item and the adequate and complete meeting documents required.

Shareholders were also requested to provide necessary documents or evidence to identify themselves in order to exercise their right to attend the meeting.

Shareholders were entitled to attend the shareholders’ meeting and to vote by proxy by attaching a letter of authorization form (as stipulated by the Department of Business and Trade Development, the Ministry of Commerce). The company allowed the meeting registration no less than one hour before the meeting’s scheduled time using a barcode system. Ballots for each agenda item were printed for shareholders. Those arriving at the meeting after it had started could also vote on agenda items for which a resolution had not yet been passed. present were the company’s executives and those involved in particular agenda items such as the company’s senior director of finance and accounting, auditors, financial advisors, and independent legal advisors. They provided opinions and answered shareholders’ questions at the meeting. Representatives of Thailand Securities Depository Co., Ltd. examined the shareholders’ registration and counted the votes with the company’s independent legal advisors. The meeting was run according to the agendas without adding any agendas.

In the 2022 shareholders’ annual general meeting, 7 out of 7 of the company’s directors attended the meeting. Also The company provided details regarding quorum, the number of meeting participants both in person and by

proxy, voting procedures and the vote-counting methods as follows:

- (1) Shareholders are entitled to one vote per share held. Each shareholder thus has as many votes as the number of the shares held or represented by proxy.
- (2) Shareholders having a conflict of interest regarding a particular agenda item are not entitled to cast a vote on that item.
- (3) The person conducting the meeting shall ask in regard to every agenda item if there is any person who wants to vote against the item or abstain from voting. If so, the person is advised to express his wish in the vote ballot. Other than that, it is considered that the agenda item gets a vote of approval. The company then deducts the number of votes against and the abstained votes from the total number of votes of the meeting attendees to get the final voting results for that particular agenda item.
- (4) In accordance with the Securities Exchange of Thailand’s corporate good governance policy, in considering the agenda item regarding the selection of directors to replace those who have completed their term, and company has proposed that shareholders vote individually, This is to allow shareholders have right to select to be true. Shareholders are required to vote in the ballot no matter whether they wish to vote for, against or abstain.

The Company’s policy is to encourage all shareholders to attend the meeting including institutional investors. The meeting venue selected by the company was accessible by public transport in order for the shareholders and the institution investors to commute to the company meeting place conveniently. In addition, The company sets the meeting time in such a manner that shareholders have

equal rights and opportunities to investigate the company’s operations, ask questions, and express their opinions and recommendations fully. The company have a channel for shareholders to submit questions advance of the meeting by Email of Fax to the Investor Relation of the company. The company takes minutes detailing completely and accurately the meeting agenda, meeting content, voting results for each agenda item, shareholders meeting’s resolutions, issues raised, opinions, and directors and executives’ clarifications. The report of the shareholders’ meeting are completed within seven days of the shareholders’ meeting and kept properly for shareholders’ review and investigation.

In addition to the rights to vote at the meeting of shareholders, The shareholders still are entitled fundamental rights more, including a share of the earnings/ Dividends are equally, the rights to be treated equally in the purchase of shares by the company etc, which are fundamental rights scheduled to law already.

2. Equitable Treatment of Shareholders

The Board of Directors places importance on shareholders’ rights and equitable treatment of shareholders no matter whether they are small, large or foreign shareholders. This is reflected in the practices below.

(1) The company always conducts the shareholders’ meeting according to the agenda detailed in the invitation letter. No item shall be added without advance notice unless it is totally necessary. This is especially true in cases regarding important agenda items where shareholders need time to study the information before making decisions.

- (2) At least one independent director is nominated as a proxy alternative for shareholders. Shareholders are also informed of the interests each director has in a particular agenda item, for example, the appointment of directors to replace those who have completed their term.
- (3) Shareholders are encouraged to use a ballot for each agenda item. Separate ballots are provided for separate agenda items for shareholders to cast accordingly.
- (4) The chairperson of the meeting allocates time for shareholders to express their opinions. In the 2022 meeting, the company gave shareholders the opportunity to express their views and ask questions regarding the company. Questions could be posed in advance via email to ir@starsmicro.com or by fax no. 035-258-914. Details were also available at the Investor Relations, Tel. No. 035-258-555 ext. 313. However, in 2022, no shareholders made any contact to ask questions or express their views.
- (5) The Board of Directors ensures that the company abides by the law, rules and regulations, announcements, and orders of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC), including regarding those items pertaining to disclosure of information about connected transactions, and acquisition or disposition of the company’s subsidiaries’ major assets. The company shall also abide by the accounting standards set by the Federation of Accounting Professions.
- (6) The Board of Directors monitors related transactions. In cases where the company’s or its subsidiaries’ related transactions involve those who might have current or future interests or conflicts of interests outside normal business conditions, the company shall disclose such related transactions in the notes to financial statements reviewed by the company’s auditors.

- (7) Regulations require that directors and executives disclose information regarding their personal interest in any transaction that might impact the company via the interests reporting form. The company’s secretary shall receive the interest information disclosure form and then submit it to the Chairman of the Board and the Chairman of the Audit Committee. In 2022, the company had each of its directors and executives disclose their interests and it was found that there were no actions taken that violated the regulations regarding connected transactions.

The company set the policy that the Board of Director must report buy-sell share’s of the company every times (include wife & underage children) within 7 days after buy-sell date. Must send the report to the company’s secretary for report the Board.

3. Rights of Stakeholders

The company recognizes the rights of each group of stakeholders as described below.

- 1. Shareholders : The company has a policy to treats all shareholders equally and fairly and does not take any actions that may violate or reduce the rights of shareholders.
- 2. Employees : The company treats all employees equally and fairly with appropriate compensation.
- 3. Trading partners and creditors : The company has a policy to treats trading partners and creditors fairly according to trade conditions and/or joint agreements. If there is the case that is not in line with the agreed conditions, the company will inform the creditor in advance to resolve the situation together.

4. Customers : The company provides quality service and responds to customers’ needs while also considering safety by setting the criteria to select the customers and consider the credit limit of the old and new customers who must have a good financial status and good payment record.

5. Competitors : The company has a policy to plays by the rules of competition and avoids dishonest means to gain advantage over competitors.

6. Society and environment : The company has a policy to always supports the useful activities and supports the quality of society and environment in general.

In recognizing the stakeholders’ rights, the company follows the related rules and regulations.

The company set the policy of social responsibility to ensure that the company’s business operations realize the social and environmental factors needed for sustainable development.

The company will act in line with the related laws, rules and regulations to justly protect the right of the stakeholders. The Board of Directors have the channels for receiving complaints from all of the stakeholders which can cause problems with the Board of Directors.

Contact the Board, Independent Director pass the Company’s Secretary

e-mail: yunyong-s@starsmicro.com

Fax: 035-258-914

Or by closed letter to Company’s Secretary

Address: Stars Microelectronics (Thailand) Company Limited.

605-606 Bang Pa-In Industrial, Moo 2, Tambol Klongjig, Amphur Bang Pa-In, Ayutthaya 13160.

As for 2022 performance, the company arranged investor and analyst presented its operational performance reports on occasions. It also took part in the Opportunity Day project organized by the Securities Exchange of Thailand on one occasions

- Analyst Meeting on four occasions
- Opportunity Day on four occasions
- Press Conference on four occasion

Moreover, it always arranged company visits for those interested the shareholders who participated in the meet. Also have the opportunity to exchange ideas with each other

In 2021, the company followed the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) regarding information disclosure completely and on time.

6.2 Business code of conduct

The company have disclosure Business code of conduct to the employee and Executive Director for known and strictly follow include the orientation new employee. For the company can success the vision, objectives, goals or strategy which leads to creation of values in the organization, by continue and sustainable.

Year 2022, shareholders, investors and interested persons can read the detail in Attachment 5 in 56-1 one report of the company.

6.3 Major changes and developments regarding policy, guidelines and corporate governance system in the preceding year

Implementation of the Principles of Good Corporate Governance for Listed Companies for the year 2022

6.3.1 Majors changes and developments related to the review on the policy, guidelines and corporate governance Policy

The company has reviewed the Corporate Governance Policy, based on the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, and the Corporate Governance Code for Listed Companies 2017 of the Office of Securities and Exchange Commission. The company has adopted those principles for implementation and has proposed to the meeting of the Board of Directors No. 1/2023 on 27 February 2023 for acknowledgement. The Board of Directors has considered and reviewed the Corporate Governance Code by means that are suitable to the company’s business. The company is in the process of reviewing and updating the principles of Good Corporate Governance to cover and keep up with rapid development of Good Corporate Governance and to raise the standard and practice.

6.3.2 Implementing the CG Code for listed companies in any matter,

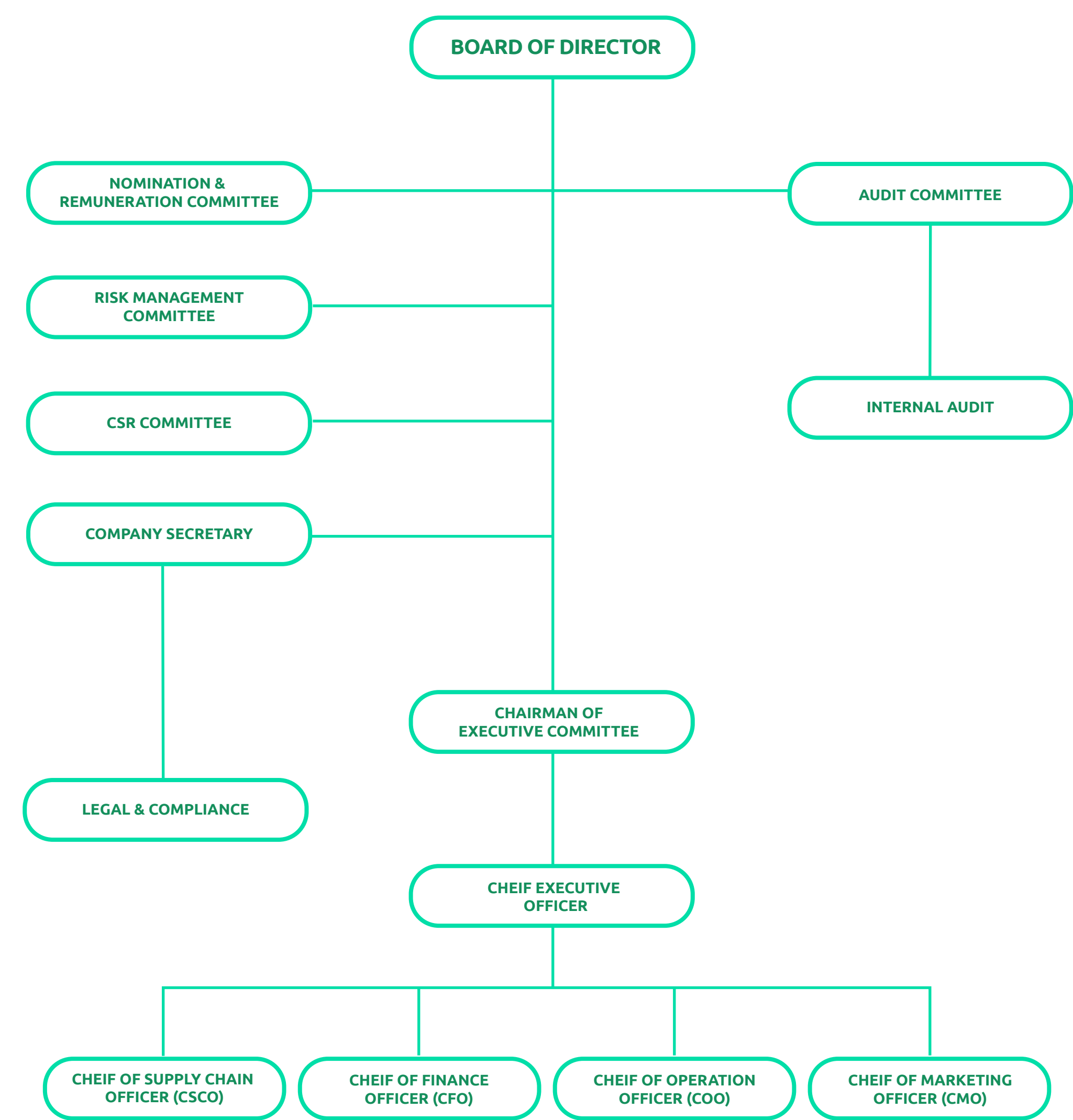
In year 2022, the company have review the Authorities of Board of Director, Authorities of the Audit Committee, Authorities of Executive Committee, Charter of Nomination & Remuneration Committee, Charter of Risk Committee and find that suitable and accordant with CG Code. However, the company have plans to develop and revise CG Policy of the company, for sure that will excellent in the CG and change & develop to cover and keep up with rapid development of Good Corporate Governance and to raise the standard and practice of good corporate governance.

6.3.3 Other matters in accordance with the corporate governance principles in preparation for assessments Corporate Governance.

In year 2022, the company have disclosure the practice follow the Corporate Governance by get receive evaluation the AGM Meeting from Thai Investors Association and The Institute of Directors in the CGR 2022 and receive in very good scores. The Company is the Listed Company so the company has continued to implement action plans that reinforce its compliance with the good corporate governance.

7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

7.1 Corporate Governance Structure



7.2 Information on the Board of Directors

Board of Directors

7.2.1 The composition of the Board of Directors

At present, the company’s Board of Directors comprises 7 members 3 of whom are executives, 3 independent directors, and 1 non-executives.

The company has no directors who are the director of more than 5 companies. The company has no policy to allow it’s executive directors to be the company directors of other companies more than 2 companies exclusive of the company’s subsidiary companies, which the company has to control and monitor to protect the company’s interests. The company has more than one non-executive director who has experience about the company’s business.

Qualifications of Board of Directors

- 1. Possess the qualifications required by law (Public Company Act and Securities and Stock Exchange Act)
- 2. Be knowledgeable, capable, and experienced in matters beneficial to business operations, and be forthright and possess ethics in business operations
- 3. Have reliable discretion independent from management and any other interest groups
- 4. Be able to devote adequate time to the company and pay attention to fulfilling responsibilities

Qualifications of Independent Directors

Independent directors carry out duties assigned by the Board of Directors independently from major shareholders and the company’s management and meet all the qualification requirements stipulated by the Office of the Securities and Exchange Commission (SEC). Independent directors shall form at least one-third of the total number of the directors but must be no less than three. Each director must have the following qualifications:

- 1. Must not hold shares in excess of 1% of the total voting shares of the Company, its parent company, subsidiaries, associate companies or corporate bodies that may have conflicts of interest. This also covers shareholding of persons associated with independent directors.
- 2. Must not be a board member, employee, staff, consultant earning regular salary or person with controlling interest, or a person with the authority to make decisions within the company, its subsidiaries, associate companies or corporate bodies that may have conflicts of interest, unless having been relieved of such conditions for no less than two years prior to the appointment.
- 3. Must not be a person who is related through kinship or legitimate registration as a father, mother, spouse, sibling, child or spouse of a child of a management executive or major shareholder, a person with controlling interest or person to be nominated as an executive or person with controlling interest of the Company or its subsidiaries.

- 4. Must not have a business relationship with a company, parent company, subsidiaries, associate companies or corporate bodies with possible conflicts that might impair independent judgment. Independent directors must not be major shareholders or persons with controlling interests under those with a business relationship with the company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts unless having been relieved of such conditions for no less than two years prior to the appointment. Business relationship in the above paragraph includes any trading transactions in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance worth from three percent of the net tangible assets or from 20 million baht over above, whichever is lower. Debts incurred during the year before the business relationship with the same person are also counted.
- 5. Must not be auditor of a company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to control nor a partner of an audit firm that audits a company, its subsidiaries, associate companies or corporate bodies that might have conflicts unless having been relieved of such conditions for no less than two years prior to the appointment.

- 6. Must not be a person who provides any professional services, including legal counseling or financial consulting services, receives annual service fees over two million baht from the company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to make decisions or a partner of an entity providing such professional services unless having been relieved of such conditions for no less than two years prior to the appointment.
- 7. Must not be a board member who is appointed to be a representative board member of the company, major shareholder, or shareholder who is associated with a major shareholder.
- 8. Must not have any other attributes that may prevent him/her from freely expressing opinions about the Company’s operations.

7.2.2 The information on each director and controlling person

Name of director		Position
1	Associate professor Dr. Preecha Jarungidanan	Acting Chairman and Independent Director, Chairman of the Audit Committee and Chairman of Nomination & Remuneration Committee
2	Mr. Prompong Chaikul	Vice Chairman, Chairman of Executive Committee and Risk Management Committee Member
3	Associate professor Dr. Aekkachai Nittayagasetwat	Independent Director,Audit Committee Member and Nomination & Remuneration Committee Member
4	Professor Dr. Kamphol Panyagometh	Independent Director, Audit Committee Member and Chairman of Risk Management Committee
5	Asst.Prof.Dr. Jitkasame Ngarmnil	Director
6	Mr. Yunyong Sawasdi	Director,Executive Director, Nomination & Remuneration Committee Member & Company’s Secretary
7	Mr. Nattapong Chaikul	Director and Executive Director

The seven members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against Stars Microelectronics (Thailand) Public Company Limited during the year.

Notes:

- Independent directors that meet all the requirements specified in the Company’s list of qualifications of an independent director are number 1, 3 and 4

7.2.3 Information related to the roles and duties of the Board of Directors

Scope of Authorities and Duties of the Board of Directors

1. Manage and operate the company’s business according to law, company objectives, rules and regulations, as well as shareholders’ meeting resolutions with honesty and in keeping with the company’s interests.
2. Assume the authority to appoint a specified number of directors, the company’s, executives, any person and/or outside persons as the company’s Executive Committee to carry out one or more duties as assigned by the Board of Directors. It also has the authority to appoint committees such as the Nomination Committee, the Remuneration Committee as deemed appropriate. It also has the authority to appoint the authorized person to act on behalf of the Board of Directors under its control. It has the authority to terminate, cancel, set the terms of office, correct and change the authority as deemed appropriate. Besides, it has the authority to hire, appoint, transfer, remove, terminate, set the terms of office, fix the salary and fringe benefits for the person in the position of the Chief Executive Officer (CEO) as deemed appropriate or proposed by the Executive Committee or the Nomination Committee.
3. Approve and set goals, policies, annual operational plans and annual budgets for the company as well as control and supervise the administration and the management of executives and any other persons assigned to carry out duties to ensure that it achieves the goals set and is in accordance with the goals, policies and plans set by the Board of Directors.

4. Consider, review, investigate and approve the company’s policies, directions, strategies, and business operation plans of large investment projects proposed by the Board.
5. Maintain operations to ensure that they are in accordance with operational plans and budgets.
6. Consider the approval of investments in business expansion and joint ventures with other operators, companies, or businesses.
7. Set policy for control and supervision of the management of subsidiaries and/or affiliated companies.
8. Assume the authority to consider items for submission to shareholders for approval regarding the termination of use and the disposal or the sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value exceeds 30 million baht.
9. Consider and approve other important operations regarding the company or those deemed appropriate for the company’s benefit.

The authority described above excludes the following matters which require prior permission obtained at the shareholders’ meeting. These matters include:

- (a) any matter mandated by law to require shareholders’ meeting resolutions, and
- (b) any matter in which directors have interests and which by law requiresapproval obtained at the shareholders’ meeting such as those regarding connected transactions and acquisition or disposition of the company’s major assets according to relevant laws.

The following matters must be approved by a majority of votes of Board meeting attendees and no less than three quarters of the total number of possible votes at the shareholders’ meeting:

- (a) the sale or transfer of major parts of the company’s business or the entire business
- (b) the purchase or acceptance of the transfer of another company’s business or private company
- (c) the making, amending, or terminating of agreements regarding the leasing of major parts of the company’s business or the entire business and the assignment of other parties to manage the company’s business or consolidation with other businesses with the objective to share profit and loss
- (d) the amendments of the MOA (memorandum of association) or regulations thereof
- (e) the increasing or reducing of capital and issuing of debenture bonds
- (f) mergers and closures
- (g) other actions stipulated by the laws, rules and regulations of the Securities Exchange of Thailand to gain approval of the Board and the shareholders’ meeting with the votes as stated above.

It is noted that any Board member with interests or conflicts of interests with the company and/or its subsidiaries is not allowed to vote in that particular matter. In addition to the Board of Directors, the company has set up four sub-committees to help manage operations, screen matters, and make decisions according to corporate good governance practices.

- The Executive Committee
- The Audit Committee
- The Nomination & Remuneration Committee
- The Risk Management Committee

Roles and Responsibilities of the Chairman of the Board of Directors:

1. The Chairman of the Board of Directors (should be an independent director) and has separate powers and duties from the Chief Executive Officer.
2. Supervise, monitor, and ensure the performance of the Company's Board of Directors to be effective and achieve the Company's main objectives and goals.
3. Ensure that all members of the Company's Board of Directors participate in promoting an organizational culture of ethics and good governance.
4. Set the agenda for Board meetings in consultation with the Chief Executive Officer and the Company’s Secretary and ensure that important issues are included in the meeting agenda.
5. Allocate sufficient time for management to propose important issues and for the Board of Directors to discuss these issues comprehensively and promotes the Board to have thorough decision-making and free opinions.
6. Foster good relationships between management directors and non-management directors, as well as between the Company's Board of Directors and management.

7.3 Information on subcommittees

Qualifications of the Executive committee

1. Have vision, initiative and integrity
2. Be knowledgeable, capable, and experienced in matters beneficial to the business operations, and be forthright and possess ethics in business operations
3. Able to devote adequate time to the company and pay attention to fulfilling responsibilities

The Executive Committee

Executive Committee comprises 7 Directors

Name of Director		Position
1	Mr. Prompong Chaikul	Chairman of the Executive Director
2	Mr. Virat Phugthai	Executive Director
3	Mr. Yunyong Sawasdi	Executive Director
4	Mr. Ruangpoj Phakdurong	Executive Director
5	Mr. Naris Chandang	Executive Director
6	Mr. Chotisak Promwas	Executive Director
7	Mr. Nattapong Chaikul	Executive Director

Role and Authority of Executive Directors

1. Component and Appointment

1. The Board of Directors appoints the Executive Committee.
2. The persons to be appointed can be selected from members of the Board of Directors, members of the top management of the company and/or outside persons. Those persons must be capable and knowledgeable. They must have enough time to dedicate their knowledge and ability to the company.
3. Have qualifications which are not against the Public Limited Company Act and other related law.
4. The Executive Director can not be a partner or a director of other companies which operate the same business and compete with the company either for own interests or other people’s interests except that the Executive Director has informed the Board of Directors before being appointed.

