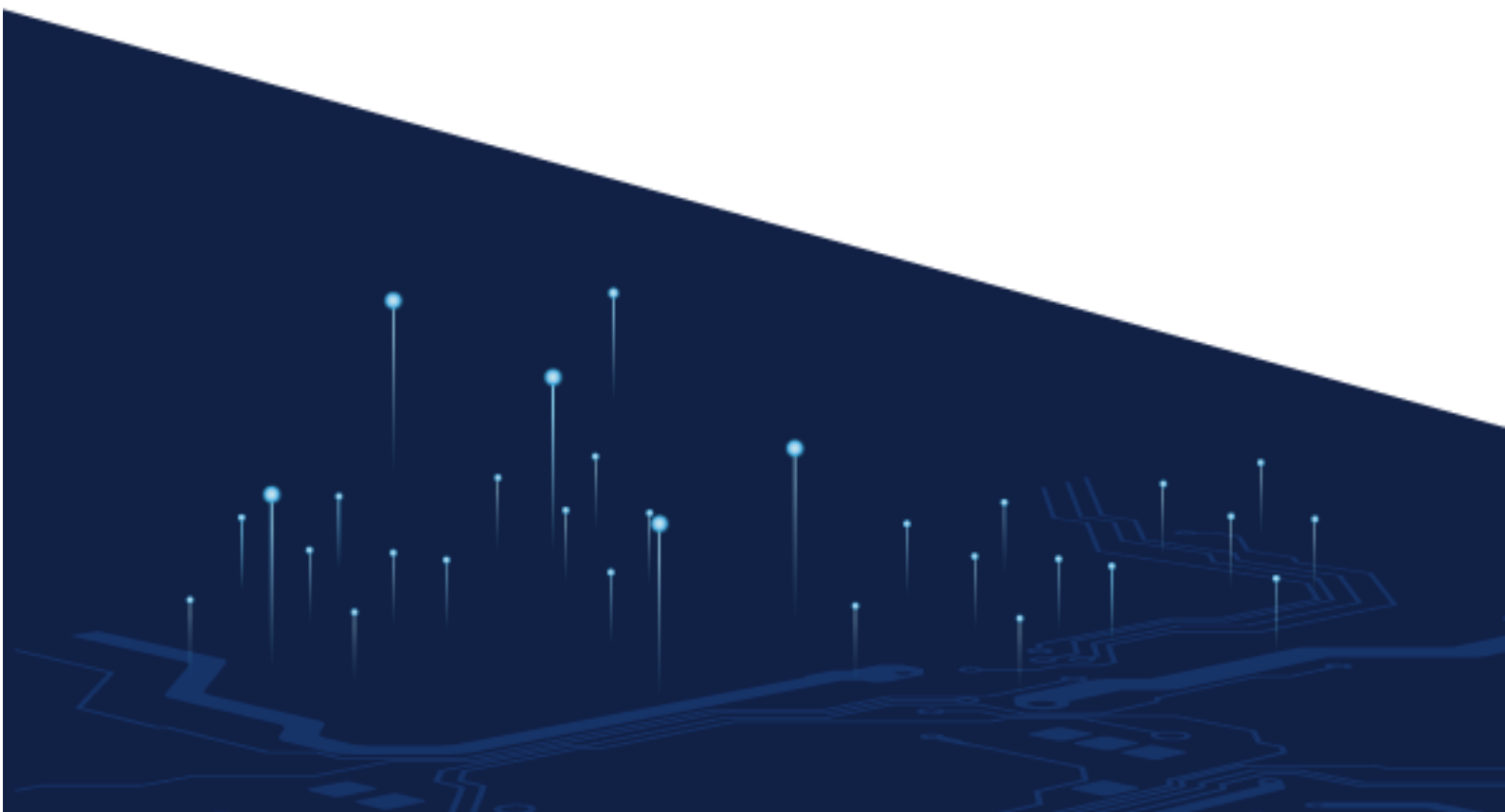
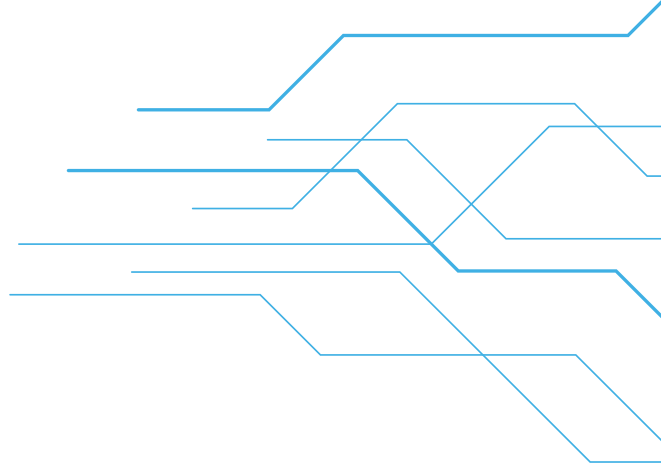


# ANNUAL REPORT 2021

Data Shuttle Company



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# Vision

“Shape the world of  
Secured & Connected devices  
with Innovation & Intelligence”





# Mission

## Products and services :

The Company will design and deliver outstanding and unique integrated circuit products and services.

## Customers and business partners :

The Company determines to add value to customers and business partners by focusing on creation of innovation that can be achievement at global level.

## Employees :

The Company will be the organization with happy working environment which determines to develop potential of its employees on creative idea and courage to encounter challenges with strong determination to success and self-development continually.



# Key events and Achievements

On the 29<sup>th</sup> of April 2021, the Company held the annual general meeting of shareholders so that shareholders can follow up on the Company's performance, trends, future plans, or ask questions to the management and the Board of Directors and exercise the right to make decisions on important company matters.



On the 29<sup>th</sup> of June 2021, the Board of Investment (BOI) collaborated with Silicon Craft Technology Public Company Limited to organize a seminar to promote knowledge under the topic “Creating Opportunities, Developing, and Extending the Potential of Thai Industries by Using NFC Technology” to inform Policies, Criteria and Privileges for Smart Electronics Industry.



On the 24<sup>th</sup> of August 2021, Prof. Dr. Phisit, MD. Head of Department of Biochemistry Faculty of Medicine Chulalongkorn University Head of the

center specializing in hepatitis and liver cancer Faculty of Medicine Chulalongkorn University received a donation of 1,500,000 baht from Dr. Naiyavudhi Wongkomet, Chairman of the Executive Committee, on behalf of Silicon Craft Technology Public Company Limited to support the Hepatitis and Liver Cancer Research Fund to Faculty of Medicine Chulalongkorn University



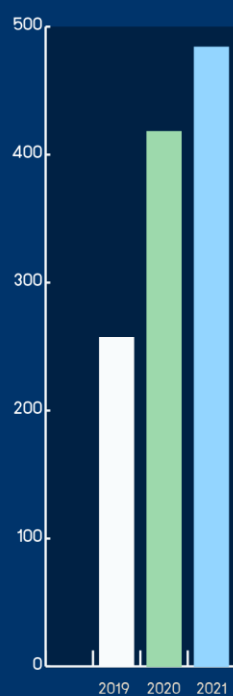
On the 18<sup>th</sup> of October 2021, the company delivered 33,000 NFC Stickers to the Department of Health. They will be used for the COVID-19 situation to screen risks in order for the establishment to be safe and confident in service and activities.

On the 5<sup>th</sup> of November 2021, the company organized online seminars together with the Board of Investment (BOI) and the government under the topic of Thailand Anti-Counterfeiting Forum 2021. The objective is to reduce the problem of Thai products that are being counterfeited, imitated and create solutions to reduce and prevent counterfeiting in Thai products

# Financial Highlights

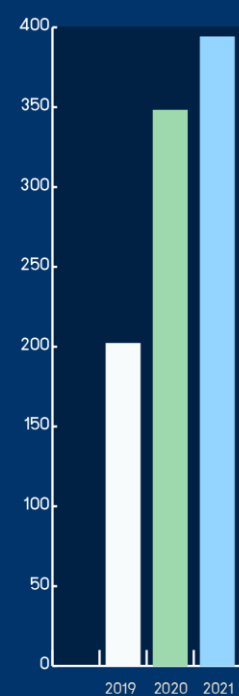
(Million Baht)

Total Asset



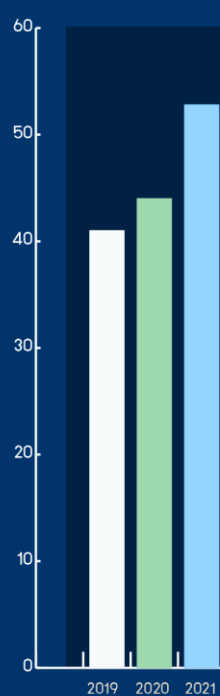
DIVIDEND PER SHARE  
0.043 Baht

Total Equity



DIVIDEND PAYOUT RATIO  
27%

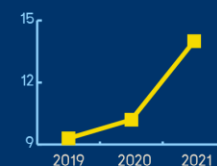
Gross Profit Margin



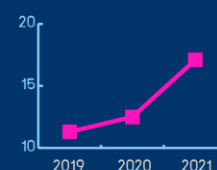
EARNING PER SHARE  
0.2 Baht

Financial Ratios

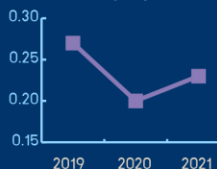
ROA



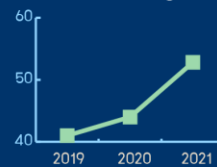
ROE



Debt to Equity



Gross Profit Margin





## Summary of Financial Statement (Thousand Baht)

	2021	2020	2019
Cash and cash equivalents	101,406	111,433	15,430
Total Assets	484,813	418,595	257,511
Total Liabilities	90,202	69,598	55,458
Total Shareholder's Equity	394,611	348,997	202,053
<b>Operating Results (Thousand Baht)</b>			
Revenue from sales and services	421,698	337,878	308,798
Costs of sales and services	199,111	188,214	183,462
Gross Profits	222,586	149,664	125,337
Distribution costs & Administrative expenses	153,096	122,846	104,368
Profit for the year	64,038	34,391	24,457
<b>Financial Ratios</b>			
ROA (%)	13.2	10.2	9.3
ROE (%)	16.2	12.5	11.3
Gross Profit Margin (%)	52.8	44	41
Net Profit Margin (%)	15.1	10	8
Debt to Equity Ratio (times)	0.2	0.2	0.3
Dividend Payout Ratio (%)	27	43	N/A
Earning Per Share (Baht)	0.2	0.1	N/A

Manop Dhamsirianunt  
Chairman of the Board of Directors





## Message from

# Chairman of the Board of director



The fiscal year of 2021 marked another great stride in the Company's history. Our Directors, the Management, and all employees are proud to report our better-than-anticipated financial performance. The Company's revenue grew stronger than the targets for the year, which reflected our team's collaboration and dedication. Thanks to our underlying solid operational momentum, we delivered exceptional earning per share to our shareholders despite a barrage of challenging external pressures such as supply shortage in the market due to insufficient capacity of the whole semiconductor supply chain, the ongoing Covid-19 pandemic, as well as volatile foreign exchange rate.

In 2021, the Company also witnessed significant changes at the organization structure level. We are pleased to welcome Dr Bodin Kasemset as our new CEO. This re-structure is crucial for delivering maximum returns to all shareholders and stakeholders. Dr Bodin Kasemset has a proven track record of skills, knowledge, and extensive experience in the semiconductor industry globally. As for myself, I am honored to hold a position as Chairman of the Board of Directors. In this capacity, I strive to serve the Management by providing advice and guidance and safeguarding shareholders' interests through supervision. We hope that this re-structure will raise the Company's competitive advantage so that the business may grow sustainably.

The Board of Directors executed several strategies to drive the organization in several facets to overcome the challenges and fast-changing business environment, including sales and marketing, risk management, accounting and finance, and innovation and technology. We also put a great effort in

achieving targets towards Sustainability Development goals and Good Governance. In the fiscal year 2021, we empowered a sub-committee by expanding its scope of responsibility. The sub-committee has the power to provide consultation, supervise, and monitor the state of the Company's Good Governance and aspects of sustainable development in the context of Silicon Craft Technology Plc. These are a part of the more significant endeavor to raise the organization's practice and standards at the international level.

At SIC, we strongly value innovations and new technologies to achieve sustainable growth and a high-profit margin over the long-term. Therefore, the Management and all departments cooperated to ensure that our R&D projects had been progressing according to the Company's roadmap. Thanks to continued investment and concerted effort in our various R&D projects, we are working tirelessly to bring new products and services into the market and capture values in the new S-Curve economy. Since SIC is a Thai company, we are proud to see that fruits of these science and technology projects contribute directly to the nation's competitiveness and put a Thai flag at the forefront of the global semiconductor arena.

Presently, we are fortunate to have the Board of Directors, with their two decades of experience in electronics and technology industry and a wide range of knowledge and expertise, and the Management team who are driven, highly qualified, and professional. I believe this unassailable teamwork shall continue to lead the Company to prosper strongly and sustainably. Finally, I would like to express my deep gratitude to all shareholders and stakeholders for your unwavering trust, confidence, and support in our Company.



# Message from Chief Executive Officer

In 2021, it was convincingly the year of our tremendous growth with new highs in revenue for three consecutive quarters. The Company's total revenue of the year 2021 amounted to 421.7 million baht, or an increase of 25% from the previous year. Moreover, the net profit was 64.0 million baht, or an increase of 86% from the previous year due to our good strategic planning, expansion of customer base, and higher market share, including the efficient management of resources.

Following our good management and operations in accordance with business plans and appropriate risk management in 2021, the Company achieved an excellent growth amidst big challenges in the semiconductor business due to the supply shortage of raw materials and production capacity in the market, which expectedly shall continue until the end of 2022 as a result of the COVID-19 epidemic. Despite direct and indirect impacts of this pandemic on our business plans and operations in both short and long terms, the Company has implemented various plans since the end of 2020 to reduce direct impacts on our business and customers.

With our mission of sustainability from new technological innovations as the only Thai company in the semiconductor business, the Company is committed to research and development for its own semiconductor products. Technology creation is the key to our business operations towards technological advances and quality products according to the market demands, technology competitions, and consumer behaviors in the new era of a technology-driven world. These core missions keep the Company to move forward in becoming a leader in this industry. In 2021, the Company was nominated as one of the Top 20 Semiconductor Tech Companies in APAC 2021

by the *Semiconductor Review*. This was an honor and pride of the Company, management team, and all employees.

To support our outstanding and sustainable growth in the long run, the Company is constantly looking for opportunities and partnerships to create technology in the market, along with a focus on human resource development as a very important factor in technology creation towards the Company's growth. The Company realizes the importance of continuous personnel development in terms of abilities and skills, including the collaboration with educational institutions and various agencies both domestically and internationally to exchange in-depth knowledge for future technology and product development.

The Company also emphasizes its operational direction and strategic planning with concrete implementation based on the concept of sustainable development in economic, social, and environmental dimensions, including the importance on all stakeholders, such as smart technology and specialized excellence on the part of digital transformation and better access to information for all sectors. This shall enhance data transmission capabilities at the heart of our business. Thus, users can increase their efficiency in daily business operations with application of fewer resources, lower wastes, and all-round safety.

I hope that Deep Tech Company, an upstream industry and pride of Thai people, will be continuously supported by all of you to create technology as part of building socio-economic sustainability in the future



## Part 1

### Industry Overview

#### Overview of Thailand's Electronics Industry

Electronics industry is one of the key industries in Thailand. During the period of 2021 – 2023, the Thai electronic industry is expected to grow. Some of the reinforcing factors are the need to use electronic devices to work and study virtually during the time of the pandemic. Electronic devices have become indispensable for everyday living and all facets of doing business. According to Thailand's Office of Industrial Indexes and Department of Trade Negotiations, the electronics industry's structure can be categorised into 3 levels as follows:

##### 1. Upstream Industry

Upstream industry is defined as a group of basic industries which fabricate materials for electronics goods. Examples of these industries are integrated circuit (IC) design and wafer fabrication. Presently, Thailand is experiencing some obstacles in developing Upstream industry due to the lack of technologies and investment funding. As such, the country is not capable of fabricating wafers and relies on importing the raw materials from overseas.

##### 2. Midstream Industry

Midstream industry comprises of makers at components and electronics parts such as IC and capacitors. In Thailand, a significant portion of investment is seen in this industry segment. A majority of the makers are of foreign nationals and joint venture firms from overseas which have a scale of operation ranging from medium to large. On the other hand, Thai makers are a minority in the industry. They usually have a smaller size compared to its international counterparts and sometimes are subcontractors of those large manufacturers.

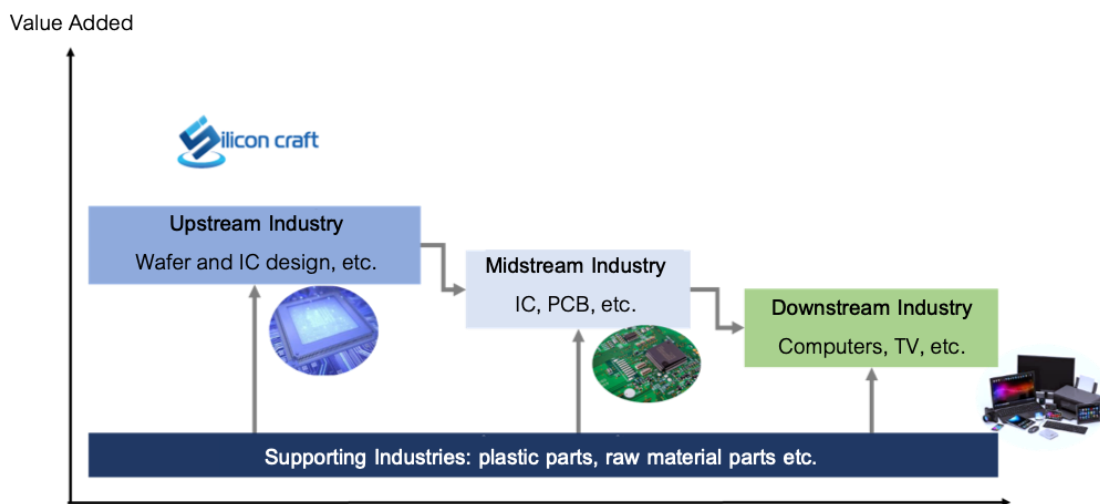
##### 3. Downstream Industry

Downstream Industry refers to makers who deal with final processes in manufacturing electronics goods. They source various components and assemble to finished consumer goods, for instance, computers, handheld mobile devices, radio receivers, and television sets. Most makers in Thailand are capable of manufacturing at this level.

Thailand's electronics industry has been focusing on leveraging production capabilities at electronics parts, components, and assembly. These activities account for the Midstream and Downstream industries and are labour intensive.

Core businesses of Silicon Craft Technology (PLC) are categorised in the Upstream industry which are one of future driver industries as outlined in the Ministry of Industry's national development strategy "Industry 4.0". The Company is the sole organisation from the private sector in the country that has a specialised research and development team dedicated in developing technologies in RFID system over the years. Our microchip products have garnered recognition and exported products to a number of world-leading RFID product manufacturers.

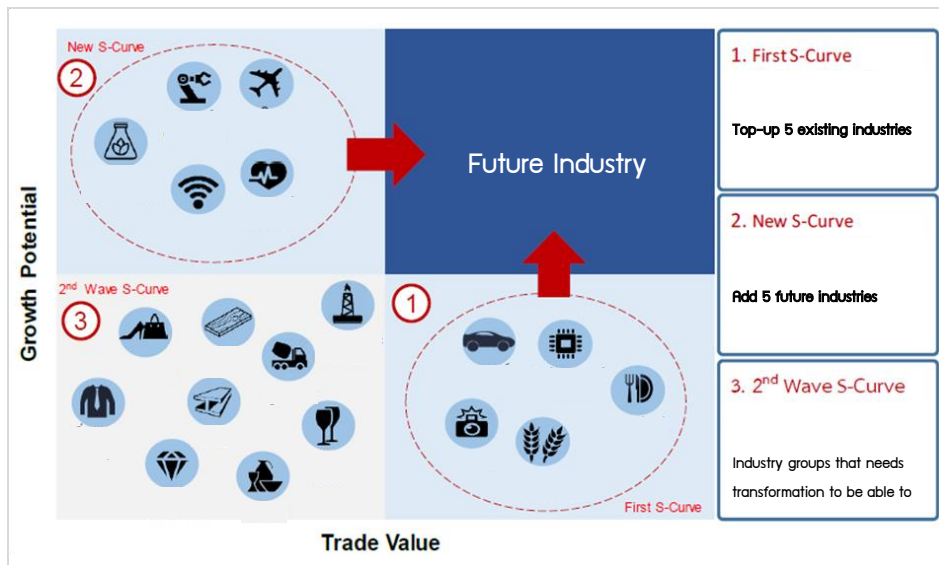
#### Overview of the value-added chain and types of electronics industry.



Source: Ministry of Science, Technology, and Environment and Ministry of Industry, 2000

In the 20-year National Thailand Industry 4.0 development strategy (2017 – 2037), the government places great emphasis in promoting industrial development at Upstream and Downstream Industry levels. Smart Electronics industry is a part of industry cluster that is expected to succeed the existing driver industries in the First S-Curve. The industry cluster aims to enhance the rate of material efficiency and yield to spur economic growth in the short and medium terms. This effort is an advancement of Thailand's industry sector which already has the core manufacturing competency. It has become evident that the Smart Electronics industry cluster is poised to play a pivotal role in transforming the technology and innovation sector from traditional into high value-added one which is an indispensable step to develop other industries in the New S-Curve. The future industries would require advanced technology and innovation as in the case of Robotics and Digital industries.

The structural shift of Thailand's industry clusters according to the Industry 4.0 National Development Strategy.



Source: "Industry 4.0 National Development Strategy, 20-year (2017 – 2037) Plan" document, the Ministry of Finance

### Overview of worldwide RFID system and device business

Radio Frequency Identification (RFID) technology utilises telecommunication radio frequencies to read and write data of various items onto a piece of equipment called a Tag or a Transponder. The main usage objective is to support or replace the Barcode system. It has better performance in many ways such as it is capable of reading and writing a large volume of data or re-written multiple times, Data can be read while items are in motion such, Greater security due to data encryption capability, etc.

Due to the advantages of the RFID system, it is being used in over 120 nations worldwide. In 1990s, the system gained widespread adoption with the advent of Smart Card being deployed in public transit systems. Circa year 2000, RFID system was introduced to Supply Chain application which led to more funding in technological development surrounding the RFID technology as well as to developing standards that supported and gave rise to the popularity.

In 2021, the global sales revenue of the semiconductor industry was estimated to be at 555.9 billion USD, which was the highest record. Compared to the total global revenue of the year 2020 of 440.4 billion USD, the overall revenue grew by 26.2%, partly due to a worldwide chip shortage. As a response to the situation, companies in the semiconductor industry ramped up their production at an unprecedented level to meet the consumer's demand. The country with the highest sales revenue was China, at 34%. The runner ups were a group of Asia-Pacific nations and the USA at 27% and 22%, respectively.

According to a UK-based business research centre specialised in Emerging Technology-related market research, IDTechEx, the overall RFID market size in 2020<sup>1</sup> accounted for around 11.62 billion USD, expecting to grow to 12.22 billion USD in 2022.

Upon a closer look of RFID market value by product type, it has been found that Passive Tag, the Company's major product offering, dominated the overall market at 6.09 billion USD in 2021 and is forecasted to grow to 9.67 billion USD by 2032. Next in the line is Interrogator business, also one of the Company's main products, which had the market value at 2.56 billion USD in 2021 and expected to reach 4.44 billion USD in 2032.

\$ billions	2021	2022	2023	2024	2025	2032
Passive RFID Tags	6.09	6.56	7.09	7.48	7.66	9.67
Passive RFID Interrogators	2.56	2.50	2.53	2.57	2.73	4.44
Passive RFID Services, Networking, Software	2.60	2.80	3.00	3.40	3.80	7.00
Active RFID/RTLS Systems	0.36	0.35	0.35	0.35	0.41	1.08
<b>Total \$ billions</b>	<b>11.62</b>	<b>12.22</b>	<b>12.97</b>	<b>13.79</b>	<b>14.60</b>	<b>22.19</b>

Source: RFID Forecasts, Players and Opportunities 2022-2032 The complete analysis of the global RFID industry", IDTechEx

The top 5 industry sectors that RFID system is being used are:

#### 1) Retails Sector

It is expected that the market value of this sector will grow from 1.77 billion USD in 2021 to 7.63 billion USD in 2032 which accounts for 331% increase in the total value. Application examples in this sector are inventory monitoring system to prevent loss of goods or tracking items in transit, and recording goods' data such as type, quantity, pieces as required in inventory management system.

#### 2) Financial, Security Sector

This sector's market size is expected to be at 4.13 billion USD in 2021, and anticipated to be 4.15 billion USD in 2032, or increasing 0.4%

#### 3) Automotive and Public Transportation Sector

It has been estimated that the market size in 2021, which is at 3.82 billion USD, will be 3.49 billion USD in 2032, decreasing 8.6%. Examples of RFID application in this sector are Smart Ticket and automotive electronics key and Immobilizer.

#### 4) Logistics and Transportation Sector

In this sector, the market value's forecast is from 0.61 billion USD in 2021 to 3.55 billion USD in 2032, increasing 482%. Examples in this sector are parcel tracking system and sorting of parcels with special codes.