2. Terms of office of Executive Director

1.The Executive Director has the terms of office for 2 years from the appointment date. The Board of Directors can change or adjust the terms of office of the Executive Director. The Executive Director who vacates the office can be reappointed. The Board of Directors appoints the Executive Directors to fill the vacancy.

2. Resignation

3. Duties and Responsibilities

1. Assign administration and management to set policies, goals, annual operational plans and annual budget as well as establish business strategies for submission to the Board of Directors for approval

2. Control and ensure that the company’s business operations are in the company’s rules and regulations, as well as policies, goals, annual operational plans, annual budget, and business strategies approved at the Board of Directors.

3. Evaluate the company’s and various department’s general performance on a quarterly basis

4.Coordinate with the Board of Directors in setting directions and guidelines in deciding on the Mission for administration and management. The committee establishes long term plans and business goals that are in line with policies, annual operational plans and annual budget approved by the Board for further execution by the administration and the management

5.Control, review, and monitor administration and management’s operations follow according to policies set by the Board of Directors

6. Issue orders, regulations, announcements, and stipulations to ensure that the company’s operations are in accordance with its policies, for the benefit of the company and to maintain discipline within the organization

7. Consider, approve or authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors ‘ Meeting to consider and approve.

8. Consider and approve the salary structure and other fringe benefits of the management and employees of the company and submit to the Remuneration Committee to submit further to the Board of Directors for approval.

9. Consider and approve the change and improvement of management structure, rules and regulations and working procedure of each department and submit to the Board of Directors to approve.

10. Review balance sheets, profit and loss statements, cash flow projections, and investment plans and then submit them to the Audit Committee for consideration and approval for submission at the shareholders’ meeting (if necessary) for approval

11. Make recommendations and provide consultancy for the Board for decision making regarding the company’s business

12. Assign administration and management to prepare reports regarding the company’s performance, financial statements, investment budget, and address major problems or risk management issues for submission to the Board of Directors for acknowledgement and/or approval

13. Determine marketing and sales strategies that are in line with annual operational plans and the annual budget

14. Consider tendering bids or participating in bid tenders under 100 million baht

15. Approve the purchase of machinery budget for transactions under 30 million baht (both single transactions or a series of transactions) totaling no more than 100 million baht or equivalent except approved by the Board and/or stated in annual operational plans or the annual

16. have the authority to terminate the use, disposal, sale or lease back of assets according to the pertaining regulations and guidelines in cases where the net accounting value is over one million baht but no more than 30 million baht

17. Consider the lending, borrowing, or securing of capital, requests for, granting, or guaranteeing of credit, and investments in instruments guaranteed by the Ministry of Finance, commercial banks or any other appropriate instruments for submission to the Board of Directors for approval

18. Submit matters that the Board considers important and require Board approval to the Board for consideration

19. Perform other duties assigned by the Board with the necessary authority to perform the duties

4. Executive Committee Meeting

(a) The Executive Committee must hold a meeting at least once a month. The Executive Directors must attend the meeting regularly.

(b) To form a quorum in an Executive Committee Meeting to carry out any procedure described above, no less than half of the total number of directors must attend the meeting.

(c) A director is entitled to one vote in the Executive Committee meeting.

(d) For a resolution to pass, it must get no less than half of the total votes of directors attending the meeting, except in passing a resolution regarding items nos. 1, 10, 12,14 and 15 above, which require no less than three-fourth of votes of the total number of company directors.

(e) The Executive Committee may appoint a sub-committee, working committee and/or person to monitor the items to be submitted to the Executive Committee, carry out any procedures for the Executive Committee’s operations or conduct any matter in lieu as assigned by the Committee within the scope of its authority and duties.

It is to be noted that the approval of said items shall not be of the nature in which the Executive Committee or an authorized party thereof can approve transactions which they may have interests in, conflicts with or may have conflicts of interest with the company, its subsidiaries or related companies (according to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC)). The Committee shall submit such transactions to the Board of Directors and/or shareholders at the shareholder’s meeting for consideration and approval in accordance with related regulations, announcements or laws. Exempt from this procedure is the approval of those items that are normal business transactions, the scope of which are clearly defined.

5. Remuneration for Executive Director

The Executive Director who is entitled to receive the remuneration from the company must be the Executive Director from outside only. The Board of Directors sets the remuneration for the Executive Directors.

Nomination & Remuneration Committee

Qualifications of Nomination & Remuneration Committee

- 1. The Remuneration Committee must consist mainly of independent directors.
- 2. The Remuneration Committee members must be knowledgeable, capable, and experienced as well as understand the qualities, duties, and responsibilities as a committee member considering remuneration.
- 3. The Remuneration Committee members must be able to devote adequate time to fulfill the Remuneration Committee’s duties.

For corporate good governance and in compliance with the “2012 Principles of Corporate Good Governance for Listed Companies” the Board of Directors has established the Nomination & Remuneration Committee to consider the structure and the criteria for remuneration of directors and the Chief Executive Officer and provides comments for the Board of Directors.

- The Board of Directors approves the nomination & remuneration of the Chief Executive Officer.
- The Board of Directors proposes the nomination & remuneration of Directors at the shareholders’ meeting for approval.

The Company’s Nomination& Remuneration Committee comprises the following three members:

Name of remuneration director		Position
1	Associate Professor Dr. Preecha Jarungidanan	Chairman of Nomination& Remuneration Committee
2	Associate professor Dr. Aekkachai Nittayagasetwat	Nomination& Remuneration Committee Member
3	Mr. Yunyong Sawadi	Nomination& Remuneration Committee Member

Chairman of The Nomination& Remuneration Committee is an Independent Director.

The Nomination& Remuneration Committee is a committee appointed to make recommendations regarding consideration of remuneration of the directors, committee members, sub-committee members, Chief Executive Officer, consultants to the Board of Directors and the company’s secretary to ensure transparency and fairness. The Remuneration Committee is totally independent in performing its duties according to the charter.

1. Organization and appointment

- The Board of Directors considers the appointment of the Nomination& Remuneration Committee.
- The Nomination& Remuneration Committee comprises at least three members with the majority being independent directors.
- The chairman of the Nomination& Remuneration Committee to be appointed must be an independent director.
- The company’s secretary shall be the Nomination& Remuneration Committee’s secretary with the duty to provide support to ensure the Nomination& Remuneration Committee’s operations run smoothly.

2.Term of Office

The Nomination& Remuneration Committee’s term of office is three years from the date of appointment by the Board of Directors. Those who have completed the term may be re-appointed with the majority of votes at the Board of Directors’ meeting. As for a replacement committee member when there is a vacancy, the Board of Directors considers the selection and further appointment.

3.Duties and responsibilities

The Nomination& Remuneration Committee has the following major duties and responsibilities:

- 1. Submit proposals regarding remuneration for committees, sub-committees, the Chief Executive Officer, and the Board’s consultants to the Board of Directors and/or shareholders’ meeting for approval
- 2. Determine the annual retainer fee and the meeting attendance fee and other remuneration as appropriate considering the guidelines practiced by other companies in the same industry, the company’s performance, as well

as the responsibilities, knowledge, capabilities, and experience of directors, the Chief Executive Officer or the consultants required by the company

- 3. Call the management, supervisors and/or any person concerned to attend meetings to clarify matters or ask and answer questions and/or provide documentation for consideration regarding remuneration. The committee appoints independent experts as appropriate both from within and outside the company at the company’s expense and within the budget approved by the Board of Directors for consultancy as well as makes recommendations regarding decisions on remuneration
- 4. Set the principles of reporting and submit evaluation reports on the performance of the Board, committees, sub-committees, the Chief Executive Officer, and the Board’s consultants to the Board of Directors
- 5. Report results on the fulfillment of duties to the Board of Directors every time there is a Remuneration Committee meeting and report the name list, scope of the Remuneration Committee’s authority and duties to shareholders on the Registration Statement Form (Form 56-1) and in the annual report (Form 56-2), for example
- 6. Consider, review, and make recommendations in case there are changes regarding the Remuneration Committee’s charter to the Board of Directors for approval of amendments as appropriate or in accordance with the rules and regulations of agencies concerned

Duties and responsibilities of Nomination Committee

- 1) Consider the structure of the company’s Board of Directors in terms of numbers of directors that are suitable for the company’s size, type and complexity of business, qualifications of each director in skills, experiences, specific capabilities related to the business

- and the main industry in which the company operates.
- 2) Consider the qualifications of the candidates who will be the company’s independent directors to be suitable for the company. The independence must comply with the rules and regulations of the Securities and Exchange Commission (SEC).
 - 3) Set the principles and methods of recruitment of candidates to be appointed the company’s directors to be suitable for the company such as the principle to consider the current directors to continue their terms, principle to announce in public to recruit the directors, principle to allow the shareholders to propose the directors, principle to hire the head hunters to recruit the directors, principle to consider the professional directors or principle to allow each director to propose the suitable candidates.
 - 4) Conduct the plan to develop the directors to train current directors and new directors on the company’s business which includes the roles and duties of directors and important developments such as industry situations and rules and laws related to company’s business.
 - 5) Conduct the company’s succession plan and conduct the plan to develop the Chairman of the Executive Committee, Chief Executive Officer (CEO), Chiefs and members of the top management continuously to have the successors in case the above mentioned positions retire or cannot perform their duties to ensure the company runs continuously.
 - 6) Propose the principle to recruit the company’s directors, independent directors, directors of sub-committees, top management members, CEO, Chiefs and top management members of Finance & Accounting department.
 - 7) Recruit, select and propose the qualified candidates to

- hold the top management positions to the Board of Directors to consider appointing and fixing the remuneration.
- 8) Propose the principles, methods and steps to evaluate the performance of top management members.
 - 9) Evaluate the performance of the company’s directors, sub-committee’s directors and top management members.
 - 10) Others elated to nomination and assigned by the Board of Directors.

4.Meetings

1. The Nomination & Remuneration Committee shall hold a meeting at least once a year as necessary and appropriate.
2. The Nomination & Remuneration Committee Chairman shall set the agenda of each meeting and chair the meeting where minutes are taken and meeting records are kept.
- 3.The meeting agenda and meeting documents shall be forwarded to the Nomination & Remuneration Committee in advance prior to the meeting.
- 4.To form a quorum, no less than half of the Nomination & Remuneration Committee members must be present.
- 5.The Nomination & Remuneration Committee’s meeting resolutions are reached according to the majority of votes of the committee members attending the meeting. Members with interests in any matter shall not consider or pass a resolution therein.

5.Reporting

The Nomination & Remuneration Committee shall report its performance to the Board of Directors and shall report on its duties during the past year to shareholders in the annual report detailing the following:

1. name list of the Nomination & Remuneration Committee
2. the number of meetings held
3. the number of times each Nomination & Remuneration committee member attended the meetings
4. results of their performance according to the charter

The Audit Committee

Qualifications of Audit committee

1. The Audit Committee comprises at least three independent directors.
2. The Audit Committee is appointed by the Board or the shareholders
3. The Audit Committee members must not be persons assigned by the Board to make decisions regarding the company, its parent company, subsidiaries, associate companies, affiliates or corporate bodies that might have conflicts.
4. The Audit Committee members must have adequate knowledge and experience to fulfill duties as Audit Committee members; it is noted that there must be at least one Audit Committee member who is knowledgeable and experienced enough to review the reliability of the financial statements.

The Audit Committee, appointed by the Board of Directors, comprises four independent directors who are experts in such fields as accounting and finance economics and risk management.

The Company’s audit committee comprises the following 3 members:

Name of Audit Committee		Position
1. Associate professor Dr. Preecha Jarungidanan		Chairman of Audit Committee
2. Associate professor Dr. Aekkachai Nittayagasetwat		Audit Committee Member
3. Professor Dr. Kamphol Panyagometh		Audit Committee Member

Two out of three member of the Audit Committee - Associate professor Dr. Aekkachai Nittayagasetwat and Professor Dr. Kamphol Panyagometh are knowledgeable and experienced enough to review the reliability of the financial statements .

The secretary to the Audit Committee is Miss Sunan Wongmutthavanich. She is now Director-Internal Audit Department

The Audit committee’s Scope of Authorities and Duties

- 1. The Audit Committee has the following duties as assigned by the Board of Directors:**
1. Review the company’s financial reports to ensure accuracy and adequacy
 2. Review the company’s internal controls and internal audit systems to ensure their suitability and effectiveness, preserve the independence of the internal audit work unit, and approve appointments, movement, and termination of the chief of internal audit or any other unit responsible for internal audits
 3. Review operations to ensure the company’s compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company’s business
 4. Consider, select and nominate independent persons to become the company’s auditors, propose remuneration of said persons, Including termination of external audit and meet with auditors without the management being present at least once a year
 5. Assess connected transactions or those that might have conflicts of interest so that they are in accordance with the law and regulations of the Stock Exchange of Thailand

- as well as ensure that the transactions are justifiable and for the company’s maximum benefit
6. Prepare the Audit Committee’s report and include it in the company’s annual report which shall be signed by the Chairman of the Audit Committee and contain at least the following information:
 - comments regarding the accuracy and reliability of the company’s financial report
 - comments regarding the adequacy of the company’s internal control system
 - comments regarding compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company’s business
 - comments regarding the suitability of auditors
 - comments regarding transactions that might involve conflicts of interest
 - the number of the Audit Committee meetings and attendance records of each Audit Committee member
 - comments and general observations made by the Audit Committee in conducting its duties according to the charter
 - other items deemed of note for shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors
 7. Address any other matters assigned by the company’s Board with the Audit Committee’s approval

- 2. The Audit Committee’s Responsibilities**
- The Audit Committee is directly accountable to the Board of Directors and the company’s Board maintains responsibility for the company’s performance regarding outside parties.

3. The Audit Committee’s Authority

1. The Audit Committee has the authority to seek unbiased comments from other professional consultants when necessary at the company’s expense.
2. The Audit Committee has the authority to call for information from various work units of the company for additional consideration of various matters.

4. The Audit Committee Meeting

1. The meeting. The Audit Committee holds a meeting at least once every quarter. In case of urgency, any Audit Committee member or a company director may ask for an Audit Committee meeting to be held.
2. Voting. Any Audit Committee member with any interest in the matter under consideration is prohibited from making comments and voting regarding the matter. The Audit Committee’s secretary carries no vote.
3. Meeting reports. The Audit Committee’s secretary or person assigned by the Audit Committee shall take minutes and prepare the Audit Committee meeting reports. The reports shall then be submitted to the Audit Committee for approval and for further submission to the Board of Directors so that the Board is informed of the Audit Committee’s activities.

5. The Audit Committee’s reporting

- In carrying out its duties, the Audit Committee is required to report to the company’s Board so improvements and corrections can be made within the time period the Audit Committee sees appropriate if it finds or suspects any of the following situations which might have significant impact on the company’s financial status and operational results:
1. transactions where there are conflicts of interest,

2. misappropriation or major impairment of the internal control system,
 3. violation of the law or rules and regulations of the Stock Exchange of Thailand or laws related to the company’s business.
- After reporting such matters which might have significant impact on the company’s financial status and operational results to the Board of Directors and after joint decision with the Board of Directors and the management on improvements and corrections to be made, if the Audit Committee finds negligence in implementing the decisions in a timely manner without justifiable cause, a designated Audit Committee member may report such findings to the Stock Exchange of Thailand or the Office of the Securities and Exchange Commission (SEC).

Risk Management Committee

The company has appointed the Risk Management Committee in compliance with the practice of good corporate governance according to the Securities Exchange of Thailand regarding risk management. The company also sees that good risk management will help add to its value for shareholders while promoting stable and sustainable growth and boosting its competitiveness. The Risk Management Committee was set up as a unit to study, follow up on, evaluate and prioritize risks, and then provide the Board of Directors with advice regarding reduction of risks and taking action to reduce risks that may result either from internal and external factors.

The Board of Directors has set the risk management policy stressing that the company manages the risks all over the organization to reach the targets of risk management. The Risk Management Committee sets the targets and indicators of risk measurement. They have an improvement plan and report the risk management to the Audit Committee and the Board of Directors to acknowledge in every meeting.

The Risk Management Committee:

Name of Risk Management Committee		Position
1	Professor Dr. Kamphol Panyagometh	Chairman of the Risk Management Committee
2	Mr. Prompong Chaikul	Risk Management Committee Member
3	Mr. Yunyong Sawasdi	Risk Management Committee Member
4	Mr. Ruangpoj Phakdurong	Risk Management Committee Member
5	Mr. Naris Chandang	Risk Management Committee Member
6	Mr. Chotisak Promwas	Risk Management Committee Member
7	Mrs. Phongphan Puttang	Risk Management Committee Member
8	Miss. Sunan Wongmutthavanich	Risk Management Committee Member
9	Mr. Koratak Weeradaecha	Risk Management Committee Member

*Chairman of Risk Management Committee are Independent Director

Components

- The company’s Board of Directors consider and appoints the Risk Management Committee.
- The Risk Management Committee comprises independent directors and no less than five top level executives from major division of the company.

The term of office is of two types:

- For independent directors, the term of office for the position is three years. Pertaining to this, the director whose term has been completed may be chosen to resume the position in the committee. In the case where a committee member resigns of a position becomes vacant before the term is over, the Board of Directors may appoint another independent director to hold the position for the rest of the term of office of the committee member replaced.
- For top level executive directors, the term of office lasts as long as the executives hold the top level executive position in a particular division. In the case where a position held by a top executive becomes vacant, an individual with similar qualifications and the same or equivalent position shall be appointed as replacement. The replacement individual shall be a member of the committee until he is promoted or moved, resigns or is terminated, or for any reason is rendered unable to work in the position.

Duties and responsibilities

1. Set risk management policies and plans, prepare risk reports for submission to the Board of Directors for consideration and approval in determining appropriate risk management plans and implementation within the company.
2. Study, evaluate and follow up on the risks that may emerge as well as set policies and an Integrated Risk Management framework to cover major risks both from internal and external factors including the following:
 - 2.1 internal factor
 - Business risk
 - Financial risk
 - Operation risk
 - 2.2 external factor
 - Economic risk
 - Regulatory / Political risk etc.
3. Supervise and follow up regularly on the implementation of risk management policies to ensure efficient and continuous risk management practices.
4. Review and check risk management reports regularly to follow up on significant risk and to see to that the risks are management adequately and properly.
5. Provide regular reports to the Board of Directors regarding risks, risk management, as well as the risk situations the company faces, and improvements or corrections needed to be in accordance with the set risk management policies
6. Have the authority to appoint a work group and/or additional staff, or hire external independent experts as necessary to study, evaluate, follow up on and make recommendations regarding risk management.

- 7. Prepare the Risk Management Committee’s annual performance reports as well as determine goals and plans for the following year for submission to the Board of Directors
- 8. Consider, review and make recommendations regarding any changes in the charter of the Risk Management Committee for submission to the Board of Directors to request approval of improvement of the charter so that it is appropriate or in accordance with the rules and regulations of the agencies concerned.
- 9. Perform any other duties regarding risk management as assigned by the Board of Directors.

The Risk Management Committee Meeting

- 1. The Risk Management Committee must hold at least four meetings annually as necessary and appropriate.
- 2. No less than half of the Risk Management Committee members are required at each meeting of the Risk Management Committee to constitute a quorum.
- 3. The resolution of the Risk Management Committee is decided by the majority votes of the members participating in that particular meeting.
- 4. The Risk Management Committee may invite other people concerned with an agenda item to participate in the meeting as necessary.
- 5. Meeting documents must be delivered to each of the Risk Management Committee no less than seven days before the meeting date. Meeting minutes must be prepared and delivered to the Risk Management Committee members within 14 days after the meeting is completed.
- 6. The secretary of the Risk Management Committee is responsible for arranging meetings including the meeting venue, the meeting agenda and the meeting documents.

The Reporting work results

The Risk Management Committee must report its work in dealing with and in managing risk as well as risk situations on each of the specified headings to the Board of Directors to ensure that the Board is aware of and realizes the factors that may have significant impact to the company’s business operations.

Scope of the authority and duties of Chief Executive Officer

- 1.Oversee, run and carry out regular business duties for the benefit of the company and manage the company’s operations according to the policies, goals, operational plans, annual budget and related strategies set by the Board of Directors and/or assigned by Executive Committee.
- 2. Supervise operations regarding finance, marketing, human resources management and other operations in general so that they are in accordance with the company’s policies, and annual business operational plans set by the Board of Directors and/or the Executive Committee.
- 3.Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are from the “ Chief” level to the department directors .This must be approved by the Board of Directors or the authorized person by the Board of Directors
- 4. Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are lower than the department directors.
- 5. Approve the purchase of machinery under a limit (whether it is one or a series of transactions) of four million baht per transaction, and no more than 20 million baht per

year except in cases where approval has been received from the company’s Board and/or the purchase has appeared in annual business operational plans or the annual budget.

- 6. Have the authority to approve the termination of use, disposal, sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value is not over one million baht.
- 7. Submit proposed contracts and/or transactions for the company’s benefit to the Board of Directors’ meeting for approval.
- 8. Have the authority to approve the purchase of raw materials valued at no more than 10 million baht or equivalent per transaction per month.
- 9. Carry out other duties assigned by the Board of Directors and/or the Executive Committee with the authority to carry out any procedures necessary for fulfilling said duties.

It is noted that in conducting matters in which the Chief Executive Officer, authorized person or persons with possible conflicts (according to the policy of the Stock Exchange of Thailand) has interests or conflicts of interests with the company and/or its subsidiaries, and/or related companies, the Chief Executive Officer has no authority to decide such matters.

Board of Directors’ meetings

The company has already set the dates for the Board of Directors’ meeting and the Audit Committee’s meetings for 2023 and has already informed all related directors. The company plans to hold Board of Directors’ meetings 6 times a year. The company secretary will send the invitation letters with agendas 7 days in advance in order for all directors to become familiar with the meetings in advance.

In 2022, the company held six time of Board of Directors’ meetings. (Its policy is to hold a meeting once every three months.) Almost all directors attended each meeting. In organizing such meetings, the company’s secretary sends a meeting invitation to directors no less that seven days prior to the meeting date, except in cases of urgency to maintain the company’s rights or benefits. In urgent cases, invitations shall be extended by phone or mail to set an earlier meeting date. The secretary also takes minutes and keeps the meeting reports as approved by the Board of Directors.

7.4 Information on executives

7.4.1 Management Team

1. Mr.Virat Phugthai
- Chief Executive Officer

• Executive Director
2. Mr.Ruangpoj Phakdurong
- Chief Operations Officer

• Executive Director

• Risk Management Committee Member
3. Mr.Naris Chandang
- Chief Marketing Officer

• Executive Director

• Risk Management Committee Member
4. Mr.Chotisak Promwas
- Chief Financial Officer

• Executive Director

• Risk Management Committee Member

7.4.2 Remuneration policy for executive directors and executives

Guidelines for Management compensation

The Nomination and Remuneration Committee considers the remuneration of directors and Chief Executive Officer, submitting the proposal to the Board of Directors for approval. Remuneration for the Board of Directors requires approval of the shareholders at a shareholders’ meeting. The company’s guidelines regarding management compensation are laid down as follows:

Guidelines for Director

The company determines appropriate remuneration to attract and retain directors with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company’s performance,
- responsibilities assigned to directors, and
- average remuneration rate of businesses in the same industry.

Directors’ remuneration consists of an annual retainer fee and meeting attendance fee.

Guidelines for high level executives

The Executive Committee will consider remuneration of high level executives including those in Chief positions, senior directors and directors of various departments to maintain pay at an appropriate level in order to attract and retain executives with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company’s performance
- the Key Performance Indicators - KPI when considering an increase in remuneration or annual salary raise
- average remuneration rate in the industry

In addition, the company may also seek consultation from experts in Human Resources Management at the company’s expense.

7.4.3 Total amount of the remunerations of executive directors and executives

Remuneration for Managements

(unit:Baht)

Remuneration	Fiscal year 2021 ending December 31st,'21		Fiscal year 2022 ending December 31st,'22	
	Of recipients	Total Payment	Of recipients	Total Payment
Total Salary	6	22,570,212	6	22,782,975
Total Bonus	6	2,309,814	6	2,898,875
Provident Fund	5	1,147,538	5	1,211,218
Total		26,027,564		26,893,068

7.5 Human Resources

As of 31 December 2021 and 31 December 2022, the number of employees (excluding executives) divided according to their major fields of work were as follows:

(unit: Person)

	As of December 31st,'21	As of December 31st,'22
1. Operations & Development	885	970
2. Supply chain	60	48
3. Finance & Administration	44	45
4. Business Development	30	32
5. Technology	15	12
Total	1,034	1,107

The company has set the policy to fix compensation for the employees in line with the performance of the company for both short-term and long-term. The company reviews the compensation policy for employees to be in line with the same levels as other companies in the same industry and within proximity.

The company has a policy to provide fringe benefits, which are useful for employees such as the provident fund and annual physical check-up. Besides this, the company encourages the employees to play sports and to read. In order for the employees to exercise and relax after work, the company provides badminton courts, tables for playing table tennis and a library in the building.

Staff Development Policy

In its staff development efforts, the company aims to boost its employees’ knowledge and skills as well as favorable attitudes towards the company. The purpose is to enhance the efficiency and effectiveness of company operations both at present and in the future.
The company’s employees should:

- 1. Learn various types of work.
- 2. Be able to perform various duties.
- 3. Be highly skilled in performing their job.
- 4. Rotate duties with other team members.

Seeing staff development as one of the priorities, the company has a policy to:

- 1. Allocate budget funds for the organization’s staff development.
- 2. Promote staff development in other aspects at all levels by organizing both internal and external training programs regularly.
- 3. Arrange for staff development jointly with customers for joint innovation product development.
- 4. Send staff to attend training programs overseas.

7.6 Other significant information

7.6.1 Name of the person assigned to take direct responsibility

- Company secretary and head of compliance unit	Mr. Yunyong Sawasdi
- The person assigned to take direct responsibility for accounting oversight	Mr. Chotisak Promwas
- The person assigned to head of Internal Audit	Miss Sunan Wongmutthavanich

7.6.2 Name of Head of Investor Relations and contact information

Investor Relations Contact
Stars Microelectronics (Thailand) Public Company Limited
Bang Pa-In Industrial Estate (I-EA-T Free Zone)
605-606 Moo 2, Tambol Klongjig, Amphur Bang Pa-In
Ayutthaya 13160
Email: ir@starsmicro.com
Tel: 035-258-555 ext 313
Fax: 035-258-914

7.6.3 Remuneration for the Auditor

At the 2022 shareholders’ annual general meeting, the appointment of the following Auditors from EY Office Co. Ltd. was approved as auditors for the company and its subsidiaries: namely, Ms. Vissuta Jariyathanakorn (Certified Public Accountant License No. 3853) and/or ;Mr. Termphong Opanaphan (Certified Public Accountant License No. 4501) and/or, Ms.Manee Rattanabunnakit (Certified Public Accountant License No. 5313).The meeting also approved auditing remuneration for 2022 of 2,450,000 baht.

Auditing remuneration for the past three years (2020-2022)

	Unit : Baht		
	Year 2020	Year 2021	Year 2022
Audit fee	2,350,000	2,350,000	2,450,000

- Other service : -No-

The Auditor
EY Office Co., Ltd.
33rd Floor, Lake Ratchada Building
193/136-137 New Patchadapisake road
Klongtoey, Bangkok 10110
Tel : 0-2264-0777
Fax : 0-2264-0789-90

8. Report on key operating results on corporate governance

8.1 Summary of duty performance of the Board of Directors in the past year

8.1.1 Selection, development and evaluation of duty performance of the Board of Directors.

Selection of Directors

Year 2022, the Company do not have remuneration new directors, because the Director have appropriated of business of the company.

Moreover, if the company need to find new director for substitute the old one who retired, that the selected of new director follow to the CG code and Nomination & Remuneration Committee before sent to the Board and approve by the AGM.

Board Diversity

The company have the policy of Board Diversity, by the director need to have more skill in the many profession, expertise in many fields, not regardless of gender, age, nationality.

Selection of Directors and Independent Directors and Members of Remuneration committee

The Nomination & Remuneration Committee will responsibility to select persons to become directors, the company has a policy to search for and select persons considering

The new directors recruited must possess knowledge, ability and experience related to the company’s business and are in line with the company’s business strategies now and in the future.

Principles in appointment and removal of directors are as follows:

1. The Company’s Board

Comprises at least 5 directors and no more than 12 directors. No less than half of the directors must have residence in the Kingdom and must meet the qualifications stipulated by law. Directors are not allowed to conduct business as partner or director of other corporate bodies of a similar nature or conduct business in competition with the company, except when the shareholders have been informed at a meeting prior to the appointment.

2. The shareholders appoint directors

By the majority of votes according to the following principles and methods.

- 2.1 Shareholders are entitled to one vote per share.
- 2.2 Shareholders are to vote for directors one candidate at a time.
- 2.3 Persons winning the highest number of votes are selected as directors, of which the number is equal to that required or to be selected on that occasion; in the case of an equality of votes, the Chairman shall cast the deciding vote.

3. At every annual general meeting, one-third of the directors shall retire from office

If the number of directors to retire from office is not a multiple of three, then the number of directors closest to one-third shall retire. The directors to retire from office pursuant to the first paragraph in the first and the second years shall be determined by drawing lots. In every subsequent year, the directors who have served longest in office shall retire. A retiring director based on the preceding shall be eligible for re-election.

4. If an office of director is vacated other than by rotation

The Board of Directors may appoint a person who is qualified and is not prohibited under the law as a director in his place at the following meeting of the Board of Directors unless the remaining tenure of the director is less than 2 months. The replacement director shall assume the director’s office for only as long as the remaining tenure of the replaced director.

5. At a meeting

The shareholders may pass a resolution for any director to leave the office before the end of their term with no less than three-fourths of the shareholders attending the meeting, having the right to vote and having total shares of no less than half of the shares held by the shareholders attending the meeting.

The orientation for the new company directors

The Board of Directors has set the policy to provide an orientation to all new company directors due to the realized importance of providing them with the knowledge and understanding of the company’s business and procedures needed prior to attending their first Board of Directors’ meeting. The company secretary prepares useful and necessary documents for new company directors such as: the company’s rules and regulations, business model, company director’s manual, authority and responsibility of company directors, business ethic and employee’s code of conduct, information disclosure, compensation and benefits of company directors and the directors of subcommittee, general information and information of the management team. All new company directors are invited to visit the company

All new directors will be required to attend the training course of “Company director of listed companies” organized by the Institute of Directors Association at the company’s expense.

Independent Director Nomination

Independent directors must form no less than one-third of the total number of directors and there must be no less than three independent directors. The selection and nomination guidelines of independent directors are similar to those of directors and executives. Those selected to assume the positions of independent directors must have the qualifications stipulated by the company.

Year 2022, the Company have 3 Independent Directors from total 7 person and all of Independent Directors have a good qualification accordant with company wanted.

The Company has a policy to limit the number of years in the position of an Independent director to not more than 9 years, whereby the Company has at least 1 independent director over 9 years.

Audit Committee Nomination

Audit Committee must be no less than three independent directors. The selection in the same method of independent directors Moreover the Audit Committee must have the qualifications stipulated by the law.

Year 2022, the Company have 3 Audit Committee members with all of Audit committee member were Independent Director.

Top Management Nomination

Executive Committee has authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors ‘ Meeting to consider and approve.

Holding a Director Position in Other companies

The company’s directors should limit the number of companies in which they hold a director position to no more than five. This is to ensure that they have adequate time to perform their assigned duties and responsibilities. Directors are required to report to the company should there be any changes therein regarding the holding of directorship in other companies.

Directors and Executives Development

The company has a policy to develop directors and high-level executives regarding corporate good governance and sustainable management. Directors and executives take part in the training programs organized by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission (SEC), and the Institute of Directors (IOD). Each director has completed training in the Director Certification Program (DCP) or the Director Accreditation Program (DAP) organized by the IOD.

In the year 2022 do not increase the number of directors, because the number of directors are suitable for the Company’s business operations. In this regards, the Company has sent the Company’s directors and executives attended training courses organized by the Institute of Directors Association (IOD) in order to develop and increase their knowledge in 2022, totaling 5 persons.

Training course IOD_2022

NO.	Name		Position	Course		Date
1	Mr. Virat	Phugthai	CEO	Director Accreditation Program (DAP) 191/2022 (Online)	DAP 191/2022 (Online)	28-Mar-2022
2	Mr. Naris	Chandang	CMO	Director Accreditation Program (DAP) 191/2022 (Online)	DAP 191/2022 (Online)	28-Mar-2022
3	Mr.Prompong	Chaikul	Vice Chairman	The Board’s Role in Mergers and Acquisitions (BMA) 1/2022 (Online)	BMA ,Class of 1/2022 (Online)	25-Jul-2022
4	Mr. Virat	Phugthai	CEO	The Board’s Role in Mergers and Acquisitions (BMA) 1/2022 (Online)	BMA Class of 1/2022 (Online)	25-Jul-2022
5	Mr. Chotisak	Promwas	CFO	The Board’s Role in Mergers and Acquisitions (BMA) 1/2022 (Online)	BMA Class of 1/2022 (Online)	25-Jul-2022
6	Mr. Koratak	Weeradaecha	Finance Director	The Board’s Role in Mergers and Acquisitions (BMA) 1/2022 (Online)	BMA Class of 1/2022 (Online)	25-Jul-2022

Evaluation of Board of Directors

Self-evaluation of the Board of Directors and sub-committees

The company has a policy for the Board of Directors and sub-committees to perform self-evaluation at least once a year to help them review their performances, issues, and obstacles during the past year, as well as to evaluate their strengths and oversights. This is to improve the efficiency of future work and promote a good understanding among all Board members and to align with the principle of good governance.

The criteria, process, evaluation results, and application for better performance are as follows:

The company has designed an evaluation for the Board of Directors and sub-committees by dividing into five topics, including:

- Topic 1 : Board structure and qualifications
- Topic 2 : Board meetings
- Topic 3 : Roles, duties, and responsibilities of the Board
- Topic 4 : Other issues, such as the relationship between the Board and management, and self-development of the Board
- Topic 5 : Comments/suggestions for furtherimprovement

The results show in percentage from the full score in each category as follow:

Evaluation Result	Score (Percent)	Indication
0	< 50	Needs improvement
1	50 – 64	Fair
2	65 – 74	Quite Good
3	75 – 84	Good
4	≥ 85	Very Good

For the year 2022, the self-evaluation result was very good, and the Board of Directors and sub-committees have performed their duties in accordance with their mandate and regulations, and worked together effectively. The results are as follow:

Self-evaluation results of the Board of Directors and sub-committees (SMT)

Board	98 %
Audit Committee	100%
Nomination & Remuneration Committee	96%
Risk Management Committee	97%

The Board of Directors and sub-committees will continuously improve to align with their duties and responsibilities, in order to achieve better evaluation scores next year.

Evaluation of chief Executive Officer

The company evaluates the Chief Executive Officer’s performance annually for consideration of remuneration which is fair to both the company and the Chief Executive Officer by relying on the principles practiced by the majority of listed companies and agreed to in advance with the Chief Executive Officer according to specific criteria. Evaluation criteria include financial performance and achievement of long-term strategic goals. Both financial metrics and non-financial metrics are used in performance evaluation.

Financial Metrics: e.g. income net profit, net earnings per share, return on fixed assets, return on equity and Economic Value Added – EVA etc.

Non-Financial Metrics: e.g. vision, leadership, achievement of strategic plans, risk management, good relations with the Board of Directors, response to need and directions of the Board of Directors, communications, human resources management, market expansion, etc.

Year 2022, the result of the evaluates of CEO show a good.

Management Succession Plan

The company has a management succession plan with selection procedures considering both candidates from within and outside the company. It has an appropriate system to select directors and important executives in line with the management succession plan. Each position is filled through a transparent and fair selection process.

8.1.2 Meeting attendance and remuneration payment to each Board member

Remuneration for the Board of Directors

At the 2022 shareholders’ annual general meeting on 28 April 2022, the meeting approved Board of Directors remuneration as follows.

Salary (per month) / Meeting allowance (per time)	
1. Chairman	41,000 baht per month
2. Member of Board of Director	29,000 baht per month
3. Chairman of Audit Committee	41,000 baht per month
4. Member of Audit Committee	35,000 baht per month
5. Meeting allowance of member of Board of Director, Audit Committee, Remuneration Committee and Risk Management Committee (specific independence directors only)	5,000 baht per time

*Other benefit **-Not receive-**

Monetary and Non-monetary Remuneration

Remuneration for the Board of Directors

At fiscal year end on 31 December 2021 and on 31 December 2022, remuneration for directors baht 2,953,600 and 3,376,000 baht respectively in the form of monthly compensation and attendance fees as detailed below.

Director Name	(unit:Baht)			
	Fiscal year 2021		Fiscal year 2022	
	ending December		ending December	
	31 st , '21		31 st , '22	
	Attendance fee (baht/year)	Meeting fee (baht/year)	Attendance fee (baht/year)	Meeting fee (baht/year)
1. Assoc. Prof. Dr. Preecha Jarungidanan	804,000	50,000	944,000	60,000
2. Mr. Prompong Chaikul	288,000	25,000	328,000	30,000
3. Assoc. Prof. Dr. Aekkachai Nittayagasetwat	360,000	50,000	400,000	60,000
4. Prof. Dr. Kamphol Panyagometh	360,000	60,000	400,000	70,000
5. Assistant Professor Dr. Jitkasame Ngarmnil	248,000	20,000	328,000	30,000
6. Mr. Yunyong Sawasdi	288,000	25,000	328,000	40,000
7. Mr. Nattapong Chaikul	288,000	25,000	328,000	30,000
Total	2,636,000	2,255,000	3,056,000	320,000

2021 & 2022 Change of Board as:

- (1) Assoc. Prof. Dr. Preecha Jarungidanan to be Acing Chairman effective from February,19 2021 onwards
- (2) Assistant Professor Dr. Jitkasame Ngarmnil to be director effective from February,19 2021 onwards

Remuneration- Other

Non-monetary Remuneration

Details of the Board of Directors’ meetings, sub-committee meetings, and the 2022 shareholders’ annual general meeting

No.	Name list	Attendance	Attendance	Attendance	Attendance	Attendance	Attendance
		in	in	in	in	in	in
		Board of	Audit	Nomination&	Risk	Executive	Shareholders’
		Director	Committee	Remuneration	Management	Committee	Annual
		Meeting	Meeting	Committee	Committee	Meeting	General
				Meeting	Meeting		Meeting
							’2022
1	Associate professor Dr. Preecha Jarungidanan	6/6	4/4	2/2	-	-	1/1
2	Mr. Prompong Chaikul	6/6	-	-	4/4	9/9	1/1
3	Associate professor Dr. Aekkachai Nittayagasetwat	6/6	4/4	2/2	-	-	1/1
4	Professor Dr. Kamphol Panyagometh	6/6	4/4	-	4/4	-	1/1
5	Assistant Professor Dr. Jitkasame Ngarmnil	6/6					
6	Mr. Yunyong Sawasdi	6/6	-	2/2	4/4	9/9	1/1
7	Mr. Nattapong Chaikul	6/6	-	-	-	9/9	1/1

**Annual General Meeting year 2022 on 28 April 2022

8.1.3 Supervision of Subsidiaries and Associated Companies

Corporate Governance Policy of Subsidiaries and Associated Companies

Stars Microelectronics (Thailand) Public Company Limited (“the Company”) has established important guidelines for supervision of operations of subsidiaries and associated companies to manage benefit of investments portfolio in accordance with good corporate governance guidelines of the Public Act, the Securities and Exchange Act including announcements, rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand with details as follows

1. Appointment and responsibilities of persons who are directors or executives of subsidiaries and associates.

1.1 Number of directors or executives to be appointed by the Company to supervise business of subsidiaries or associated company should at least have the number of directors in accordance with their shareholding proportion or business agreement.

1.2 The Executive Committee of the Company shall consider and propose persons or representative of the company to be directors or executives of subsidiaries and associated companies to The Board of Directors of the Company for approval. However, the person appointed as the Company’s representative must possess the qualifications, not prohibit under any applicable laws or requirements. Also have knowledge ability to manage the Company’s investments for benefit.

1.3 Person appointed by the Company to hold the position of directors or executives of subsidiaries and associated companies have the duties and responsibilities as follows:

1.3.1 Determine and supervise business strategies, policies, business plans and business directions of subsidiaries in accordance with the Board of Directors resolutions and policies.

1.3.2 Supervise subsidiaries and associated companies to perform in accordance with laws, regulations, rules, relevant notifications, Board of Directors resolutions and Shareholders meeting resolutions including operating in accordance with good corporate governance policy and internal control system.

1.3.3 Discretionary voting in the Board of Directors’ meeting of subsidiaries or associated companies relating to general management and conducting normal business for maximize the Company and its subsidiaries or associated companies benefit.

1.3.4 Not entering and not participating in the approval of transaction having conflict of interest or stakeholders of subsidiaries or associated companies.

1.3.5 Supervise, recommend and monitor subsidiaries or affiliates having performance be in line with target, business plan and determined budgets.

1.3.6 Report on operation problems, significant financial problems and conflicts of interest transactions of the subsidiaries to the Company including collecting information, documents and attending to clarify the issues requested by the Company.

2. Matters that require approval from the Board of Directors of the Company.

The following transaction, directors or executives of the subsidiaries appointed by the Company must seek approval from the Board of Directors of the Company before the Subsidiary organizes the Board of Directors meeting and / or shareholder meeting (depending on the transection) for their approval before entering into the transaction.

2.1 Appointment of directors or executives, number of appointed persons shall at least be in shareholding proportion or business agreement.

2.2 Issuance of new ordinary shares of a subsidiary or any other action resulting the dilution of the Company’s shareholding proportion.

2.3 Payment and omission of annual dividends or interim dividends of subsidiaries.

2.4 Consideration and approval of the subsidiaries’ annual business plans and budgets.

2.5 Appointment of the auditor of the subsidiaries.

2.6 Amendments of the Articles of Association of the Subsidiaries affecting the financial position, performance including the right to appoint persons to be directors or executives, the right to vote in the Board of Directors meeting or the Shareholders meeting and dividend payment policy of subsidiaries

2.7 Entering into connected transaction or the acquisition or disposition of assets of subsidiaries, including but not limited to sales, purchase, transfer, receive, waiver, and entering into, amendment and cancellation of lease agreement.

2.8 Providing or receiving financial assistance such as borrowing, lending, credit granting, guarantee or any binding acts cause financial obligations to subsidiaries.

2.9 Disposing of the subsidiaries.

2.10 Any other transactions which are not normal business of the subsidiaries or having a significant impact on the Company.

In this regard, relevant laws, rules, announcements and regulations of the regulators shall be applied mutatis mutandis.

3. Business plans, financial statements, budgets and disclosure of subsidiaries.

3.1 Annual business plans and budgets of subsidiaries shall be prepared and proposed to the Board of Directors for approval before the new fiscal year.

3.2 Subsidiaries must prepare financial statements. (Report of financial status and performance) on a monthly basis, including analysis reports in detail regarding Financial position, Performance and Details of various expenses compared to the previous period and the budgets approved by the Board of Directors of the Company Within time determined by the Company.

3.3 Subsidiaries must disclose the Connected transaction, Acquisition or disposition of assets, Expansion of new investment and Non-normal business transactions of the subsidiaries for the Company to consider before subsidiaries enter into these transactions. Subsidiaries shall also disclose the progress and success of these transactions to the Company as well.

3.4 Subsidiaries must avoid any conflict of interest transactions unless necessary which has been informed to the Company for consideration and approval before entering the transaction. Moreover, the Stakeholders must not participate in the approval of such transaction.

3.5 Subsidiaries shall provide and / or facilitate the Third-Party Independent Auditor to audit the financial statements and report to the Company every 3 years or as specified by the Company.

3.6 Subsidiaries are required to clarify and / or deliver relevant documents to the Company within the specified period when the Company requested.

3.7 Subsidiaries must provide channels for receiving complaints and management guidelines for persons both inside and outside the subsidiaries to inform clues about fraud within the subsidiaries.

4. Insider trading policy of subsidiaries

Directors, Executives and Chief Executive Officer in Accounting and Finance Including the spouse and minor children are prohibited from using inside information of the Company or its subsidiaries for their own or others benefits, and whether they receive compensation or not.