#### 5) Livestock Sector

The sector's market share is on course to grow from 0.69 billion USD in 2021 to 1.06 billion USD in 2032 at 53.6%

\$ billions	2021	2022	2023	2024	2025	2032
Retail	1.77	2.04	2.34	2.89	3.51	7.63
Financial, Security	4.13	4.36	4.55	4.61	4.58	4.15
Passenger transport/automotive	3.82	3.87	4.03	4.06	4.01	3.49
Land, sea logistics and post	0.61	0.63	0.69	0.77	0.88	3.55
Animals and farming	0.69	0.69	0.69	0.72	0.75	1.06
<b>Total</b>	<b>11.02</b>	<b>11.59</b>	<b>12.30</b>	<b>13.04</b>	<b>13.73</b>	<b>19.88</b>

Source: RFID Forecasts, Players and Opportunities 2022-2032 The complete analysis of the global RFID industry", IDTechEx

The Company's core businesses are focused on designing and developing microchips for passive tags and microchips for interrogators. Both businesses have high value-added as well as have demonstrated significant growth potential in the future. On the other hand, our target customers are in livestock and automotive industries which deemed crucial to the company's success by the Company's steering committees. As evident in our extended track record, we have successfully developed and provided products to these industries' customers. As a result, the Company has a tremendous capacity to grow to meet the growing demands of our customers. The overview and trend of the Company's main customer groups, replacement automotive immobilizer and livestock businesses are outlined as follows.

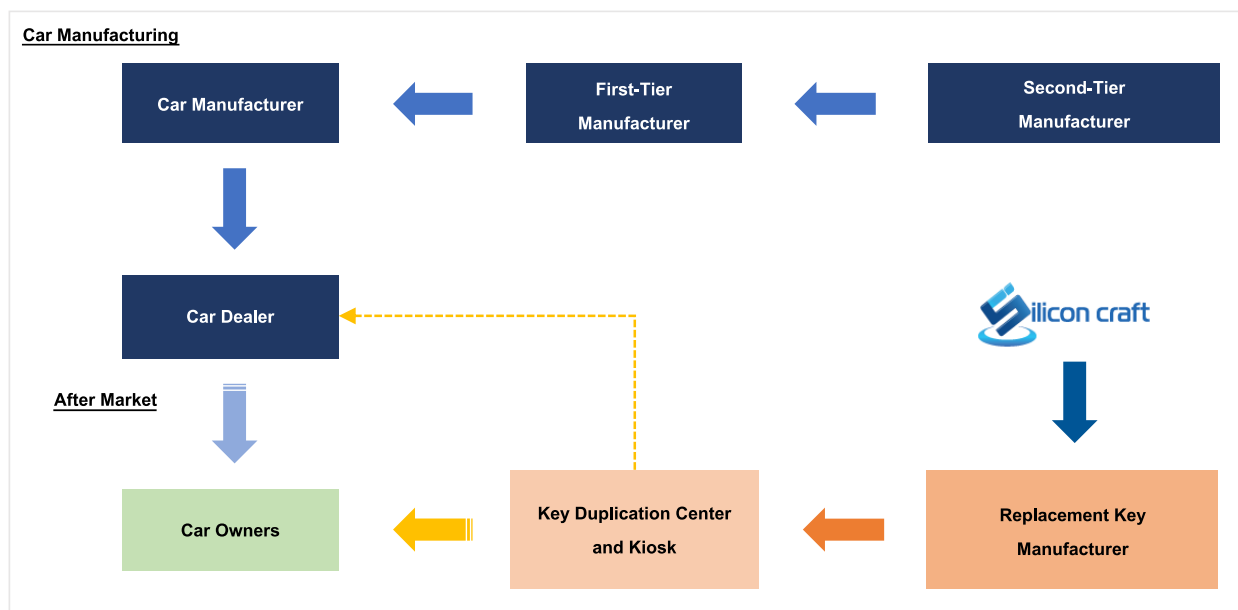


### Replacement immobilizer for automotive business

Our main group of customers are some of the largest replacement immobilizer manufacturers and all-in-one service providers in the world. At present, the Company concentrates our effort to deliver products in a form of glass tube and plastic cylinder for our business partners to produce immobilizer-type electronics enabled keys or microchip-embedded keys. These types of final products have been employed since 1990s to enhance security in automotive field. Microchip-embedded key is a part of car security system which provides greater degree of security compared to physical key. RFID radio signals are cross-checked between RFID microchip in a key and an interrogator installed in each vehicle. In addition, codes become more complex thanks to cryptography technology.

Due to an ever-increasing complexity in car key technologies in the effort to improve security, fabricating replacement keys become more difficult. In case there is a need for customer to purchase an extra set of replacement key or the key is lost, the customer must contact the car dealer directly for replacement. Nonetheless, the process is usually costly and time consuming. In light of this, there exists a market for replacement electronic car key. These service providers are alternatives for consumers or drivers who do not wish to order a replacement key directly with authorised dealers as well as solutions for dealers who do not offer such services but need to fabricate replacement keys as demanded by customers. For the latter case, dealers may forward the requests to a Key Duplication Centre and Kiosk to have a replacement key produced.

### Structure of players in replacement key for automotive market



Source: Silicon Craft Technology PLC

The Company has developed microchips and secured sales with the largest replacement key manufacturer in the world. The manufacturer develops machine such as key cutting machine, equipment to produce blank keys, and key duplicating system which handles data read & write mechanics on electronic key. These innovations allow replacement keys to operate seamlessly in the same manner as authentic keys produced by the original makers without infringing on any patents. The replacement keys will be distributed to authorised key replacement centre and kiosks which operates around the globe. On the other hand, the burden lies at authorised key replacement centres to invest in a set of equipment to manufacture replacement keys as demanded by the end users. The equipment comprises of 1. Transponder keys that have microchip embedded, 2. Cloning and Programming Devices, and 3. Key Cutting machine.

According to research jointly conducted between the Company and our business partners, it has been found that we see a demand in replacement keys approximately 3 – 5 years after a car model launch. With regards to market size, the Company's main customers are in Europe and produce cars at about 17 – 22 millions units per annum with an average duration of 11 – 13 years in car ownership. (ACEA Vehicles in use report 2021) Replacement key demand is estimated to be approximately 10% of new cars purchased. The demand will follow the duration of car ownership.

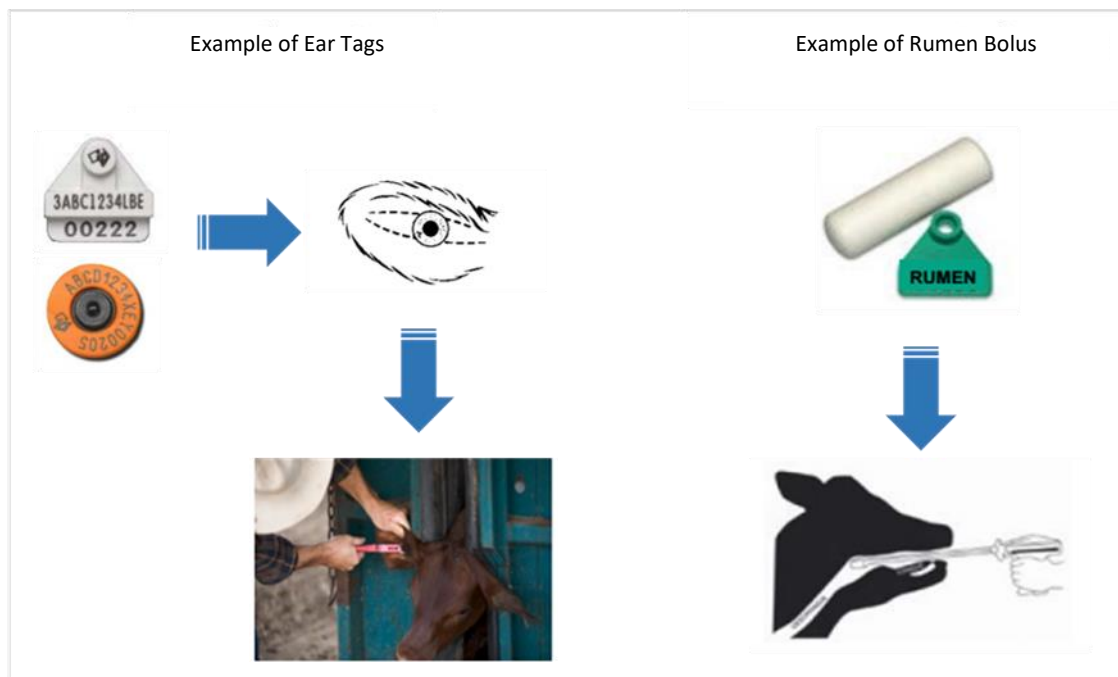
Currently, in many countries, for instance, Germany, Austria, and Canada, every cars are required by law to use immobilizer system for security. In the United States, lawmakers passed a legislation to promote the adoption of immobilizer system by enforcing any makers that do not offer immobilizer system to strictly follow a regulation that require every automotive parts to be registered. The process poses additional complexity to a non-compliant.

Despite the fact that there are novel immobilizer systems, e.g. Ultra High Frequency (UHF) microchip-embedded key or remote keys that the Company has not developed microchips for such applications, the current Low Frequency (LF) microchip-embedded keys offered by the Company see opportunities to grow because they are applicable to cars that are already in use. Moreover, as the cars progress in its usage age, there is an upward trend for replacement key demand. Additionally, growth can be achieved by expanding the market from the Company's current positioning of hi-end passenger cars in Europe and USA into mid-end commercial vehicles and motorcycles particularly in Asian nations such as India and China. In these markets, consumer trends are seeking greater comfort in usage and demanding higher security that cannot be obtained from traditional physical keys.

### Livestock Business

One of the Company's major business partners is based in Australia. Australia is world-leading in producing and exporting cattle, sheep, and beef and sheep-derived products and consistently ranks in the top tier in terms of export volume. The nation places a great emphasis in food traceability for its processed products. In 2002, Australia enacted and enforced a regulation that requires all cattle in the state of Victoria to be registered using RFID ear tags. By 2004, all cattle were registered nation-wide. Furthermore, there is a plan to extend the legal requirement to register electronically to other animals such as sheep, goats, and pigs. Compared to traditional tag, RFID tagging allows extensive range of animal-related data to be managed accurately and precisely. Previously, only rudimentary data e.g. animal and farm identification numbers was recorded using the old method, whereas in RFID system, breed history, feeding, vaccination, and transportation data are also included. In 2017, Australian government passed a law to require any new-born sheep and goats in the Victoria state to be tagged electronically. In 2022, any sheep or goat that travels across the state border must be equipped with an electronic tag prior to transportation. Evidently, the growth rate in new-born cattle and sheep in Australia plays a significance direct role in driving the growth of our Company.

Example of RFID device's technical requirement in animal identification application.



Source: Silicon Craft Technology PLC, and Accredited Devices April 2017 document, National Livestock Identification System Cattle.

The success in implementing animal identification system in Australia serves as a role model for other nations to emulate including some countries in European Union e.g. Germany, the United States, Latin American countries, Canada, etc. These countries develop and promote the adoption of animal identification system using RFID tags in the same forms as in Australia by starting from encouraging companies to voluntarily opt in the electronics tag system. On the other hand, in some states and for some animal species, such as in Michigan state, USA, cattle was required to be equipped with electronics tags since 2004. In Canada, electronics tags were enforced in cattle since 2001 and in sheep since 2016. As a direct result from these efforts, the market for animal identification has seen continuous growth and possessed high commercial potentials.

### Factors driving the Company's business growth

Historically, the Company's operation expanded in accordance with the growth of replacement automotive key and livestock industries in which our principle business partners are in. Such trend is due to the fact the our core business has been focused on researching and developing microchips for Application Specific Integrated Circuit (ASIC). Therefore, we are specialised in providing bespoke innovative products for each application and customer. Following the trend, the Steering Committee expects that the future growth shall continue thanks to the growth of the current target industries as well as to prospective new businesses in the field of Internet of Things (IoT). We hope to develop new chips for RFID device that our customers can apply in a plethora of IoT applications including in logistics, healthcare businesses. Key factors that foster the growth of the Company are summarised in the following section.

#### Multiple Capabilities Beyond Barcode System

RFID system utilises radio frequencies to identify details or owner of an object that has a RFID tag attached. Being developed from the preceding Barcode technology, RFID system presents a number of advantages. For instance, the system is capable of reading data from multiple tags or labels simultaneously, is contactless, without the need for the tag or label to physically touch or exposed to the reader, and is able to read data from a distance at high speed. It is also resistant to humidity, vibration, and impact. Moreover, RFID tags can be used virtually in any materials, goods, or living organisms. These advantages allow RFID system to be applied in a variety of applications. Additionally, technologies surrounding RFID system are being developed continuously which allow for RFID device costs to be lowered while having superior effectiveness compared to Barcode system. The system can be easily integrated with databases as in the case of cloud computing. Thus, the trend of adopting RFID to replace Barcode system is on the rise in large and small enterprises.

Nowadays, apart from substituting Barcode system, RFID technology has been applied in various arrangements different purposes for example, RFID devices for security such as an access control card or a replacement immobilizer car key, for improvement of harvest and food safety such as a small implantable glass tag that keep animal's records and use for food traceability, for production planning or quality control of different

manufacturing processes in the industry, for goods delivery service and delivery status tracking and also the logistics and inventory management, etc. Because the RFID system have several capabilities that can be developed to support many industries mentioned before, RFID system devices have strong growth tendency together with the growth of each industry.

#### Changes in Consumer Behavior

Originally, the concept of developing communication ability of equipment or things with RFID mostly serves the objective of increasing business efficiency e.g. usage in logistics, inventory tracking, and traceability system for livestock, etc. However, consumers today have more tendency to live for a quick, comfortable, and trendy lifestyle. Therefore, the concept of devices that can communicate with each other is being employed in our daily life ever more to facilitate and expedite people activities such as the concept of Internet of Things (IoT) which is widely adopted these days.

Changes in consumer behavior and the spread of IoT concepts are considered factors that promote the development of RFID-enabled products that are able to communicate with each other to the market without limiting to the level of business management as in the past. From the diverse capabilities of the RFID system that can be designed and implemented in a variety of activities, the RFID system is a technology that can help owners of various products or services to respond to changing consumer behaviors more easily and conveniently. It can be used in all groups of products and services, such as linking payment systems with electronic payment machines at stores or mobile phones (E-payment), using them as smart labels to immediately prove counterfeiting in the handbag or wine business group, controlling the operation of various amenities in the house or in the automobile (Smart home or Smart car), or attaching to patients as a device collecting treatment information and tracking the patient's position (Smart Healthcare), etc. Therefore, number of RFID devices tend to grow from expansion of the market into daily lifestyle of consumers in various products and services.

#### Supports from local public and private sectors

Integrated circuit design (IC Design) is considered as one of the intelligent electronics industry which is in a high-potential existing industry group (First S-Curve) in accordance with the 20-year Thai Industrial 4.0 Development Strategy (2017-2036). According to the strategic plan, the first S-Curve industry group is an industrial group with potential to create high economic and trade value. In addition, the intelligent electronic technology has been assigned a major role as technology and innovation group to drive traditional industries into value-added industry group. This group also becomes an important component in the development of the new high-potential industrial group (New S-Curve), which is a new industry group that relies a lot of technology and innovation as well. Therefore, both the public and private sectors have continuously given focus on developing knowledge about the RFID system through various agencies such as National Electronics and Computer Technology Center (NECTEC), Software Industry Promotion Agency (Public Organization) (SIPA), Thai Embedded System Association (TESA), RFID Institute of Thailand, GS1 Thailand, The Federation of Thai Industries, also including various academic institutions to develop and promote electronic knowledge in Thailand.



## Policy and Business Overview

Silicon Craft Technology Public Company Limited (“the Company”) has been established by a group of Thailand’s researchers and electronics engineering specialists in 2002 with initial registered capital of 5 million Baht led by Mr. Manop Dhamsirianunt, the former IC Specialist in the Reverse Brain Drain Project<sup>1</sup> who needed to transfer knowledge and working experiences in Integrated Circuit (IC) design from overseas for more than 10 years to develop and prove that research works and knowledge on integrated circuit can add very high economic values. Hence, he joined hands with a group of researchers and specialists who have the same concept to establish a private company because it is agility and can closely cooperate with the public agencies on concretely development of body of knowledge on integrated circuit design in Thailand. Those founders who are currently the Company’s shareholders are Mr. Naiyavudhi Wongkomet, Mr. Apinunt Thanachayanont and Mr. Apinetr Unakul.

During the first phase of business operations which was the investment period for products research and development, the Company has been constantly supported by the public sectors as they earnestly wished to conjointly build integrated circuit industries in Thailand. In 2003, the Company has been supported by the National Science and Technology Development Agency (NSTDA) on research and development of integrated circuit or microchip for RFID Animal Identification.

In 2015, the Company became the first and only company in Thailand that can successfully develop microchip for RFID Animal Identification. The production of such chips has been commenced and commercially supplied and exported to Australia, a country which placed importance on traceability on source of product for animals. Following to the success on the launch on such products, the Company designed and developed additional products in radio frequency identification (RFID) technology group, such as microchip for access control, microchip for immobilizer, including microchip in the near field communication (NFC) group by focusing on development of products in the group of electric, physical and chemical measuring equipment (sensor), and etc.

<sup>1</sup> The National Electronics and Computer Technology Center (NECTEC)’s Reverse Brain Drain Project is a project to encourage overseas Thai professionals to return to Thailand to collaborate and develop knowledge based body including technology transfer to the public and private sectors in Thailand.

In 2013, the Company has developed its internal quality system to enhance confidence to business partners which were the companies in foreign countries. Hence, the Company has received ISO9001: 2008 on Quality Management System Standard accreditation for products, research & development including distribution from Bureau Veritas (UK Branch). The Company also revised its former trademark to be the current one in order to convey the modern product development by focusing on creating new innovation to respond to the users' requirements and direction of organization image as the professionals for competition in the global market. Moreover, in 2013, the Company has registered for establishment of Silicon Technology (Shenzhen) Company Limited, as its subsidiary company, in Shenzhen, People's Republic of China, on September 19, 2014 with registered capital of 1.00 million yuan to explore opportunities for business expansion in China. However, on 2016, the Company decided to change its operation model in China to find partner and build representative network in such country instead. Therefore, Silicon Technology (Shenzhen) Company Limited has been dissolved accordingly.

During 2015-2018, the Company has been trusted by major entrepreneurs, both within and outside of the country, to be their partner for joint development of products in Brand Protection and Anti-Tampering Group, which made the Company have opportunity to apply Near Field Communication (NFC) technology previously researched to develop into the commercially products jointly with those partners. Products in this group are about to be launched in the market and it is expected that some of them will be commercially supplied within 2020.

From the past until the present day, the Company conducted research & development works continually in order to make its microchip be able to be used with RFID devices in various formats and objectives. The Company's products can be divided into 4 main groups, i.e. 1) Microchip for immobilizer; 2) Microchip for animal tag, 3) Microchip for access control and interrogator, and 4) Others. The Company is the first and only Thai operator in South East Asia which engages in business of a complete research and development of integrated circuit, beginning from research & development, chip production, test, marketing and supply, just like the top companies in the United States of America's Silicon Valley. Consequently, the Company can develop new products to respond to the trade partners' requirements by presenting products with different qualifications in the competitive prices with the competitors in the world's market. The Company's products have been increasingly and continually accepted by the customers in many countries worldwide, such as in European countries, Australia, People's Republic of China and the United States of America, under operations of the professional management and teams of engineers who have experiences in such industry and technology for more than 10 years.

## Overview of vision, objective, target and strategy of operation of the Company

Silicon Craft Technology Public Company Limited ("the Company") has specified business operations guidelines which focused on creating of new innovation, presentation of product innovation to build difference and respond to demand of the trade partners and users, as well as to become one of the leaders on design, development and supply of RFID microchip and related technology. The Company has cultivated corporate culture which emphasis on becoming the innovation organization through operations of the management to employees at all levels under transparent management with governance principle. Such guidelines are clear, concrete and can be practiced with details as follows:

### Vision

"Shape the world of Secured & Connected devices with Innovation & Intelligence"

### Mission

#### **Products and services:**

The Company will design and deliver outstanding and unique integrated circuit products and services.

#### **Customers and business partners:**

The Company determines to add value to customers and business partners by focusing on creation of innovation that can be achievement at global level.

#### **Employees:**

The Company will be the organization with happy working environment which determines to develop potential of its employees on creative idea and courage to encounter challenges with strong determination to success and self-development continually.

## Nature of Business

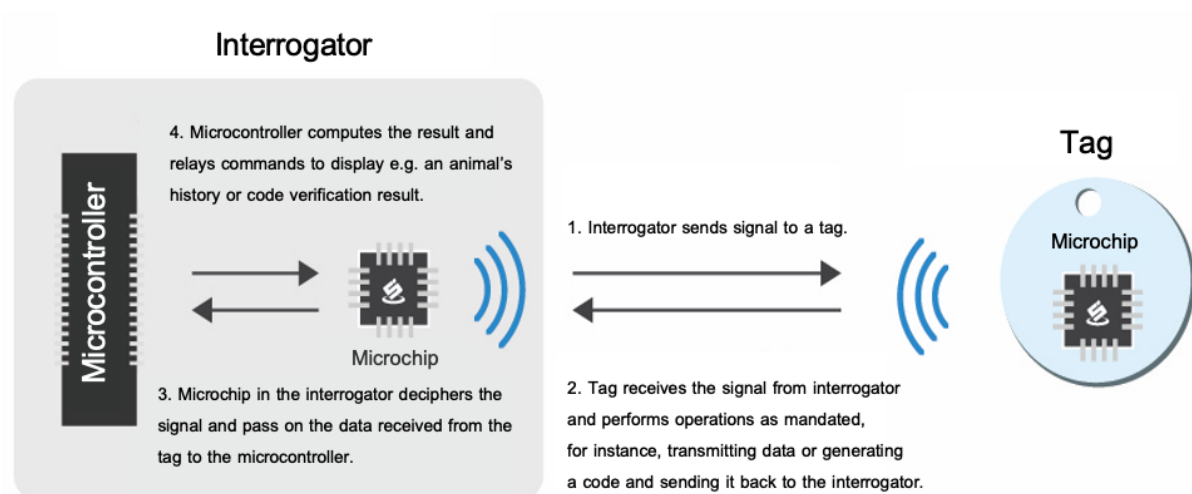
Silicon Craft Technology (PCL) ("The Company") is in the business of research and development, in-house design, and Integrated Circuit (IC) and microchip products marketing to customers. The Company outsources the manufacturing process and deliver finished products under the Company's trademark "SIC".

Our designed microchips are one of the essential components in Radio Frequency Identification (RFID) application. The RFID system is widely adopted worldwide. It is capable to communicate information among devices using a host of radio frequencies. The applications range from locating items wirelessly, tagging registered objects and animals. Pass cards to gain entry into buildings, tickets, automotive keys, small tags or capsules which are inserted inside animals to record data, labels on commercial goods to receive and display information are among chief applications that RFID system is capable of.

There are three main components in a RFID system.

1. A tag or transponder. This element is attached or inserted into various objects to record data regarding the objects.
2. An interrogator or reader. The gadget is used to read and inscribe data onto the tag or transponder wirelessly using radio frequencies.
3. Peripheral system. This includes but not limited to hardware, software, databases, and displays which operate synchronously to enable an RFID system to function properly.

Figure 1: a diagram demonstrating how microchips in tags and interrogators work.



Source: Silicon Craft Technology (PCL)

## Revenue Structure

Revenue Structure	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Immobilizer	78.13	25.30	87.59	25.92	100.39	23.81
2. Animal Identification	129.33	41.88	139.10	41.17	139.74	33.14
3. Access Control & Interrogator/Reader	97.48	31.57	105.53	31.23	171.84	40.75
4. NFC & Others	3.86	1.25	5.65	1.67	9.73	2.30
Total revenues	308.80	100.00	337.88	100.00	421.70	100.00

## Nature of Product & Service

Presently, the Company's core business involves in designing integrated circuits (ICs) and developing microchips for Radio Frequency Identification Device (RFID) devices. We specialize in R&D and qualification of Application Specific Integrated Circuit (ASIC) in particular. The Company offers two product categories: Exclusive Product and Standard Product. Exclusive Products are tailored made according to customer requirements. Standard Products are developed in-house using the Company's know-how and marketed to customers so that our products can be readily applied in their business field.

As a fabless or factory-less company, the Company designs microchips, outsources the fabrication process to our trusted business partners and sells the finished goods as microchips and microchips for IC packaging such as antenna coil attachment type, plastic cylinder type, and glass cylinder type which are designed according to various application, form, and form factor.

The customers use our products in a tag or an RFID reader and can be categorized as follows:

### 1) Cryptography microchip for replacement car key's immobilizer system (Immobilizer):

Automotive electronic key (or "electronic key") is an RFID device that provides car security by encrypting and decrypting data transmitted between car and microchip. The system comprises of a code reader installed in the vehicle and chips which are embedded in a key fob. Automotive makers designate the Electronic Control Unit (ECU) which controls car's electronic systems to communicate with RFID device and only allow car engine to operate upon receiving a valid authentication from the RFID reader. The engine will not start in a case of cloned key or by-passing ignition interlock (or "hot-wiring"). The immobilizer system is mandatory as standard or may provide the manufacturers certain manufacturing exemptions should the system is included with the car in many countries, for instance, European Union countries, Canada, and the United States.