5. Meeting of Directors and Shareholders of subsidiaries

5.1 Subsidiaries are required to hold Board of Director’s meeting at least once a quarter and report the Board of Directors’ meeting resolution to the Company within 15 days form the meeting date.

5.2 Subsidiaries are required to hold Shareholders meeting at least once a year and report the Shareholders’ meeting resolution to the Company within 30 days from the meeting date.

8.1.4 Monitoring of compliance with the corporate governance policy and guidelines

Disclosure and Transparency

The Board of Directors have examine and support timely disclosure of the company’s business information including financial information and financial reports according to the disclosure regulations of the Securities Exchange of Thailand. Such information is available both in Thai and English for investors, shareholders, and concerned parties to have equal and transparent access to. Also disclosed are auditors’ reports, financial figures, and notes to the financial statements.

The company also discloses the duties of the Board of Directors and the sub-committees, the number of meetings attended, and directors’ remuneration information. The investor relations section is set up to be responsible for providing important information for investors and other concerned parties. The company’s information is also disseminated via the Securities Exchange of Thailand and the company’s website so investors and stakeholders can have access to its financial and operational information at all times.

According to company regulations, directors and the top four executives after the Chief Executive Officer, and those in management positions in accounting or finance from the sectional level up or equivalent, are required to report their interests and stakes using the interest disclosure report form without delay when a certain transaction may be regarded as having an impact relating to their interests. The reports made shall be in care of the company’s secretary.

Inside Information control

The company’s measures and guidelines regarding confidentiality and use of inside information to prevent the misuse of such information for the advantage of the company’s executives and personnel are summarized below.

1. The Board of Directors, management team, employees and staff of the company shall keep the company’s secrets and/or inside information confidential.
2. The Board of Directors, management team, employees and staff of the company shall not disclose or seek advantage from the company’s secrets and/or inside information for their own benefit or for the benefit of any other party either directly or indirectly whether or not any benefit is actually received.
3. The Board of Directors, management team, employees and staff of the company shall not buy, sell, transfer, or acquire the company’s securities via the use of the company’s secrets and/or inside information and/or carry out any act using the company’s secrets and/or inside information which may cause direct or indirect damage to the company. This stipulation also applies to spouses and children under legal age of the Board of Directors, management team, employees and staff. Any violation shall be considered a serious offence.
4. The Board of Directors and the executives who acquire the company’s financial information shall not take advantage of the information within one month before it is disclosed to the public. The company shall notify directors and executives of the prohibition to purchase or sell the company’s securities before the financial statements are revealed to the public.

In year 2022, there was no insider trading offense in seeking benefits.

The practice not to violate the intellectual property

The company has set the policy to use and control licensed software to make the employees aware and not violate intellectual property and make the announcement to all levels of employees. The IT department of the company inspects the software programs of the employees once a year to prevent the violation of the licensed software.

Internal control and Conflicts of Interests

The company considers it important to set a standardized internal control system to build acceptance and reliability among shareholders, investors, as well as stakeholders. To help achieve this, it has set up the Audit Committee, an independent committee whose duties are to ensure the accuracy, completeness, and reliability of the company’s internal control system and financial reports. The Audit Committee also ensures the efficiency and effectiveness of the internal control system as well as the transparency and accountability of the working system with special regard to conflicts of interests. The Audit Committee meets with the company’s management auditors to consider and make recommendations regarding improvement of the company’s internal control system.

In addition to this, the company has set up the Internal Audit Unit, which is an independent unit reporting directly to the Audit Committee.

The Internal Audit Unit’s duties are to examine the various work systems to ensure that they operate appropriately and in accordance with related rules, regulations, and laws. It then reports the investigation results to the Audit Committee as scheduled in the annual plan.

In 2022, the Audit Committee and the Board of Directors evaluated the company’s internal control and opined that the internal control is sufficient. In the Board of Directors’ meeting No. 1/2565 on 17 February 2022, the Board of Directors evaluated the company’s internal audit system from the report of the Audit Committee and concluded that the company has enough internal control in 5 factors: control environment, risk assessment,control activities, information and communication monitoring.

Currently, the head of internal audit team is Miss Sunan Wongmutthavanich. She is the Director of Internal Audit Department. In year 2022, the Internal Audit Department performed the audit smoothly and completely according to audit plan which approve by the Audit Committee.

Prevention of involving in corruption

The company assigns the Risk Management Committee to take responsibility for evaluating risk of corruption constantly. The RCM evaluates, reviews and improves the measures against corruption and report to the company’s Board of Directors to

In order for the operation of Stars Microelectronics (Thailand) Public Company Limited to be in line with good governance and ethics of the Electronics Industry Citizenship Coalition (EICC) and to be in line with international standards against corruption, the company

has set the policy against fraud and corruption. The company has announced the policy as the guideline of practice for management team and employees as follows.

1. The company never accepts gifts, fraud or any benefit, which aims to persuade any action unlawfully.
2. The company has ethics and determination to prevent any fraud and set the guidelines for practice against corruption. The company investigates and reviews the guideline on a regular basis.
3. The management team and employees are responsible for preventing any fraud. If any inappropriate conduct is found, they must report to the supervisor by letter via suggestion boxes in the company’s canteen.
4. External persons, who find that there may be any fraud or any acts that may lead to illegal matters, can inform the company via email : complainbox@starsmicro.com
5. The company guarantees the safety for anyone who reports any misconduct and will assign an officer to investigate every matter. The company will treat each matter as highly confidential.

Direction of evaluation in line with the direction of corruption prevention

The company has set the direction as follows:

1. Executives and employees must act and evaluate themselves according to the direction of the business ethic of the company, code of conduct and code of conduct of EICC (ELECTRONIC INDUSTRY CODE OF CONDUCT)announced bythe companyandinternational standard of corruption prevention.
2. The Risk Management Committee must evaluate the risk of corruption and gathers important issues to present to the Audit Committee and the 8f.

3. The Audit Committee and the Board of Directors must investigate, order to correct and assign the Risk Management Committee to follow up and report continuously.
4. In 2022, The Company has communicated and provide training to employees on corruption prevention including related policies on an ongoing basis including business ethics and gift acceptance policy continually.

In 2022, the company had no penalties nor was any fraud found. Due to the company’s good governance, no non-executive company directors resigned. In addition, the company directors’ monitoring and follow-up resulted in no acts which have damaged the company’s reputation.

In 2022, the company had no any complaint about human rights violation from employees, business partners and neighboring communities. Which the company will encourage employees and executives adhere to universal human rights principles Continuously.

8.2 Report on the results of duty performance of the Audit Committee in the past year

8.2.1 Specify the total number of the Audit Committee’s meetings and the attendance of each member

In year 2022, the Audit Committee’s meetings total 4 times and meeting with the External Auditor only without the management of the company 1 times

(All of The Audit Committee Member attend the meeting completely)

Audit Committee	Position	Attend the meeting
1. Associate professor Dr. Preecha Jarungidanan	Chairman of Audit Committee	4/4
2. Associate professor Dr. Aekkachai Nittayagasetwat	Audit Committee Member	4/4
3. Professor Dr. Kamphol Panyagometh	Audit Committee Member	4/4

8.2.2 Describe the results of duty performance of the Audit Committee

In year 2022, the Audit Committee had meeting and complete their duties as follow,

- 1. Review the Financial Statement with the External Auditor from EY office Company Limited, every quarter.
- 2. Report and inform the Audit Committee meeting to the Board, every quarter.
- 3. Review the transactions between the Company and sub company, to sure that the transactions will normal business not conflict of interest and comply with the Stock Exchange of Thailand’s regulation, every quarter.
- 4. Consideration of the Auditor selection and fixing the remuneration
- 5. Acknowledge the report from the Internal Auditor, every quarter.
- 6. Compliance with the law of the Securities and Exchange Commission and the law related to the company’s business.
- 7. Committee has performed its duties independently, carefully, and honestly and has stated its opinions openly to ensure that the company’s internal controls are in compliance with the law, rules and regulations related to business.

8.3 Summary of the results of duty performance of subcommittees

8.3.1 & 8.3.2 Specify the total number of the subcommittees’ meetings and the attendance of each subcommittee member & the results of duty performance of the subcommittees assigned by the Board of Directors

Executive Committee

Year 2022, The Executive Committee meetings total 9 times and complete their duties to consider Business Plan, Strategies, performance accordant with authorities assigned by the Board of Directors.

(All of The Executive Committee member attend the meeting completely)

Executive Committee comprises 7 Directors

Executive Committee		Position	Attend the meeting
1	Mr. Prompong Chaikul	Chairman of the Executive Director	9/9
2	Mr. Virat Phugthai	Executive Director	9/9
3	Mr. Yunyong Sawasdi	Executive Director	9/9
4	Mr. Ruangpoj Phakdurong	Executive Director	9/9
5	Mr. Naris Chandang	Executive Director	9/9
6	Mr. Chotisak Promwas	Executive Director	9/9
7	Mr. Nattapong Chaikul	Executive Director	9/9

Nomination & Remuneration Committee

Year 2022, The Nomination & Remuneration Committee meetings total 2 times and complete their duties to consider accordant with authorities assigned by the Board of Directors.

The Nomination& Remuneration Committee has the following major duties and responsibilities:

- 1. Submit proposals regarding remuneration for committees, sub-committees, the Chief Executive Officer, and the Board’s consultants to the Board of Directors and/or shareholders’ meeting for approval
- 2. Determine the annual retainer fee and the meeting attendance fee and other remuneration as appropriate considering the guidelines practiced by other companiesin the same industry, the company’s performance, as well as the responsibilities, knowledge, capabilities, and experience of directors, the Chief Executive Officer or the consultants required by the company
- 3. Call the management, supervisors and/or any person concerned to attend meetings to clarify matters or ask and answer questions and/or provide documentation for consideration regarding remuneration. The committee appoints independent experts as appropriate both from within and outside the company at the company’s expense and within the budget approved by the Board of Directors for consultancy as well as makes recommendations regarding decisions on remuneration
- 4. Set the principles of reporting and submit evaluation reports on the performance of the Board, committees, sub-committees, the Chief Executive Officer, and the Board’s consultants to the Board of Directors
- 5. Report results on the fulfillment of duties to the Board of Directors every time there is a Remuneration Committee meeting and report the name list, scope of the Remuneration Committee’s authority and duties to shareholders on the Registration Statement Form (Form 56-1) and in the annual report (Form 56-2), for example

6. Consider, review, and make recommendations in case there are changes regarding the Remuneration Committee’s charter to the Board of Directors for approval of amendments as appropriate or in accordance with the rules and regulations of agencies concerned

Duties and responsibilities of Nomination Committee

- 1) Consider the structure of the company’s Board of Directors in terms of numbers of directors that are suitable for the company’s size, type and complexity of business, qualifications of each director in skills, experiences, specific capabilities related to the business and the main industry in which the company operates.
- 2) Consider the qualifications of the candidates who will be the company’s independent directors to be suitable for the company. The independence must comply with the rules and regulations of the Securities and Exchange Commission (SEC).
- 3) Set the principles and methods of recruitment of candidates to be appointed the company’s directors to be suitable for the company such as the principle to consider the current directors to continue their terms, principle to announce in public to recruit the directors, principle to allow the shareholders to propose the directors, principle to hire the head hunters to recruit the directors, principle to consider the professional directors or principle to allow each director to propose the suitable candidates.
- 4) Conduct the plan to develop the directors to train current directors and new directors on the company’s business which includes the roles and duties of directors and important developments such as industry situations and rules and laws related to company’s business.
- 5) Conduct the company’s succession plan and conduct the plan to develop the Chairman of the Executive Committee, Chief Executive Officer (CEO), Chiefs and members of the top management continuously to have the successors in case the above mentioned positions retire or cannot perform their duties to ensure the company runs continuously.
- 6) Propose the principle to recruit the company’s directors, independent directors, directors of sub-committees, top management members, CEO, Chiefs and top management members of Finance & Accounting department.
- 7) Recruit, select and propose the qualified candidates to hold the top management positions to the Board of Directors to consider appointing and fixing the remuneration.
- 8) Propose the principles, methods and steps to evaluate the performance of top management members.
- 9) Evaluate the performance of the company’s directors, sub-committee’s directors and top management members.
- 10) Others elated to nomination and assigned by the Board of Directors.

(All of The Nomination & Remuneration Committee member attend the meeting completely)

The Company’s Nomination& Remuneration Committee comprises the following three members:

Nomination & Remuneration Committee		Position	Attend the meeting
1	Associate Professor Dr. Preecha Jarungidanan	Chairman of Nomination& Remuneration Committee	2/2
2	Associate professor Dr. Aekkachai Nittayagasetwat	Nomination& Remuneration Committee Member	2/2
3	Mr. Yunyong Sawasdi	Nomination& Remuneration Committee Member	2/2

The Chairman of Nomination & Remuneration Committee is Independent Director and more are Independent Director in the Committee.

Risk Management Committee

Year 2022, The Risk Management Committee meetings total 4 times and complete their duties to consider The Risk Management Committee was set up as a unit to study, follow up on, evaluate and prioritize risks, and then provide the Board of Directors with advice regarding reduction of risks and taking action to reduce risks that may result either from internal and external factors accordant with authorities assigned by the Board of Directors.

(All of The Risk Management Committee member attend the meeting completely)

The Risk Management Committee:

Risk Management Committee		Position	Attend the meeting
1	Professor Dr. Kamphol Panyagometh	Chairman of the Risk Management Committee	4/4
2	Mr. Prompong Chaikul	Risk Management Committee Member	4/4
3	Mr. Yunyong Sawasdi	Risk Management Committee Member	4/4
4	Mr. Ruangpoj Phakdurong	Risk Management Committee Member	4/4
5	Mr. Naris Chandang	Risk Management Committee Member	4/4
6	Mr. Chotisak Promwas	Risk Management Committee Member	4/4
7	Mrs. Phongphan Puttang	Risk Management Committee Member	4/4
8	Miss. Sunan Wongmutthavanich	Risk Management Committee Member	4/4
9	Mr. Koratak Weeradaecha	Risk Management Committee Member	4/4

9. Internal control and related party transactions

9.1 Internal control

The company considers it important to set a standardized internal control system to build acceptance and reliability among shareholders, investors, as well as stakeholders. To help achieve this, it has set up the Audit Committee, an independent committee whose duties are to ensure the accuracy, completeness, and reliability of the company’s internal control system and financial reports. The Audit Committee also ensures the efficiency and effectiveness of the internal control system as well as the transparency and accountability of the working system with special regard to conflicts of interests. The Audit Committee meets with the company’s management auditors to consider and make recommendations regarding improvement of the company’s internal control system.

In addition to this, the company has set up the Internal Audit Unit, which is an independent unit reporting directly to the Audit Committee. The Internal Audit Unit’s duties are to examine the various work systems to ensure that they operate appropriately and in accordance with related rules, regulations, and laws. It then reports the investigation results to the Audit Committee as scheduled in the annual plan.

In 2022, the Audit Committee and the Board of Directors evaluated the company’s internal control and opined that the internal control is sufficient. In the Board of Directors’ meeting No. 1/2566 on 27 February 2023, the Board of Directors evaluated the company’s internal audit system from the report of the Audit Committee and concluded that the company has enough internal control in 5 factors: control environment, risk assessment, control activities, information and communication monitoring.

Currently, the head of internal audit team is Miss Sunan Wongmutthavanich. She is the Director of Internal Audit Department. In year 2022, the Internal Audit Department performed the audit smoothly and completely according to audit plan which approve by the Audit Committee.

9.2 Related party transactions (If any)

Related party transactions between the company and the person who may have conflict can be summarized as follow:

Related party transactions between shareholders and related companies

Some of the company’s raw materials and machinery buy and sales is conducted through the company’s agents who are also the company’s shareholders and through subsidiary companies that the company co-invested in 2005 because they have expertise in marketing and networks globally. They have upper-hands in contacting customers, especially international ones, and in sourcing raw materials and machinery. The purchase price of raw materials through marketing agents and subsidiaries are similar to market price whereas selling prices are cost plus margin.

The management of the company sets up procedures for approving the aforementioned transactions similar to what the company has done with regular customers without biases. The company formulates the related party transactional policy to follow the market price mechanism. In addition, the company has a purchasing policy in accordance with ISO 9001 by comparing 2-3 vendors in AVL (Approved Vendor List) and select a vendor from quality, price, and payment term. This is the same criteria that applies to all companies.

The necessity and reasonableness of such transactions are for the best interest of the Company

The company completed a number of related transactions with its subsidiaries, related companies, and associate companies as they are major operators in the electronic components trade, making contributions and providing support for the company’s business operations. However, any related transactions with persons who potentially have conflicts of interest were trade transactions carried out for the company’s maximum benefit and in accordance with trade conditions as practiced with business partners in general who have to rely on each other in trading products or services.

The Audit Committee’s Comments on Related Party Transactions

The company’s related transactions are considered and addressed by its Audit Committee to ensure that they are normal business transactions with no special conditions and no transfer of interest among the company, its subsidiaries, associate companies, related companies or shareholders. In addition, regarding pricing, the policy for related transactions between the company and related businesses is similar to the policy between the company and non-related persons /businesses and carried out in the company’s interests (Fair and at arm’s length).

Measure or procedure for the authorization of related party transactions

The company is involved in two types of related transactions:

- (1) Normal and continuous transactions and
- (2) Special transactions by measure or procedure of related transactions approval. These types of transactions are described below.

1. Normal and continuous transactions

For these transactions, the company’s Board of Directors sees that they are carried out in accordance with the law, rules, regulations, announcements and orders of the Securities Exchange of Thailand, and with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). This includes compliance with regulations regarding disclosure of connected transactions, and acquisition or disposition of the company or its subsidiaries’ major assets as well as accounting standards set by the Federation of Accounting Professions.

2. Special transactions

For these transactions, the company assigns the Audit Committee to make comments regarding their merit and propose to the Board for approve. In cases where the Audit Committee has no expertise regarding the related transactions that might occur, the company shall consult those with special expertise such as auditors, independent estimators, or independent legal offices and those persons with possible conflicts of interest to provide comments regarding the related transactions. These comments shall be taken into consideration by the Audit Committee and/ or Board of Directors and/or shareholders depending on the case being considered. However, the company shall disclose the related transactions in the notes to the financial statement reviewed by the company’s auditors and present in Annual Report and form 56-1

Trends for Future Related Party Transactions

As for future related transactions, the board of directors promises to see that the company complies with the law, rules, regulations, announcements and orders of the Securities Exchange of Thailand, and with the regulations of the Stock Exchange of Thailand and the office of the Securities and Exchange Commission (SEC).The company shall also abide by Regulations regarding disclosure of connected transaction and acquisition or disposition of the company or its subsidiaries’ major assets as well as accounting standards set by the Federation of accounting professions. The audit committee shall review the merit, prices, and conditions of the transactions to assess whether they are in accordance with normal business conditions. Executives and stakeholders are not allowed to participate in approving such related transactions.

Stars Microelectronics (Thailand) Public Company Limited

Related party transactions

Subsidiaries Company	Transactions with subsidiaries	Related	2022	2021	2020	Policy of price
			(Jan- Dec 22)	(Jan- Dec 21)	(Jan- Dec 20)	
THAI SIXX	Sales and Service ncome	4.96%	30,000.00	-	29,965,609.19	cost plus method
	Trade receivables		32,100.00	-	1,149,532.15	
	Trade payable		-	-	28,311.36	
STARS MICROELECTRONICS -USA	Sales and Service ncome	100%	940,033,881.73	748,569,703.62	821,001,383.87	cost plus method
	Trade receivables		131,730,584.36	144,670,980.69	159,060,775.08	
	Other payable		11,381,751.20	6,959,036.85	1,668,456.37	
	Other income		3,395,966.52	1,918,883.50	1,477,176.87	agree price
	Other expense		60,561,094.01	22,662,210.82	8,824,292.09	agree price
SS RFID CO.,LTD.	Other income	99.99%	46,790.13	42,687.00	39,221.31	agree price
	Allowance for expected debit losses		-	(42,687.00)	-	
	Net Other income		-	-	-	
	Short term Loan		680,000.00	630,000.00	580,000.00	
	Allowance for expected credit losses		(630,000.00)	(630,000.00)	-	
	Net Short term Loan		50,000.00	-	580,000.00	
	Other receivables		159,221.00	124,770.95	82,083.95	
	Allowance for expected credit losses		(112,430.87)	(124,770.95)	-	
	Net Other receivables		46,790.13	-	82,083.95	
	Other income	99.50%	9,350.25	5,246.00	2,355.26	agree price
SMT GREEN ENERGY CO.,LTD.	Allowance for expected debit losses		(9,350.25)	(5,246.00)	-	
	Net Other income		-	-	2,355.26	
	Short term Loan		160,000.00	110,000.00	60,000.00	
	Allowance for expected credit losses		(160,000.00)	(110,000.00)	-	
	Net Short term Loan		-	-	60,000.00	
	Other receivables		16,952.66	7,601.27	2,355.29	
	Allowance for expected credit losses		(16,952.66)	(7,601.27)	-	
	Net Other receivables		-	-	2,355.29	

Financial Statements

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Report and Consolidated Financial Statements

31 December 2022


Report of responsibility for financial statements of the Board of Directors

The company’s Board of Directors are responsible for the company’s and its subsidiaries’ financial statements and a separate financial statement of the company for the annual report. The said financial statements were prepared according to the accounting standard generally approved in Thailand. The company uses the appropriate accounting policy and implements the policy on a regular basis. The company considers carefully and forecasts appropriately and reveals enough information in the notes of the financial statements.

The company’s Board of Directors set the efficient and effective internal system to be confident that accounting records are correct, complete, and timely and protect against fraud and abnormal operations.

The company’s Board of Directors assigns the Audit Committee comprised of the independent directors to take responsibility for the quality of the financial statements and the internal control. The opinion of the Audit Committee is in this annual report.

The company’s Board of Directors feels that the company’s internal control system and the internal audit of the company is sufficient and believes reasonably that the company’s and its subsidiaries’ financial statements as of 31st December 2022 are correct and believable according to the generally accepted accounting standard.



Associate Professor Dr. Preecha Jarungidanan
Acting Chairman

Independent Auditor’s Report

To the Shareholders of Stars Microelectronics (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Stars Microelectronics (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries and of Stars Microelectronics (Thailand) Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence*

Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Revenue recognition

Sales and service income is a material transaction of the financial statements and the sales and service income amount recorded in the accounts has a direct impact on the income statements of the Group. In addition, the Group has a large number of customers with different commercial terms including the competition in the electronics manufacturing services industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group’s internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service transactions to assess whether revenue recognition was fair and appropriate and consistent with the conditions agreed upon between the Group and customers, and whether it was in compliance with the Group’s policy.
- On a sampling basis, examining supporting documents for actual sales and service transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions recognised throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor’s report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor’s report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

I am responsible for the audit resulting in this independent auditor’s report.



Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

EY Office Limited
Bangkok: 27 February 2023

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	119,257,701	35,663,381	98,778,408	22,873,383
Trade and other receivables	8	370,059,554	330,241,657	380,012,773	335,222,807
Inventories	9	712,040,157	646,606,949	712,040,157	646,606,949
Other current assets		10,342,042	28,051,628	10,392,042	28,051,628
Total current assets		1,211,699,454	1,040,563,615	1,201,223,380	1,032,754,767
Non-current assets					
Investments in subsidiaries	10	-	-	429,238	429,238
Property, plant and equipment	11	1,446,330,063	1,641,265,250	1,446,330,063	1,641,265,250
Intangible assets	12	33,259,523	38,600,582	33,259,523	38,600,582
Deferred tax assets	25	24,346,224	42,247,042	24,346,224	42,247,042
Other non-current assets		970,957	1,337,842	970,957	1,330,488
Total non-current assets		1,504,906,767	1,723,450,716	1,505,336,005	1,723,872,600
Total assets		2,716,606,221	2,764,014,331	2,706,559,385	2,756,627,367

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	13	25,892,667	35,992,245	25,892,667	35,992,245
Trade and other payables	14	388,546,136	355,296,947	389,301,902	358,010,707
Current portion of long-term loans	15	154,382,480	154,206,651	154,382,480	154,206,651
Current portion of lease liabilities	16	238,079	338,950	238,079	338,950
Income tax payable		211,180	135,985	-	-
Derivative liabilities		7,161,958	250,554	7,161,958	250,554
Other current liabilities		9,244,384	8,961,654	9,244,384	8,961,654
Total current liabilities		585,676,884	555,182,986	586,221,470	557,760,761
Non-current liabilities					
Long-term loans, net of current portion	15	174,362,489	528,415,548	174,362,489	528,415,548
Lease liabilities, net of current portion	16	438,382	676,460	438,382	676,460
Provision for long-term employee benefits	17	59,241,387	93,335,245	59,241,387	93,335,245
Deferred tax liabilities	25	7,143,033	7,143,033	7,143,033	7,143,033
Other non-current liabilities		541,648	541,648	541,648	541,648
Total non-current liabilities		241,726,939	630,111,934	241,726,939	630,111,934
Total liabilities		827,403,823	1,185,294,920	827,948,409	1,187,872,695

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
1,062,599,227 ordinary shares of Baht 1 each	18	1,062,599,227	1,062,599,227	1,062,599,227	1,062,599,227
Issued and fully paid					
841,711,181 ordinary shares of Baht 1 each					
(2021: 836,491,381 ordinary shares					
of Baht 1 each)	18	841,711,181	836,491,381	841,711,181	836,491,381
Share premium	18	429,044,746	413,385,346	429,044,746	413,385,346
Cash receipt from share subscription	18	15,364,160	20,128,800	15,364,160	20,128,800
Capital reserve for share-based payments	18	39,013,150	31,358,751	39,013,150	31,358,751
Retained earnings					
Appropriated - statutory reserve	21	27,700,000	12,500,000	27,700,000	12,500,000
Appropriated - treasury share reserve	19	17,362,956	-	17,362,956	-
Unappropriated		502,746,763	231,514,160	497,205,606	226,318,261
Treasury shares	19	(17,362,956)	-	(17,362,956)	-
Other components of shareholders' equity	22	28,966,209	28,966,209	28,572,133	28,572,133
Equity attributable to owners of the Company		1,884,546,209	1,574,344,647	1,878,610,976	1,568,754,672
Non-controlling interests of the subsidiaries		4,656,189	4,374,764	-	-
Total shareholders' equity		1,889,202,398	1,578,719,411	1,878,610,976	1,568,754,672
Total liabilities and shareholders' equity		2,716,606,221	2,764,014,331	2,706,559,385	2,756,627,367

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2022

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Sales and service income		2,835,460,659	2,182,606,312	2,817,454,116	2,155,145,310
Revenue from scrap sales		30,043,202	27,856,314	30,043,202	27,856,314
Gains on exchange		-	9,670,615	-	9,877,874
Gain on derivatives		-	1,895,170	-	1,895,170
Bad debt recovery		29,291,186	-	29,291,186	-
Compensation for damages claim		9,380,244	-	9,380,244	-
Other income		13,158,882	17,908,701	14,813,847	17,574,255
Total revenues		2,917,334,173	2,239,937,112	2,900,982,595	2,212,348,923
Expenses					
Cost of sales and services		2,244,484,528	1,760,650,181	2,244,145,438	1,760,716,445
Selling and distribution expenses		91,650,475	62,036,598	89,421,352	45,642,391
Administrative expenses		227,974,844	216,036,718	215,029,376	206,954,305
Loss on derivatives		6,972,914	-	6,972,914	-
Total expenses		2,571,082,761	2,038,723,497	2,555,569,080	2,013,313,141
Operating profit		346,251,412	201,213,615	345,413,515	199,035,782
Finance income		98,279	63,041	98,279	63,041
Finance cost	23	(29,137,959)	(30,040,816)	(29,137,959)	(30,040,816)
Profit before income tax revenues (expenses)		317,211,732	171,235,840	316,373,835	169,058,007
Income tax revenues (expenses)	25	(13,406,686)	38,978,642	(13,195,472)	39,144,493
Profit for the year		303,805,046	210,214,482	303,178,363	208,202,500
Profit attributable to:					
Equity holders of the Company		303,523,621	209,702,867	303,178,363	208,202,500
Non-controlling interests of the subsidiaries		281,425	511,615		
		303,805,046	210,214,482		
Earnings per share					
27					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.36	0.25	0.36	0.25
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.34	0.24	0.34	0.24

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit for the year		303,805,046	210,214,482	303,178,363	208,202,500
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Deferred tax relating to actuarial gains	17	-	3,102,549	-	3,102,549
Actuarial gain - net of income tax		42,348,117	-	42,348,117	-
Other comprehensive income for the year		42,348,117	3,102,549	42,348,117	3,102,549
Total comprehensive income for the year		346,153,163	213,317,031	345,526,480	211,305,049
Total comprehensive income attributable to:					
Equity holders of the Company		345,871,738	212,805,416	345,526,480	211,305,049
Non-controlling interests of the subsidiaries		281,425	511,615		
		346,153,163	213,317,031		

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2022

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	317,211,732	171,235,840	316,373,835	169,058,007
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	227,459,290	249,310,518	227,459,290	249,310,518
Impairment loss on financial assets	-	1,311,261	-	2,205,865
Write-offs of withholding tax deducted at sources	7,355	-	-	-
Reversal of allowance for expected credit losses	(13,095,147)	-	(12,895,820)	-
Unrealised loss (gain) on exchange	(274,754)	(2,100,470)	(332,184)	(2,188,421)
Gain on sales of machinery and equipment	-	(2,457,162)	-	(2,457,162)
Loss on impairment of investments	-	-	-	2,510
Reduction of inventory to net realisable value	42,306,199	18,464,377	42,306,199	18,464,377
Write-offs of machinery and equipment	616,072	32	616,072	32
Write-off of intangible assets	-	591,337	-	591,337
Write-off difference amount between acquisition cost and equity attributable to non-controlling interests of the subsidiary	-	(2,510)	-	-
Provision for long-term employee benefits	14,867,756	16,415,165	14,867,756	16,415,165
Capital reserve for share-based payments	7,654,399	16,642,432	7,654,399	16,642,432
Gain on fair value adjustments of derivatives	6,911,404	(1,629,255)	6,911,404	(1,629,255)
Finance income	-	-	(63,743)	(47,934)
Finance cost	30,697,303	31,079,471	31,260,730	31,079,471
Profit from operating activities before changes in operating assets and liabilities	634,361,609	498,861,036	634,157,938	497,446,942

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2022

(Unit:Baht)				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Operating assets (increase) decrease				
Trade and other receivables	(32,963,715)	(52,698,918)	(38,059,748)	(41,510,950)
Inventories	(107,739,407)	(262,709,965)	(107,739,407)	(262,709,965)
Other current assets	17,709,586	(14,835,264)	17,709,586	(14,835,264)
Other non-current assets	-	(1,550)	-	(1,550)
Operating liabilities increase (decrease)				
Trade and other payables	45,920,070	108,712,324	44,196,649	113,720,367
Other current liabilities	282,729	(19,341)	282,730	(19,341)
Cash paid for long-term employee benefits	(1,908,150)	(3,968,920)	(1,908,150)	(3,968,920)
Cash from operating activities	555,662,722	273,339,402	548,639,598	288,121,319
Cash paid for interest expenses	(29,141,633)	(30,668,494)	(29,141,633)	(30,668,494)
Cash paid for income tax	-	(232,909)	-	(208,744)
Cash received from tax refund	362,275	-	359,531	-
Net cash flows from operating activities	526,883,364	242,437,999	519,857,496	257,244,081

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2022

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Payments of payables for purchases of machinery and equipment	(6,371,144)	(9,224,009)	(6,371,144)	(9,224,009)
Acquisition of machinery and equipment	(20,621,917)	(23,260,558)	(20,621,917)	(23,260,558)
Proceeds from sales of machinery and equipment	-	14,039,141	-	14,039,141
Acquisition of intangible assets	(7,096,308)	(12,003,346)	(7,096,308)	(12,003,346)
Increase in short-term loans to related parties	-	-	(100,000)	(100,000)
Acquisition of a subsidiary, net of cash acquired	-	-	-	(1,002,480)
Net cash flows used in investing activities	(34,089,369)	(30,448,772)	(34,189,369)	(31,551,252)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(10,099,578)	(543,202,289)	(10,099,578)	(543,202,289)
Cash received from long-term loans	-	694,583,544	-	694,583,544
Repayment of long-term loans	(355,436,573)	(134,390,000)	(356,000,000)	(134,390,000)
Repayment of lease liabilities	(338,949)	(246,000,694)	(338,949)	(246,000,694)
Cash received from the exercise of warrants	16,114,560	20,128,800	16,114,560	20,128,800
Cash received from share subscription as warrants exercised	-	48,000	-	48,000
Treasury shares	(17,362,956)	-	(17,362,956)	-
Dividend paid	(42,076,179)	-	(42,076,179)	-
Net cash flows used in financing activities	(409,199,675)	(208,832,639)	(409,763,102)	(208,832,639)
Net increase in cash and cash equivalents	83,594,320	3,156,588	75,905,025	16,860,190
Cash and cash equivalents at beginning of year	35,663,381	32,506,793	22,873,383	6,013,193
Cash and cash equivalents at end of year	119,257,701	35,663,381	98,778,408	22,873,383
Supplemental cash flows information				
Non-cash transactions:				
Purchases of intangible assets for which payments have yet to be made	80,892	6,371,144	80,892	6,371,144
Inventory for which was transferred to equipment	-	517,610	-	517,610
Additions to right-of-use assets	-	1,327,850	-	1,327,850

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements													
	Equity attributable to owners of the Company													
									Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid-up share capital	Share premium	Cash receipt from share subscription	Capital reserve for share-based payments	Retained earnings				Other comprehensive income	Capital surplus from changes in shareholding in subsidiary	Total other components of shareholders' equity			
					Appropriated statutory reserve	- Appropriated treasury share reserve	Unappropriated (deficit)	Treasury shares						
									Revaluation surplus on land					
Balance as at 1 January 2021	836,479,381	413,349,346	-	14,716,319	1,500,000	-	29,708,744	-	28,572,133	671,619	29,243,752	1,324,997,542	3,588,116	1,328,585,658
Profit for the year	-	-	-	-	-	-	209,702,867	-	-	-	-	209,702,867	511,615	210,214,482
Other comprehensive income for the year	-	-	-	-	-	-	3,102,549	-	-	-	-	3,102,549	-	3,102,549
Total comprehensive income for the year	-	-	-	-	-	-	212,805,416	-	-	-	-	212,805,416	511,615	213,317,031
Cash receipt from share subscription														
as warrants exercised (Note 18)	-	-	20,128,800	-	-	-	-	-	-	-	-	20,128,800	-	20,128,800
Transferred unappropriated retained earnings														
to statutory reserve (Note 21)	-	-	-	-	11,000,000	-	(11,000,000)	-	-	-	-	-	-	-
Increase in share capital from														
warrant exercise (Note 18)	12,000	36,000	-	-	-	-	-	-	-	-	-	48,000	-	48,000
Equity attributable to non-controlling interests of the subsidiary (Note 2)	-	-	-	-	-	-	-	-	-	(277,543)	(277,543)	(277,543)	275,033	(2,510)
Share-based payments (Note 18)	-	-	-	16,642,432	-	-	-	-	-	-	-	16,642,432	-	16,642,432
Balance as at 31 December 2021	836,491,381	413,385,346	20,128,800	31,358,751	12,500,000	-	231,514,160	-	28,572,133	394,076	28,966,209	1,574,344,647	4,374,764	1,578,719,411

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders’ equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements													
	Equity attributable to owners of the Company													
	Issued and paid-up share capital	Share premium	Cash receipt from share subscription	Capital reserve for share-based payments	Retained earnings				Other components of shareholders’ equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders’ equity
					Appropriated - statutory reserve	Appropriated - treasury share reserve	Unappropriated (deficit)	Treasury shares	Other comprehensive income Revaluation surplus on land	Capital surplus from changes in shareholding in subsidiary	Total other components of shareholders’ equity			
Balance as at 1 January 2022	836,491,381	413,385,346	20,128,800	31,358,751	12,500,000	-	231,514,160	-	28,572,133	394,076	28,966,209	1,574,344,647	4,374,764	1,578,719,411
Profit for the year	-	-	-	-	-	-	303,523,621	-	-	-	-	303,523,621	281,425	303,805,046
Other comprehensive income for the year	-	-	-	-	-	-	42,348,117	-	-	-	-	42,348,117	-	42,348,117
Total comprehensive income for the year	-	-	-	-	-	-	345,871,738	-	-	-	-	345,871,738	281,425	346,153,163
Cash receipt from share subscription														
as warrants exercised (Note 18)	-	-	15,364,160	-	-	-	-	-	-	-	-	15,364,160	-	15,364,160
Transferred unappropriated retained earnings														
to statutory reserve (Note 21)	-	-	-	-	15,200,000	-	(15,200,000)	-	-	-	-	-	-	-
Increase in share capital from												-		
warrant exercise (Note 18)	5,219,800	15,659,400	(20,128,800)	-	-	-	-	-	-	-	-	750,400	-	750,400
Increase in treasury shares (Note 19)	-	-	-	-	-	-	-	(17,362,956)	-	-	-	(17,362,956)	-	(17,362,956)
Unappropriated retained earnings transferred														
to treasury share reserve	-	-	-	-	-	17,362,956	(17,362,956)	-	-	-	-	-	-	-
Dividend paid (Note 20)	-	-	-	-	-	-	(42,076,179)	-	-	-	-	(42,076,179)		(42,076,179)
Share-based payments (Note 18)	-	-	-	7,654,399	-	-	-	-	-	-	-	7,654,399	-	7,654,399
Balance as at 31 December 2022	841,711,181	429,044,746	15,364,160	39,013,150	27,700,000	17,362,956	502,746,763	(17,362,956)	28,572,133	394,076	28,966,209	1,884,546,209	4,656,189	1,889,202,398

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders’ equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Separate financial statements										
	Issued and paid-up share capital	Share premium	Cash receipt from share subscription	Capital reserve for share-based payments	Retained earnings				Other components of shareholders' equity		Total shareholders' equity
					Appropriated - statutory reserve	Appropriated - treasury share reserve	Unappropriated (deficit)	Treasury shares	Other componentsive income	Total components of shareholders' equity	
									Revaluation surplus on land		
Balance as at 1 January 2021	836,479,381	413,349,346	-	14,716,319	1,500,000	-	26,013,212	-	28,572,133	28,572,133	1,320,630,391
Profit for the year	-	-	-	-	-	-	208,202,500	-	-	-	208,202,500
Other comprehensive income for the year	-	-	-	-	-	-	3,102,549	-	-	-	3,102,549
Total comprehensive income for the year	-	-	-	-	-	-	211,305,049	-	-	-	211,305,049
Cash receipt from share subscription											
as warrants exercised (Note 18)	-	-	20,128,800	-	-	-	-	-	-	-	20,128,800
Transferred unappropriated retained earnings											
to statutory reserve (Note 21)	-	-	-	-	11,000,000	-	(11,000,000)	-	-	-	-
Increase in share capital from											
warrant exercise (Note 18)	12,000	36,000	-	-	-	-	-	-	-	-	48,000
Share-based payments (Note 18)	-	-	-	16,642,432	-	-	-	-	-	-	16,642,432
Balance as at 31 December 2021	836,491,381	413,385,346	20,128,800	31,358,751	12,500,000	-	226,318,261	-	28,572,133	28,572,133	1,568,754,672

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Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders’ equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Separate financial statements										
	Issued and paid-up share capital	Share premium	Cash receipt from share subscription	Capital reserve for share-based payments	Retained earnings				Other components of shareholders' equity		
					Appropriated - statutory reserve	Appropriated - treasury share reserve	Unappropriated (deficit)	Treasury shares	Other componentsive income	Total components of shareholders' equity	Total shareholders' equity
									Revaluation surplus on land		
Balance as at 1 January 2022	836,491,381	413,385,346	20,128,800	31,358,751	12,500,000	-	226,318,261	-	28,572,133	28,572,133	1,568,754,672
Profit for the year	-	-	-	-	-	-	303,178,363	-	-	-	303,178,363
Other comprehensive income for the year	-	-	-	-	-	-	42,348,117	-	-	-	42,348,117
Total comprehensive income for the year	-	-	-	-	-	-	345,526,480	-	-	-	345,526,480
Cash receipt from share subscription											
as warrants exercised (Note 18)	-	-	15,364,160	-	-	-	-	-	-	-	15,364,160
Transferred unappropriated retained earnings											
to statutory reserve (Note 21)	-	-	-	-	15,200,000	-	(15,200,000)	-	-	-	-
Increase in share capital from											
warrant exercise (Note 18)	5,219,800	15,659,400	(20,128,800)	-	-	-	-	-	-	-	750,400
Increase in treasury shares (Note 19)	-	-	-	-	-	-	-	(17,362,956)	-	-	(17,362,956)
Unappropriated retained earnings transferred											
to treasury share reserve (Note 19)				-	-	17,362,956	(17,362,956)		-	-	-
Dividend paid (Note 20)	-	-	-	-	-	-	(42,076,179)	-	-	-	(42,076,179)
Share-based payments (Note 18)	-	-	-	7,654,399	-	-	-		-	-	7,654,399
Balance as at 31 December 2022	841,711,181	429,044,746	15,364,160	39,013,150	27,700,000	17,362,956	497,205,606	(17,362,956)	28,572,133	28,572,133	1,878,610,976

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

Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

Stars Microelectronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries (together as “the Group”) are principally engaged in the manufacture and distribution of integrated circuit boards. The registered office of the Company is at 586 Moo 2, Klong Jig, Bang Pa-In, Ayutthaya.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

a) The consolidated financial statements include the financial statements of Stars Microelectronics (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022 Percent	2021 Percent
Stars Microelectronics USA, Inc.	Trading company	United States of America	59	59
SMT Green Energy Company Limited	Currently non-active	Thailand	99	99
SS RFID Company Limited	Currently non-active	Thailand	100	100

b) The Company is deemed to have control over the investees or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investees, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The Group determines that the Thai Baht is its functional currency including an overseas subsidiary because the activities of the subsidiary are carried out as an extension of the Company, rather than being carried out with a significant degree of autonomy.

f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group’s financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual costs and includes all production costs and attributable factory overheads.

Raw materials, spare parts and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

4.5 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When a land’s carrying amount is increased as a result of a revaluation of the Company’s land, the increase is credited directly to other comprehensive income and the cumulative increase is recognised as equity under the heading of “Revaluation surplus on land”. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same land previously recognised as an expense in the income statement.
- When a land’s carrying amount is decreased as a result of a revaluation of the Company’s land, the decrease is recognised in the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in “Revaluation surplus on land” in respect of the same land.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over estimated useful lives as shown in the table below.

Buildings	40 years
Building improvement	15 years
Machinery and equipment	5 and 15 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and allowance for loss on impairment of assets.

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Intangible assets with finite useful lives of the Group are computer software which has the useful life of 10 years.

4.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

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

Motor vehicles	5 years
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If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses in the income statement on a straight-line basis over the lease term.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company’s operations.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company’s functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement. However, in case where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund’s assets are held in a separate trust fund and the contributions of the Group are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Equity-settled share-based payments

The Company recognises equity-settled share-based payment transactions when services are rendered by employees, based on the fair value of the share options at the grant date. The expenses, together with a corresponding increase in “Share-based payment reserve” in shareholders’ equity, are recognised over the service period as specified in the plan.

Estimating fair value for the share-based payment transactions requires management to exercise judgement, and to apply assumptions, including the expected life of the share options, share price volatility, dividend yield and risk-free interest rate.

4.15 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders’ equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

4.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.17 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.-

The Group may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the

asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group

does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

4.18 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to

measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Net realisable value of inventories

The management uses judgement to estimate net realisable value of inventories taking into account fluctuations of price or cost directly related to events occurring after the end of the reporting period and movements of inventories, the prevailing economic condition and the industry circumstances.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the

useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer.