Our Company is a leader in microchip R&D and has gained worldwide reputation from replacement electronic key manufacturers. Replacement electronic key is one of the After-Market businesses in automotive industry which is expected to grow steadily following the expanding car business. We provide microchips in various forms and form factors for the industry. Our microchips for replacement electronic key utilise low frequency (LF) RFID technology which allows key fob to operate without additional power supplied by battery (Passive Tag). Currently, the Company offers more than 10 items in the product group to meet specific requirements unique to each car model and brand. They are designed according to differing market demands and business partners who manufacture and sell world-class replacement automotive key manufacturing system. Additionally, some business partners entrust the Company to develop code reader device to decrypt

codes from pilot electronic keys to fabricate replacement electronic keys. As the result, the Company can provide microchips for both replacement electronic key and code reader. Our current main customers are replacement key manufacturers located in EU and the USA who specialize in servicing passenger cars in premium After-Market segment. Our Company has gained reputation in terms of innovation and superior quality. For example, we are the sole manufacturer who is capable of fabricating and providing 3-in-1 replacement keys which can operate in multiple modes. With a single chip, these replacement keys can decipher embedded codes of several models. This feature provides substantial benefit to replacement key manufacturers since it eliminates the need to stock key for every model and effectively reduces inventory.

For the year 2021, the Company's revenue from microchip for automotive immobilizer key system accounted for 100.4 million Baht.

Examples of usage in replacement automotive electronic key (immobilizer) application.



Source: Silicon Craft Technology (PCL)

## 2. Microchips for tags in animal identification system.

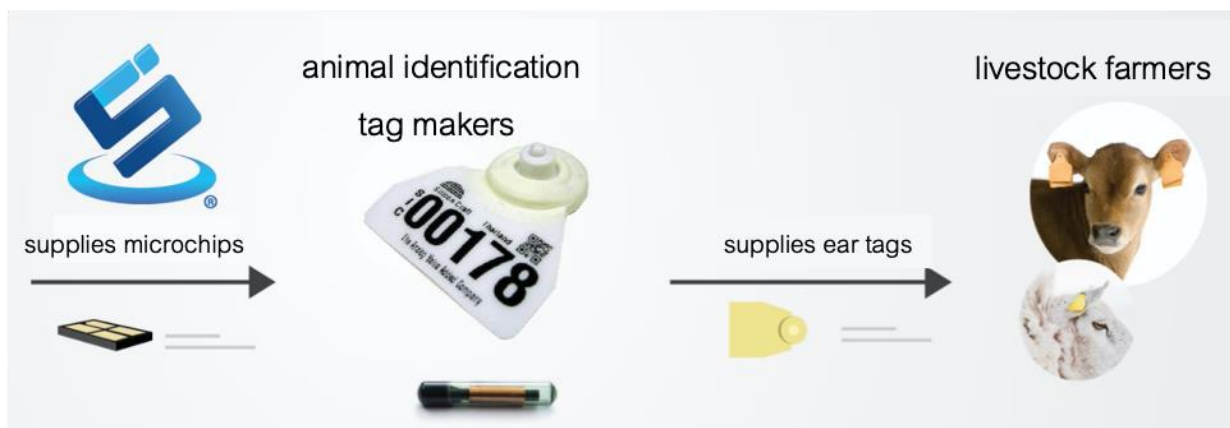
Animal identification tags are one of the RFID applications that are used to record data of individual livestock such as beef cattle, dairy cattle, sheep as well as pets e.g. dogs and cats. In many countries that produce livestock and export livestock-derived products, for instance, the European Union, Australia, New Zealand, the United States of America, and nations in South America region, there are laws and regulations in place that requires livestock or animals to be tagged with microchips. Australia is one of such countries that demands tagging of all beef cattle and dairy cattle for the purpose of food traceability and food safety. At present, the Company provides several models including plastic tags that can be fitted in animal's ears or small glass cylinders suitable for implantation (for pets). These devices are capable of recording and reading individual animals' data swiftly and accurately. Examples of digital data are species, feeding, vaccination, etc.



In animal identification system, interrogator transmits radio signals continuously or periodically. When a tag with the microchip comes into close proximity of the interrogator, the tag receives the signal and activates internal circuits by means of electromagnetic wave induction which converts the wave into electricity. The tag utilises the generated electricity to transmit data back to the interrogator in radio waves. Once the interrogator receives the returned signal, it will analyse the data and relay commands and results to display on the interrogator's built-in screen or a computer or store them in a database. As the system works automatically, users benefit from convenience, greater data accuracy, and reduced human errors which may come from manual data record as well as fewer sets of information that can be handled by human compared to the digitalised system. As the result, animal identification system enables data from the entire process to be recorded accurately and forms the basis for food identification in livestock-derived product value chain.

The Company is one of the leading animal identification tag research and development firms. Our main customer is one of the largest animal ear tag manufacturers globally. Currently, we supply tags which do not require batteries to operate (passive operation) and utilise radio signals in low frequency (LF) region according to ISO 11784, ISO11875, and ICAR (The International Committee of Animal Recording) standards. Our customers incorporate the supplied microchips into finished products for selling to livestock business. Our Company's products' advantages are greater communication range of over 10% compared to competitors and product quality that satisfies minimum standards. A combination which allows us to offer outstanding product quality at costs that compete on a global market.

#### example of application in animal identification system



Source: Silicon Craft Technology (PCL)

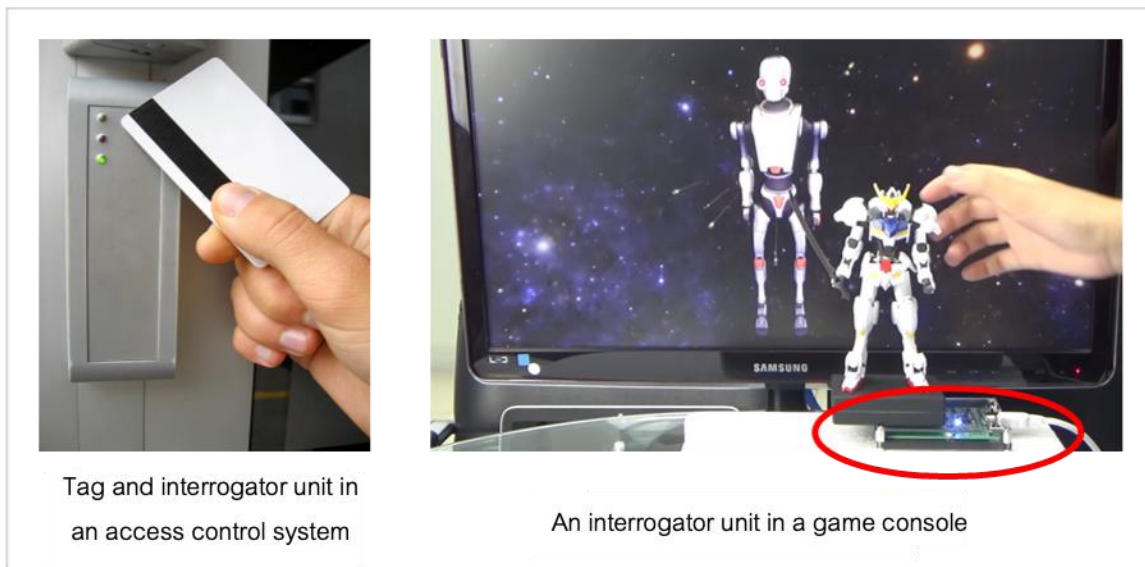
In fiscal year 2021, the microchips for animal identification system generate revenues for the Company at 139.7 million Baht.

### 3) Microchips for access control system and interrogator

In an access control system, there are two main elements: access cards, which can be carried by the users, and readers, which are installed at various locations. The readers receive signals from the access cards and record data such as entry or departure from a building as well as communicate with a security system to unlock a gate upon authenticating a valid user. The Company develops several types of microchip for access control system application. Microchips that operate at Low Frequency (LF) are specifically designed for portable access cards whereas High Frequency (HF) microchips are suitable for immobile reader devices. Moreover, the Company develops microchips for data interrogation system with superior quality that can be applied at various requirements. At industrial level, our microchips help the operators to monitor product location in assembly lines. They are also an integral parts of smart toys and educational toys by connecting toy components to displays which give rise to ability of a toy to be interactive with end users.

In fiscal year 2021, the microchips for access control and interrogator business generate revenues for the Company at 171.8 million Baht.

#### example of usage in access control and interrogator in toys

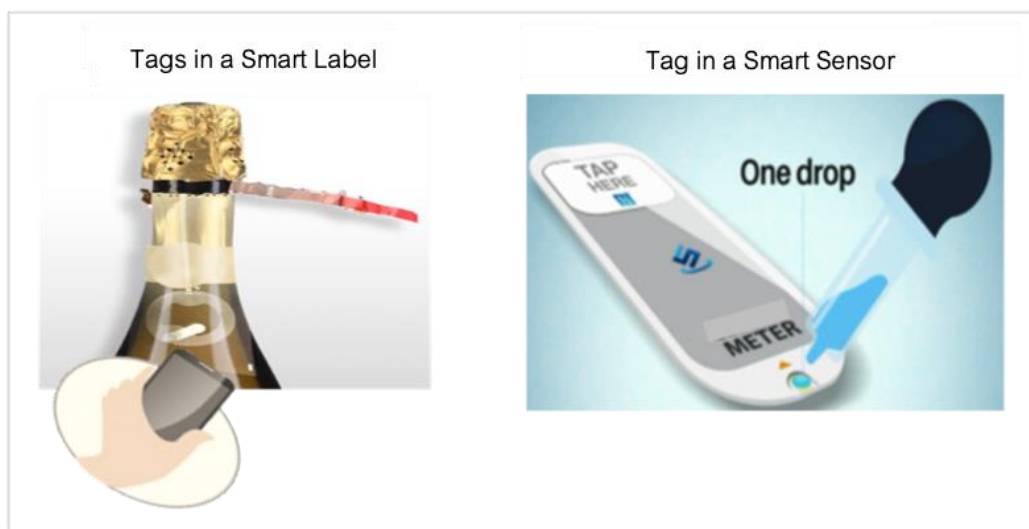


Source: Silicon Craft Technology (PCL)

#### 4) NFC & Others

In addition to tag and interrogator microchip businesses, the Company provides RFID tag-microchips which can be used in a wide range of applications such as Smart Labels for preventing fabricated products from entering a value chain and Smart Sensors which enable greater numbers of parameters to be measured. Moreover, the Company gains revenues from product design service as well as servicing and selling peripheral products which are catered to our customers only. Examples of products are Study Kits, Testers, and Form Factors. In fiscal year 2021, the Company recognised revenues from NFC & Others group at 9.7 million Baht.

example of usage in Smart Label and Smart Sensors



Source: Silicon Craft Technology (PCL)

Summary Table of Company Products

Type of Use	Usage	Standard	Example Form-Factors for Sales	Example Products	Customer Segment
1. Cryptography microchip for replacement car key's immobilizer system	Microchip in replacement keys and cryptographic readers to create spare keys for the anti-theft immobilizer system (Low-frequency band 125KHz - 134.2KHz)	Proprietary encryption	Glass transponder, wedge transponder	AT 2000, JS 888, Triple X, ULTX	Electronic replacement car key manufacturers
2. Microchips for tags in animal identification system	Microchip in animal identification tags (Low-frequency band 125KHz - 134.2KHz)	ISO11784/11785 FDX, HDX	Glass transponder, wedge transponder, microchip attached to rod antenna	SIC 7888, SIC 7900, SIC 7999, SIC279, SIC278	Animal registration system tag manufacturers
3. Microchips for access control system and interrogator	Microchip in cards and readers for access control, data readers for pallet tags, data readers for toys, etc. (High-frequency band 13.56 MHz for readers and Low-frequency band 125KHz - 134.2KHz for tags)	Reader : ISO14443 A,B and ISO15693  Tag : และ ISO11784/11785	Microchip in IC package	Reader : SIC 9100, SIC 9310, SIC 9410, RA12  Tag : SIC 5777	Access-control card manufacturers, industrial buildings, warehouses, manufacturers of interactive toys
4. Microchips for other systems	Microchip in smart label systems, for preventing counterfeiting, for sensing, etc. (High-frequency band 13.56 MHz with NFC (Near field Communication) technology)	ISO 14443 A, 14443 Type 2	Microchip in IC package	SIC 5600, SIC 4310, SIC43NT, SIC4340	Industrial factories, warehouses, smart-label manufacturers, anti-counterfeiting product manufacturers, libraries, water contamination smart label makers.

## Characteristics of Customers and Target Customers

### Replacement Car Key Manufacturers

Replacement car key manufacturers are one of our major customer groups. In 2021, gross revenue generated from this customer group accounted for 24% compared to the company's total revenue. These manufacturers purchased our microchips and assembled them in their key blanks. Afterwards, they distributed replacement car keys as finished goods to replacement car key service centers across the globe. A large portion of products was shipped to European countries, where laws and regulations on automobile safety were first adopted and enforced.

### Animal Identification Tag Manufacturers

Animal identification tag manufacturer group represented approximately 33% of all the company's total revenue in 2021. These customers purchased the company's microchips and installed them in identification tags made by themselves. They then marketed the assembled animal identification products under their brand names to various end-users, for instance, farm owners and livestock breeders.

### Access Control and Data Acquisition System Customer Groups

In 2021, access control and data acquisition system customer groups represented accounted for 41% of the company's total revenue. These customers purchased and directly distributed the company's products to manufacturers or end-users in various industries. Due to the versatility of products in this group, the company had a broad customer base from many industry sectors.

### Product Innovation Customer Group

NFC and other related products were marketed to the product innovation customer group. The sales represented approximately 2% of the company's total revenue in 2021. Customers from this group utilized our products to create new features and values to their products, to protect goods, or to increase security. A prime example of the target customer was luxury goods purveyors. The company's products provided solutions for them to create smart packaging or anti-counterfeiting feature.

### Product Placement and Distribution Channel

The company's objectives are to place and distribute products and services both directly and indirectly through our customer network. Direct sales, distributors channel, and agents channel are some of the examples. We place great importance on developing long-standing trust with our customers while maintaining long-term business relationships. We secure their faith by listening to customers' requirements and creating products that they want. Teams from the Sales and Business Development department are responsible for contacting customers and presenting products directly. Our teams of engineers from the embedded system and

engineering support department support the sales and BD teams by providing any products and services' technical details. In this way, the sales teams are knowledgeable and responsive in engaging with customers. Channels and protocols for customer engagement are detailed as follow.

**Direct Sale.** Since our products require technical expertise in specific disciplines to market, the company raises our product, service, and brand awareness through event marketing. We exhibited our booth at RFID technology showcase events in select countries to promote our products and services. Examples of events were Cartes in France, Embedded World in Germany, IoT Shenzhen in China, Active and Intelligence Packaging Industry Association (AIPIA) in the Netherlands, MEDIX Exhibition in Japan. We also sent teams to present our products and services and past works at companies in various target customer groups. These efforts were to ensure that our products and services are in the mind of international customers and to allow customers to study products and services in detail directly. They also gave opportunities for customers to consider the company's credibility and capability before adding in their Vendor List. After hearing the customer's interests in doing business, we sent the sales teams to present products and services in detail and negotiate on any conditions or terms.

In 2021, due to the ongoing spread of Covid-19, the company decided to change the format of all event marketing to online. The decision was to keep the momentum of interest in our product and services while minimizing risks.

**Distributors Channel or Agent Channel.** The company forms partnerships with trading companies who act as our distributors in regions of our target countries. Since these distributors have experience of doing business in the area and have a working relationship with each country's target customers, the company can expand our business into a new market. Distributors purchase our products and sell them to target customer groups in several countries. They also share market insights to create new opportunities for expanding our business. Meanwhile, the company also market products through agent channel. Agents receive compensation in the form of a commission fee per each sale or service order made by the agents' customers. Having a partnership with distributors and agents, the company dramatically benefits in many ways. Firstly, it gives us information on state-of-the-art technology, customer preferences, and trends. Secondly, the company can reach large customer accounts who prefer to do business only through distributors and agents or only with traders with past transactions.

## Business Strategy

As a company specialized in designing and developing microchips for RFID applications, what we do makes a difference to other players in the age of digital. Our microchips play a part in transforming the company's customers to transform their business operations into more efficient and capable of delivering value-added, quality products and services versions of themselves. By working together, all players in the value chain can continue to grow continuously and sustainably. The company's business strategy is as follow.

- Maintaining our position as a leader in innovation

The company positions itself in the market as a chip developer with a sharp and undivided focus on research and development for innovation. We strive to always serve our customers with innovative products that provide the highest efficiency at the right cost. As a result, we are honored to receive trust from high profile clients worldwide to develop microchips for their products. For almost two decades, the company has developed chips that are specially designed according to any customer requirements in terms of technology, form, and functionality, i.e., full range RFID integrated circuits.

To maintain our position as a leader in innovation, the company appointed an Innovation Committee. The committee comprises experts from various departments: business development, design, and engineering departments. The Innovation Committee is tasked with reviewing published international research and literature, making predictions on trends, and seeking new business opportunities for all product categories. Then, the committee collates insights and uses them to create technology and product roadmaps for the company.

- Organizational learning by retention of knowledge and high-skill staff

Being a leader in innovation requires a body of know-how, experience, and expertise to be retained. These elements take years to learn and develop for IC design and RFID device development. The company is the first in the private sector to have its core business in design and developing microchips for RFID systems. We also have priceless assets of experience in the industry for almost 20 years and combined expertise from founders. Therefore, the barrier to entry for new entrants into the RFID industry is high. The condition is especially true in the context of Thailand, where talents with such area-specific expertise are rare.

To ensure that the company will continue to be an employer of choice for new talents, we co-host activities with many universities to give training and disseminate knowledge to engineering students, particularly from disciplines related to the company's business. These activities aim to recruit college students with the potential to work with us in the future. We also foster a culture of learning and sharing knowledge within the organization. Employees are encouraged to share their experience and know-how from the previous generation to the next. Such collective learning also happens across senior to junior levels. The company's



engineers at any levels are given opportunities to improve their expertise and know-how. Moreover, we regularly organize educational training and overseas work visits for engineers to be up to date about the ever-changing, state-of-the-art technologies. These efforts make our engineering teams exceptionally knowledgeable, highly skilled, and specialized in designing integrated circuits for RFID applications. As a result, we can compete with international corporations such as Texas Instrument and NXP at their level.

- Operating Business at Low Fixed Cost but High Flexibility

The company is fabless in which our products are manufactured and assembled by business partners. To maintain product quality and fabrication standard, the company conduct an annual assessment of our partners. By eliminating the manufacturing part, the company is free from the burden of fixed costs. The practice also gives us the freedom to seek out new business partners to provide options in selecting the lowest manufacturing costs possible. As a result, the company can operate with the highest returns while hedging risks from overreliance on a production line. Moreover, the company is highly responsive to market competition at any given time by increasing or decreasing production levels in real-time. At a time of new product development, we can re-arrange the manufacturing value chain by forming a partnership with new firms with the right capacity to readily produce for the company. These are parts of the deliberate strategy to make the company dynamic in supplying products to our customers within an agreed-upon timeframe.

Nonetheless, to ensure that the company will always have manufacturers to produce goods in time for our customers, we put effort into forming a close relationship with our partners by collaborating on work plans and schedules so that they would adjust production quota as needed. For newly developed products, the company conducts meetings with our business partners to deliberate on an optimal production plan at an acceptable cost.

- Maintaining Excellence in Products and Services Quality

In the age where technology has become indispensable in improving people's quality of life and playing more significant roles in all facets of living, our customers have seen a rising demand for high-quality microchips. By supplying at a reasonable cost, they can expand their business over the long run. Microchips developed by the company have been technically proven to perform on par or superior to microchips produced by well-known overseas manufacturers at a competitive cost. To uphold such high product and service standards that our customers favorably accept, the company places great importance on quality control of products and services throughout the process from design, procurement, sourcing raw materials, selecting business partners with good manufacturing practice, quality control, inventory, transportation, and distribution stages. These efforts are to ensure that all products delivered to our customer's hands are of high quality and performance as specified and presented to the customers and in a manner that complies with all customers' conditions and terms. We want our customers to be confident that there would be no loss in quality or standard

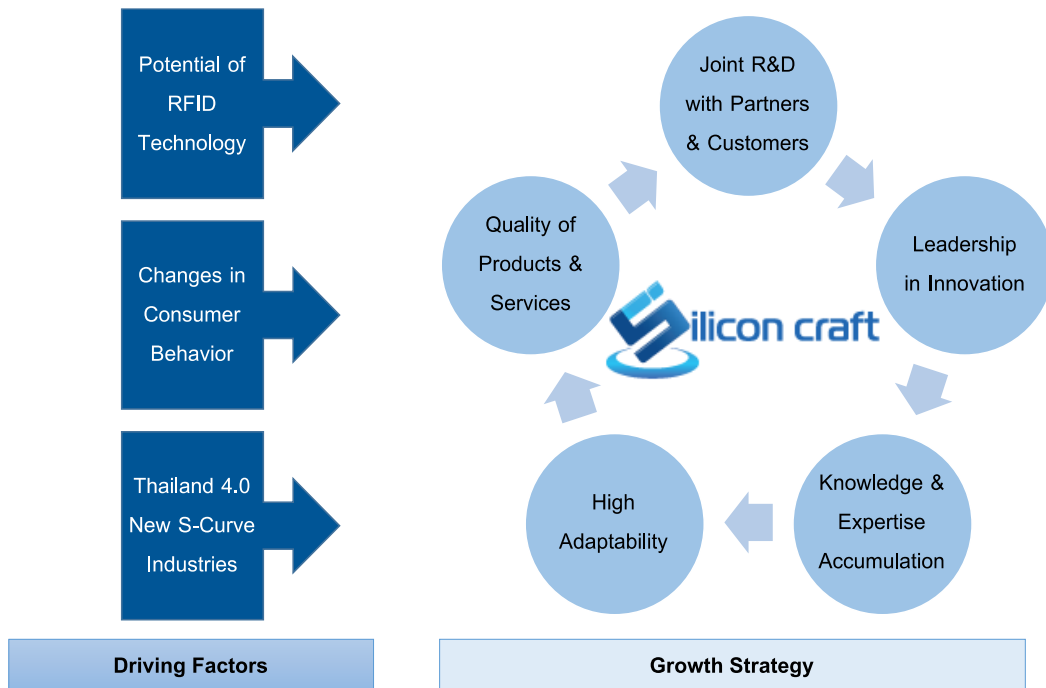
by incorporating our goods into their products. We believe that it is our integrity and unwavering commitment to quality that leads our customers back time and again.

- Strong Relationship with Business Partners for Sustainable Mutual Growth

The company strives to form a partnership with competent companies with experience and expertise in aspects of innovation and technology research and innovation, production, and distribution channel. It is our intent to deliver products and services that truly match the requirements and needs of our target customers. We conduct our business with good governance and ethics while ensuring that all parties in the supply chain may grow sustainably alongside one another.

In conducting our business, the company works closely alongside customers and business partners. This is to create an environment where key stakeholders may share their opinions and information of technical or market-based in nature. We also collaborate on doing research and development with the ultimate purpose of planning for the sustainable growth of all concerned. Through such collaborations, the company consistently develop products that specifically meet our target customers' demand while delivering benefits to end-users. Moreover, the company places great importance on becoming partners with various organizations to disseminate and increase the body of RFID technology knowledge in Thailand's academic circle. In addition to technical institutes and universities, exemplary partners are the National Electronics and Computer Technology Center (NECTEC), National Science Technology and Innovation Policy Office (STI), and National Innovation Agency (NIA). The company regularly dispatches our staff to give a talk at those organizations. We also welcome students to intern at the company. As a result of these efforts, the company has a good relationship with RFID technology-related organizations and educational institutes in Thailand, which allow us to collaborate with them in doing research and development and training new talents in the field of RFID.

## Support factors for business growth and competitive strategy



## Procurement of Products and Services

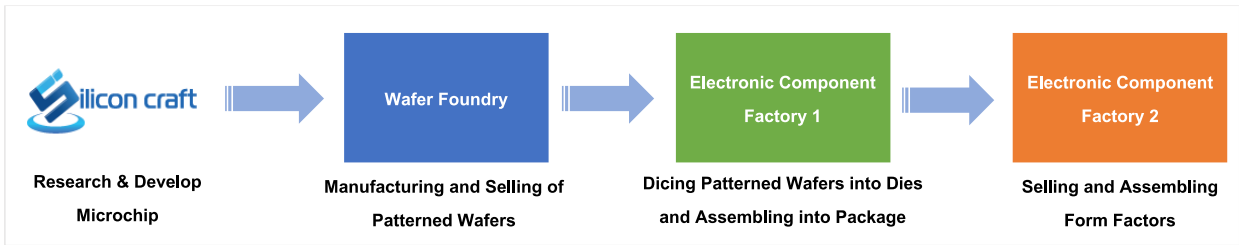
We are a fabless company in which our products are manufactured and assembled at the place of business partners. To maintain product quality and fabrication standard, the company conduct an annual assessment of our partners. Details regarding sources of primary raw materials and outsourcing are as follow:

- 1) **Raw materials:** Wafers, made from silicon, are the main starting materials to enter a manufacturing process for the company's chips. Chips are fabricated on the surface layer of each wafer. Circuitry, designed by the company, is formed in layers using the photolithography technique. Wafer fabrication is an upstream industry in which no companies in Thailand has the capability to do so. Therefore, all wafers are imported from elsewhere. There are only a handful of wafer fabrication companies. Globally, there are approximately ten wafer fabrication companies for outsourcing. Currently, the company purchases wafers from one of the large fabrication companies in Singapore. Their facilities are considered world-class. Nevertheless, the company recognizes the risk of relying solely on one wafer company. We have successfully found wafer fabrication companies to be our new business partners. Presently, we have a list of wafer companies based in several countries such as Singapore, South Korea, and the Republic of China in our supplier database. Apart from wafers, the company requires other raw materials, including electronic components, IC packaging, and other form factors, e.g., glass rods,

plastic rods, and coils. The company procures these materials from vendors domestically and internationally, depending on the products and costs.