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

Deferred tax assets

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

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Pricing policy
	2022	2021	2022	2021	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales and service income	-	-	940	749	Cost plus margin
Other income	-	-	3	2	Agreed price
Commission expense	-	-	61	23	Agreed price

As at 31 December 2022 and 2021, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade receivables - related parties (Note 8)				
Subsidiary	-	-	131,763	144,671
Total trade receivables - related parties	-	-	131,763	144,671
Other receivable - related party (Note 8)				
Subsidiary	-	-	47	-
Total other receivable - related party	-	-	47	-
Other payable - related party (Note 14)				
Subsidiary	-	-	11,382	6,959
Total other payable - related party	-	-	11,382	6,959

Directors and management’s benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expense payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Short-term employee benefits	35	33	26	26
Post-employment benefits	6	7	6	7
Share-based payment	5	11	5	11
Total	46	51	37	44

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	66	67	44	45
Bank deposits	119,192	35,596	98,734	22,828
Total cash and cash equivalents	119,258	35,663	98,778	22,873

As at 31 December 2022 and 2021, bank deposits in saving accounts carried interests between 0.04% and 0.25% per annum.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	-	-	111,585	117,188
Past due				
Up to 3 months	-	-	17,201	25,237
3 - 6 months	-	-	2,604	2,136
6 - 12 months	-	-	373	110
Total trade receivables - related parties	-	-	131,763	144,671
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	286,225	278,502	179,501	152,040
Past due				
Up to 3 months	55,481	44,940	42,905	32,721
3 - 6 months	11,168	4,802	8,592	4,376
6 - 12 months	474	1,293	473	710
Over 12 months	232,292	362,481	232,312	362,481
Total trade receivables - unrelated parties	585,640	692,018	463,783	552,328
Less: Allowance for expected credit losses	(232,965)	(364,548)	(232,965)	(364,548)
Total trade receivables - unrelated parties, net	352,675	327,470	230,818	187,780
Total trade receivables - net	352,675	327,470	362,581	332,451
Other receivables				
Other receivable - related party	-	-	47	-
Other receivables - unrelated parties	17,385	2,772	17,385	2,772
Total other receivables	17,385	2,772	17,432	2,772
Total trade and other receivables - net	370,060	330,242	380,013	335,223

The normal credit term is 30 to 120 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Provision for expected credit losses (reversal)	(131,583)	1,312	(131,583)	1,312
Ending balance	232,965	364,548	232,965	364,548

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Finished goods	145,173	141,881	(115,114)	(100,844)	30,059	41,037
Work in process	128,067	243,166	(30,421)	(20,309)	97,646	222,857
Raw materials	694,650	476,987	(133,188)	(115,955)	561,462	361,032
Spare parts and supplies	24,359	22,476	(1,486)	(795)	22,873	21,681
Total	992,249	884,510	(280,209)	(237,903)	712,040	646,607
(Unit: Thousand Baht)						

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Finished goods	144,682	141,390	(114,623)	(100,353)	30,059	41,037
Work in process	126,872	241,971	(29,226)	(19,114)	97,646	222,857
Raw materials	694,066	476,403	(132,604)	(115,371)	561,462	361,032
Spare parts and supplies	24,359	22,476	(1,486)	(795)	22,873	21,681
Total	989,979	882,240	(277,939)	(235,633)	712,040	646,607

During the current year, the Group reduced cost of inventories by Baht 42 million (the Company only: Baht 42 million), to reflect the net realisable value (2021: Baht 18 million (the Company only: Baht 18 million)).

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Carrying amounts based on cost method	
	2022	2021	2022	2021	2022	2021
			(%)	(%)	(Thousand Baht)	(Thousand Baht)
Stars Microelectronics USA, Inc.	20,000	20,000	59	59	429	429
(US Dollar)						
SMT Green Energy Company Limited	500,000	500,000	99	99	498	498
(Baht)						
SS RFID Company Limited	100,000,000	100,000,000	100	100	75,000	75,000
(Baht)						
Total					75,927	75,927
Less: Allowance for impairment loss of investments					(75,498)	(75,498)
Investments in subsidiaries - net					429	429

11. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Net book value:		
Property, plant and equipment	1,445,418	1,630,797
Right-of-use assets (Note 16)	912	10,459
Total	1,446,330	1,641,265

Movements of property, plant and equipment for the years ended 31 December 2022 and 2021 are summarised below.
(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation basis	Cost basis				Total
	Land	Buildings and building improvement	Machinery and equipment	Motor vehicles	Assets under construction and installation	
Cost / Revalued amount						
1 January 2022	91,013	1,068,470	3,560,841	19,057	10,183	4,749,564
Additions	-	22	11,987	1,328	11,769	25,106
Disposals	-	-	(43,645)	(2,511)	-	(46,156)
Write-offs	-	(20,776)	(885)	-	-	(21,661)
Transfers between accounts	-	3,612	11,604	-	(15,216)	-
31 December 2021	91,013	1,051,328	3,539,902	17,874	6,736	4,706,853
Additions	-	3,593	20,149	-	2,984	26,726
Disposals	-	(1,679)	(40,484)	-	-	(42,163)
Transfers between accounts	-	2,504	4,470	-	(6,974)	-
31 December 2022	91,013	1,055,746	3,524,037	17,874	2,746	4,691,416
Accumulated depreciation						
1 January 2021	-	652,845	2,180,516	17,629	-	2,850,990
Depreciation for the year	-	41,511	200,723	1,311	-	243,545
Depreciation on disposals	-	-	(32,063)	(2,511)	-	(34,574)
Depreciation on write-offs	-	(20,776)	(885)	-	-	(21,661)
31 December 2021	-	673,580	2,348,291	16,429	-	3,038,300
Depreciation for the year	-	40,404	180,202	439	-	221,045
Depreciation on write-offs	-	(1,141)	(40,406)	-	-	(41,547)
31 December 2022	-	712,843	2,488,087	16,868	-	3,217,798
Allowance for impairment:						
1 January 2021	-	-	27,288	-	-	27,288
31 December 2021	-	-	27,288	-	-	27,288
31 December 2022	-	-	27,288	-	-	27,288
Net book value						
31 December 2021	91,013	377,748	1,164,323	1,445	6,736	1,641,265
31 December 2022	91,013	342,903	1,008,662	1,006	2,746	1,446,330
Depreciation for the year						
2021 (Baht 238 million included in manufacturing cost, and the balance in administrative expenses)						243,545
2022 (Baht 211 million included in manufacturing cost, and the balance in administrative expenses)						221,045

(Unit: Thousand Baht)							
	Separate financial statements						
	Revaluation basis	Cost basis				Total	
		Land	Buildings and building improvement	Machinery and equipment	Motor vehicles		Assets under construction and installation
Cost / Revalued amount							
1 January 2021	91,013	1,068,470	3,511,621	19,057	10,183	4,700,344	
Additions	-	22	11,987	1,328	11,769	25,106	
Disposals	-	-	(43,645)	(2,511)	-	(46,156)	
Write-offs	-	(20,776)	(885)	-	-	(21,661)	
Transfers between accounts	-	3,612	11,604	-	(15,216)	-	
31 December 2021	91,013	1,051,328	3,490,682	17,874	6,736	4,657,633	
Additions	-	3,593	20,149	-	2,984	26,726	
Write-offs	-	(1,679)	(40,484)	-	-	(42,163)	
Transfers between accounts	-	2,504	4,470	-	(6,974)	-	
31 December 2022	91,013	1,055,746	3,474,817	17,874	2,746	4,642,196	
Accumulated depreciation							
1 January 2021	-	652,845	2,158,584	17,629	-	2,829,058	
Depreciation for the year	-	41,511	200,723	1,311	-	243,545	
Depreciation on disposals	-	-	(32,063)	(2,511)	-	(34,574)	
Depreciation on write-offs	-	(20,776)	(885)	-	-	(21,661)	
31 December 2021	-	673,580	2,326,359	16,429	-	3,016,368	
Depreciation for the year	-	40,404	180,202	439	-	221,045	
Depreciation on disposals	-	(1,141)	(40,406)	-	-	(41,547)	
31 December 2022	-	712,843	2,466,155	16,868	-	3,195,866	
Net book value							
31 December 2021	91,013	377,748	1,164,323	1,445	6,736	1,641,265	
31 December 2022	91,013	342,903	1,008,662	1,006	2,746	1,446,330	
Depreciation for the year							
2021 (Baht 238 million included in manufacturing cost, and the balance in administrative expenses)						243,545	
2022 (Baht 211 million included in manufacturing cost, and the balance in administrative expenses)						221,045	

The Company arranged for an independent professional valuer to appraise the value of its land in order to state the land at revalued amount. The appraisal had the effect of increasing the Company's revaluation surplus on land, which was recognised as equity in the statements of financial position. In 2019, the Company rearranged for an independent professional valuer to appraise the value of its land using the market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2022 and 2021 would have been Baht 55 million.

As at 31 December 2022, certain items of machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 998 million (2021: Baht 866 million).

The Company has mortgaged the land and construction thereon and machinery with a total net book value as at 31 December 2022 of approximately Baht 1,087 million, as collateral for credit facilities and long-term loans granted by commercial banks as stated in Note 15 to financial statements.

12. Intangible assets

The net book value of intangible assets as at 31 December 2022 and 2021 is presented below.

(Unit: Thousand Baht)		
	Computer software	
	Consolidated financial statements	Separate financial statements
Cost:		
1 January 2021	72,387	72,332
Additions	18,374	18,374
Disposals	(9,768)	(9,768)
31 December 2021	80,993	80,938
Additions	1,166	1,166
Disposals	(93)	(93)
31 December 2022	82,066	82,011
Amortisation:		
1 January 2021	45,789	45,749
Amortisation for the year	5,765	5,765
Amortisation on disposal	(9,177)	(9,177)
31 December 2021	42,377	42,337
Amortisation for the year	6,414	6,414
31 December 2022	48,791	48,751
Allowance for impairment:		
1 January 2021	15	-
31 December 2021	15	-
31 December 2022	15	-
Net book value:		
31 December 2021	38,601	38,601
31 December 2022	33,260	33,260

13. Short-term loans from financial institutions

(Unit: Thousand Baht)		
	Consolidated and Separate financial statements	
	2022	2021
Trust receipts	25,893	35,992
Total short-term loans from financial institutions	25,893	35,992

As at 31 December 2022 and 2021, short-term loans from financial institutions carried interest at market rate.

14. Trade and other payables

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade payables - unrelated parties	289,021	254,298	278,517	250,174
Other payable - related party	-	-	11,382	6,959
Other payables - unrelated parties	34,598	39,016	34,594	39,011
Advance received for goods	52,628	41,577	52,628	41,577
Payables for purchases of machinery	362	6,424	362	6,424
Accrued expenses	11,937	13,982	11,819	13,866
Total trade and other payables	388,546	355,297	389,302	358,011

15. Long-term loans

(Unit: Thousand Baht)				
Loan	Interest rate	Repayment schedule	Consolidated and Separate financial statements	
			2022	2021
1.1	Close to MLR ⁽¹⁾	Monthly installments as from December 2021	165,500	343,500
1.2	Close to BIBOR 1M ⁽²⁾	Monthly installments as from December 2021	165,500	343,500
Total			331,000	687,000
Less: Deferred loans advisory fee			(2,256)	(4,378)
Net loans			328,744	682,622
Less: Current portion			(154,382)	(154,207)
Long-term loans, net of current portion			174,362	528,415
(1) MLR is Minimum Loan Rate.				
(2) BIBOR 1M is Bangkok Interbank Offered Rate Fixing for the period of 1 month.				

On 23 June 2021, the Company entered into a syndicated loan agreement with two commercial banks for a credit facility of Baht 1,275.5 million which is a long-term loan credit facility of Baht 700 million and a revolving credit facility of Baht 575.5 million. The loan is secured by mortgage of land and constructions thereon and machinery. The loan agreement contains certain covenants and restrictions, including, among other things, the maintenance of financial ratios stipulated in the agreement.

Movement of the long-term loan account during the year ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)		
	Consolidated and Separate financial statements	
	2022	2021
Beginning balance	682,622	121,390
Additional borrowings	-	700,000
Repayments	(356,000)	(134,390)
Deferred loan advisory fee	-	(5,417)
Amortisation of deferred loan advisory fee	-	1,039
Ending balance	328,745	682,622

16. Leases

The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 4 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)				
	Consolidated and Separate financial statements			
	Buildings and building improvement	Machinery and equipment	Motor vehicles	Total
1 January 2021	10,025	616,344	1,222	627,591
Additions	-	-	1,328	1,328
Reclassified as property, plant and equipment	-	(592,011)	(922)	(592,933)
Depreciation for the year	(1,007)	(24,333)	(187)	(25,527)
31 December 2021	9,018	-	1,441	10,459
Reclassified as property, plant and equipment	(9,018)	-	(197)	(9,215)
Depreciation for the year	-	-	(332)	(332)
31 December 2022	-	-	912	912

b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Lease payments	712	1,083
Less: Deferred interest expenses	(36)	(68)
Total	676	1,015
Less: Portion due within one year	(238)	(339)
Lease liabilities - net of current portion	438	676

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Balance at beginning of year	1,015	247,016
Additions	-	1,328
Repayments	(339)	(247,329)
Balance at end of year	676	1,015

A maturity analysis of lease payments is disclosed in Note 32 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Depreciation expense of right-of-use assets	332	25,527
Interest expense on lease liabilities	32	109
Expenses relating to short-term leases	3,317	3,502

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 0.1 million (2021: Baht 250 million), including the cash outflow related to short-term lease, leases of low-value assets.

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Provision for long-term employee benefits at beginning of year	93,335	80,889
Included in the income statement:		
Current service cost	12,729	14,934
Interest cost	1,254	1,481
Past service costs and losses on settlement	884	-
Included in other comprehensive income:		
Actuarial (gain)/loss arising from		
Demographic assumptions changes	(11,142)	-
Financial assumptions changes	(9,219)	-
Experience adjustments	(26,692)	-
Benefits paid during the year	(1,908)	(3,969)
Provision for long-term employee benefits at end of year	59,241	93,335

As at 31 December 2022 and 2021, the Group do not expect to pay long-term employee benefits during the next year.

As at 31 December 2022 and 2021, the weighted average duration of the liabilities for long-term employee benefit of the Group is 9.68 years.

Significant actuarial assumptions are summarised below.

	(Unit: % per annum)	
	2022	2021
Discount rate	2.77	1.7
Salary increase rate	2.96, 4.61	3.5 - 10.0
Staff turnover rate	0.0 - 38.0	0.0 - 28.0

The result of sensitivity analysis for significant assumption that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below.

	(Unit: Million Baht)			
	As at 31 December			
	2022		2021	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(5)	6	(12)	14
Salary increase rate	6	(5)	13	(12)
Staff turnover rate	(5)	1	(12)	5

18. Share capital/Warrant

On 27 April 2021, the Annual General Meeting of the Company’s shareholders approved the following resolutions:

- a) Issue and offer 209,119,846 warrants to purchase the Company’s ordinary shares No. 3 issued to the existing share-holders (SMT-W3) in proportion of their shareholdings without charge, at the ratio of 4 existing shares to 1 warrant.

The details of the SMT-W3 warrants are presented below.

Term of warrants	-	3 years from the date of issuance and offering
Exercise ratio	-	1 warrant per 1 ordinary share, unless there is any exercise adjustment in accordance with the conditions for adjustment
Exercise price	-	Baht 4 per share, unless there is any exercise adjustment in accordance with the conditions for adjustment
Exercise period	-	Every last business day of March, June, September and December of each year through the term of the warrants and the last exercise date is the maturity date

On 2 June 2021, the Company allotted the 209,119,366 SMT-W3 warrants. The first exercise date of the warrants is 30 September 2021 and the last exercise date is 28 June 2024. The Company will cancel the remaining 480 SMT-W3 warrants.

- b) Issue and offer 17,000,000 warrants to purchase the Company’s ordinary shares No. 3 issued to directors and/or employees of the Company (SMT-WC). The allotment of the warrants is not offered through intermediary and is offered to persons who must be directors and/or employees of the Company on the date of the allotment. The Remuneration Committee of the Company has considered the allotment of the warrants to each directors and/or employees by considering their working period, position, experience, and important to the organisation including working efficiency and ability as appropriate and proposed to the Company’s Board of Directors for approval.

The warrants are name-specified and non-transferable type, unless by hereditary transfer. The term of the warrants is 3 years from the date of issuance and offering (2 June 2021). The warrants are exercisable 2 times for each year on last business day of June and December through the term of the warrants and the last exercise date is the maturity date (28 June 2024).

The exercise ratio, price and restrictions, and the estimated fair value as at the grant date of the SMT-WC warrants are presented below.

Term of warrants	- 3 years from the date of issuance and offering
Exercise ratio	- 1 warrant per 1 ordinary share, unless there is any exercise adjustment in accordance with the conditions for adjustment
Exercise price	- Baht 4 per share, unless there is any exercise adjustment in accordance with the conditions for adjustment
Exercise period	- Every last business day of June and December of each year through the term of the warrants and the last exercise date is the maturity date
Exercise restrictions	- <u>Year 1</u> (the first and the second) Not exceeding 35% of the total warrants allotted to each warrant holder
	<u>Year 2</u> (the third and the fourth) Not exceeding 35% of the total warrants allotted to each warrant holder (the exercise can be accumulated up to 70% of the total warrants)
	<u>Year 3</u> (the fifth and the sixth) Can exercise in all of the remaining warrants (the exercise can be accumulated up to 100% of the total warrants)
Estimated fair value of each warrant as at the grant date	- Baht 2.09 - 2.27

The estimated fair value of each warrant as at the grant date was calculated by applying the Black Scholes model. The model inputs were the Company's ordinary share price as at the grant date of Baht 4.90 per share, the exercise price of Baht 4.00 per share, an expected share price volatility of 57.50% - 62.70% per year, an expected dividend yield of 0% of net profit, the term of the warrants of 3 years and 2 months and risk-free interest rates of 0.56% - 0.72% per annum.

During the year 2022 the Company recorded expense of Baht 7.7 million (2021: Baht 16.6 million) in relation to the warrant scheme, as employee expenses, and recognised an equal amount as "Capital reserve for share-based payments" in shareholders' equity.

Movements in the issued and fully paid share capital and the number of warrants were summarised below:

	Consolidated and separate financial statements					Date of registration of additional share capital with the Ministry of Commerce
	Number of warrants SMT-W3	Number of warrants SMT-WC	Issued and fully paid share capital	Share premium	Cash receipt from share subscription	
	(Thousand Unit)	(Thousand Unit)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	
Outstanding as at 1 January 2021	-	-	836,479	413,349	-	
Issuance of warrants in June 2021	209,119	17,000	-	-	-	
Exercised in September 2021	(12)	-	12	36	-	
Exercised in December 2021	(100)	(4,932)	-	-	20,129	8 October 2021
Decrease in warrants from employee resignation during the year	-	(798)	-	-	-	
Outstanding as at 31 December 2021	209,007	11,270	836,491	413,385	20,129	
Issuing ordinary shares			5,032	15,097	(20,129)	6 January 2022
Exercised in June 2022	-	(188)	188	563		7 July 2022
Exercised in December 2022	-	(3,841)	-	-	15,364	6 January 2023
Decrease in warrants from employee resignation during the year	-	(1,383)	-	-	-	
Outstanding as at 31 December 2022	209,007	5,858	841,711	429,045	15,364	

19. Treasury shares

On 12 October 2022, the Company’s Board of Directors passed a resolution to repurchase 60,000,000 ordinary shares, or 7.13 percent of the Company’s paid-up capital, at a maximum price of Baht 240 million. The repurchase is being made for financial management purposes and it is to be made through the Stock Exchange of Thailand between 26 October 2022 and 25 April 2023 and the Board of Directors will determine the resale period at a later date. However, it will end not later than 3 years from the repurchase date.

As at 31 December 2022, the Company’s 3,343,800 treasury shares, amounting to Baht 17.4 million, were presented as a deduction item in shareholders’ equity. This amount is presented under the cost method. The market price of the treasury shares, which was based on the closing price quoted on the Stock Exchange of Thailand on the last day of year, was approximately Baht 16.9 million.

The Company has to set aside an amount from retained earnings equal to the cost of the treasury shares to a separate reserve account, with such reserve to remain outstanding until either the shares are sold or paid-up capital is reduced by the cancellation of any remaining unsold shares. As at 31 December 2022, the Company appropriated Baht 17.4 million, equal to the cost of the treasury shares, of its retained earnings to the treasury share reserve.

20. Dividend

Dividend	Approved	Dividend payment amount	Dividend per share
		(Thousand Baht)	(Baht)
Final dividend for 2021	Annual General Meeting of the shareholders on 28 April 2022	42,076	0.05
Total for 2022		42,076	0.05

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2022, the Company has appropriated the retain earnings as the statutory reserve of Baht 15.2 million (2021: Baht 11 million).

22. Other comprehensive income - revaluation surplus on land

The revaluation surplus on land can neither be offset against deficit nor used for dividend payment.

23. Finance cost

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2022	2021
Interest expenses on borrowings	29,106	24,094
Interest expenses on lease liabilities	32	5,946
Total	29,138	30,040

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Salaries, wages and other employee benefits	529,029	535,420	481,534	487,925
Depreciation and amortisation	225,088	249,311	225,088	249,311
Raw materials and consumables used	1,328,346	1,214,311	1,328,346	1,214,311
Changes in inventories of finished goods and work in progress	111,807	52,413	111,807	52,414

25. Income tax

Income tax (revenues) expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	211	136	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	13,196	(39,115)	13,195	(39,144)
Tax expenses (income) reported in the income statement	13,407	(39,979)	13,195	(39,144)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Deferred tax on actuarial gains and losses	4,705	3,103	4,705	3,103
	4,705	3,103	4,705	3,103

The reconciliation between accounting profit and income tax (revenues) expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting profit before tax	317,212	171,236	316,737	169,058
Applicable tax rates	8.84%,10%, 20%, 21%	8.84%,10%, 20%, 21%	10%, 20%	10%, 20%
Accounting profit before tax multiplied by income tax rate	37,588	33,938	37,433	33,812
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	911	961	-	-
Previously deductible temporary differences and unrecognised tax losses that are used to reduce current tax expense	(13,471)	(2,044)	(13,471)	(2,044)
Previously deductible temporary differences and unrecognised tax losses that are used to reduce deferred tax expense	-	(39,109)	-	(39,109)
Write-down of previous deferred tax assets	(622)	-	(622)	-
Effects of:				
Promotional privileges (Note 25)	(11,591)	(31,820)	(11,591)	(31,820)
Non-deductible expenses	1,453	103	1,453	103
Additional expense deduction allowed	(898)	(1,018)	(18)	(86)
Others	36	10	11	-
Total	(11,000)	(32,725)	(10,145)	(31,803)
Tax expenses (income) reported in the income statement	13,406	(38,979)	13,195	(39,144)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for expected credit losses	1,023	251	1,023	251
Allowance for diminution in value of inventories	6,303	2,439	6,303	2,439
Provision for long-term employee benefits	5,924	9,334	5,924	9,334
Unused tax losses	11,096	30,223	11,096	30,223
Total	24,346	42,247	24,346	42,247
Deferred tax liabilities				
Revaluation surplus on land	7,143	7,143	7,143	7,143
Total	7,143	7,143	7,143	7,143

As at 31 December 2022 the Company has deductible temporary differences and unused tax losses totaling Baht 565 million (the Company: Baht 554 million) (2021: Baht 684 million (the Company: Baht 646 million)), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

26. Promotional privileges

The Company has received promotional privileges from the Board of Investment. Subject to certain imposed conditions, the significant tax privileges of the Company are as follows:

Details of certificates				
1. Certificate No.	58-2578-0-00-2-0	1500(2)/2558	5195(1)/2556	1167(1)/2555
2. Promotional privileges for	Manufacture of medical tools	Manufacture of electronic products and electrical equipment	Manufacture of semiconductor (i.e. integrated circuit module), and printed circuit board assembly (PCBA)	Manufacture of RFID wafer
3. The significant privileges are				
3.1 Exemption of corporate income tax on profit derived from the promoted operations, in accordance with conditions stipulated in the certificates.	8 years	7 years (Exemption of corporate income tax does not exceed Baht 5.06 million)	8 years (Exemption of corporate income tax does not exceed Baht 119.34 million for PCBA project)	8 years
3.2 50% reduction of corporate income tax on profit derived from the promoted operations for a period of 5 years after the tax-exemption period ends.	Not granted	Not granted	Granted	Granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted
4. Date of first earning promoted operation profit	16 January 2018	24 February 2017	1 March 2014	2 May 2014

The Company’s operating revenues for the years divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2022	2021	2022	2021	2022	2021
Sales						
Domestic sales	296,506	240,707	55,400	4,513	351,906	245,220
Direct export sales	1,329,895	1,896,113	1,135,653	13,812	2,465,548	1,909,925
Total sales	1,626,401	2,136,820	1,191,052	18,325	2,817,454	2,155,145

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following tables set forth the computations of basic and diluted earnings per share:

Consolidated financial statements						
	Profit for the period		Weighted average number of ordinary shares		Profit per share	
	2022	2021	2022	2021	2022	2021
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	303,524	209,703	841,546	836,491	0.36	0.25
Effect of dilutive potential ordinary shares						
SMT-W3	-	-	38,875	44,650		
SMT-WC	-	-	406	2,836		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	303,524	209,703	880,827	883,977	0.34	0.24

	Separate financial statements					
	Weighted average number of ordinary shares				Profit per share	
	Profit for the period					
	2022	2021	2022	2021	2022	2021
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	393,178	208,203	841,546	836,491	0.36	0.25
Effect of dilutive potential ordinary shares						
SMT-W3	-	-	38,875	44,650		
SMT-WC	-	-	406	2,836		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	393,178	208,203	880,827	883,977	0.34	0.24

28. Segment information

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

For management purposes, the Group is organised into 2 business units based on its products: Microelectronics Module Assembly (MMA) and Integrated Circuit Packaging (IC Packaging) and by geographical areas: segment located in Thailand and segment located in United States of America.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2022 and 2021.

[illegible]

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2022	2021
Revenue from external customers		
Thailand	352,994	245,219
United States of America	1,950,566	1,594,364
Others	531,901	343,023
Total (per consolidated financial statements)	2,835,461	2,182,606

Non-current assets (other than financial instruments and deferred tax assets) are the assets of entities located in Thailand.

For the year 2022, the Group has revenue from four major customers in amount of Baht 895 million, Baht 507 million, Baht 302 million and Baht 287 million, arising from sales of MMA and IC packaging (2021: Baht 641 million, Baht 494 million and Baht 226 million derived from three major customers, arising from sales of MMA and IC packaging).

29. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries and their employees contributed to the fund monthly at the rates of 3 - 10% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to approximately Baht 10 million (the Company only: Baht 10 million) (2021: Baht 12 million (the Company only: Baht 12 million)) were recognised as expenses.

30. Commitments and contingent liabilities

30.1 Long-term service commitments

The Company entered into technical and sale consultant agreements. Under the conditions of the agreements, the Company is to pay consultant fees on a monthly basis at rates stipulated in the agreements. In addition, the Company is to pay monthly commission fees as stipulated in the agreements. The fees for the year ended 31 December 2022 amounting to approximately Baht 15.4 million (2021: Baht 14.1 million) were recognised as expenses.

30.2 Electricity purchase agreement

The Company entered into an agreement with a company to purchase electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement period is 15 years and will expire in September 2029.

30.3 Guarantees

As at 31 December 2022 and 2021, there were outstanding bank guarantees of Baht 3 million issued by a bank on behalf of the Company. These included letters of guarantee amounting to Baht 2 million to guarantee electricity use and Baht 1 million to guarantee contractual performance.

31. Fair value hierarchy

As at 31 December 2022 and 2021, the Company had the land which is stated at the revalued amount of Baht 91 million and the fair value hierarchy is level 3.

During the current year, there were no transfers within the fair value hierarchy.

32. Financial instruments

32.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Derivative liabilities				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	7,162	251	7,162	251
Total derivative liabilities	7,162	251	7,162	251

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 - 6 months.

32.2 Financial risk management objectives and policies

The Group’s financial instruments principally comprise cash and cash equivalents, trade and other receivables, loans to subsidiaries, trade and other payables, lease liabilities, short-term and long-term loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.-

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group’s maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by other forms of credit insurance obtained from reputable banks and other financial institutions.

However, the Group is exposed to concentrations of credit risk with respect to trade and other receivables because they have a few major customers who are in

the same industry. The maximum exposure to credit risk is limited to the carrying amount of trade and other receivables as stated in the statement of financial position.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by geography, product type, customer type and rating, and coverage by other forms of credit insurance. The calculation of impairment reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Market risk

There are two types of market risk comprising interest rate risk and currency risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods

Foreign currency risk

The Group’s exposure to the foreign currency risk relates primarily to its purchase of raw materials, trading transactions and purchases of machinery that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	13.2	15.3	7.6	7.4	34.5624	33.4199
Japanese yen	-	-	15.3	3.7	0.2609	0.2906

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group’s profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group’s profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2022 and 2021. The Group’s exposure to foreign currency changes for all other currencies is not material.

Currency	2022		2021	
	Change in FX rate	Effect on profit before tax	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US dollar	+4.00	9,884	+1.50	4,235
	- 4.00	(9,884)	- 1.50	(4,235)

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Group’s exposure to interest rate risk relates primarily to its loans, lease liabilities, short-term and long-term loans. Most of the Group’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by enters into interest rate swaps in which it agrees to exchange, between variable and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount and interest rate.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)						
	As at 31 December 2022					
	Consolidated financial statements					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	119	-	119	0.04 - 0.25
Trade and other receivables	-	-	-	370	370	-
	-	-	119	370	489	
Financial liabilities						
Short-term loans from financial institutions	26	-	-	-	26	Market rate
Trade and other payables	-	-	-	389	389	-
Lease liabilities	-	1	-	-	1	3.70 - 5.12
Long-term loans	-	-	328	-	328	Close to MLR and close to BIBOR 1M
	26	1	328	389	744	

(Unit: Million Baht)						
	As at 31 December 2021					
	Consolidated financial statements					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	36	-	36	0.04 - 0.05
Trade and other receivables	-	-	-	330	330	-
	-	-	36	330	366	
Financial liabilities						
Short-term loans from financial institutions	36	-	-	-	36	Market rate
Trade and other payables	-	-	-	355	355	-
Lease liabilities	-	1	-	-	1	3.70 - 6.20
Long-term loans	-	-	682	-	682	Close to MLR and close to BIBOR 1M
	36	1	682	355	1,074	

(Unit: Million Baht)						
	As at 31 December 2022					
	Separate financial statements					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	99	-	99	0.04 - 0.25
Trade and other receivables	-	-	-	380	380	-
	-	-	99	380	479	
Financial liabilities						
Short-term loans from financial institutions	26	-	-	-	26	Market rate
Trade and other payables	-	-	-	389	389	-
Lease liabilities	-	1	-	-	1	3.70 - 6.20
Long-term loans	-	-	328	-	328	Close to MLR and close to BIBOR 1M
	26	1	328	389	744	

(Unit: Million Baht)						
	As at 31 December 2021					
	Separate financial statements					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% Per annum)
Financial assets						
Cash and cash equivalents	-	-	23	-	23	0.04 - 0.05
Trade and other receivables	-	-	-	335	335	-
	-	-	23	335	358	
Financial liabilities						
Short-term loans from financial institutions	36	-	-	-	36	Market rate
Trade and other payables	-	-	-	358	358	-
Lease liabilities	-	1	-	-	1	3.70 - 6.20
Long-term loans	-	-	682	-	682	Close to MLR and close to BIBOR 1M
	36	1	682	358	1,077	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. Approximately 50% of the Group’s debt will mature in less than one year at 31 December 2022 (the Company only: 50%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded that it has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group’s non-derivative financial liabilities and derivative financial instruments as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)					
Consolidated financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	25,893	-	-	25,893
Trade and other payables	388,593	-	-	-	388,593
Lease liabilities	-	259	453	-	712
Long-term loans	-	169,143	180,341	-	349,484
Total non-derivatives	388,593	195,295	180,794	-	764,682
Derivatives					
Derivative liabilities: net settled	-	7,162	-	-	7,162
Total derivatives	-	7,162	-	-	7,162

(Unit: Thousand Baht)					
Consolidated financial statements					
As at 31 December 2021					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	35,992	-	-	35,992
Trade and other payables	355,297	-	-	-	355,297
Lease liabilities	-	371	712	-	1,083
Long-term loans	-	185,158	574,744	-	759,902
Total non-derivatives	355,297	221,521	575,456	-	1,152,274
Derivatives					
Derivative liabilities: net settled	-	251	-	-	251
Total derivatives	-	251	-	-	251

(Unit: Thousand Baht)					
Separate financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	25,893	-	-	25,893
Trade and other payables	389,302	-	-	-	389,302
Lease liabilities	-	259	453	-	712
Long-term loans	-	169,143	180,341	-	349,484
Total non-derivatives	389,302	195,295	180,794	-	765,391
Derivatives					
Derivative liabilities: net settled	-	7,162	-	-	7,162
Total derivatives	-	7,162	-	-	7,162

(Unit: Thousand Baht)					
Separate financial statements					
As at 31 December 2021					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	35,992	-	-	35,992
Trade and other payables	358,011	-	-	-	358,011
Lease liabilities	-	371	712	-	1,083
Long-term loans	-	185,158	574,744	-	759,902
Total non-derivatives	358,011	221,521	575,456	-	1,154,988
Derivatives					
Derivative liabilities: net settled	-	251	-	-	251
Total derivatives	-	251	-	-	251

32.3 Fair value of financial instruments

Since the majority of the financial instruments of the Group are short-term in nature and loans carry interest at rates close to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The methods and assumptions used by the Group estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts and other receivables and short-term loans to related parties, accounts and other payables and short-term loans from financial institutions, the carrying amounts in the statement of financial position approximate their fair value.
- b) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.
- c) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, and interest rate yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

33. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2022, the Group's debt-to-equity ratio was 0.44:1 (2021: 0.75:1) and the Company's was 0.44:1 (2021: 0.76:1).

34. Events after the reporting period

On 27 February 2023, the Board of Directors' Meeting of the Company passed a resolution approving the payment of a final dividend for 2022 of Baht 0.06 per share to the Company's shareholders, totaling Baht 50.73 million. The Company is to pay the dividend and record after it is approved by the Annual General Meeting of the Company's shareholders which will be held in April 2023.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2023.

Attachments

Attachment 1

Details of directors, executives, controlling persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision, the Company’s secretary

As at 31 December 2022

Associate Professor Dr. Preecha Jarungidanan

Position : Acting Chairman, Independent Director, Chairman of Audit Committee and Chairman of Nomination & Remuneration Committee

Age 75 years

Percentage of Shareholding as of December 31, 2022
- none-

Educational Background

- Doctor of Philosophy (Ph.D.) in Economics, Major in Monetary Theory, University of Missouri (Columbia) USA.
- Master of Economics, Major in Public Finance, California State University, Long Beach, USA.
- Bachelor of Economics, Major in Finance and Banking, Thammasat University

Work Experience

Present:

- Chairman of NIDA Council
- Independent Director and Chairman of Audit Committee and Chairman of Nomination & Remuneration Committee of Stars Microelectronics (Thailand) Public Company Limited
- Independent Director and Audit Committee Member of Thai German Product
- Director and Audit Committee Member of Lam Soon (Thailand) Public Company Limited

Past:

- President of University, The National Institute of Development Administration
- Vice President for Administration, The National Institute of Development Administration
- President of Administration, The National Institute of Development Administration
- Academic Specialist, The National Institute of Development Administration
- Honorary Director of Public Debt Management Control and Policy Committee, The Public Debt
- Director of Office of the National Research Council of Thailand, Economics Department

Training History

- Director Accreditation Program (DAP), Class of 9/2004, Thai Institute of Directors
- Director Certification Program (DCP), Class of 89/2007, Thai Institute of Directors
- Audit Committee Program (ACP), Class of 24/2008, Thai Institute of Directors



Mr. Prompong Chaikul

Position : Vice Chairman, Chairman of Executive Committee,
Risk Management Committee Member



Age 36 years

Percentage of Shareholding as of December 31, 2022
4.474 %

Educational Background

- Master of Business Administration (Executive) (M.B.A.), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Engineering, Major in Electrical and Electronics Engineering (with Management), Imperial College London, United Kingdom (First class honors)

Work Experience

- Present:**
- Vice Chairman,Chairman of Executive Committee, Risk Management Committee Member of Stars Microelectronics (Thailand) Public Company Limited
 - Director of SS RFID Company Limited
 - Director of SMT Green Energy Company Limited
 - Director of Stars Microelectronics USA, Inc.
- Past:**
- Chief of Supply Chain of Stars Microelectronics (Thailand) Public Company Limited
 - Assistant Director (Planning & Development) of Stars Microelectronics (Thailand) Public Company Limited
 - Senior Engineer (Project & Development) of Stars Microelectronics (Thailand) Public Company Limited
 - Project Manager of Borei Corp., USA

Training History

- The Board’s Role in Mergers and Acquisitions (BMA), Class of 1/2022 (Online)
- IT Governance & Cyber Resilience Program, Class of 13/2020, Thai Institute of Directors
- Six Sigma (Brown Belt)
- Director Accreditation Program (DAP), Class of 116/2015, Thai Institute of Directors
- EN ISO 13485:2012 –Requirement and Internal Audit for Medical Device (TUV SUD PSB) Thailand
- Strategic Planning
- Change Management for Success
- Work and Safety Training (Management level), Safety Training Institute
- Coaching Skill, Bangkok Business Training
- Mini Master in HR Management
- Cost Management, Management and Psychology Institute
- Business Analysis, Executive Financial Management, Marketing Strategy, Risk Management
- EICC Code of Conduct

Associate Professor Dr. Aekkachai Nittayagasetwat

Position : Independent Director,Audit Committee Member and Nomination & Remuneration Committee Member



Age 59 years

Percentage of Shareholding as of December 31, 2022
- none-

Educational Background

- Ph.D. (Finance), University of Mississippi, U.S.A.
- M.B.A. (Finance), National Institute of Development Administration, Thailand
- B.Sc. (Chemical Technology majoring in Chemical Engineering), Chulalongkorn University, Thailand

Work Experience

- Present:**
- Independent Director, Audit Committee Member and Nomination & Remuneration Committee Member of Stars Microelectronics (Thailand) Public Company Limited
 - Associate Professor of Finance, National Institute of Development Administration (NIDA)
 - Chairman of Audit Committee of Universal Absorbance and Chemicals Public Company Limited
 - Chairman of Audit Committee, Independent Director, Nomination Committee Member, Remuneration Committee Member & Risk Management Committee Member of Getabec Public Company Limited
 - Chairman of Audit Committee, Chairman of Corporate Govenance Committee, Nomination & Remuneration Committee Member & Risk Management Committee Member of UAC Global Public Company Limited
 - Chairman, Chairman of Audit Committee & Independent Director of S.P.S. Intertech Public Company Limited
 - Audit Committee Member & Independent Director of Liberator Securities

Past:

- Dean of NIDA Business School, National Institute of Development Administration
- Associate Dean of NIDA Business School, National Institute of Development Administration
- Associate Dean for Academic Affairs, GSBA, NIDA
- Chairman of Risk Committee, Audit Committee Member & Independent Director of Panjawattana Plastic Public Company Limited
- Securities Analyst and Investment Banking Officer, Mithai Europartmer Finance and Securities Co., Ltd.

Training History

- Financial Risk Manager (FRM), Global Asset Risk Professionals (GARP)
- Listed Companies Association on “Listed Firms Financial Distress Prediction” and “The Stability of The Thai Capital Market” Projects
- Stock Exchange of Thailand on “Securities Business after Brokerage Firms” Project
- Executive Leadership Program (ELP), National Institute of Development Administration, Thailand and The Wharton School, University of Pennsylvania,
- Compensation Program, Thai Institute of Directors

Professor Dr. Kamphol Panyagometh

Position : Independent Director, Audit Committee Member and Chairman of Risk Management Committee



Age 50 years

Percentage of Shareholding as of December 31, 2022
0.0208 %

Educational Background

- Ph.D. in Finance, Schulich School of Business, York University, Canada
- M.B.A (Finance Major), National Institute of Development Administration
- B.Sc. (Microbiology), King Mongkut’s Institute of Technology Thonburi

Work Experience

- Present:**
- Independent Director, Audit Committee Member and Chairman of Risk Management Committee of Stars Microelectronics (Thailand) Public Company Limited
 - Independent Director and Audit Committee Member of Hydrotek Public Company Limited
 - Independent Director, Audit Committee Member of Prime Road Power Public Company Limited
 - Special instructor, NIDA Business School, National Institute of Development Administration
- Past:**
- Independent Director of WHA Corporation Public Company Limited
 - President, National Institute of Development Administration
 - Professor in Finance, National Institute of Development Administration

- Vice President for Research and Consulting Services
- Director of MSc in Financial Investment and Risk Management, NIDA Business School
- Asset Allocation and Portfolio Management Consultant, Finansa Asset Management
- Investment Committee, National Institute of Development Administration (NIDA)
- Board of Directors, Asian Finance Association
- Regional Director in Thailand, Global Association of Risk Professionals
- CFA Society of Thailand Board of Directors
- Risk Management Consultant, One Asset Management
- Sub-committee of Education, Thai Financial Planners Association (TFPA)
- Director of University Liaisons, CFA Society of Thailand
- Research Associate, The Individual Finance and Insurance Decisions Centre, Canada

Training History

- Director Accreditation Program (DAP), Class of 90/2011, Thai Institute of Directors
- Chartered Financial Analyst (CFA)
- Financial Risk Managers (FRM)
- Certified Financial Planners (CFP)
- NIDA-Wharton Executive Leadership Program

Mr. Nattapong Chaikul

Position: Director and Executive Director



Age 27 years

Percentage of Shareholding as of December 31, 2022
7.3920 %

Educational Background

- Master Degree in Management (Distinction), University College London, United Kingdom
- Bachelor of Chemical Engineering (Upper Second-Class Honours), University College London, United Kingdom

Work Experience

- Present:**
- Director and Executive Director of Stars Microelectronics (Thailand) Public Company Limited
 - Director and Executive Director of SMT Biomass Company Limited
 - Director of A Star Technology Company Limited
 - Director and Executive Director of Key Stars Property Company Limited
 - Director and Executive Director of Cheeva Rice Company Limited
 - Director and Executive Director of Kullapassorn Company Limited

Training History

- Director Accreditation Program (DAP), Class of 167/2019, Thai Institute of Directors
- Financial Statements of Directors (FSD), Class of 42/2020, Thai Institute of Directors
- Leading with Finance, Harvard Business School
- Business Analysis Course, Chulalongkorn University

Mr. Yunyong Sawasdi

Position: Director, Company Secretary, Executive Director, Nomination & Remuneration Committee Member, Risk Management Committee Member and Former Chief of Finance & Administration Officer (Former- CFO)



Age 70 years

Percentage of Shareholding as of December 31, 2022
0.00007 %

Educational Background

- Master’s Degree in Business Administration (MBA), Faculty of Commerce and Accountancy, Thammasat University
- Master’s Degree in Public Administration, National Institute of Development Administration (NIDA)
- Bachelor’s Degree in Education (Science), Faculty of Education, Chulalongkorn University

Work Experience

- Present:**
- Director, Company Secretary, Executive Director, Nomination & Remuneration Committee Member Risk Management Committee Member of Stars Microelectronics (Thailand) Public Company Limited
 - Guest Lecturer at Faculty of Dentistry, Mahidol University.

Past:

- Chief of Finance & Administration Officer (CFO) of Stars Microelectronics (Thailand) Public Company Limited
- General Manager of Thaimaparn Trading Company Limited
- Guest Lecturer at Faculty of Political Science, Chulalongkorn University

Training History

- Director Accreditation Program (DAP), Class of 98/2012, Thai Institute of Directors
- Company Secretary Program (CSP), Class of 33/2009, Thai Institute of Directors
- Role of the Compensation Committee Program (RCC), Class of 9/2009, Thai Institute of Directors

Assistant Professor Dr. Jitkasame Ngarmnil

Position: Director

Age 56 years

Percentage of Shareholding as of December 31, 2022
0.0208 %

Educational Background

- Ph.D. DIC. Electronics Engineering, Integrated Circuit Designs, Imperial College London, the University of London

Work Experience

Present:

- Director, Stars Microelectronics (Thailand) Public Company Limited
- Director, Internation Research Corporation Public Company

Past:

- Co-CEO & Director, International Research Corporation, PLC.
- Managing Director, International Engineering, PLC
- Dean of Faculty of Engineering, Vice President, Secretary of the University Council, Mahanakorn University of Technology
- President, Institute of Electrical and Electronics Engineers (IEEE)



Mr. Virat Phugthai

Position: Executive Director and Chief Executive Officer (CEO)

Age 54 years

Percentage of Shareholding as of December 31, 2022
0.00003 %

Educational Background

- Bachelor’s Degree in Science (Physics), Silpakorn University
- Master’s Degree in Business Administration (MBA), International Business, Eastern Asia University

Work Experience

Present:

- Chief Executive Officer (CEO) of Stars Microelectronics (Thailand) Public Company Limited
- Director of Stars Microelectronics USA, Inc.