- 2) **Outsourcing:** Since our core business focuses on design and research, and development. Therefore, the company has to hire companies that provide services in the production and assembly of microchips to carry out the assembly and testing of the microchip to be in various forms and shapes as per the customer's requirements. Therefore, the process of procurement of raw materials and outsourcing has to be long-term planning ahead of every product to prevent shortages of raw materials and reduce the risk of problems in delivery delays.

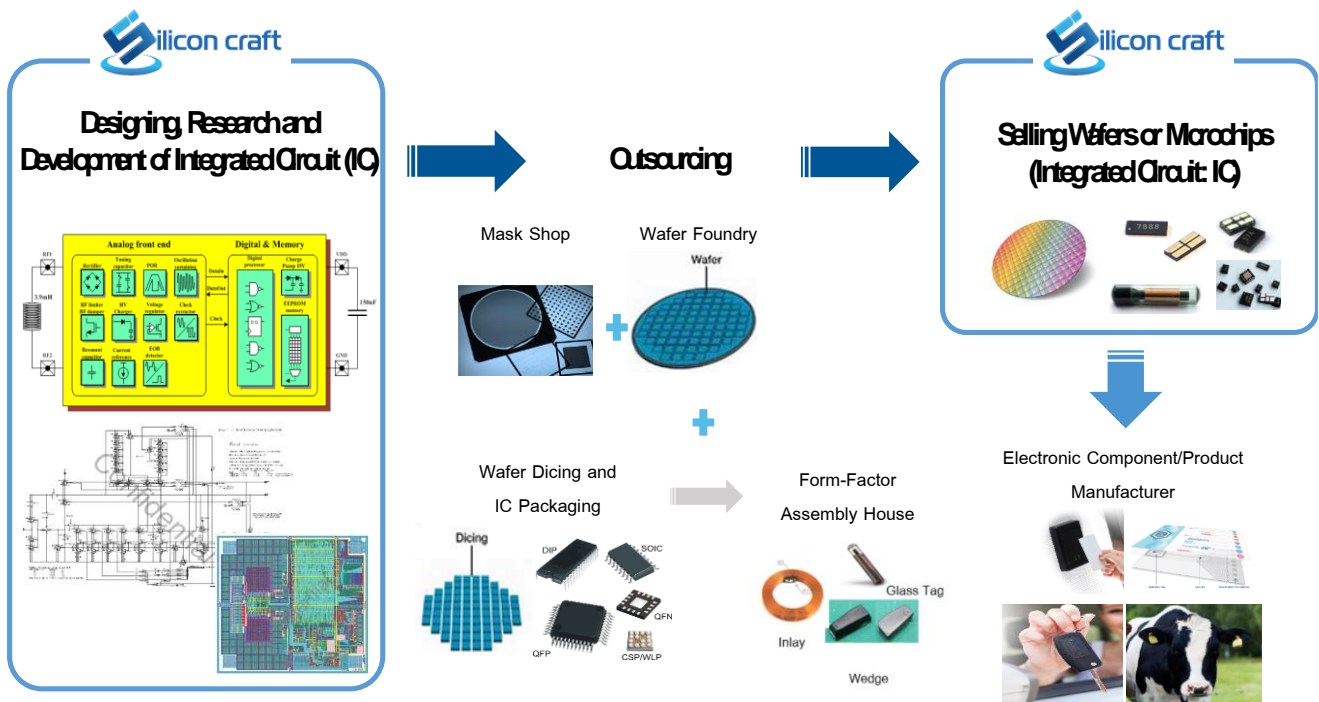
Raw material procurement and outsourcing



Source: Silicon Craft Technology Public Company Limited

- 3) **IC Design Engineer:** Apart from raw materials and outsourcing, we regard IC design engineers as an essential resource in doing business. Thailand faces a severe shortage of talents with knowledge and skills in the discipline. Over the years, to increase the number of people in the field, the company recruits and develops new talents by collaborating with several educational institutes. We hold activities to offer training and disseminate knowledge to engineering students in areas related to the company's business with an aim to raise their understanding and interest in the career path. Since the company is the sole operator in Thailand with the core business specialized in the design and R&D of the RFID system, we are fortunate to receive a steady stream of job applications from most people with skills and expertise in the RFID field. At the moment, we have not experienced any kind of shortage of skilled engineers. However, to support our future growth, the company will continue to work with educational institutes and other organizations to educate and support people's development to increase talents in the field. Meanwhile, the company also plans to hire experts from overseas in the future. As of 31st December 2021, the company employed 64 engineers.

#### Summary of Characteristic of Business Operations of the Company



### Right and Privileges from Promotion Certificates (BOI)

The Company has been granted rights and benefits from the Board of Investment (BOI) pursuant to the Investment Promotion Act B.E. 2520 as 3 promotion certificates for its business operations as per approved by the Board of Investment under the specified conditions. Essence on taxation privileges granted to the Company is summarized as follows:

Promotion Certificate	1 <sup>st</sup> Certificate	2 <sup>nd</sup> Certificate	3 <sup>rd</sup> Certificate
Promotion certificate no.:	1980 (4)/2551	2435(4)/2556	59-0321-1-00-2-0
Date approved:	August 4, 2008	September 3, 2013	January 14, 2016
Type of activities promoted:	Integrated circuit design and RFID device design including continuous products from design, Type 5.7: Electronics design activities	Integrated circuit design and RFID device design including continuous products from design, Type 5.7: Electronics design activity	Electronics design and continuous products from electronics design, Type 5.6.1: Microelectronics Design and Type 5.6.2: Embedded System Design
Right and privileges:			
- Exemption of corporate income tax for the net profit from the promoted activity up to 8 years from the date income is first derived from such activity. In case the promoted activity recorded a loss during the promoted period, annual loss incurred during such period can be deducted from the net profit accrued for a period of not more than 5 years from the expiry date specified and may choose to deduct such loss from the net profit of any one year or several years.	✓ (Privileges have been fully exercised)	✓ (Privileges have been fully exercised)	✓
- Exemption from computation of dividends derived from a promoted activity of taxable income throughout the exemption period of corporate income tax.	✓ (Privileges have been fully exercised)	✓ (Privileges have been fully exercised)	✓
- Exemption of import duties on machinery as per considered and approved by the Board throughout the promotion period.	✓ (Privileges have been fully exercised)	✓ (Privileges have been fully exercised)	✓
- Exemption of import duty on raw materials and materials necessary to be imported for usage in production for export for 1 year beginning from the first import date.	✓ <sup>(1)</sup> (Amended to be from February 8, 2020 to February 7, 2022)	✓ <sup>(1)</sup> (Amended to be from September 27, 2018 to September 26, 2020)	✓ <sup>(1)</sup> (Amended to be from July 21, 2019 to July 20, 2021)

Promotion Certificate	1 <sup>st</sup> Certificate	2 <sup>nd</sup> Certificate	3 <sup>rd</sup> Certificate
- Exemptions of import duty for materials imported for re-export purpose for 1 year beginning from the first import date.	✓ <sup>1)</sup> (Amended to be from February 8, 2020 to February 7, 2022)	✓ <sup>1)</sup> (Amended to be from September 27, 2018 to September 26, 2020)	✓ <sup>1)</sup> (Amended to be from July 21, 2019 to July 20, 2021)
<b>Material conditions:</b>			
- In order to submit an application for exemption of corporate income tax from selling of products from electronics design for commercially manufacturing, there will be either one of the following document for each product to presented as evidence and failure to submit evidence for any product, rights and privileges on corporate income tax exemption of such product will not be granted: <ul style="list-style-type: none"> <li>Patent concerning invention, product design or petty patent.</li> <li>Certificate to certify that it is an electronics design project from the National Science and Technology Development Agency (NSTDA) or the relevant institutes for each product.</li> </ul>	✓	✓	✓
- Quality of products manufactured or assembled must comply with the international standards and if standard of such product has been specified under the Industrial Product Standards Act, it must have TISI Certificate and industrial standard emblem from the Industrial Product Standard Committee must be displayed.	✓	✓	✓
- There must be system to control and prevent damage to quality of environment and danger or nuisance to the people living nearby with approval from the relevant government agency.	✓	✓	✓
- Factory must be established in Bangkok area within 15 years from the date business is commenced and such factory cannot be relocated to other areas.	✓	✓	✓
- Shareholders of at least 51 percent of registered capital must be Thai nationality.	✓	✓	✓



Promotion Certificate	1 <sup>st</sup> Certificate	2 <sup>nd</sup> Certificate	3 <sup>rd</sup> Certificate
- Registered capital	Paid-up registered capital must be at least 16.88 million Baht.	Paid-up registered capital must be at least 80 million Baht and registered capital must be increased by 20 million Baht and when combining with the existing registered capital, it must be at least 100 million Baht. In addition, value of shares must be fully paid before commencement of business.	Paid-up registered capital must be at least 100 million Baht.
- Size of investment	At least 1.0 million Baht (excluding cost of land and working capital)	At least 1.0 million Baht (excluding cost of land and working capital)	Expenses for salary of electronics design personnel must be at least 1.5 million Baht per year
- Production capacity	<ul style="list-style-type: none"> <li>50 integrated circuit designs and RFID device designs per year.</li> <li>DIE and IC: 300.00 million pieces per year each.</li> <li>100.00 million RFID tags per year.</li> <li>12,000 RFID Reader per year.</li> </ul>	<ul style="list-style-type: none"> <li>Design continuous products, i.e. DIE, IC and RFID Tag and etc.: 1,000,000,000 pieces per year.</li> <li>500,000 RFID Readers per year.</li> <li>Electronics design</li> </ul>	<ul style="list-style-type: none"> <li>Design continuous products, i.e. DIE, IC and RFID Tag and etc.: 1,000,000,000 pieces per year.</li> <li>500,000 RFID Readers per year.</li> <li>8 working hours per day and 248 days per year.</li> <li>Electronics design</li> </ul>

## Research and Development

The Company places tremendous importance on research and development because it is crucial driver for the Company's business operations, even though, research and development take many years to plant for body of knowledge. In addition, the Company's products had to be constantly developed to keep up with the fast pace of technology and the customers' demand. The Company conducted research & development for its products for more than 10 years, both by the Company's expert engineers and by jointly with the customers. Consequently, since from the past until the present days, the Company can design and develop new products that can meet the customer's requirement and can develop businesses for mutual growth with the customers constantly. Major research and development works of the Company are as follows:

- 1. Technology Research & Development:** This R&D focused on study on radio frequency identification (RFID) technology to develop as products which have different qualifications and usage specifications. The Company's research and development works for this technology are Low Frequency (LF), High Frequency (HF), Ultra High Frequency (UHF), Near Field Communication (NFC) and Sensor interface.
- 2. Product Research & Development:** This R&D focused on improvement of efficiency of form or functionality of the products of the existing technology and for reduction of production cost. It also included development of tools and equipment to be used in the production process to save cost as it does not have to import from abroad and to design functions as per required.

Example of Technology Development	Example of Product Development
<b>1. Low Frequency (LF):</b> <ul style="list-style-type: none"> <li>- Develop transmitter chip (tag), which is safe for usage with living creature to develop chip for animal tag with improvement for longer read distance.</li> <li>- Develop transmitter chip (Tag) and transceiver chip (Reader) which require accuracy and safety for code transmission and receiving to develop chips for immobilizer and for immobilizer interrogator.</li> </ul>	<b>1. Function Improvement:</b> <ul style="list-style-type: none"> <li>- New HDX transmission chip design using new factory production line.</li> <li>- Chip that has ability to combine FDX and HDX frequencies in the same chip, so the customers in immobilizer manufacturer group can use single chip for multiple models of vehicles, without using each chip for FDX and HDX.</li> <li>- Chip with FDX transmission for livestock work of the longest reading distance and support for another common reading protocol format.</li> </ul>
<b>2. High Frequency (HF) and Near Field Communication (NFC):</b> <ul style="list-style-type: none"> <li>- Develop wireless HF chip in Near Field Communication (NFC) for transmitter (Tag) which can speedily and conveniently receive-transmit information that can use jointly with electric appliances and mobile phones. This chip will be developed for label or printed matter that its</li> </ul>	<b>2. Form Improvement:</b> <ul style="list-style-type: none"> <li>- Chip that can adjust Form Factor from glass tag to wedge, which is made from plastic and is smaller than glass tag, so the customers of immobilizer manufacturer group can reduce size of immobilizer.</li> <li>- Chip that can adjust Form Factor from CSP to ADFN, which is smaller in size and has lower cost.</li> </ul>

Example of Technology Development	Example of Product Development
<p>data can be read and connected to the internet using mobile phone.</p> <ul style="list-style-type: none"> <li>- Develop sensor interface circuits to be used with NFC Tag transmitters and NFC labels in conjunction with semi-finished sensors for measuring physical conditions, measuring chemical conditions, which can be used to measure wellness and environment remotely and by connecting via smartphone</li> <li>- Development of a new in-line NFC microchip design to reduce costs and become the core technology in developing the next generation of microchip products</li> </ul>	<ul style="list-style-type: none"> <li>- NFC chips that can be used to measure the amount of chemicals from the environment and medical applications.</li> <li>- NFC chip used to identify product identity to prevent counterfeiting</li> <li>- NFC chip with 128-bit AES encryption for high security applications</li> <li>- NFC chips with UART Interface and GPIO systems can be used as NFC access points in both appliances and security systems, such as blockchain wallet systems.</li> </ul>
<p><b>3. Reader:</b></p> <ul style="list-style-type: none"> <li>- Development of a chip for the reader group to receive and send data with high speed and capability to use in multiple standard data transmission chips (RFID Tag) for the access control of buildings and vehicles</li> </ul>	<p><b>3. Tool Development:</b></p> <ul style="list-style-type: none"> <li>- Develop LF Tester to replace HDX RFID Reader System Tester which must be imported from abroad.</li> <li>- Developing wafer-level tests with temperature control</li> </ul>

In addition, the Company also conducted research with objective for strengthen body of knowledge, technology and innovation. The Company has a policy to register the patent to request for protection of the Company's intellectual property for its body of knowledge. Such nature of research may not be used for development of products for distribution at the present time, but it can be used as basis for expansion for commercial utilization in the future, so that the Company can present new products that can respond to the customers' requirement as well as to seek for new marketing opportunities. The Company has specified total budget limit for R&D to be not more than 25.00% of estimated sales volume in each year.

In 2022, the Company has continued its research on the NFC microchip platform to connect with smart sensors. This NFC microchip can connect data from sensors measured through a mobile phone to users and the Cloud system, in responding to the industrial automation trend 4.0. This shall be the application of microchips with real sensors for testing with microchips that are ready for use from the completed development process in 2021.

For this NFC smart sensor platform, chemical values can be measured via the electronic measurement system. It is an important device in the internet of things system of cheap price and multiple uses. It can support telemedicine as well as diagnostic, wellness, and healthcare with the Mobile Point of Care Testing (POCT) platform. This also serves a trend of the elderly society both nationally and globally to provide convenient and quick access to health check services through secretions or blood, including the diagnosis and initial screening by oneself. In addition, this microchip and platform can be applied to other fields, such as measuring

environmental conditions and the amount of toxic contamination in water and foods. In the past year, there was a cooperation with chemical and biochemical research institutes both domestically and internationally for the advantages of this platform. In the meantime, the Company has collected the demands from sensor developers and all users to improve its products to meet the needs of various applications. Examples of collaboration projects with external agencies include 1) the Plant Diseases Sensors Research Project with Imperial College UK, supported by a joint research grant from the Bill & Melinda Gates Foundation; 2) a research project on the application of the Company's platform into smart waste monitoring systems in shrimp farms; and 3) Agricultural Test and Demonstration Project, "Song Nam," Chaipattana Foundation, etc.

For the high-frequency NFC microchips, there is a development plan of microchips in 2022 with reduced costs and new techniques to meet the market demands for more automation in the industry 4.0 during this decade, while protecting the brand authenticity. This high-frequency microchip has a unique crypto engine. It can connect data via mobile phone to the internet by NFC, making the brand owner use it as a channel to build direct relationships with customers and a device to connect objects in the real world to those in the virtual. The decrease in microchip costs results in market expansion with more applications of NFC Tag to meet the industry trends. Thus, the Company shall invest in the development of new designs and search for new manufacturers, including production and testing processes. Such research results can be combined with existing knowledge, such as cryptographic technology to create products that meet the needs of customers and the market.

On the part of microchips, there is research on NFC readers for the automotive smart key system, which shall be increasingly used for car access to meet the trend of electric vehicles which demand microchips. The modern standard of NFC readers for smart key systems is expected to be increased during the next decade. Such microchips could be applied with the access control system and the international financial standards, which maintain a constant need for applications replacement.

In addition, the company plans to develop services based on the company's microchip technology to connect to AI Cloud Computing as a solution. Research on such matters is still only in the process of research. Research expenses are recorded as expenses in the statement of comprehensive income for each accounting period incurred, and when various research is used to develop into goods, the Company records expenses related to the development of goods as intangible assets and will be amortized when the goods are commercially available for sale according to the output unit. The duration of research and development is varied, and the research process can take from 6 months to about 3 years. For the duration of product development, the process can take from 2 to about 3 years to release or may be longer if customers require further improvement.

Details on research & development in 2019-2021 of the Company are as follows:

Description	2019 (Million Baht)	2020 (Million Baht)	2021 (Million Baht)
Research expenses <sup>1)</sup>	13.49	10.5	12.55
Product development project increased during the period <sup>*** 2)</sup>	22.89	26.76	28.84
<b>Total</b>	<b>36.38</b>	<b>37.26</b>	<b>41.39</b>
Intangible assets - Net (Development Project) <sup>3)</sup>	66.83	67.30	55.10

Remark: 1) Research expenses will be recorded as expenses in the comprehensive statement of income in each accounting period incurred.

2) Product development project which has been increased during the period, such as expenses relevant to development incurred in each accounting period which will be recorded as accumulated value in intangible asset (Development Project) in the statement of financial position.

3) Intangible assets - Net (Development Project), such as accumulated costs for product development, beginning from commencement until the end of the development projects and they were ready to be commercially launched. Accumulated product development cost will be recorded in the statement of financial position as cost price, deduction with 1) Accumulated amortization; and 2) Loss of accumulated impairment. Amortization and loss from impairment will be recognized as cost of sales and expenses in each period considered.

## Future Project

- **Development Projects**

The Company has a total of 17 new product development projects. These projects aim to create and develop new products that will be instrumental in growing our business in the near-future term of 1 – 3 years. Out of 17 development projects, nine are completed and amortized, while the remaining eight are work-in-progress. Details of the eight projects are as follow:

**Near Field Communication (NFC):** Since 2015, the Company has been developing products in the NFC category. Some parts of the development projects result from further development, utilization, and application of our existing know-how and intellectual assets. Specifically, we are in the process of developing NFC-enabled microchips that has tamper detection capability. Chips with this new feature are used in many applications such as anti-counterfeiting by allowing users to encrypt data and communicate with an online database. The Company is also developing new products that can better support communication protocol. The benefits include having a longer reading range, accommodating a system that could manage several tags simultaneously, or having an anti-collision feature that will support the running of multiple applications. These products can be marketed in different market segments, such as automatic logistics systems and inventory management systems.

We are also developing NFC specifically for the smart sensor market. These novel NFCs will allow devices to communicate and share their measurements and readings of various parameters. With these features, users will see tangible benefits in convenience, speed, and ease-of-use in actual applications, such as receiving measurements on their mobile phones. These new products can be further incorporated into various kinds of basic analytical applications such as blood glucose measurement, detection of colloids or total dissolved solid (TDS), detection of pathogens in bodily discharges, and detection of chemicals of interest in water supplies or water bodies.

Since these products are very new to the market, we continue to develop our products into more finished, ready-to-use forms as a part of a larger marketing effort. Examples of products are colloid detection cards and multipurpose chemical detection strips. From 2021 to 2022, we collaborated with other parties to broaden the scope of application, for instance, detection of residual insecticide in foods, detection of harmful heavy metals, e.g., Cadmium or Mercury, in tap water. We utilize new findings and know-how in improving chip processors and optimizing production lines so that our products will be more appropriate for usage. Data is also collected for new product development in the future. Moreover, we developed prototypes of one-time use,

multipurpose, electronic chemical detection strips ideal for medical and healthcare applications. There are also suitable for telemedicine, IoT system for chemical detection applications in the future. On the other hand, we enhance products' system capability to connect using Bluetooth technology which opens doors to new possibilities. Some of the prototypes are already being tested in automated model farms.

**Animal Tag:** Since 2021, the Company has been developing a new product under the Animal Identification category. This new product will cover a wider range of application protocols that are already existed which were not possible in previous iterations. We believe that by adding capabilities to cover more applications required by users in the livestock industry, we are in a better position to capture a greater market share. Through developing our existing knowhow, we expect to launch in the market by the year 2023

**Immobilizer:** The Company is in the process of developing microchips with the capability of handling both FDX and HDX frequencies in the same chip. This new chip will allow our customers in the replacement car key industry to use a single type of chip to create any replacement key for many car models. Replacement car key makers no longer need to keep stock of both FDX and HDX chips to serve different user groups. Our customers have begun marketing products using our new chips.

**Access Control and Interrogator:** The Company is researching and developing a new generation of NFC readers in two areas: algorithm and manufacturing process. The new product is expected to meet technical requirements and to pass communication as well as automotive standards.

#### Investment projects to support research and development in the future

To thrive in the competitive market, it is our business to readily serve our customers with new innovations and products, which is possible through continual investment into research and development projects. Considering this, the Company has an investment plan for various future research and development projects. Details are as follow.

##### 1. Investment in tools, equipment and software on microchip design and test

In the process of chip design, one of the major steps is to review chip component layout and simulate chip design using computer software to identify errors, analyze, check for accuracy, and optimize or correct any issues. These steps are to ensure that any chip design is functional, all components work synchronously and effectively before being approved for the next step – test chip fabrication. Computer software plays another critical role in testing whether a chip design will work as intended with other components. A full system simulation is done by generating a virtual environment of chips with all other components in the real-world environment. Then, using the software, we could determine output from various scenarios.



The Company has invested in a high-end, world-class software program for microchip design. The software used for the Company's workflow is universally trusted by other major companies. In 2021, we invested in improving our server to increase our design simulation capability further. As a result, we can simulate models faster, obtain results from testing quicker, and test under a more significant number of scenarios. These feats allow us to get a comprehensive view of research outcomes and a more robust and higher quality testing. Regarding equipment and tools, the Company procured a standardized test kit for RFID and NFC applications to support future R&D projects under these product groups. The test kit dramatically increases our chance of detecting any defects or errors. The improvement also helps with our sales and marketing. Additionally, we procured a signal generator and measurement device to meet the increased demands to test pilot chips from all the engineering teams. This particular investment was valued at approximately 8.7 million THB.

Similarly, the Company has an investment plan to purchase new equipment and tools in the year 2022. These additions include electrical signal meters, electrochemical measurement tools, HF and UHF antenna characterization devices, wafer-level measurement tools, equipment for cleanroom, and RFID and NFC system testing equipment to match with industry standards that are being improved yearly. The investment is expected to increase our capability in testing products in the existing categories and new product research and development

2. Investment or joint investment in other company engaging in integrated circuit design and development or having innovation which can support the Company's business operations.

Apart from additional investment in tools, equipment, software and patent, the Company also has other mean to build up growth of its business by investment or joint investment in other company that can support the Company's business operations. Criteria that the Company will be used to consider to invest with such prospect company, if it:

- Operates business in integrated circuit design and development; or
- Has innovation which can support the Company's business operations; or
- Own the patent or intellectual property or software that the Company can jointly use with; or
- Has personnel who have skill and expertise in the branch relevant to the integrated circuit design.

In addition, such company must not have record for infringement of intellectual property, or its key personnel has record for infringement of intellectual property.

## Utilization of IPO Proceeds

According to Silicon Craft Technology Public Company Limited (“the Company”)’s Initial Public Offering (IPO), in which the Company has offered 100 million new ordinary shares at the offering price of 1.38 baht per share on July 21-23, 2020 and registered such IPO with the Market of Alternative Investment on July 30, 2020. The Company has received the net proceeds of approximately 129 million baht (after deducting underwriting fee and other expenses involved in the IPO).

The utilization of proceeds ending 31 December 2021 are as follows:

(UNIT: MN THB)

Utilization of Proceeds	Budge Plan (Approximately)	Amount Used as of 31 Dec 21	Outstanding Balance as of 31 Dec 21
1.To invest in tools, equipment and software on microchip design and test, including intellectual property, such as patent	45.24	12.78	32.46
2.To invest or joint invest in other company engaging in business of integrated circuit design and development or having innovation which can enhance the Company’s business operations	38.78	3.16	35.62
3.To use as working capital for business operations	45.24	22.41	22.83
<b>Total</b>	<b>129.26</b>	<b>38.35</b>	<b>90.91</b>

## Assets Used in Business Operations

### Details on assets used in business operation

As of December 31, 2021, net value of assets that the Company used in business operation after deduction of accumulated depreciation is 26.49 million Baht, with details as follows:

	Type of Asset	Nature of Ownership	Net Book Value (Million Baht)		Obligation
			Dec. 31, 2020	Dec. 31, 2021	
1	Improvements of leased building	Lease and own	3.91	3.03	Nil
2	Office equipment	Own	2.24	2.01	Nil
3	Office furnishings	Own	1.32	0.94	Nil
4	Plant tools	Own	12.04	20.51	Nil
	<b>Total</b>		<b>19.51</b>	<b>26.49</b>	

### Intangible Assets Used in Business Operation

#### Intangible Assets

As of December 31, 2021, value of the Company's intangible assets were 55.36 million Baht which included package software and 17 product design and development projects. Nine projects have been completed and amortized and 8 projects are in progress.