Past:

- Vice President - Corporate Business Development, SVI, PLC.



Training History

- Director Accreditation Program (DAP), Class of 191/2022 (Online), Thai Institute of Directors
- The Board’s Role in Mergers and Acquisitions (BMA), Class of 1/2022 (Online), Thai Institute of Directors

Training History

- Director Certification Program (DCP107) Institute of Directors (IOD)
- Financial Statements for Directors Institute of Directors (IOD)
- Financial Management for Executive Course, Chulalongkorn University
- Business Analysis Course, Chulalongkorn University
- Top Executive Course, (OCSC 14), Ministry of Education

Mr. Naris Chandang

Position: Executive Director, Risk Management Committee Member and Chief Marketing Officer



Age 53 years

Percentage of Shareholding as of December 31, 2022
0.0006 %

Educational Background

- Bachelor’s Degree in Science (Physics), Silpakorn University
- Master’s Degree in Engineering (Electronics), King Mongkut’s institute of Technology Ladkrabang

Training History

- Director Accreditation Program (DAP), Class of 191/2022 (Online), Thai Institute of Directors

Work Experience

- Present:**
- Chief Marketing Officer (CMO) of Stars Microelectronics (Thailand) Public Company Limited
 - Director of Stars Microelectronics USA, Inc.

- Past:**
- Senior Director-Business Development Department, SVI, PLC.
 - Director-Business Developmant Department, SVI, PLC.

Mr. Ruangpoj Phakdurong

Position: Executive Director, Risk Management Committee Member and Chief Operation Officer



Age 69 years

Percentage of Shareholding as of December 31, 2022
0.0457%

Educational Background

- Bachelor’s Degree in Electrical Engineering,King Mongkut’s institute of Technology Ladkrabang
- Master’s Degree in Electrical Engineering,King Mongkut’s institute of Technology Ladkrabang

Work Experience

- Present:**
- Chief Operation Officer (COO) of Stars Microelectronics (Thailand) Public Company Limited
- Past:**
- Vice Chairman, SVI, PLC.

Mr. Chotisak Promwas

Position: Executive Director, Risk Management Committee Member and Chief Financial Officer
(assigned to take the highest responsibility in Accounting and Finance of the Company)



Age 44 years

Percentage of Shareholding as of December 31, 2022
-none-

Educational Background

- Bachelor’s Degree in Accounting, Chiang Mai University
- Master’s Degree in Accounting, Chiang Mai University

Work Experience

- Present:**
- Chief Financial Officer (CFO) of Stars Microelectronics (Thailand) Public Company Limited
 - Director of SS RFID Co.,LTD
 - Director of SMT Green Energy Co.,LTD.
- Past:**
- Deputy Managing Director & CFO, PCN Crop, PLC.
 - Director-Accounting Department, Mitsubishi Motors (Thailand), LTD.

Training History

- The Board’s Role in Mergers and Acquisitions (BMA), Class of 1/2022 (Online), Thai Institute of Directors
- Director Accreditation Program (DAP), Class of 165/2562, Thai Institute of Directors
- Financial Statements for Director (FSD), Class of 38/2562, Thai Institute of Directors
- Advanced Master of Management Program (AMM), Class of 6/2563, GSPN, Nida

Attachment 2

Details of the directors of subsidiaries

As at 31 December 2022

Name of Directors	Stars Microelectronics USA, Inc.	SMT Green Energy Co.,Ltd.	SS RFID Co.,Ltd.
1. Mr. Somnuk Chaikul		X	X
2 . Mr. Prompong Chaikul	/	/,*	/,*
3. Mr. Virat Phughtai	/		
4. Mr. Naris Chandang	/		
5. Mr.Chotisak Promwas		/	/

X = Chairman , / =Director , *= Executive Director

Attachment 3

Details of the Heads of the Internal Audit and Compliance Units

Head of the Internal Audit: Miss Sunan Wongmutthavanich

Position: Director (Internal Audit), Audit Committee’s Secretary and Risk Committee Member
Age: 49 Years

Education:

- Master of Economics Program (Financial Economics), the National Institute of Development Administration (NIDA)
- Bachelor’s Degree in (Accounting) , Thammasat Business School, Thammasat University

Certificated: CPIAT (Certificated ’s professional of Internal auditor of Thailand), The Institute of Internal Auditors of Thailand (IIAT)

Experience in Work: 21 years

Time	Company/ Responsibility	
Jul 2007-pres- ent (15 years)	Stars Microelectronics (Thailand) Public Company Limited (SMT)	
	Key Responsibilities	Duties & Activities
	Management and Control Internal Audit Work	1. Selecting an Internal Auditor 2. Developing an Internal Auditor skills 3. Safeguarding of Business Assets 4. Working of internal audit activities
	Create the Annual Audit Plan	1. Set the objective , criteria , scope and audit process 2. Collect the information for create audit plan 3. Set the Annual Audit Plan
	Audit , review the project and do audit report	1. Study the process of work and set Checklist
		2. Coordinate and inform the auditee, know the scope, time to audit
		3. Work audit accordant with audit project
		4. Done the audit report
		5. Present to the Executive
	Coordinate with Audit Committee	1. Report the Audit Committee about audit work 1 time in a Quarter 2. Invite the Audit Committee to meeting for certification Financial Statement , Internal Control and Risk Management 3. Contact , coordinate with set, sec. and other
	Duties of Audit Committee Secretary	
	• Prepare the Audit Committee Meeting in every Quarterly	
	• Coordinate with Audit Committee, the Board of Director and sub Committee.	
	• Report the main point of Audit and Internal Control to the Audit Committee	
5 years	Crown Seal Public Company Limited (CSC)	
2 years	General Environmental Conservation PCL (GENCO)	
5 years	The Industrial Finance Corporation of Thailand (IFCT)	

Training History :

- Leadership skills for Auditor (4 days, 19-22 October 2017) From The Institute of Internal Auditors of Thailand.
- How Modern Internal Audit Fraud in New Technology world (1 days, 17 June 2017) From The Institute of Internal Auditors of Thailand.
- Integrating New IPPF 2017 to practices. (1 days, 29 April 2017) From The Institute of Internal Auditors of Thailand.
- Six Sigma (Brown Belt) (5 day, in April-May 2017) From Stars microelectronics (Thailand) PLC.
Certificated ‘s professional of Internal auditor of Thailand (CPIAT 9) (21 days , October-December 2008) From The Institute of Internal Auditors of Thailand.
- Company Secretary program (CSP 52/2013) (2 days, 6-7 August 2013) From the Thai Institute of Directors. Assessing Business Risk: The Gateway to Value-added Results (13 June-15 June 2002) From The Institute of Internal Auditors of Thailand.
- Operating for Internal Audit (Course 2) (10-12 and 17-19 October 2002) From The IIA.
- Enterprise Risk Management (2 June 2005) From Price Waterhouse Coopers
- Occupational Health & Safety Aware , Hazard Identification and Risk Assessment (3-4 June 2006) From Thailand Productivity Institute.
- Etc., Account, With Holding Tax, Vat.

Attachment 4

Assets for business undertaking and details of asset appraisal

As at 31 December 2022

Details of asset appraisal

The Company had asset appraisal in year 2019,appraisal of 2 plots of land area 17-2-1 rai by independent appraiser use Market approach.

Summary and Value of assets

Asset appraisal : Land value about 91 Million Bath

Appraisal by: First Star Consultant Co.,Ltd. (Mr. Jaroonsak Fongthong)

Date of assets appraisal : 10 September 2019

Date of report : 24 September 2019

Objective for asset appraisal : Record the account Land value equal to year 2015 , nonprofit from the valuation

Attachment 5

Code of Conduct for Board Members and Employees of Stars Microelectronics (Thailand) PLC

as of 31 December 2022

The Code of Conduct for Board Members and Employees specified in this guide is the basic standard of ethical conduct. The Company has provided this Code of Conduct for all members of the Board and employees to adhere to and behave in accordance with its contents, as the Company believes that guidelines for ethical conduct are an important tool which will lead to improved working practices.

1. Scope

This Code of Conduct is enforced for Board members and employees of the Company including subsidiaries and other enterprises under the Company’s control.

2. Adherence

All Board members and employees are responsible for understanding and adhering to this Code of Conduct including any other additional policies issued by the Company.

Members of the Board must adhere to this Code of Conduct by conducting themselves in a way that can be held as an exemplar for other employees and fostering a working environment that supports ethical conduct. Board members must also be committed to dissuade and prevent any ethical violations.

Employees who act in violation of the ethics or relevant policies issued by the Company or those who allow their

subordinates to commit ethical violations will be subject to a disciplinary procedure, which may lead to termination, payment of damages, and civil or criminal penalties.

Examples of conduct which may lead to disciplinary action

- Behavior that violates the Company’s policies
- Demanding others to violate the Company’s policies
- Failure to immediately report violations or suspicious behavior that is in violation of the Company’s policies
- Refraining from cooperating with an investigation into the cause of possible violations of the Company’s policies
- Defaming others by reporting violations or involvement in violations of the Company’s policies
- Failure to demonstrate leadership or oversee adherence to the Company’s relevant policies and regulations

3. Honesty and reliability

As honesty is a vital component for reliance and trust, should the Company not be relied upon or trusted, the Company would consequently face difficulties in its business operations. Therefore, the Company must achieve its goal in receiving the utmost trust and satisfaction from its customers. In this regard, Board members and employees must commit to honesty, fairness and integrity in order to gain the trust of the Company’s customers.

4. Respect for others at all times

Members of the Board and employees of the Company must behave and act towards others as they would like others to behave and act towards themselves. Accordingly, everyone in the Company must also have respect for any person with whom the Company comes into contact or is involved.

5. Fairness and non-discrimination

Fairness, tolerance, respect and equity are essential components of an organization. Discrimination, whether in terms of nationality, race, gender, religion, age, lineage, or any other form of discrimination, is considered a severe violation of the Company’s policies.

6. No infringement of intellectual property including copyrights and patents

Any violations of copyrights, patents, trade secrets, and terms and conditions of license permits are violations of the law.

The use of computer software by Board members and employees in day-to-day operations must be in accordance with regulations as stipulated by the Company. Duplication of software is prohibited, except in the case that permission has been rightfully granted.

7. Confidentiality

The principles of honesty are extended to include the issue of confidentiality, in accordance with the Company’s commitment or pledge, whether explicit or implicit, to protect confidential information. This is invoked in all cases where the Company receives or acknowledges information that is not disclosed to the public and is not relevant to the work under any of the Company’s contracts.

All Board members and employees of the Company must maintain the confidentiality of any private information provided by customers, contractors, suppliers, business partners, or other parties, except in the case that the Company has been relieved of the responsibility of confidentiality, whether by law or in accordance with the principles of this Code of Conduct.

8. Proper collection and storage of the Company’s data

The Company’s data must be collected and stored in an accurate and timely manner for the purpose of work efficiency. This includes all types of data, e.g., quality data, security, personal data, and financial and accounting data. All of the Company’s financial and accounting books and reports must accurately reflect the transactions and situations in accordance with generally accepted accounting principles in addition to the internal control system. Creation of false or inaccurate data is strictly prohibited.

9. Internal data and stock trading data

The Company forbids employees and Board members from using important internal data that the Company has not disclosed to the public for the personal gain of themselves or others, including the trading of the Company’s stocks by Board members and employees working in departments privy to internal information. Board members and employees should avoid or refrain from trading the Company’s stocks within a period of one month prior to the disclosure of financial statements to the public. In addition, Board members and employees must not disclose or use the Company’s confidential information for their own gain. It is the duty of Board members and employees to act cautiously in order to maintain the confidentiality of the information. They also must not use their positions within the Company or any information that they may have received in the course of their work at the Company to wrongfully serve their own interests or to diminish the interests of the Company. Should the Company discover that an employee or Board member has used internal information or demonstrated suspicious behavior that causes damage to the Company, the severest penalty will be issued.

10. Compliance with the law and rules and regulations

The Company expects its Board members and employees to place importance on acting and carrying out duties in compliance with the law and the Company’s business-related rules and regulations, including the filing of tax returns and payments within the applicable time period in an accurate and complete manner and after proper verification.

11. Fairness towards business competitors

The Company’s policy on competition is to be fair while at the same time remaining determined and resolute.

The Company will not use illegal or immoral methods of data collection to further its interests in competition, which includes prohibiting theft or utilization of any important information, e.g., market data or trade secrets, unless authorized by the owner of said information. Any form of deception or action misleading former or current employees of the Company to disclose confidential information is also prohibited.

12. Responsibility towards shareholders

Work-related practices, operations and decision making of the Board members and employees must only be carried out for the shareholders’ best interest.

Board members and employees are prohibited from using the Company’s assets for personal gain, for any other purposes unrelated to the Company’s business operations, or for financial commitments with suppliers of materials or products, public sectors or government agencies, business partners or competitors of the Company.

13. Communication

As the Company is committed to operating its business in an honest and open manner, all internal and external communications must be correct, accurate, straightforward and using the appropriate channels according to the respective situation.

The Company also prohibits any communication, publication or announcement, whether internal or external, verbal or written, that is false, distorted, or with malicious intent to harm the reputation of an individual or group.

Every communication must be carried out with the appropriate language and tone, and must not damage the Company’s image or reputation.

14. Harassment

To foster efficiency, the Company is committed to creating a positive work environment free from any form of harassment. Reports of any situation or behavior that is goes against the Code of Conduct will lead to a serious investigation and, should the case turn out to be true, disciplinary action will be taken.

The various forms of harassment are as follows:

- (a) Verbal harassment, e.g., distorting the truth, slander, claims that damage one’s reputation
- (b) Physical harassment, e.g., threats, attacks, threatening to attack
- (c) Visible harassment, e.g., aggressive communication, expressing gestures or showing images that cause distress
- (d) Sexual harassment, e.g., flirtation, demanding sexual favors, or other physical or verbal forms of sexual harassment

15. Gambling, consumption of alcohol and drug use

Employees are forbidden to possess, purchase, sell, transport, consume or use alcohol, drugs or controlled substances (except if prescribed by a medical doctor) on the Company premises.

Employees are forbidden from all forms of gambling on the Company premises.

16. Recommendations

This Code of Conduct cannot provide guidelines for any and all situations or provide responses to all queries which may arise. Therefore, it is extremely necessary for the Company to rely upon the discretion of the Board members and employees to consider what is correct and when it is appropriate to discuss with others about the suitable behavior or action.

Should there be any uncertainty about what is “the correct way to act/behave”, the following five questions should be considered.

- (a) Safety - Will the thing that I am doing or not doing cause harm to someone else’s life, health or safety?
- (b) Rules and regulations - Will the thing that I am doing or not doing violate national law, local law or any rules or regulations?
- (c) Policy - Will the thing that I am doing or not doing violate the policies, regulations or guidelines stipulated by the Company?
- (d) Dignity - If the thing that I am doing or failing to do comes to be known by my supervisor or colleagues, will I feel guilty/ashamed?
- (e) Image - Is the thing that I intend to do or refrain from doing inappropriate, dishonest or damaging to the Company’s image?

If your answer to any of the above questions is “yes”, it is possible that the action/behavior that you have chosen to pursue or refrain from may be an ethical violation or conflict. If any query or uncertainty should arise, the situation should be discussed with your supervisor or human resources personnel responsible for your department.

Conclusion

Fairness, honesty and integrity are considered the key principles in the operation of the Company. At the same time, the Company is committed to providing excellent services. Consequently, said commitment is an essential part of each Board member and employee, and should be clearly expressed in one’s speech, actions and behavior. Interactions with customers, whether face-to-face, via telephone or written correspondence, must be conducted with respect, care and enthusiasm.

Attachment 6

Report of the Audit Committee

Dear Shareholders,

The Audit Committee, appointed by the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited, consists of three members as following:

1	Associate Professor Dr. Preecha Jarungidanan	Chairman of the Audit Committee
2	Associate Professor Dr. Aekkachai Nittayagasetwat	Audit committee Member
3	Professor Kampol Panyagometh	Audit committee Member

And all of them are experts in accounting, finance, economics and risk management.

In 2022, the Audit Committee held 4 meetings to review the correctness of financial statements, Auditor report, internal control system, risk management, Good Corporate Governance , preventing fraud and corruption, supervision of internal audit, transactions of conflict of interest or related transaction, recruiting Auditor and fixing the remuneration, compliance with the law of the Securities and Exchange Commission and the law related to the company’s business and review to confirm the compliance of the company with the International Financial Reporting Standard (IFRS) and arrange one meeting with Auditor without the participation of the company’s Management.

Financial Report For the period ended on 31 December 2022, the Audit Committee opined that the financial statements were prepared in accordance with the General Accounting Accepted Principles and disclosed the information in note to financial statements properly whereas the Certified Public Accountant expressed and opinion on the financial statements in the independent Auditor’s Report and conducted their audit to confide that the company can comply with the International Financial Reporting Standard (IFRS).

Report of the meeting of the Audit Committee The report was submitted to the Board of Directors to acknowledge and was set as the agenda in every meeting of the Board of Directors. The report gave useful recommendations to the company’s management team to be in line with the good governance practice and the rules and regulations of the Stock Exchange of Thailand.

Performance Evaluation The Audit Committee performed completely according to the charter. The Audit Committee performed in line with the good practice, which supported the company’s good governance.

Conflict of Interest or related transactions The Audit Committee reviewed related transactions between the company and its subsidiaries and related persons to consider the business transactions appropriately and maximize the company’s benefit and comply with the Stock Exchange of Thailand’s regulation. The company disclosed the information of the related transactions completely.

Consideration of the Auditor selection and fixing the remuneration The Audit Committee considered selecting the auditor from EY Office Limited to be the company’s auditor for year 2022 and also considered the auditing remuneration submitted to Annual General Meeting of Shareholders for approval. The auditor names are as follow.
Mr. Termphong Opanaphan -Certified Public Account No. No. 4501 and/or
Miss Vissuta Jariyathanakorn- No. 3853 and/or
Miss Manee Rattanabunnakit –No. 5313

For period ended on 31 December 2022, the auditor who certified the financial statements of the company was Miss Vissuta Jariyathanakorn

Compliance with the law of the Securities and Exchange Commission and the law related to the company’s business. The Audit Committee reviewed the company’s operation in accordance with the law of the Securities and Exchange Commission and the company’s business is not against any related business law.

The Audit Committee has performed its duties independently, carefully, and honestly and has stated its opinions openly to ensure that the company’s internal controls are in compliance with the law, rules and regulations related to business operations as well as ensure that the Audit Committee’s 2022 performance achieved the objectives set by the Board of Directors.



(Associate Professor Dr. Preecha Jarungidanan)
Chairman of the Audit Committee

Report of the Nomination & Remuneration Committee

Dear Shareholders,

The Nomination & Remuneration Committee, appointed by the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited for a three-year term of office, consists of three members. The Chairman of the Nomination & Remuneration Committee is appointed from the independent directors.

- 1. Associate Professor Dr. Preecha Jarungidanan
Chairman of Nomination & Remuneration Committee
- 2. Associate Professor Dr. Aekkachai Nittayagasetwat
Nomination & Remuneration Committee Member
- 3. Mr. Yunyong Sawasdi
Nomination & Remuneration Committee Member

The Nomination & Remuneration Committee has performed its duties and responsibilities independently as prescribed in the Nomination & Remuneration Committee charter to consider the forms and principles of compensation for directors, presented at the shareholders’ meeting for approval annually as well as the remuneration of Chief Executive Officer, which is submitted to the Board of Directors for approval.

In 2022, the Nomination & Remuneration Committee held two meeting with full attendance of the three Nomination & Remuneration Committee members to consider and determine the annual retainer fee and the meeting attendance fee. Also in 2022, the Nomination & Remuneration Committee had evaluation performance of CEO and considered the salary and benefits of the new Chief Executive Officer before submitting to the Board of Directors to consider and approve. The committee assigned

the independent financial consultant to provide the necessary information for consideration. The directors with conflict of interest will not join the meeting.

The Nomination & Remuneration Committee considered both fees for 2022, carefully taking into account the guidelines practiced by other firms in the same industry, the company’s performance, as well as directors’ knowledge, capabilities and experience. Remuneration deemed appropriate was determined and submitted for approval to increase the remuneration of directors for the year 2022 at Baht 5,000 per person per month and the same amount of Meeting allowance in year 2021. The details of the Nomination & Remuneration for the members of the company’s Board of Directors and the sub-committees’ members are shown in the part of the Nomination & Remuneration for the members of the Board of Directors of this annual report.



(Associate Professor Dr. Preecha Jarungidanan)
Chairman of the Nomination & Remuneration Committee

Report of the Risk Management Committee

Dear Shareholders,

Stars Microelectronics (Thailand) Public Company Limited realizes the importance of risk management as it is important to business operations. The company’s Board of Directors has appointed a risk management committee to assess and analyze the various risk factors that may affect the company’s operations and to set measures to prevent and reduce the risks continuously. The company realizes that the good risk management system will increase the value of business for shareholders and create sustainable growth for the company.

In 2022, the risk management committee carried out its duties as assigned by the Board, having held four meetings in total. The committee’s major accomplishment are summarized below.

- 1. Assessed Risks and define the framework of the risk management for each department to cover the Company’s internal and external risks, cover the strategy risks, operation risks, financial risks, social and environment risks and emerging risks.
- 2. Followed up the company’s compliance with the risk management policy continuously in order for the system to be effective.
- 3. Reviewed the company’s concepts of risk management and procedural guidelines by considering various factors such as society, politics, economy, environment, technology, competitor, etc.
- 4. Report the risk management to the Audit Committee and Board of Directors for consideration and approval in defining the appropriated risk management plans and apply to action in the company.

From the mentioned above, Risk Management Committee has prudently considered the risk assessment and evaluate the level of risk and define the measures to prevent and manage the risks to manage the risk at acceptable level.

The Risk Management Report was submitted to Audit Committee to set the sufficient internal control system and reported to every Board of Directors meeting. The content of the company’s risk management has been put into this annual report.



Professor Dr. Kamphol Panyagometh
Chairman of the Risk Management Committee



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