Intangible Assets	Net Book Value (Million Baht)		
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
1. Package software - Net	0.56	0.47	0.26
2. Product design and development projects	66.83	67.30	55.10
<b>Total Intangible Assets</b>	<b>67.39</b>	<b>67.77</b>	<b>55.36</b>

Trademark

The Company has registered trademarks with Department of Intellectual Property, Ministry of Commerce as follows:

List of Product	Registered No.	Coverage Country	Expiry Date
 List of Product/ Service: Integrated circuit chip, integrated circuit, E-Label for individual identification	161108877	Thailand	March 24, 2025
 List of Product/ Service: Integrated circuit chip, integrated circuit, E-Label for individual identification	161108878	Thailand	March 24, 2025
 List of Product/ Service: Integrated circuit chip, integrated circuit, E-Label for individual identification	161108719	Thailand	March 24, 2025
 List of Product/ Service: Integrated circuit chip, integrated circuit, E-Label for individual identification	171101949	Thailand	March 24, 2025

## Patents

The Company has registered patents both in Thailand and in foreign countries and as of December 31, 2021, the patents registered by the Company which are still valid are as follows:

List of Product	Patent No.	Coverage Country	Application Date <sup>1)</sup>
Patent Application No.: 0601000947  Invention Name: Low power sinusoidal LC oscillator with amplitude stabilization	75506	Thailand	March 6, 2006
Patent Application No.: 0601000948  Invention Name: (Circuit arrangement for an antenna tuning system using a non-volatile memory and a voltage bootstrapping circuit in passive RFID systems) –	60361	Thailand	March 6, 2006
Patent Application No.: AU20070216685  System and method for tuning RFID resonant frequency	AU2007216685 (B2)	Australia	September 30, 2007
Patent Application No.: NZ20110621699  Charge-pump circuit for improving read distance	NZ621699 (B)	New Zealand	November 13, 2011
Patent Application No.: CN2011800693781  SYSTEMS, DEVICES, CIRCUITS AND METHODS FOR COMMUNICATING IN A COMMUNICATION SYSTEM	CN103493074 (B)	People's Republic of China	March 18, 2011
Patent Application No.: US201114005559  SYSTEMS, DEVICES, CIRCUITS AND METHODS FOR COMMUNICATING IN A COMMUNICATION SYSTEM	US9818055 (B1)	United States of America	March 18, 2011

Remark: 1) Coverage of the registered patent shall begin from the application date and it can be renewed every year. Maximum coverage is 20 years from the application date.

## Material agreements relevant to business operations

As of December 31, 2021, the Company has materials agreements relevant to business operations as follows:

### Office building lease agreement and relevant service agreement

As of December 31, 2021, details of the areas lease agreements of the Company are as follows:

#### Office building lease agreements

	3 <sup>rd</sup> and 4 <sup>th</sup> Floor of La Unique 1 Building	3 <sup>rd</sup> Floor of La Unique 2 Building
Counterparties:	Silicon Craft Technology Public Co., Ltd. ("Lessee") and Mr. Nattapong Wisetsiri ("Lessor")	Silicon Craft Technology Public Co., Ltd. ("Lessee") and Mr. Nattapong Wisetsiri ("Lessor")
Relationship of counterparties:	The Company's shareholder, holding 0.32* percent of total issued and paid-up share capital.	The Company's shareholder, holding 0.32* percent of total issued and paid-up share capital.
Execution date:	March 26, 2019	March 26, 2019
Objective:	To be occupied as the Company's office	To be occupied as the Company's office
Location of Building:	40 Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok 10900	40 Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok 10900
leased area:	1,042 Square meters	639 Square meters
Lease period:	36 months from July 1, 2019 to June 30, 2022	36 months from July 1, 2019 to June 30, 2022
Lease rate:	■ 190,000 Baht per month.	■ 95,850 Baht per month
Material conditions:	<ul style="list-style-type: none"> <li>■ In case the Lessee wishes to renew or discontinue leasing after expiration of the lease agreement, the Lessee shall submit a written notice to the Lessor at least 3 months in advance before the expiration date of the Lease Agreement. If the Lessee does not notify any intention to the Lessor, it shall be deemed that the Lessee agrees to continue leasing the areas for another 3 years after expiration of the lease agreement. In addition, during the subsequent lease period of every 3 year, the Lessee consents Lessor</li> </ul>	<ul style="list-style-type: none"> <li>■ In case the Lessee wishes to renew or discontinue leasing after expiration of the lease agreement, the Lessee shall submit a written notice to the Lessor at least 3 months in advance before the expiration date of the Lease Agreement. If the Lessee does not notify any intention to the Lessor, it shall be deemed that the Lessee agrees to continue leasing the areas for another 3 years after expiration of the lease agreement. In addition, during the subsequent lease period of every 3 year, the Lessee consents Lessor</li> </ul>

	3 <sup>rd</sup> and 4 <sup>th</sup> Floor of La Unique 1 Building	3 <sup>rd</sup> Floor of La Unique 2 Building
	<p>to increase additional lease fee of not exceeding 7 percent of the leased rate of the previous period.</p> <ul style="list-style-type: none"> <li>During the lease term, in case the Lessee wishes to prematurely terminate the Lease Agreement without breaching any condition of the Lease Agreement or causing any damage to the Lessor, the Lessee has to notify the Lessor in writing at least 3 months in advance and the Lessee agrees to let the Lessor to forfeit deposit and advance payment. The Lessor shall not be entitled to prematurely terminate the Lease Agreement, except in the case where the Lessee breaches any condition of this Lease Agreement. In case of termination from the 4<sup>th</sup> year onwards, the Lessor shall not have the right to forfeit the deposit and advance payment.</li> <li>In case the Lessee is in default of any condition or breaches any objective specified in the Lease Agreement, the Lessee agrees to let the Lessor terminate the Agreement and claim for damages, provided that the Lessor shall notify the ground for default of the agreement.</li> </ul>	<p>to increase additional lease fee of not exceeding 7 percent of the leased rate of the previous period.</p> <ul style="list-style-type: none"> <li>During the lease term, in case the Lessee wishes to prematurely terminate the Lease Agreement without breaching any condition of the Lease Agreement or causing any damage to the Lessor, the Lessee has to notify the Lessor in writing at least 3 months in advance and the Lessee agrees to let the Lessor to forfeit deposit and advance payment. The Lessor shall not be entitled to prematurely terminate the Lease Agreement, except in the case where the Lessee breaches any condition of this Lease Agreement. In case of termination from the 4<sup>th</sup> year onwards, the Lessor shall not have the right to forfeit the deposit and advance payment.</li> <li>In case the Lessee violates any condition or breaches any objective specified in the Lease Agreement, the Lessee agrees to let the Lessor terminate the Agreement and claim for damages, provided that the Lessor shall notify the ground on breach of the agreement.</li> </ul>

Remark: The Company has entered into the property insurance policy with one insurance company and the insured properties includes 1) Equipment and office furnishings within limit of liability of not exceeding 20 million Baht; 2) Inventory stored in the Company within the limit of liability of not exceeding 80 million Baht. 3) Equipment & Inventory stored in the company within the limit of liability of not exceeding 40 million Baht.

\*as of 10 February 2021

#### Office Building Service Agreement

	3 <sup>rd</sup> and 4 <sup>th</sup> Floor of La Unique 1 Building	3 <sup>rd</sup> Floor of La Unique 2 Building
Counterparties:	Silicon Craft Technology Public Co., Ltd. (the "Customer"), and Lukdee Property Co., Ltd. (the "Service Provider")	Silicon Craft Technology Public Co., Ltd. (the "Customer"), and Lukdee Property Co., Ltd. (the "Service Provider")
Relationship of counterparties:	Having common shareholder with the Company, who is Mr. Nattapong Wisetsiri. Mr. Nattapong Wisetsiri holds 0.32* percent of issued and paid-up share capital.	Having common shareholder with the Company, who is Mr. Nattapong Wisetsiri. Mr. Nattapong Wisetsiri holds 0.32* percent of issued and paid-up share capital.
Execution date:	March 26, 2019	March 26, 2019

	3 <sup>rd</sup> and 4 <sup>th</sup> Floor of La Unique 1 Building	3 <sup>rd</sup> Floor of La Unique 2 Building
Details of agreement:	Provide services relating to the lease of the 3 <sup>rd</sup> floor and 4 <sup>th</sup> floor of office building, such as cleaning of common areas in the building, lifts, electrical system, air-conditioning system, security guard within the building areas etc.	Provide services relating to the lease of the 3 <sup>rd</sup> floor of the 2 <sup>nd</sup> of building, such as cleaning of common areas in the building, lifts, electrical system, air-conditioning system, security guard within the building areas etc.
Service Term:	36 months from July 1, 2019 to June 30, 2022	36 months from July 1, 2019 to June 30, 2022
Service fee rate:	<ul style="list-style-type: none"> <li>190,000 Baht per month. The customer shall be responsible to pay electricity and water supply and telephone system fees, apart from such lease fee.</li> </ul>	<ul style="list-style-type: none"> <li>95,850 Baht per month and the Customer shall be responsible for electricity, water supply and telephone system fees, apart from such service fee.</li> </ul>
Payment of service fee :	<ul style="list-style-type: none"> <li>Service fee shall be paid monthly within the 10<sup>th</sup> day of every month.</li> </ul>	<ul style="list-style-type: none"> <li>Service fee shall be paid monthly within the 10<sup>th</sup> day of every month</li> </ul>
Termination of Service Agreement:	<ul style="list-style-type: none"> <li>The Customer defaults for 2 consecutive months.</li> <li>Lease agreement of office building has been terminated.</li> </ul>	<ul style="list-style-type: none"> <li>The Customer defaults for 2 consecutive months.</li> <li>Lease agreement of office building has been terminated.</li> </ul>

\*as of 10 February 2021

#### Loan agreement with the financial institutions

As of December 31, 2021, the Company has entered into loan agreements for business operations.

Material loan agreements are as follows:

Financial Institution	Type of Loan	Total Amount	Collateral
1 <sup>st</sup> Financial Institution	- Bank Overdraft	3.00 Million Baht	- Deposits of 7.00 Million Baht as collateral
	- Letter of Credit and Trust Receipt (L/C, T/R)	20.00 Million Baht	
	- Forward Contract	10.00 Million US Dollar	
	- Promissory Note (P/N)	10.00 Million Baht	
2 <sup>nd</sup> Financial Institution	- Letter of Credit and Trust Receipt (L/C, T/R)	15.00 Million Baht	- Deposits of 6.00 Million Baht as collateral
	- Forward Contract	0.5 Million US Dollar	
	- Bank Overdraft	3.00 Million Baht	
	- Promissory Note (P/N)	2.00 Million Baht	
3 <sup>rd</sup> Financial Institution	- Letter of Credit and Trust Receipt (L/C, T/R)	6.50 Million Baht	- Deposits of 2.50 Million Baht as collateral
	- Forward Contract	0.70 Million US Dollar	



## Major Events and Activities

Year	Significant Events
2002	<ul style="list-style-type: none"> <li>- Silicon Craft Technology Company Limited has been established with initial registered capital of 5.00 million Baht, by dividing into 50,000 ordinary shares at par value of 100.00 Baht per share to engage in business of design, research &amp; development and supply of integrated circuit (IC) products.</li> </ul>
2004	<ul style="list-style-type: none"> <li>- The Company has entered into a joint venture agreement with the Mutual Fund for joint investment in Small &amp; Medium Enterprises (SMEs). The Company increased its registered capital by 0.60 million Baht to be 5.60 million Baht to participate in the “5 Year Strategy to Build-up Thai Entrepreneur Society” and par value has also been changed from 100.00 Baht per share to 10.00 Baht per share. Consequently, the Company has 560,000 ordinary shares at par value of 10.00 Baht per share.</li> <li>- The Company has relocated its head office from Pakkred District, Nonthaburi Province to Don Muang District, Bangkok for convenience on business operations.</li> <li>- The Company started to develop integrated circuit (IC) for RFID Animal Identification with the support from the National Electronics and Computer Technology Center (NECTEC).</li> </ul>
2005	<ul style="list-style-type: none"> <li>- The Company became the first and only company in Thailand and in South-east Asia that can successfully develop integrated circuit (IC) or chip for RFID Animal Identification and the product has been launched in such year.</li> </ul>
2006	<ul style="list-style-type: none"> <li>- The Company together with the partner in South Korea can successfully design and develop the Interrogator.</li> </ul>
2007	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 11.28 million Baht to 16.88 million Baht, dividing into 1,688,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company received Asia Pacific Business Development Strategy Leadership Award on RFID Animal Tagging Market from Frost &amp; Sullivan, a global research and consulting firm.</li> <li>- The Company has been granted investment promotion from the Office of Board of Investment for integrated circuit design and RFID devices design including continuous product from design activities.</li> </ul>

Year	Significant Events
2008	<ul style="list-style-type: none"> <li>- The Company can achieve development of integrated circuit (IC) or microchip to be used with Immobilizer and this product has been launched in the market in same year.</li> </ul>
2009	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 8.12 million Baht to 25.00 million Baht, dividing into 2,500,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company's shareholders purchased shares back from the Mutual Fund for jointly investment in the Small &amp; Medium Enterprises (SMEs) pursuant to condition in the joint venture agreement. Total 249,305 shares have been purchased back.</li> <li>- The Company received Thailand Embedded Product Awards (TEPA) for its outstanding products under category of Ear Tag and Inlay.</li> <li>- The Company received the honorable mention under category of Telecom Product for 13.56 MHz Multi Standard RFID Reader IC from Telecom Innovation Award 2009 arranged by the Telecommunications Research and Industrial Development Institute (TRIDI).</li> </ul>
2010	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 5.00 million Baht to 30.00 million Baht, dividing into 3,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company enrolled to become the corporate member of the Thai Chamber of Commerce, registration number T5300184.</li> </ul>
2011	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 20.00 million Baht to 50.00 million Baht, dividing into 5,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> </ul>
2012	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 30.00 million Baht to 80.00 million Baht, dividing into 8,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company relocated its head office from Don Muang District, Bangkok to Soi Senanikom, Bangkok to support for its expansion and for increased efficiency on management.</li> </ul>
2013	<ul style="list-style-type: none"> <li>- The Company has been accredited for ISO9001: 2008 on Quality Management System Standard of product and services on design, research &amp; development and distribution of integrated circuit (IC) and RFID device from Bureau Veritas (UK Branch).</li> </ul>

Year	Significant Events
	<ul style="list-style-type: none"> <li>- The Company commenced for registration for an establishment of Silicon Technology (Shenzhen) Company Limited, as its subsidiary company in Shenzhen, People's Republic of China on September 19, 2014 with registered capital of 1.00 million yuan to support for its business expansion into China.</li> </ul>
2014	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 20.00 million Baht to 100.00 million Baht, dividing into 10,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company relocated its head office from Soi Senanikom, Bangkok to Chatuchak District, Bangkok to support for its business expansion.</li> </ul>
2016	<ul style="list-style-type: none"> <li>- The Company increased its registered capital by 50.00 million Baht to 150.00 million Baht, dividing into 15,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.</li> <li>- The Company closed down Silicon Technology (Shenzhen) Company Limited, its subsidiary in People's Republic of China, to restructure its organization for preparation to be listed in mai.</li> <li>- The Company has entered into a Memorandum of Understanding (MOU) with one of the world's leading electric appliances manufacturing company in South Korea for collaboration on research and development of microchip products for sensor system.</li> </ul>
2017	<ul style="list-style-type: none"> <li>- The Company has entered into a Memorandum of Understanding (MOU) with the leading RFID device manufacturing company in Germany for joint collaboration on development of new model of immobilizer and also entered into a Memorandum of Understanding (MOU) with the immobilizer manufacturing company in Spain for collaboration on development of Cloud system for such company.</li> </ul>
2018	<ul style="list-style-type: none"> <li>- The Company has entered into a Memorandum of Understanding (MOU) with Thailand's leading cement, petrochemical and chemicals company for joint collaboration on research and development of microchip products for chemicals detection.</li> </ul>
2019	<ul style="list-style-type: none"> <li>- The Company registered to transform from a company limited to a public company limited and changed its name to Silicon Craft Technology Public Company Limited.</li> <li>- During the Annual General Meeting of Shareholders No. 1/2019 dated February 21, 2019, the Meeting resolved to change value of par value from 10.00 Baht per share to 0.50 Baht per share. As a result, the Company has total 300,000,000 ordinary shares, at par value of 0.50 Baht per share.</li> </ul>

Year	Significant Events
	<p>The Meeting also resolved and approved for capital increase for additional 50.00 million Baht to 200.00 million Baht, dividing into 400,000,000 shares, at par value of 0.50 Baht to support for the initial public offering (IPO) amounting to 100,000,000 shares. Consequently, the Company has total 400,000,000 ordinary shares, at par value of 0.50 Baht per share, dividing into 300,000,000 ordinary shares of the existing shareholders and 100,000,000 new ordinary shares for initial public offering (IPO).</p>
2020	<ul style="list-style-type: none"> <li>- The Company signed a Memorandum of Understanding (MOU) with Chulalongkorn University by the Center of Excellence on Petrochemical and Materials Technology to jointly develop intelligent blood transport box temperature sensors to control the quality of blood bags during transportation.</li> <li>- The Company receives R&amp;D subsidies from the Office of the National Digital Economy and Society Commission, Ministry of Digital Economy and Society, for portable residual toxin monitoring systems that work with smartphones, and shrimp farming optimization projects with wireless sensor networking and artificial intelligence.</li> <li>- July 30th, 2020 marked the first day for Silicon Craft Technology PLC to list and begin trading its shares on the Market for Alternative Investment (mai) of The Stock Exchange of Thailand under the ticker "SICT", raising funds for microchip business development, new technological developments, and future joint-venture projects. The Company issued 100,000,000 ordinary shares, which corresponded to 25% of all issued and fully paid ordinary shares.</li> </ul>
2021	<ul style="list-style-type: none"> <li>- On 13<sup>th</sup> May 2021, the company's Board of Directors approved the Employee Joint Investment (EJIP) project.</li> <li>- On 11<sup>th</sup> August 2021, the company's Board of Directors passed a motion to appoint Dr. Bodin Kasemset as CEO.</li> <li>- On 11<sup>th</sup> August 2021, the company's Board of Director pass a motion to appoint Mr Manop Thamsirianun as Chairman of the Board.</li> <li>- On 11<sup>th</sup> August 2021, the company's Board of Directors approved the second round of the Employee Joint Investment (EJIP) project.</li> </ul>

## Dividend Policy

The Company intends to pay dividend at the payout ratio of no less than 50.00 percent of the annual net profit after deduction of tax, legal reserve fund, and other types of reserve funds in accordance with the Company's financial statements. However, the dividend payment must not affect the firm's operation, financial status, liquidity, investment plan, any other necessities and factors deemed appropriate to the business operation by the Board of Directors. The dividend payment must be done in a manner that ensure optimal benefits to all shareholders.

The decision to declare and pay annual dividend must be declared and approved at the shareholders Annual General Meeting upon the recommendation of the Company's Board of Directors. In the case of interim dividend, the Board of Directors may in its discretion declare an interim dividend based upon profits arrived at an appropriate level that would allow the Company to distribute surplus funds from its distributable profits and/or reserve funds without affecting the Company's operation and publicly communicate to the shareholders in the subsequent shareholders meeting.

The paying of interim payment is determined by the Company's Board of Directors and is subject to change depending on the business operation, financial status, liquidity, investment plan, any other necessities and factors deemed appropriate to the future business operation by the Board of Directors.

## Risk Management

### 1. Risks for depending on main raw material manufacturer and main supplier

The Company engages in business of design and development of chip for RFID device as a fabless company and main raw material used in chip production process is wafer. Manufacturing of wafer is regarded as mainstream industry that none of Thai operator can do it and there are only about 10 main wafer manufacturers throughout the world, hence, the Company is necessary to import all raw materials from abroad. The Company placed orders with one of global wafer manufacturers in Singapore. Ratio of purchased value placed with such manufacturer in 2019, 2020 and 2021 was 97.40%, 85.42% and 93.84% of purchased value of wafer in 2019, 2020 and 2021, respectively.

Because there are only a few wafer manufacturers, the Company has to plan for purchase order in advance. Time used for wafer manufacturing takes approximately 3-6 months, depending on complexity of masking sets designed by the Company. In case the Company employs new wafer manufacturer which has never received order from the Company before, such manufacture may need at least 6-12 months for preparation and improvement of its machinery for the first manufacturing process. Hence, the Company may have risk from unable to deliver products to the customer on time if the Company's production plan is incorrectly or if the manufacturer is unable to deliver the products on schedule.

In addition, after wafers have been imported from abroad, the Company has to outsource a manufacture for wafers dicing, IC packaging assembling including form factor assembling to manufacture as finished product and testing including IC packaging assembling and ratio of such outsourced value was 56-66% of total outsourced values during 2019-2021. There is a contract which specified that such factory must notify at least 12 months in advance in case of any production process change or product manufacturing stoppage.

The Company is well aware of such risk and has measure to prevent risk from unable to deliver products to the customers on time by clearly assigning the responsible person to coordinate and closely plan for production with the customers. The Company will submit a monthly estimation for 12 months in advance and will review it every month. There is a contract which specified that such main wafer manufacturer must notify at least 12 months in advance in case any product will be stop manufacturing. The Company also has a policy to reduce depending on one major manufacturer by seeking for additional manufacturers. Therefore, there are 3 wafer foundries currently who can take purchase order from the Company in various countries, i.e. Singapore, South Korea and China. However, a change of manufacturer who is the business partner needs to take time and it requires to have consent from the customer first, for instance, it may take approximately 1 year to change to a new business partner with consent from the customer. The Company tries to minimize timeframe for changing to a new business partner by employing a new business partner to manufacture a new group of products as well as designing new products which have quality similar to current products in the production

line of new business partner, so that there will be product replacement in case any manufacturer has a problem. In addition for increase of a new partner, the Company will also consider about economy of scale, by taking into account expenses for research & development on design products to make them conform to the manufacturing method of a new business partner including amount of order placed with such new partner as well.

With regards to outsourcing for wafer dicing and IC packaging assembling, the Company minimizes such risk by seeking for a reserve factory which can render manufacturing services as a backup source in case the current factory is unable to perform the work. Time used for a change of this kind of factory is between 3 to 6 months for trial and quality testing, which is lesser than a change of wafer manufacturer and there are more manufacturers who can render such outsourcing services. Currently, there are 3 manufacturing partners allowing the manufacturing process to be more robust.

However, to manage and develop additional manufacturers, the Company has a process to work with customers who are affected by sending documents for clarification in advance to the affected customers and sending product samples to the customers for testing.

In 2021, there was a shortage of microchips in the world market due to insufficient production capacity to meet the market demands of both microchip manufacturing and IC Packaging assembly factories. The shortage was a challenging factor for the Company in delivering products to customers, which may impact on the operating results. Nonetheless, the Company mitigated these risks by having new factories to supply the market demands. Additionally, the Company negotiated to expand production capacity with those factories and follow the weekly progress with related units for product delivery in a timely manner while minimizing the delay.

At the beginning of 2022, the conflict between Russia and Ukraine escalated. The Company has been paying close attention to the situation, assessing any developments, and making a contingency plan since the two countries are leading exporters of raw materials such as palladium and neon, which are used in microchip fabrication. Nonetheless, until the date of preparing this annual report, the Company has not observed any significant impact on the supply chain of the Company's customers.

## 2. Risks from depending on product groups or customer groups

As main revenue from the Company derives from selling of 4 main product groups, i.e. 1) Microchip for immobilizer; 2) Microchip for animal tag; 3) Microchip for access control and interrogator and; 4) NFC & Others, and each product group has a few major customers. The sales revenue of major customers of each product group is accounted for ratio of approximately 54-78% of revenue from such group in 2021.

Reason that the Company has a few customers in each main product group was that the Company has been trusted by the global operator to develop chips to be used for their products, and the Company has applied strategy to build business alliances in distribution channel. Accordingly, main revenues of the Company derived from supply of products to only 10-15 main customers (please see more details in Part 2, Item 2.4:

Characteristic of customers and target customers). When considering the total income of all product groups during the 2019–2021 period, there was growth in three product groups of the animal tag, the access control & interrogator and the immobilizers. Thus, the Company could reduce its risks of relying on a particular group of customers.

The Company has a policy to reduce its dependence on a small group of products or customers by continuing the research and development on new microchips in both the existing main product group and the new product group, such as NFC, to increase the variety of product groups and enhance future expansion of the customer base and lower dependence on each product group. The Company is confident in sufficiently maintaining its potential for continual growth, in line with the development of new products for the existing and new customers.

### 3. Risk from fast-changing of technology and customer's behavior

Main business of the Company relates to products in technology group which has risk from out-of-date and may have limited life cycle in the market different from group to group, while research & development period of the Company's products may take many years before they can be launched in the market and supplied to the customers. The Company's developed products may not be able to respond to the customer's demand on time. Therefore, the Company may have risk if technology shifts to different direction from technology that the Company focused for research & development or may have risk if the newly developed products are unable to respond to the change of the consumer's behavior which will impact to the Company's development project or may make the Company's microchips obsolete that it might significantly impact to the Company's operating results in the future.

Therefore, in order to prevent and reduce occurrence of such risks as previously mentioned, the Company has appointed the product management and marketing workgroup to study about research and technology works around the world. In addition, there is a study of trend and marketing opportunities in various product groups and various product forms including exchange of progress and product development plan with key customers and international research institutes to formulate research & development guidelines, both on Technology Roadmap and Product Roadmap, to ensure that the Company can develop and launch new products to the market continually and truly meet the needs of the market and customers. Furthermore, for the past period, the Company chose to develop products in technology group that pace of change did not occur speedily or products that have affordable cost in changing technology comparing to company budget and plan, such as animal tag because if technology is changed, investment in the relevant systems, i.e. reader and database system, have to be changed as well. The country which has the law enforcement on animal tag system tended to not change technology often because it takes time and cost for the change. Hence, animal tag is the business group that its technology did not change much. With regards to immobilizer, this product group will



be on demand after each car model has been launched for approximately 3-5 years, so the Company can plan for development of product to support demand of immobilizer of new car model in each period of time. The Company also jointly conducts research & development with the customers who are major entrepreneurs of each business group continually, so that the products can be developed in the direction demanded by the market constantly.

#### **4. Risk from having investment expenses on research and development of products that cannot be commercially manufactured**

Because nature of business operations of the Company is microchip research and development, so its investment cost is rather high and the Company must conduct research and development of new knowledge and product to constantly catch up with the change of technology and customers' demand. Sometimes research is required to perform to strengthen knowledge even though it cannot be developed as product for distribution at present, but investment for such research is necessary to be used as basis for expansion to commercially utilization in the future. The Company has to record expenses in research works in the part which cannot be recognized as intangible assets in the financial statement and may have to set aside provision for impairment or may have to amortize the development costs in case the developed work cannot be commercially manufactured, hence it may make the Company incur high administrative cost that it may significantly impact to overall operating results of the Company.

Thus, in order to reduce such risk, from 2018 onwards the Company has prepared annual budget and specified financial limit amount for research and development in each year, so that it can be used as guideline for effective research and development planning which are in line with the financial positions, performance including growth direction of the Company in the future. In addition, the Company has the strict process on approval of research projects, for example, objective and results including opportunity to be the development project in the future must be clearly specified in the research project. The Company's research projects have to conform to the technology roadmap and they have to be considered by the product management and marketing workgroup who will further propose to the Executive Committee and the Board of Directors, consecutively.

In 2021, the Company has specified budget frame for research and development to not exceeding 25.00% of estimated revenue from sales. For 2021, research and development expenses equaled to 39.70 million Baht, representing 9.41% of revenue from sales of the Company in 2021. In the year 2021, the company has set aside a provision for impairment of intangible assets amounting to Baht 32.6 million due to the product design development project has been extended as a result of the COVID-19 epidemic situation. The company viewed that the project revenue has decreased in the estimated time frame resulting in negative cash flow

projection over the original time frame of the project. The company therefore set aside the impairment of intangible assets equal to the negative amount.

Furthermore, the Company has specified the procedures for review and monitor research and development expenses periodically. If expenses exceed than the specified budget, the relevant sections have to arrange joint meeting to consider and find conclusion. If any project has tendency to have additional investment or the market has tendency to change, the relevant sections have to notify the management for consideration on decision making and request for approval pursuant to the specified procedures before further proceeding.

#### 5. Risks for non-compliance with the laws or regulations

The Company's products will be used as components in the customers' RFID device and there are rules, regulations and standards that are needed to be observed. Therefore, design and manufacturing of the Company's products is required to take into consideration the conditions or requirements that the Company's customers have to be followed, such as REACH (Registration Evaluation Authorization and Restriction of Chemicals), RoHs (Restriction of the use of certain hazardous substances in electrical and electronic equipment) and CMRT (Conflict Minerals Reporting Template) and etc. Moreover, the Company has to monitor laws and regulations in the relevant industries of the country that its customer or business partner have to comply with, i.e. requirements of National Livestock Identification System (NLIS), which specified standard of equipment and system to be used in the animal registration system in Australia, for instance, minimum distance that reader can read data from tag, ability to read data from multiple tags simultaneously or type of tag to be used with each type of animal, and etc. This information will be used for product development so that the Company's products and customer's products can be effectively used as per specified standard. If the Company fails to comply with the related laws or regulations as mentioned above, the Company may not be able to supply products to its customer as per anticipated or if the investment has been used for development of ineffective products which do not conform to the standards required by the customer, it will significantly impact to the Company's operating results and the Company may be sued by its customer.

Therefore, in order to minimize such risks, the Company has assigned the responsible person to monitor and review the conformity on promulgation of new laws relevant to the Company's business operations in order to control, monitor and suggest on compliance with the laws and regulations relevant to the Company's business operations as well as to closely coordinate with the Company's customers to exchange information and tendency on the change in regulations relevant to the customers' products, so that the products can be developed pursuant to the relevant standards. However, during the past period, the Company has not been sued nor has any dispute from non-compliance with the relevant laws or regulations at all.

Since Thailand's Personal Data Protection Act is enforced in 2022, during the year 2021, the Company conducted a study and introduced a policy to protect personal data. We also appointed a new position of Data Protection Officer to monitor and review compliance of our every department according to the Act.

#### 6. Risk from infringement of other person's intelligent property.

The Company's business operations are related to research and development to seek for innovation to present products that can respond to the customer's requirement. However, some customers have condition which specified that for development of their products, the Company has to guarantee that it will not infringe other person's intellectual property. Therefore, the Company may have risk from being fined by the customer or prosecuted from the owner of the intellectual properties which have been infringed, and it may impact to the Company's operating results including image of the customers and business partners.

The Company has a policy to prevent risk from infringement of other person's intelligent property by stipulating the strict working procedures and arranging the trainings for both existing and new employees to provide knowledge and understanding regarding practices on intelligent property constantly. The Company also specified patent search process and how to explore matter that the Company can be used (Freedom to Operate - FTO) for project consideration and approval before entering into design and development process every time. The Company also assigned the innovation workgroup which consisted of the Company's experts and specialists to consider, screen and review to prevent the Company from having problem on infringement of other person's intelligent property, as well as consider on submission of application of patent registration of the invention developed by the Company. During the past period, the Company has not been fined or sued from infringement of other person's intelligent property at all.

#### 7. Risk from dependent of expert engineer on design of integrated circuit

As the Company engages in design and development of chip for RFID device as a fabless company, hence, apart from raw materials and outsourcing of services, other component which is the core business of the Company is the design and development of chip for RFID device which is required to rely on expert engineers on integrated circuit for research and development of product as per the customers' requirement (specialty & customization). In 2021, the Company has 82 engineers in total, dividing into 1) Personal expert; 2) Design managing engineers; 3) Microchip design engineers; 4) Electronics and embedded system engineers, and 5) Manufacturing and sales support engineers. Thailand still has limited amount of personnel who has knowledge and expertise in such knowledge base and professions. Therefore, if the Company cannot retain such teams of engineers with the Company, it may impact to design and development of chip for RFID device, which is the Company's core business and it may also impact to business expansion of the Company in the future.

Hence, in order to reduce risks from unable to procure adequate expertise personnel for the Company's business operations, the Company has a policy to jointly develop body of knowledge and personnel in the relevant branches with the educational institutes, by arrangement the activities with the universities in Thailand to provide training and knowledge to students in Engineering Faculty in the branches relevant to the Company's business in order to build understanding on career path and to promote for additional personnel in such professional branches.

In maintaining human resources who are experts in chip design, apart from the structured employment planning, the Company has planned and started a retention program for the skilled staff (Retention Program). It is planned over the long term to maintain the job title and organizational competence level in the chip design industry. There are many dimensions such as special compensation consideration, Employee Joint Investment Program (EJIP) which depends on the Company's operating results each year, and planning to develop the potential of employees in the long term to provide employees with professional development and career advancement

However, as the Company is the only company in Thailand that mainly operates business on design and development of RFID device, consequently, most of personnel in Thailand who have knowledge and expert in such professions are interested to work with the Company, so the Company has not yet encountered a problem on shortage of engineers who have knowledge and expertise in the relevant professions at all. With regards to the plan to support for future growth, the Company still coordinates with the educational institutes including other agencies or organizations on providing knowledge and encourages for personnel development in the relevant professions constantly to increase the number of personnel in such line of business. The Company also cultivates corporate culture on knowledge transfer among the employees in the organization from generation to generation via working from employees at high levels to lower levels to increase know-how and expert to the Company's engineers at all levels continually. Remuneration provided to the employees are in suitable level in the industry and welfare including incentive measures also been provided to strengthen bond so they will work with the organization in the long term. The Company also has a policy on decentralization of management power and rotation of team of engineers to minimize reliance on individual personnel as well as to place importance on personnel development to arm them with knowledge and expertise pursuant to the changing technology on par with the international leading companies. Trainings and study visit trips have been provided to the Company's engineers continually. The Company has a plan to employ personnel from abroad who has knowledge and expertise in specific professions to work with the Company in the future as well.

## 8. Risk from fluctuation of exchange rate

Most of the Company's business operations have to be exported, which accounted for ratio of approximately 99.42% of revenue from sales, and prices of products agreed with the customers are mainly denominated in US Dollar and Euro. In addition, the Company has to import wafers from abroad, and payment is mainly paid in US Dollar. Hence, the Company may have risk from fluctuation of exchange rate and it may significantly impact to the Company's operating results, for instance, it may make the Company loss or gain from exchange rate, in case there is different exchange rate from the recorded date of products sold or raw material purchased and the date payment received or paid.

To minimize the risks associated with the foreign exchange of the mentioned currency, the company closely follows the trends and monitors for any changes to the currency rate and all concerning currencies. Currently, we implement the natural hedging strategy by matching the outflow and inflow of the currency.

Furthermore, the company has a policy to mitigate risks by using forward contracts. The degree to which a forward contract is employed will depend on the gross profit margin of each product. For products with a gross profit margin over a particular figure, the company shall make a forward contract no less than 50% of the expected sales revenue. On the other hand, for products with a gross profit margin lower than the criterion, the company shall make a forward contract no less than 100% of the product's cost of goods sold. So far, the company recorded profit (or loss) from the exchange rate at 4.03 million THB and (13.89) million THB in 2020 and 2021, respectively.

In 2021, there was a loss on foreign exchange due an increase in foreign exchange forward contract during early 2021, including the wafer orders to support sales growth and the situation of the baht's rapid appreciation from late 2020 until the beginning of 2021. Thus, those losses resulted in a high amount of future foreign exchange forward contracts at the ranging rates of 29.79–31.10 baht. Meanwhile, a large number of wafers hedged for future foreign exchange forward contract at low exchange were sold off during the 3rd and 4th quarters of 2021. Moreover, the depreciation of the baht exchange rates in the range of 32.56–33.56 baht was the main factor for the final loss from the exchange rate.

As of December 31, 2021, the Company had its limit for a foreign exchange forward contract amounting of USD 22.95 million, while performing the foreign exchange forward contract of USD 6.3 million. The contractual exchange rates of the amount sold were in the range of 29.79–33.56 baht/USD. The Company has no policy to speculate on the foreign exchange rate.

## 9. Risk from coronavirus outbreak

From the situation of the coronavirus outbreak 2019 (COVID-19), the company has closely monitored the situation and continuously assessed the potential impact on the industry and the Company's operations. The Company may not receive direct impact from the epidemic situation, but there is a consequence of the potential impact of customers, suppliers or manufacturers. However, uncertainty in the epidemic situation persists and may affect the environment either directly or indirectly in the Company's business operations in the future, for example, duration of research and development projects and delivery of products, etc. The company has prepared to cope with situations that may change rapidly including the schedule to be adjusted in a timely manner in order to increase the efficiency of the Company's business operations.

## 10. Risk from major shareholder groups have influence on specifying management policy

After the offering of ordinary shares in mai, a group of major shareholders who are the Company's founders, namely Mr. Manop Dhamsirianunt, Mr. Apinetr Unakul, Mr. Naiyavudhi Wongkomet's group and Mr. Apinunt Thanachayanont, will have total shareholding proportion of approximately 62.34% of total sold shares of the Company (please see more details in Section 2.9: Information on Securities and Shareholders). As a result, the management power of the Company may be mainly rested under decision of those persons. Moreover, those shareholders are the authorized persons to manage and control almost votes for important resolutions, such as appointment of director or resolution of other matters which require to have majority votes of the shareholders' meeting, except in the matter that the law or the Company's article of association specified that it is required to have votes from three-fourths of number of shareholders attended and have the voting rights. Other shareholders who attend the meeting and have voting right may not be able to compile vote to inspect or balance management power of the major shareholders.

However, each of the above major shareholders who are the founders of the Company has independent opinion and decision making and the management structure of the Company also consisted of 5 committee and sub-committees, i.e. the Board of Directors, the Executive Committee, the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee. Each of such committee has clear scope of power and duty which makes the Company has standard working system and easy for inspection. In addition, the structure of the Company's committee and sub-committees also consist of 3 independent directors from 8 directors in total. Each member of the Audit Committee, which consisted of 3 independent directors, is knowledgeable and capable for review the Company's operations to ensure transparency and has balance of power in case any matter has been proposed for consideration during the shareholders' meeting in some certain levels. The Company also has practices concerning the entering into the connected transaction with the director, the major shareholder or the controlling power including the person who might have conflict of interest, for example such person shall not have power to approve the transaction which he/she has conflict of interest, so it can reduce risks on balance of power in some certain extents.

## Sustainability Development

### Process of Defining Key Sustainability Issues

The company has established a process to assess key sustainability issues in line with the organization's long-term goals and strategy, including considering stakeholders' comments and international sustainability standards. The process is as follows:

#### 1. Analysis and Identification of Critical Issues

- Consider the business nature, direction, and strategic plan of the company.
- Consider significant risks, challenges, and opportunities of the company, such as the company's operations, finance and investment, and industrial condition.
- Study and compare sustainability issues among leading international technology companies, including sustainability issues at the national and global levels; for example, the UN Sustainable Development Goals (UN SDGs).

#### 2. Prioritization of Critical Issues

- Bring important issues to the assessment with the management team providing opinions, including direct and indirect inquiries on issues from all stakeholders.
- Prioritize sustainability issues.

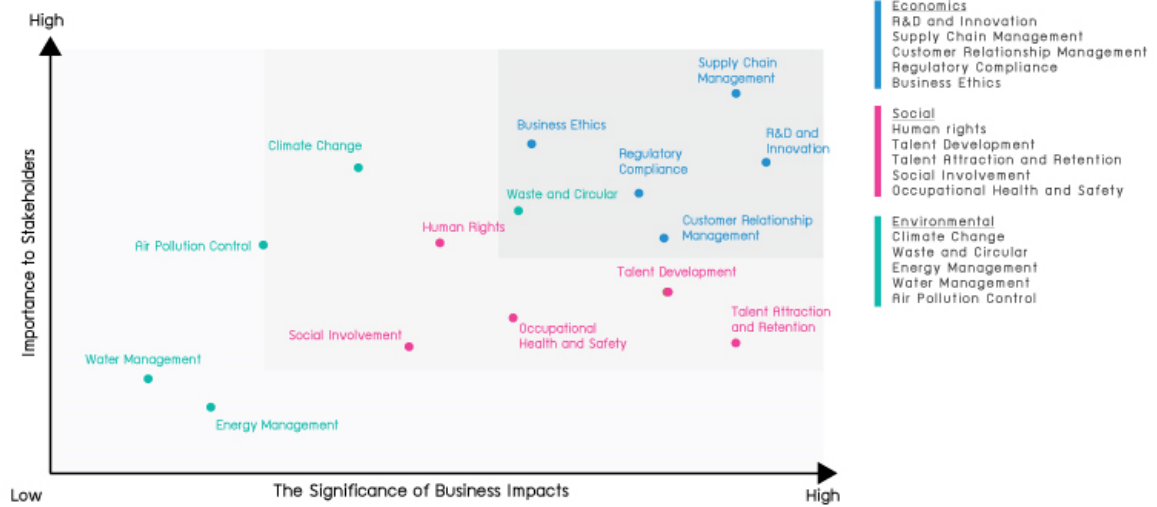
#### 3. Consideration and Examination of Key Issues

- Clarify and report to the management team to review key sustainability issues in line with the organization's goals and strategy.
- The Board of Directors approves significant sustainability issues and the disclosure of information through various channels.

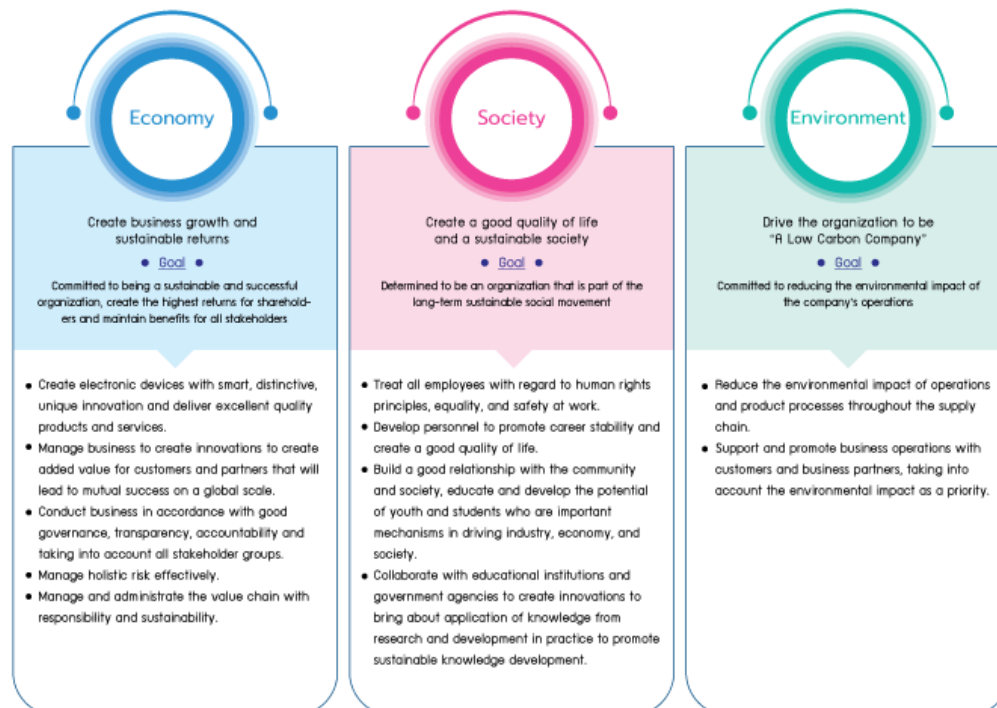
#### 4. Review on Key Issues and Reporting Improvement

- Continuously review key sustainability issues and gather feedback from all stakeholders to improve the company's operations and sustainability reporting in future editions

## SIC Materiality Metric



## Sustainability Management Goals and Policies





## Sustainable Development Goals and Performance

## Economic Dimension



Sustainable Development Operations Policy	Expectations/Long-term Goal 2022 - 2026	Key Performance in 2021
Create electronic devices with smart, distinctive, unique innovation and deliver excellent quality products and services.	Having sustainably continuous growth of income.	Total revenue grew 25% from the previous year.
	Having a customer satisfaction rate over 90%	Customer satisfaction rate was 87%.
Manage business to create creative innovations to create added value for customers and partners that will lead to mutual success on a global scale.	Having more than 20 research and development projects for product design to support long-term growth.	There are more than 17 product design development projects, and 9 of them were completed and have launched to markets.
Conduct business in accordance with good governance, transparency, accountability and taking into account all stakeholder groups.	No significant warning from regulatory agencies.	There was no significant warning from regulatory agencies.
	Having the results of corporate governance assessment at the level of "Excellent" by external agencies.	The results of corporate governance assessment were at a "Good" level by Thai Institute of Directors Association.
Manage holistic risk effectively.	Reducing the risk of relying on primary raw material manufacturers with a Dual Source in all product lines.	The number of raw material manufacturers for the company increased from 1 to 3, namely, manufacturers in Singapore, South Korea and the People's Republic of China.
	Having a risk of losing an expert engineer in integrated circuit design with a turnover rate of no exceeding 5% for engineers in critical positions.	The personnel retention plan was implemented, such as Retention Program: 2 EJOB projects, knowledge and personnel development projects in related fields in cooperation with educational institutions, including a policy on rotation of the engineering team to reduce dependence on individual personnel and hiring foreign personnel with expertise in a specific profession to work with the company.
Manage and administrate the value chain with responsibility and sustainability.	Reducing the amount of waste from production processes and product testing to a level of no more than 2.15%.	The waste rate from manufacturing processes and product testing was controlled at 3.5%, down from the previous year to 4.7%.

## Social Dimension



Sustainable Development Operations Policy	Expectations/Long-term Goal 2022 - 2026	Key Performance in 2021
Treat all employees with regard to human rights principles, equality, and safety at work.	Defining the Code of Conduct in accordance with international standards, such as the Electronic Industry Citizenship Coalition (EICC).	Learned more to develop the company's code of conduct in the terms of human rights, equality, and safety in the workplace.
	No injuries, illnesses, and deaths from the operation.	There was no injuries, illnesses, and deaths from work.
	No complaints about human rights and safety at work taken to court proceedings.	There was no complaints about human rights and work safety taken to court proceedings.
Develop personnel to promote career stability and create a good quality of life.	Providing staff development and training at average of 25 hours per year per person.	The employees attended development and training projects (excluding C-Levels) at an average of 16 hours per year per person.
Build a good relationship with the community and society, educate and develop the potential of youth and students who are important mechanisms in driving industry, economy, and society.	Expanding supports to related communities, such as educational institutions to cover nine institutions.	There was support in research and development of microchip-related products with a total of four educational institutions in the country, which were divided into two projects: 1) Student Internship Program, opened for summer internships and cooperative education; 2) University Relation Project to help and support the senior project of the 3rd and 4th year students.
Collaborate with educational institutions and government agencies to create innovations to bring about application of knowledge from research and development into practice to promote sustainable knowledge development.	Having projects to support or collaborate with educational institutions or government agencies on creating innovations that are put into practice for sustainable knowledge development every year.	There were two projects to support innovation: 1. Delivery of some of the company's products to King Mongkut's University of Technology North Bangkok to be a sample of doing various microchip creative projects, and 2. Delivery of 33,000 NFC Stickers to the Department of Health, Ministry of Public Health to be used in conjunction with the certification system for people to enter activities or businesses in the COVID-19 situation to screen for risks.

## Environmental Dimension



Sustainable Development Operations Policy	Expectations/Long-term Goal 2022 - 2026	Key Performance in 2021
Reduce the environmental impact of operations and product processes throughout the supply chain.	Reducing the amount of greenhouse gas emissions associated with the organization's operations, with support projects; for example, renewable energy use, use potential technology to reduce greenhouse gases, and raising awareness for employees to use energy efficiently.	The organization's greenhouse gas emission data (Scope 1 and 2) was collected, with 19 tons of direct CO2 emissions equivalent (Scope 1) and 82 tons of indirect CO2 greenhouse gas emissions equivalent (Scope 2). The data was verified by the reviewer certified by Thailand Greenhouse Gas Management Organization (TGO).
	Reducing in-house waste and waste production by recycling.	The waste was managed according to the 3E (Reduce, Reuse, Recycle) process, with a waste sorting system by type along with providing knowledge, understanding, and benefits of waste separation to employees regularly through internal communication channels.
	Using renewable energy.	There was a cost-effective control of the use of electricity for both lighting and air conditioning systems. By 2021, the company's total electricity consumption was 162,905.80 kilowatts.
Support and promote business operations with customers and business partners, taking into account the environmental impact as a priority.	Requiring a standard checklist containing operational content by taking into account environmental impacts for all partners and customers.	There was a standard checklist containing operational content by taking into account environmental impacts for the company's key partners and customers.

## Communication on Sustainable Development

The company communicates its policies, goals and operations on sustainability development, including providing knowledge on sustainable development to all stakeholders regularly as follows:

Communication Form	Stakeholders					
	Customers	Partners	Shareholders/ Investors	Employees	Communities	Government Agencies
1. Company's website	✓	✓	✓	✓	✓	✓
2. Annual Report	✓	✓	✓	✓	✓	✓
3. Investor Presentation/ Corporate Presentation	✓	✓	✓			
4. The meeting providing both online and in-person access	✓	✓	✓		✓	✓
5. SIC Facebook	✓	✓	✓	✓	✓	✓
6. Weekly internal communication email				✓		
7. New employee orientation and employee training				✓		
8. Sustainability issues are identified in the Supplier Agreement Contract.		✓				

## Sustainability Performance in 2021

### Economic Dimension

The company aims to be a successful sustainable organization, able to maximize returns to the shareholders and maintain benefits for all stakeholders through the operating results as follows:

- In 2021, the company's income grew to 25%. The profit grew to 86% from the previous year. This is partly the result from applying sustainable business principles, such as reducing waste from production and product testing continuously. The rate of production and product testing waste decreased from 4.7% in the previous year to 3.5% in 2021. This is part of effective and sustainable cost control. The product quality was always controlled and improved. The risk reduction plan on the manufacturers' plant was implemented by increasing the number of producers and planning to have a Dual source in every product line. There was also investment in technology creation and continuous innovation development to achieve sustainable income generation in the long term.
- The company operates its business by adhering to good governance principles. In 2021, the company received the results of the corporate governance assessment at a "Good" level from the Thai Institute of Directors Association and there were no significant warnings from the relevant regulatory agencies. In addition, during 2021, the Board of Directors had a resolution to extend the scope of duties of the sub-committee on corporate governance. The Nomination and Remuneration Committee was renamed as the Nomination, Remuneration, and Corporate Governance Committee responsible for recommending policies and practices on business code of conduct and ethics and social responsibility, as well as policies and measures according to other good governance systems to the Board of Directors and the management team to set the rules of the organization and raise the organization to international standards.
- The company adheres to the principles of holistic risk management by defining the scope of risk management in line with the risk management framework and policy of the company and covering the major risk categories that exist in the activities and operating processes of the company. The key risk indicators were regularly monitored on an ongoing basis; for example, the risk of relying on the main producer plants, the risk of losing engineers and specialists in the design of integrated circuit boards, and the risk of exchange rate fluctuations (more details can be found in the Risk Management section).

In 2021, one of the major risks was the risk of the COVID-19 outbreak situation. In the past year, the company had a plan to respond to the COVID-19 pandemic that may affect the safety and health of its employees and business operations by announcing a Work From Home policy in the ad hoc situation to prevent infection. In this regard, if there is a need to work at the office, the following procedures must be followed:

- 1) Each department manager can appropriately allocate staff to work in the office as needed, which required approval from the C-Level executives in each function.
- 2) Employees entering the office must comply with the Notice of Antigen Test Kit Screening and COVID-19 Testing before entering the office. They must have a negative Antigen Test Kit test result to be able to enter the office.

Moreover, the company had a budget for the provision of vaccines against COVID-19 to high-risk employees and monitored the vaccination results of all employees, executives and directors continuously. As of the end of 2021, 100% of employees received the 2<sup>nd</sup> and the 3<sup>rd</sup> vaccination.

If employee were found to be infected with the COVID-19 virus, the company would spray disinfectant in the office and conduct immediate surveys of those in close contact with the infected persons to provide RT-PCR testing and follow-up. Besides this, the company established communication channels with all employees through the SIC BCP group to keep all employees informed with news, announcements, and progress of the situation rapidly and thoroughly and communicated news about the pandemic and prevention through email channels within the organization on a daily basis.

Social Dimension

The company aims to be an organization that is part of a long-term sustainable social movement. The key operations are as follows:

- The company values fair, equal, and non-discriminatory treatment of workers and respect for human rights in terms of employment, remuneration payment, promotion, staff training and development without distinction as to gender, age, educational institutions, ethnicity, and religion, as well as employment support for disadvantaged groups, including the disabled, the elderly, and the penalized to create career opportunities and secure income, which is part of achieving sustainable development goals. For example, a grant being awarded to a disabled person to support an occupation. The company has a policy of not hiring workers under the age of 15 to comply with the law under the Labor Protection Act B.E. 2541 (1998).

The company has employment without gender differences. The proportion of employees by gender is as follows:

	As of 2020	As of 2021
Male Employees	77	75
Female Employees	41	47
Total	118	122

- The company has an employee engagement development plan and evaluation on the employee's engagement with the organization every 2–3 years and when requested in special cases. The company conducted the latest assessment in 2020. The employee engagement rate to the organization was 70.90%, increasing from the previous time by 5.91%. During 2021, the Board of Directors and the management team approved various retention programs, such as the Employee Joint Investment Program (EJIB), which was conducted two times, to retain potential employees by motivating and engaging them as business owners. Furthermore, the company has a plan to support employees in training and developing the necessary skills, including supporting the cost of work-related classes on an annual basis. In 2021, the company organized training courses for employees and sent them to be trained in both work-related knowledge and emotional skills to increase their skills and potential to work

for an average of 16 hours per person per year, increasing from the previous year by 3.5 hours per person per year. Examples of the training courses include:

- 1) Systematic Problem Solving: Practicing problem solving and making systematic decisions to solve problems correctly and prevent problems from recurring from the same cause.
  - 2) IATF16949: 2016 Implementation and Requirements: Training in technical standards with a focus on the development of quality management systems for continuous improvements, with emphasis on waste prevention throughout the production chain.
  - 3) Sustainable Business Strategy: Training on a way to run a sustainable business, which is an approach that all companies around the world are focusing on.
- The company builds good relationships with relevant communities, including sharing technology and business knowledge with educational institutions that is an important foundation for the effective growth of society. The company always has joint development projects on new technologies with educational institutions and government agencies with a focus on application of technologies into practice. In the past year, the company supported senior projects of various leading universities, including Chulalongkorn University, Prince Songkla University, Kasetsart University, King Mongkut Thonburi University of Technology by providing consultation to the students two times a month and conducting the evaluation every 3 months, with providing funds for the projects worth 20,000 baht per group per university.

In addition, the company organized important community-related activities in 2021 as follows:

- 1) Funding for hepatitis and liver cancer research to Faculty of Medicine, Chulalongkorn University to support the research fund for hepatitis and liver cancer in the amount of 1,500,000 baht, handed out by Dr. Naiyavudhi Wongkomet, the representative of Silicon Craft Technology Public Co., Ltd.
- 2) Delivering 33,000 pieces of NFC Sticker to the Department of Health, Ministry of Public Health, handed out by Dr. Bodin Kasemset, a representative of Silicon Craft Technology Public Co., Ltd. and received by the Director-General of the Department of Health as a representative. The NFC Sticker is used in conjunction with the certification system for taking part in activities under the COVID-19



situation in risk screening so that the establishment is safe and confident in providing services and activities with convenient, fast, and accurate person certification technology.

3) Organizing an online seminar, in cooperation with the Bureau of Investment Promotion (BOI) and government agencies and business partners under the event title of Thailand Anti-Counterfeiting Forum 2021 under the theme “Create Opportunities, Develop and Grow Thai Industry’s Potential with the Use of Technology: Zero counterfeiting, Value Creation, and Customer Engagement.” The aim is to reduce the problem of Thai products being counterfeited, copied, or patented through the transfer of technology knowledge and the creation of solutions to reduce and prevent counterfeiting in Thai products.

4) Cooperating with the Board of Investment Promotion (BOI) to organize a knowledge promotion seminar under the title “Create Opportunities, Develop, and Grow Thai Industry’s Potential with the Use of NFC Technology.”

5) Establishing collaboration with leading universities to develop new products and innovations and delivered practical wafer sheet materials to students for study and experimentation, such as King Mongkut’s Institute of Technology Ladkrabang, which will be gradually delivered in early 2022.

6) Delivering lectures by the company’s directors and executives on microchip technology and industry to educational institutions and the general public; for example, Dr. Bodin Kasemset (Chief Executive Officer) gave a lecture to the students of Kasetsart University on “Advanced Materials in Microelectronic Packaging and Assembly Process.”

### Environmental Dimension

The company aims to be an important mechanism that reduces the environmental impact from the company's operations by pushing this matter at the level of the company's operating processes as follows:

- With a commitment to drive the company to be an A Low Carbon Company, the company focuses on reducing the amount of greenhouse gases generated by its operations. In 2021, the company collected the greenhouse gas emissions data in scope 1 and 2, and the data was reviewed and certified by a reviewer certified by the Thailand Greenhouse Gas Management Organization (TGO). The organization had direct greenhouse gas emissions (Scope 1) of 19 tons carbon dioxide equivalent and indirect greenhouse gas emissions (Scope 2) of 82 tons carbon dioxide equivalent, accounting for 1.58 tons carbon dioxide equivalent per 1 million baht of net profit. The data collection will lead to the establishment of targets and practices for the further management of the organization's greenhouse gas emissions reduction.
- Waste sorting is an important part of reducing the amount of waste because it allows waste to be passed on in the correct waste management process; for example, recycling. In 2021, the company organized a waste sorting project by providing five types of waste disposal bins: 1) general waste; 2) recycled waste; 3) hazardous waste; 4) electronic waste; 5) infectious waste, which is especially necessary during the COVID-19 pandemic requiring the disposal of ATK kits and masks. The company coordinated with the municipal office to have a garbage truck regularly collect all types of waste. The name and type of garbage was stuck on the garbage bags to help make the waste management process easier. The company also had public relations through internal email channels regarding waste sorting every week for employees in all sectors to know, understand, raise awareness of the benefits of waste separation.
- The company runs an awareness campaign for employees on the cost-effective use of water and electricity resources. Practices that can reduce the negative impact on the world will have consequences for the individuals, livelihood, economy, and social condition, such as global warming, acid rain, air pollution, and water pollution. In 2021, Work From Home was announced due to the COVID-19 pandemic situation, so there is relatively little office work and use of water and electricity.
- The company receives good cooperation from the employees coming to the office in turning off the electrical equipment when it is not in use; for example, turning off the lights in the area that is not in use or during the daytime, turning off the electrical and office equipment when it is not in use, and adjusting the temperature of the air conditioners to the appropriate level, including informing any breakage of the equipment, etc. The Department of Buildings and Facilities sets the schedule to wash the air conditioners annually and regularly checks for water leaks. If there are leaks or breakages, the Department of Buildings and Facilities will proceed with repairs.

## Analysis of Operation results and Financial Positions

### Management Discussion and Analysis for the year 2021

(Million Baht)

Statements of Comprehensive Income	For the Year Ended 31 December 2021	For the Year Ended 31 December 2020	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	421.7	337.9	83.8	25%
Costs of sales or services	199.1	188.2	10.9	6%
<b>Gross profits</b>	<b>222.6</b>	<b>149.7</b>	<b>72.9</b>	<b>49%</b>
Other income	8.4	4.0	4.4	107%
Distribution costs	31.6	24.6	7.0	28%
Administrative expenses	121.5	98.2	23.3	24%
Other expenses	8.0	-	8.0	n.a.
Other gains (losses)	(5.9)	3.9	(9.8)	-253%
<b>Profit (loss) from operating activities</b>	<b>64.0</b>	<b>34.7</b>	<b>29.3</b>	<b>84%</b>
Finance income	0.7	0.3	0.3	100%
Finance costs	0.7	0.9	(0.2)	-25%
<b>Profit (loss) before tax expense</b>	<b>64.0</b>	<b>34.1</b>	<b>29.9</b>	<b>87%</b>
Tax income (expense)	0.07	0.25	(0.18)	-73%
<b>Profit (loss) for the period</b>	<b>64.0</b>	<b>34.4</b>	<b>29.6</b>	<b>86%</b>

#### Revenue from sales and services

For the year 2021, the Company's revenue from sales and services accounted for 421.7 million Baht, increasing 83.8 million Baht or 25% from the previous year. Access control and reader group contributed most of an increased amount of the year 2021 revenue. The revenue from Access control and reader group in this year increased 41% compared to the year 2020, due mainly to increased demand from main customers, and partly from selling price adjustment in line with the current market situation.

### Revenue Structure

For the year 2021, the company's revenues are derived from 4 product groups: Animal identification group accounted for 139.7 million Baht, representing 33% of total revenue, Access control and reader group accounted for 171.9 million Baht, representing 41% of total revenue, Immobilizer group accounted for 100.4 million Baht, representing 24% of total revenue, and NFC and others group accounted for 9.7 million Baht, representing 2% of total revenue.

A rise in the Company's revenue in 2021 was supported by an increase in revenue from all product groups. Compared to the year 2020, revenue from Animal identification group rose 15% owing to a demand increase from customers. For Access control and reader group, revenue increased 41% from the previous year caused by an expansion of the industrial use of RFID solutions. Revenue from Immobilizer group rose by 16% compared to the year 2020 from the gained market share. For innovative NFC and others group, though growth of revenue was 19% from the previous year, the Company could not fulfill all business growth potentials due to the shortage of product wafers

### Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for the year 2021 accounted for 199.1 million Baht, increasing 10.9 million Baht or 6% from last year. The increase in COGS was smaller than an increase in revenue, because of well-controlled costs and Inventory management. The increase in COGS in the year 2021 was mainly from an increase of the raw material prices and manufacturing service charges for goods production.

Gross Profit in 2021 was at 222.6 million Baht, growing 72.9 million Baht or 49% compared to last year. Gross Profit Margin in 2021 stood at 53%, which improved from 44% in the year 2020.

However, risk factors in terms of raw material costs and higher production costs resulting from the supply shortage in the market due to insufficient capacity of the whole semiconductor supply chain still be challenges for the Company. However, the Company has implemented plans to minimize the impact on the company's own business and on its customers' business operations as much as possible.

### Other Income

In the year 2021, the company had other income equal to 8.4 million Baht, increasing 4.4 million Baht or 107%, mainly from funding supported by external agencies for research and development projects.

### Selling and Administrative Expenses

Selling expenses in the year 2021 was at 31.6 million Baht, increasing 7.0 million Baht or 28% compared to the previous year, mainly because of a resource increase to support business growth.

Administrative expenses in 2021 accounted for 121.5 million Baht, increasing 23.3 million Baht or 24% compared to the year 2020, due mainly to an impairment in intangible assets amounting around 32.6 million Baht. The impairment was caused by the period extension of the development projects, which is the result of the prolonged COVID-19 pandemic. However, if such impairment is not included, the administrative expenses are in line with the company's plan.

### Other Gains (Losses)

This is the net unrealized gain (loss) from the exchange rate that do not enter the hedging accounting conditions. For the year 2021, the Company had an unrealized loss on an exchange rate of 5.9 million Baht.

### Net Profit

The Company had 2021 net profit of 64.0 million Baht, growing 29.6 million Baht or 86% compared to the previous year, representing a net profit margin of 15%, improving from 10% in 2020.

### Statement of Financial Position

Total assets of the company at the end of 2021 were 484.8 million Baht, increasing 66.2 million Baht from 418.6 million Baht at the end of 2020. Current assets increased around 75 million Baht, mainly due to an increase in inventory which is in line with the Company plan, and a rise in foreign trade receivables from higher sales which waiting to be charged based on those payment period. Non-current assets slightly decreased around 8.7 million Baht.

The Company had total liabilities at the end of 2021 equal to 90.2 million Baht, increasing 20.6 million Baht from the end of 2020, which was 69.6 million Baht. The rise was from an increase in current liabilities around 24.0 million Baht, due mainly to increased domestic and foreign trade payables in accordance with the orders for production materials which are in line with the Company's plan, and other current financial liabilities.

The Company's shareholders' equity at the end of 2021 was at 394.6 million Baht, rising from the end of 2020 which was 349.0 million Baht. The rise was due to an increase in the unappropriated retained earnings at the end of 2021 of around 45.0 million Baht, from the end of 2020, which was based on the Company's results, together with other comprehensive losses amounting 3.7 million Baht arising from hedging accounting policy for derivatives items.

### Factors or events that might significantly affect the financial status or business operation

#### **Coronavirus (COVID-19) Pandemic**

The Company has incessantly paid close attention to the situation of the coronavirus 2019 (COVID-19) pandemic. We monitor any developments about the pandemic and make assessments to determine potential impacts on the industry as a whole as well as on our business operation. Until now, the pandemic does not pose any major direct impact on our operation. On the other, the Company sustains some indirect impact as our customers', business partners, and manufacturers' operation is affected by the crisis. Nonetheless, as the situation remains uncertain to a certain degree, we acknowledge that there might be either a direct or indirect impact on the Company's operation in the future. Areas of possible impact are, for instance, the time to research and develop various projects and delivery of products. Regarding these areas, we have increased our preparedness and make contingency plans so that the Company can deploy a prompt response upon any critical developments. Additionally, we have made some changes to the operation plan to be more agile and flexible and increase the Company's overall operational competitiveness.

## General Information and Other Important Information

### Information of the Company

Company Name	: Silicon Craft Technology Public Company Limited
Registered Number	: 0107562000114
Head Office Location	: 40 Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok 10900
Telephone No.	: 0 2589 9991
Facsimile No.	: 0 2589 8881
Type of Business	: Research and development of Integrated Circuit Design (IC) or Microchip, as a fabless/factoryless company under “SIC” trademark
Website	: <a href="http://www.sic.co.th">www.sic.co.th</a>
Registered capital	: 200.00 million Baht / 400.00 million shares at par value of 0.50 Baht per share
Registered and paid-up capital	: 200.00 million Baht / 400.00 million shares at par value of 0.50 Baht per share

### Securities Registrar

Thailand Securities Depository Company Limited

Head office location	: 1 <sup>st</sup> Floor, Tower B, The Stock Exchange of Thailand Building, No. 93 Ratchadaphisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok 10110
Telephone No.	: 0 2009 9000
Facsimile No.	: 0 2009 9991

### Auditor

D I A International Audit Company Limited

Head office location	: No. 316/32 Soi Sukhumvit 22, Sukhumvit Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110
Telephone No.	: 0 2259 5300
Facsimile No.	: 0 2260 1553

#### Other information

-Nil-

#### Legal Dispute

As of December 31, 2021, the Company does not have any legal dispute under prosecution process which may have negative impact to the Company or may cause the Company to indemnify damages at the amount higher than 5% of total shareholders' equity.



## Part 2 Corporate Governance

### Corporate Governance Policy

#### Overview of Corporate Governance Policy and Practices

Silicon Craft Technology Public Company Limited intends to continuously conduct business under the policy of good governance and business ethics. The Company believes that conducting business that is fair, transparent, auditable, socially beneficial, environmentally conscious, and accountable to all stakeholders will help promote the Company's business efficiency, competitiveness, adaptability under various changes, good turnovers, and sustainable growth, as well as gaining the confidence and trust of the shareholders, investors, and all stakeholders. This practice is in line with the principles of good governance of the Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand (the "Stock Exchange").

The Board of Directors has defined the Company's corporate governance policy in writing. It is considered and reviewed regularly to be applied according to the business context on an annual basis. It is also communicated to all departments of the Company to acknowledge and comply with the guidelines incessantly. The key overview of the Company's corporate governance policy can be divided into the following eight practical principles.

1. Recognize roles and responsibilities as the leader who creates value for the business in a sustainable way
2. Define the main objectives and goals of the business changing for sustainability
3. Strengthen the Board of Directors to be efficient
4. Recruit and develop senior executives and personnel management
5. Create innovation and operate business with responsibility
6. Supervise to ensure that there are appropriate risk management and internal control systems
7. Maintain financial reliability and information disclosure
8. Support engagement and communication with the shareholders

## Corporate Governance Policy and Practices (Full version)

<https://investor.sic.co.th/th/corporate-governance/corporate-governance-policy>



#### ○ Policies and Practices for the Board of Directors

The Board of Directors, as the supreme leader of the organization and appointed by the shareholders and representing the shareholders, plays an important role in supervising the operation of the Company, allocating resources, supervising the performance of the sub-committees, and formulating business policies and strategies, etc. To ensure the long-term good performance of the business and gain the confidence of all shareholders, investors and stakeholders, the Board of Directors shall therefore perform its duties with responsibility, carefulness, and integrity, as well as supervise the Company's operation in accordance with the laws, regulations, resolutions of the meetings of the Board of Directors and the Shareholders and the relevant policies of the Company.

Therefore, to support and strengthen the performance of the Board of Directors, the Company has established and reviewed policies and the charter of the Board of Directors, which specify the qualifications, composition, scope, authorities, duties and responsibilities of the Board of Directors and its sub-committees as well as reviewed Company's vision, mission and business strategy on an annual basis to be consistent with the Company's corporate governance policy and business strategy. The policies and practices related to the roles, duties and responsibilities of the Board of Directors cover the following matters:

#### 1. Recruitment and Appointment of the Board of Directors

The company has a process of recruiting persons to be appointed as directors by setting up a Nomination, Remuneration and Corporate Governance Committee to support the recruitment and selection of qualified directors with a transparent and clear process. The company also provides opportunities for minority shareholders to nominate qualified persons to be selected as directors. To acquire qualified directors as specified in the Company's Charter of the Board of Directors, the Board consists of directors who do not have prohibited qualifications as required by law, are persons with knowledge, competence, and experience useful for business operations, can exercise independent discretion from the management team, do not operate the same business and compete with the Company's business, can dedicate sufficient time to the Company, have morality and ethics, transparent work history, including having expertise from various areas, which will have a positive effect on the Company's operations in terms of provision of consultation and recommendations on various matters.

The Nomination, Remuneration and Corporate Governance Committee will nominate a list of the selected persons with their profiles and details sufficiently to be useful for the deliberation of the Board of Directors such as Board Skill Matrix arrangement for checking the Board of Directors composition in the present and also for executive planning to be connected with company's business strategy before presenting the list to the shareholders' meeting for approval of the appointment of directors.

#### Qualifications of the Directors

1. Have qualifications and have no prohibited attributes by the Securities and Exchange Act or by the rules of the SEC as well as having no characteristics that demonstrate the lack of suitability to be entrusted with the management of a publicly held enterprise as determined by the SEC.
2. Have knowledge, competence, and experience that is useful for the conduct of business; have good intentions and ethics in the conduct of business.
3. Be able to exercise honest and independent discretion from the management team and any other interest groups.
4. Be able to dedicate sufficient time to the Company and be attentive to fulfilling their duties and responsibilities.
5. Must not operate business in the same condition and compete with the Company's business, or be partners in a general partnership or unlimited liability partners in a limited partnership, or be directors of a private company or other companies operating in the same condition and competing with the Company's business, whether for their own benefit or for the benefit of others, unless notified to the shareholders' meeting before the resolution of appointment.

#### Composition of the Board of Directors

1. The Board of Directors consists of not less than five directors, and not less than half of the total number of directors shall be resident in the Kingdom, and not less than three-quarters of the total number of directors must have Thai nationality. The appointment of the Board of Directors must be approved by the shareholders' meeting.
2. The Board of Directors consists of independent directors of at least one-third of the total number of directors, but there must not be less than three individuals, provided that the independent directors have full qualifications according to the announcement of the Capital Market Supervisory Board and relevant announcements of the Stock Exchange of Thailand.

3. The directors shall have a term of office of 3 years at a time. At every annual general meeting, one-third of the directors shall be removed from office. If the number of directors to be retired cannot be divided into the whole numbers, the number shall be as close as possible to the proportion of one-third. The directors who have already left office may be re-elected. The directors who shall retire in the first and the second years after the Company's registration shall be drawn through lots. For following years, the directors who are in the position the longest shall retire. The directors who retire under that term may be re-elected.

In addition to the end of a term of office, the directors shall retire upon:

- 1) Resignation
- 2) The shareholders' meeting has a resolution to leave the position (with a minimum of three-quarters of the number of shareholders present and entitled to vote)
- 3) Lack of qualifications and having prohibited attributes required by law
- 4) Death

In case the position of director becomes vacant for any reason other than the end of an office term, the directors shall select a person who is qualified and does not have prohibited qualifications under Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and/or relevant laws to become a substitute director at the next meeting of the Board of Directors. Unless the remaining term of the director is less than 2 months, the person becoming the substitute director shall remain as a director for as long as the remaining term of the directors he/she represents and shall obtain a resolution of the Board of Directors by not less than three-quarters of the votes of the remaining directors.

## 2. Determination of Remuneration of the Board of Directors, Sub-committees and Executives

The company has determined the fixed remuneration of the Board of Directors on a monthly basis and remuneration of the sub-committees in the form of meeting allowances by time. For the executives' remuneration, the fixed remuneration is paid monthly and is variable according to the operating results of the Company.

The company has a policy of determining the remuneration of the Board of Directors, sub-committees, and executives at an appropriate level, both monetary and non-monetary, based on their duties, responsibilities, performance, expected benefits, and at a rate comparable to that of similar businesses to incentivize the Board of Directors, sub-committees, and executives to achieve the Company's goals. The remuneration must be

consistent with the Company's strategy and goals. In this regard, the Nomination, Remuneration and Corporate Governance Committee will consider each form of remuneration to be appropriate by establishing fair and reasonable remuneration rules consistent with the Company's performance for the Board of Directors, sub-committees, and executives, and will disclose them in the 2021 Annual Registration Statement/ Annual Report (Form 56-1 One Report).

For remuneration of the Board of Directors and its sub-committees, the Nomination, Remuneration and Corporate Governance Committee shall present it to the Board of Directors' meeting for approval and shall present it to the shareholders' meeting for approval annually.

### **3. Independence of the Board of Directors from the Management Team**

The Board of Directors will appoint the appropriate person to be the Chairman of the Board of Directors. In case the person who is the Chairman of the Board of Directors is not an independent director, the Board of Directors will assign one of the independent directors to participate in the deliberations on the agenda of the Board of Directors' meetings to promote balance between the Board of Directors and the management team and be in accordance with the principles of good corporate governance for listed companies.

### **4. Development of the Directors**

The company always promotes and facilitates the Board of Directors to develop their knowledge and ability through training or seminars in courses that are useful for the performance of the Board of Directors' duties, such as courses from the Thai Institute of Directors Association (IOD), Capital Market Academy (CMA), development trainings from The Securities and Exchange Commission of Thailand (SEC) and The Stock Exchange of Thailand (SET) in order for the directors to continuously improve their performance to build confidence in investors, shareholders, and stakeholders so that the Board of Directors has the knowledge, competence and expertise to act as the representatives of shareholders and comply with the Company's good corporate governance policy of strengthening for efficient directors.

## 5. Evaluation on the performance of the duties of the Board of Directors

The Board of Directors shall complete a self-assessment form for the Board of Directors at least once a year. The Board of Directors' performance appraisal is divided into three sets as follows:

- Self-Assessment for the Board of Directors as a whole (Assessment on the entire Board of Directors)
- Self-Assessment for Sub-committees (Assessment on the entire sub-committees)
- Individual self-assessment for the Board of Directors and sub-committees (Self-assessment)

In addition, the Board of Directors will conduct an assessment on the performance of the Chief Executive Officer (CEO). The results of the various assessments will be used to determine the suitability of the composition and performance of the Board of Directors and its sub-committees, including monitoring the Chief Executive Officer's performance to plan and improve the operations in line with the business strategy and to plan the continuous development of the necessary knowledge of directors and senior executives.

## 6. Meetings of the Board of Directors

The Board of Directors requires at least quarterly meetings of the Board of Directors, and meetings are held between non-executive directors without the management team attending. The company provides the Company Secretary to support the operation of the Board of Directors, including coordinating for the directors to comply with the resolutions of the Board of Directors, as well as arranging for meetings of the Board of Directors and shareholders' meetings. The Board of Directors will work with the Company Secretary to set the dates of the meeting in advance throughout the year. The Company Secretary will send the invitation letter and the meeting documents to the Board of Directors at least 7 days in advance of the meeting.

The quorum of the Board of Directors' meeting shall not be less than half of the total number on the Board of Directors. The Board of Directors can invite sub-committees, executives, external and internal auditors of the Company to attend the meeting as necessary and appropriate. Moreover, the total of directors that joining the meeting for voting shall not be less than two out of three of the total number on the Board of Directors. Voting will use the majority voting system as a resolution. In the event that the number of votes is equal, the Chairman of the Board of Directors can cast one additional vote to decide. In the case of considering matters involving one of the directors, the directors who have an interest in that matter must abstain from joining the meeting on that agenda and voting on the matter.

In 2021, the Company held seven meetings of the Board of Directors. The proportion of the attendance of the entire Board of Directors is 98.41%.

## ○ Shareholder and Stakeholder Policies and Practices

### 1. Shareholders' Rights and Equal Treatment of Shareholders

The Board of Directors gives precedence to the Company's shareholders by taking various actions to ensure that the shareholders are treated equally and can fully exercise their fundamental rights as shareholders, such as:

- 1) The right to buy, sell, or transfer shares;
- 2) The right to a share of the Company's profits;
- 3) The right to receive sufficient relevant information and news through the Company's website or the Stock Exchange's website or by any other means;
- 4) The right to attend meetings to exercise the voting rights at the shareholders' meeting independently to appoint or remove directors, determine the remuneration of directors, appoint auditors, pay dividends, increase capital and issue new shares, as well as the right to question the Board of Directors about the report of the Board of Directors and any other matter presented to the meeting for consideration and approval. Moreover, the company shall ensure to recognize and proceed to take care the shareholders as well as the institutional Investors to participating in the meeting
- 5) The right to propose the agenda in advance and to nominate persons for election to the Board of Directors and participation in decisions on important matters of the Company.

All shareholders are stipulated to have the right to vote according to the number of shares held, and each share has the right to one vote.

Moreover, the Board of Directors also recognizes and values the rights of the shareholders by not doing anything that violates or deprives the shareholders' rights to enable the shareholders to participate in the decision making on important matters of the Company. The company will take care to ensure that the shareholders' meeting is neat, transparent, effective and allows the shareholders to exercise their rights and take care to disclose the resolutions of the shareholders' meeting and that the preparation of the minutes of the shareholders' meeting is correct and complete.

## 2. Protection against the Use of Inside information

The company adheres to the ethical principles in doing business and to ensure that shareholders, stakeholders, and investors in the Company's securities are promptly and adequately exposed to accurate information. Therefore, the Company has established a policy for the use of inside information and trading of the Company's securities (Blackout Period). The directors, executives, including management level positions in the accounting or financial line at the level of the manager or above or equivalent and the operators who has become aware of inside information that is important or affects the change in the price of securities must suspend the purchase, sale, transfer, or receipt of transferred securities of the Company during one month before disseminating the quarterly financial statements and annual financial statements and within 24 hours after the information disclosure to the public, including the duty to strictly follow the guidelines for the use of inside information of the Securities and Exchange Act, as well as other related rules.

Furthermore, the Company's Department of Investor Relations has set a silent period during 14 days before the Company announces its financial statements to the Stock Exchange. The Department of Investor Relations will not make any appointments, provide information, or answer any inquiries about the financial statements to securities analysts, investors, or shareholders, except for providing information that the Company has already disclosed or responding to facts that affect the Company's share price.

## 3. Prevention of Conflicts of Interest

The company has established a connected transaction policy to regulate and prevent conflicts of interest or stake; for example, where the Company has a need to make connected transactions with persons who may have a conflict, the Company will ask the Audit Committee to give its opinion on the necessity and appropriateness of the transaction. In case the Audit Committee does not have expertise in considering the connected transaction that may occur, the Company shall appoint an independent expert or the Company's auditor to give an opinion on the said connected transaction to be used in the decision of the Board of Directors and/or the Audit Committee and/or the shareholders, as the case may be. Those who may have a conflict of interest or have a stake in the transaction shall not have the right to vote on the approval of such related transaction.

The Board of Directors shall comply with the Securities and Exchange Act and regulations, notices, orders, or requirements of the Stock Exchange, as well as complying with the requirements regarding the making of connected transactions and the acquisition or disposition of significant assets of the Company, so that the decision to make such transactions does not create a conflict of interest and is in the best interest of all shareholders. The company will disclose such connected transaction in its in the 2021 Annual Registration



Statement/ Annual Report (Form 56-1 One Report) and the accompanying notes to the audited financial statements by the Company's auditors.

In addition, the Company requires the Board of Directors, the majority shareholders and the executives to prepare annually a report of the equity, including when there are changes to the information, such changes must be notified to the Company every time, including following up the directors and the executives, which includes spouse or common-law partner as a husband or wife and minor children, to report changes in securities holdings (Form 59) to SEC when changes are made to the Company's securities holdings to demonstrate transparency and traceability.

#### 4. Responsibility to Stakeholders

The Board of Directors monitors the management team to operate the business along with creating benefits for all involved stakeholders and having social and environmental responsibility. It promotes actions to increase the value of the Company according to changing environmental factors. It covers the formulation of the business model, a way of thinking and the perspective of designing and developing goods and services, research, improvement of production process and work process, including cooperation with partners. The company is committed to doing business with integrity, transparency, fairness, which is the core, ready to provide excellent service to customers and visitors, willing to compete in the business fairly, not taking advantage or seeking unlawful benefits, and strictly performing in the governance framework. The Board of Directors recognizes the importance of the role of stakeholders and treats all stakeholders in a transparent, appropriate, equitable and fair manner. Stakeholders include:

- Employees: Provide compensation to employees by considering fair and measurable performance under established regulations aimed at promoting and developing employees to be continuously knowledgeable and competent. Besides this, the Company also takes employees' rights into account and gives them the opportunity to make complaints about unfair practices through various channels.
- Customers: Build long-term relationships and cooperation with customers based on integrity, reliability, and trust. The company has a duty to maximize customer satisfaction by taking responsibility and giving importance to their problems and needs first with ethics, and provision of good and efficient service.
- Creditors: Build relationships and treat creditors with integrity, reliability, and accountability, and take responsibility and give importance to various conditions made with creditors to the best of their ability.
- Partners: Treat partners with integrity and equality to ensure fair business practices, mutual benefits, sustainable development, and long-term partnership with the Company by choosing to do business

- with partners under conditions, such as price, quality, trust, adherence to the right things, as well as with technical, legal, and environmental protection expertise.
- Communities and the environment: Ensure that the Company and employees conduct their business responsibly and benefit society and communities and are responsible for treating nearby communities in a friendly and supportive manner.
- Fair competition: Keep the Company operating the business openly, transparently and in a way that does not create an unfair competitive advantage.
- Relevant government authorities: Ensure that the Company complies with all applicable laws and regulations, including treating the public sector and government agencies with neutrality as set out in the Charter, business code of conduct, anti-corruption policy and other relevant policies

#### 5. Anti-Corruption and Whistleblowing or Complaints of Misconduct or Corruption

The Board of Directors intends to conduct its business under the principles of good corporate governance and compliance with the law, adheres to transparency and morality and campaigns to dissuade employees at all levels in the organization, including outsiders, from all forms of corruption. The company has established an anti-corruption policy, the policy on whistleblowing or complaint of wrongdoing or corruption, the policy for giving or receiving gifts and entertainment, and the business ethics manual. The Board of Directors reviews relevant policies annually and communicates them to all departments in the organization to be aware of and strictly follow.

The company provides a channel for complaints and takes action in the event that there are clues, observations about the operation of the Company, including guidelines on reporting, investigating, violating the code of conduct, and receiving complaints of corruption and misconduct in the anti-corruption policy, and the policy of whistleblowing or complaining of wrongdoing or corruption clearly by asking for details, notifying complaints and clues about fraud and corruption, legal offense, inaccuracy of financial reports, faulty internal control system, or breach of business ethics, rights violation etc. The company has a mechanism for protecting complainants, whistleblowers, complaint information and evidence documents as confidential.

Stakeholders can comment through communication channels with the Company as follows:

## 1) By Post:

Send to the Chairman of the Board of Directors or Chairman of the Audit Committee

Silicon Craft Technology Public Company Limited

40 Thetsabanrangsannua Rd., Ladyao, Chatuchak, Bangkok 10900

## 2) By Email:

Audit Committee: [ac@sic.co.th](mailto:ac@sic.co.th)

Company Secretariat: [comsec@sic.co.th](mailto:comsec@sic.co.th)

3) On the Company's Website: <http://www.sic.co.th/>

## 4) By Phone: 0-2589-9991

**6. Personal Data Protection Policy**

The Personal Data Protection Act 2019 stipulates the protection of personal data in accordance with international standards. The company recognizes the importance of the protection of personal data and the restriction of the rights and freedoms of individuals; therefore, the personal data protection policy is established to provide a framework and guidelines for correct legal compliance and to be trusted by all customers, employees and stakeholders. The company has appointed a personal data protection officer (DPO) to advise and monitor the operation of the personal data processor and related persons.

The scope of application of the policy covers all the Company's operations related to the collection, disclosure, correction, alteration, or any other actions to personal data. The personal data protection policy is reviewed every 3 years or when there are changes, amendments, changes to related laws or regulations or changes according to the environment.

**7. Innovation Promotion**

The Board of Directors values and encourages creation of innovation creating value for the business. It focuses on product research and development to innovate into the products developed by the Company and help customers to gain a competitive advantage. The company also promotes innovation in higher education institutions, such as lectures to educate students about electronic innovation, organizing engineering competitions, accepting summer interns and cooperatives to learn through project work, participating in project advice at the undergraduate level and research at the master/doctoral level, supporting scholarships and research grants, and having cooperation between research laboratories and the Company.

## 8. Supervision of Subsidiaries and Associates

The company has not had operations of subsidiaries and associates, so no information is disclosed in this section.

## Business Ethics and Code of Conduct at Work Manual

In order to ensure that the Company's operations are run with international standards, good ethics, effectiveness and in accordance with the good corporate governance policy, the Company has established a written business ethics and code of conduct at work manual to be the operating standard for all departments of the Company, which includes:

- Ethics in business operations
- Ethical code of conduct
- Notification of complaints, recommendations, and penalties

Business Ethics and Code of Conduct at Work Manual (Full version)

<https://investor.sic.co.th/th/corporate-governance/cg-report-and-download>



### Information on significant changes and developments regarding the review of policies and practices of governance system or charter in the past year

- At the Annual Shareholders' Meeting 2021 on April 29, 2021, the meeting approved the increase in the number of the Board of Directors from the appointment of one new director named Dr. Bodin Kasemset. As a result, the number of the Board of Directors is nine directors in total.
- The company has prepared a written Corporate Governance Policy for the Company registered in 2017, approved by the Board of Directors' meeting on April 19, 2019 by defining for the policy and compliance with the said policy to be reviewed at least once a year. In the past year, the Corporate Governance Policy, the Business Ethics Manual, the Charter of the Board of Directors, the Charter, and other relevant policies were reviewed and approved by the Board of Directors at the meeting no. 2/2021 on March 18, 2021.
- The Board of Directors reviewed the composition and qualification criteria of the Board of Directors in terms of knowledge, expertise, skills, and experience to prepare the Board Skill Matrix and planned the development of the Board of Directors to be appropriate and in line with the Company's business strategy.
- At the Board of Directors' meeting no. 2/2021 on March 18, 2021, the meeting approved of changing the name of one sub-committee, namely the "Nomination and Remuneration Committee" to the "Nomination, Remuneration and Corporate Governance Committee" by adding the scope of authority, duties and responsibilities on corporate governance.
- At the Board of Directors' meeting no. 5/2021 on August 11, 2021, the meeting approved the change of the position of the directors, sub-committees, and executives, and approved the change of the Company Secretary with effect from August 12, 2021, onwards to comply with the Company's business strategy, including the resolution to approve the change of the authorized signatory binding on behalf of the Company to make the management more efficient and flexible.
- From the COVID-19 pandemic situation, the Company has formulated guidelines for managing and caring for all stakeholders and for internal management for the safety and health of its employees.

#### ○ Summary on Non-conformity to Good Governance Principles for Listed Companies in 2017 (CG Code)

The company has applied the principles of good corporate governance for listed companies in 2017 (CG Code) to continuously review and adapt it to suit the organization. This mostly makes it possible to adapt it to the business context of the Company. However, any practice has not been defined as a policy because such principles may not be in line with the current direction and business context of the Company, the Board of Directors will consider, monitor, and implement it comprehensively to be appropriate to the organization's strategy.

Compliance with CG Code	Reasons or Substitute Measures of the Company
The board should consist of more than 50% of independent directors.	The current Board structure has three out of nine independent directors, representing 33%, which is still in the acceptable criteria according to good corporate governance principles.
The Chairman of the Board of Directors should be an independent director.	The company has established policies and guidelines regarding the authorization of independent directors, such as organizing a meeting of independent directors to consider various matters to be presented to the Board of Directors' meeting without the participation of the management team, as well as authorizing independent directors to consider the agenda of the Board of Directors' meetings with the Chairman of the Board of Directors in order to balance the power appropriately. In addition, the Company has clearly stipulated guidelines for preventing conflicts of interest.

#### ○ Summary of Compliance with Other Matters according to the Good Governance Principles

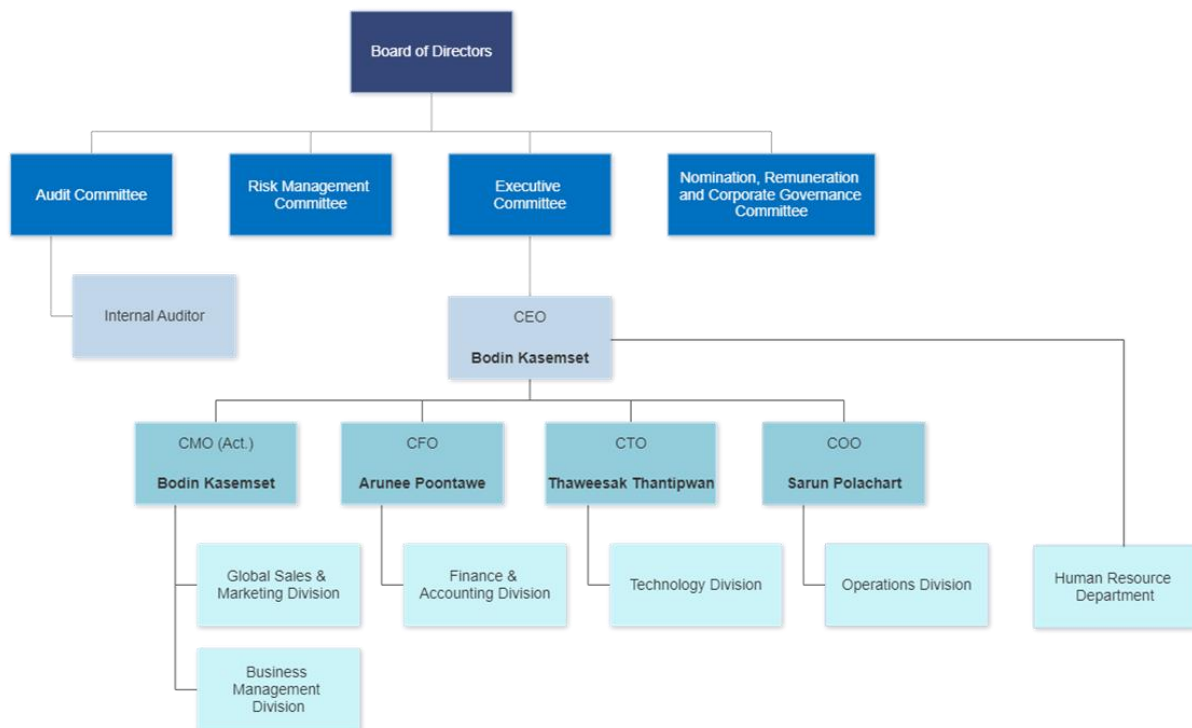
- The company participated in the Thai Registered Company Governance Survey (CGR Checklist) and submitted the information form according to the criteria. In 2021, the Company was assessed at a "Good" level organized by the Thai Institute of Directors.
- Over the past year, the Company was assessed by an assessment project of the quality of the shareholders' meeting (AGM Checklist) at a "Very Good" level, organized by the Thai Investors Association.

## Corporate Governance Structure and Key Data of the Board of Directors, Sub-Committees, Management, Employees and Others

### Corporate Governance Structure

As of December 31, 2021, the Company's management structure comprises of the Board of Directors and the sub-committees as follows: (1) The Audit Committee; (2) The Risk Management Committee; (3) The Executive Committee and The Nomination, Remuneration and Corporate Governance Committee. The Chief Executive Committee (CEO) is the top executive.

Corporate Governance Structure of Silicon Craft Technology Public Company Limited on 31 December 2021.



\*Remark: The Company has appointed Unique Advisor Company Limited, the expert, to be the auditor of internal control system

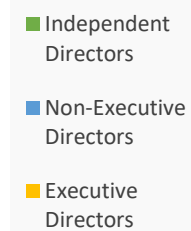
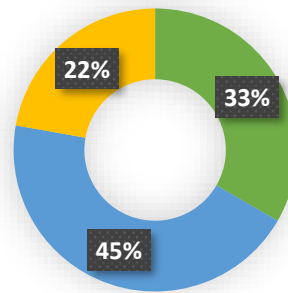
## Information on the Board of Directors

### ○ Composition of the Board of Directors

- As of December 31, 2021, the Board of Directors consists of a total of nine directors being resident in the Kingdom and having Thai nationality. It is divided into three independent directors, four non-executive directors, and two executive directors. The proportion of independent directors and the non-executive directors is 33% and 45%, respectively, of the total number of directors.

- The current structure of the Board of Directors is properly monitored and balanced including having independent directors of at least one-

third of the total number of directors, but not less than three directors, having at least three independent committee members of the Audit Committee with qualifications as required by SEC, SET, including announcements, regulations and/or relevant rules. The company's



Audit Committee has at least one committee member who has the knowledge and experience to verify the reliability of the financial statements

- The company appointed a non-executive director as Chairman of the Board of Directors. The Chairman of the Board of Directors and the Chief Executive Officer are not the same person, which is in accordance with the principles of good corporate governance, has a balance between the Board of Directors and the management team, and clear management review.
- Currently, the Board of Directors has two female directors representing 22% of the total number of directors.
- The Board of Directors consists of qualified people who are diverse in terms of skills, gender, age, educational background, knowledge, expertise, experience. The Board of Directors has prepared the Board Skill Matrix that is useful for driving business and the direction of success of the organization.



## ○ Board of Directors

As of December 31, 2021, the Board of Directors consists of 9 members, namely:

No.	Name - Surname	Position/ Type	Position in Sub-Committee
1.	Mr. Manop Dhamvirianunt	Chairman of the Board of Directors/ Non-Executive Director	-
2.	Mrs. Monluedee Sookpantarat	Director/ Independent Director	- Chairman of the Audit Committee - Member of the Risk Management Committee
3.	Mr. Wuthipong Suponthana	Director/ Independent Director	- Chairman of the Risk Management Committee - Member of the Audit Committee - Member of the Nomination, Remuneration and Corporate Governance Committee
4.	Mr. Sarote Phornprapha	Director/ Independent Director	- Chairman of the Nomination, Remuneration and Corporate Governance Committee - Member of the Audit Committee
5.	Mr. Naiyavudhi Wongkomet	Director/ Non-Executive Director	- Chairman of the Executive Committee - Member of the Risk Management Committee - Member of the Nomination, Remuneration and Corporate Governance Committee
6.	Mr. Apinetr Unakul	Director/ Non-Executive Director	-
7.	Mr. Apinunt Thanachayanont	Director/ Non-Executive Director	-
8.	Mr. Bodin Kasemset	Director/ Executive Director - Chief Executive Officer - Chief of Sales & Business Development Officer	- Member of the Executive Committee - Member of the Risk Management Committee
9.	Ms. Arunee Poontawe	Director/ Executive Director - Chief Finance Officer	- Member of the Executive Committee

Ms. Katalae Krachangsaeng is the Company Secretary who has been appointed by the Meeting of the Board of Directors No.5/2021 dated August 11, 2022 which has been effective from August 12, 2022. Moreover, Information of the Board and Directors appears in attachment no.1.

### The Authorized directors who have authority to sign on behalf of the Company

Mr. Manop Dhamvirianunt, Mr. Naiyavudhi Wongkomet, Mr. Bodin Kasemset. Two directors from these directors sign together and affix the Company's seal.

## Board of Directors



### Mr. Manop Dhamsirianunt

Age: 55

Type: Authorized Director, Non-Executive Director

Position: Chairman of the Board of Directors

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None

#### Shareholding Ratio (As of December 31, 2021)

101,880,860 Shares (25.47%)

#### Educational Qualifications

- Master's degree in Engineering (Electronics), Carleton University
- Bachelor's degree in Engineering (Electronics), King Mongkut's Institute of Technology Ladkrabang

#### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) Class 132/2016

#### Professional Experiences in the past 5 years

2021 - Present	Chairman of the Board of Directors/ Silicon Craft Technology PLC
2019 - 2021	Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Management Committee/ Silicon Craft Technology PLC
2002 - 2019	Director, Chief Executive Officer/ Silicon Craft Technology Co., Ltd.

## Mrs. Monluedee Sookpantararat

Age: 57

Type: Independent Director

Position: Director, Chairman of the Audit Committee,  
Member of the Risk Management Committee

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None



### Educational Qualifications

- Master's degree in Accounting Thammasat University
- Bachelor's degree in Accounting Thammasat University  
(Second Class Honors)

### Shareholding Ratio (As of December 31, 2021)

500,000 Shares (0.13%)

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) Class 31/2003
- Director Accreditation Program (DAP) Class 34/2005
- Audit Committee Program (ACP) Class 23/2008
- Ethical Leadership Program (ELP) Class 23/2021
- Anti-Corruption Practical Guide (ACPG) Class 57/2021

### Professional Experiences in the past 5 years

2019 - Present	Independent Director, Chairman of the Audit Committee, Member of the Risk Management Committee/ Silicon Craft Technology PLC
2016 - 2019	Independent Director/ Silicon Craft Technology Co., Ltd.
2015 - Present	Independent Director, Chairman of the Audit Committee, Vice Chairman/ ASN Broker Public Co., Ltd.
2013 - Present	Independent Director, Member of the Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination and Remuneration Committee/ Plan B Media PLC.
2007 - Present	Independent Director, Member of the Audit Committee/ Asiasoft Corporation Co., Ltd.
2002 - Present	Visiting Lecturer/ Bangkok University
1993 - Present	Visiting Lecturer/ Thammasat University



## Mr. Wuthipong Suponthana

Age: 56

Type: Independent Director

Position: Director, Member of the Audit Committee,  
Chairman of the Risk Management Committee, Member of the  
Nomination, Remuneration and Corporate Governance Committee

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None

### Shareholding Ratio (As of December 31, 2021)

250,000 Shares (0.06%)

### Educational Qualifications

- PhD in Engineering (Renewable Energy), Naresuan University
- Master's degree in Industrial Engineering, California State University Northridge, USA
- Bachelor's degree in Electronics Engineering, King Mongkut's Institute of Technology Ladkrabang

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) Class 133/2017
- Anti-Corruption Practical Guide (ACPG) Class 57/2021

### Professional Experiences in the past 5 years

2019 - Present	Independent Director, Member of the Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination, Remuneration and Corporate Governance Committee/ Silicon Craft Technology PLC
2016 - 2019	Independent Director/ Silicon Craft Technology Co., Ltd.
2015 - Present	Director/ Leonics O&M Co., Ltd.
2011 - Present	Director/ Leonics Esco Co., Ltd.
1998 - Present	Managing Director/ Leonics Co., Ltd.

## Mr. Sarote Phornprapha

Age: 55

Type: Independent Director

Position: Director, Member of the Audit Committee,  
Chairman of the Nomination, Remuneration  
and Corporate Governance Committee

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None



### Educational Qualifications

- PhD in Educational Management, University of Surrey, UK
- Master's degree in International Hotel Management, University of Surrey, UK
- Bachelor's degree in Tourism, Kasetsart University

### Shareholding Ratio (As of December 31, 2021)

500,000 Shares (0.13%)

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) Class 133/2017
- Director Certification Program (DCP) Class 309/2021
- Corporate Governance for Executives (CGE) Class 18/2021

### Professional Experiences in the past 5 years

2019 - Present	Director/ Thailand Productivity Institute, the Ministry of Industry
2019 - Present	Independent Director, Member of the Audit Committee, Chairman of the Nomination, Remuneration and Corporate Governance Committee/ Silicon Craft Technology PLC
2018 - Present	Independent Director, Member of the Audit Committee/ RITTA Holdings Co., Ltd.
2016 - 2019	Independent Director/ Silicon Craft Technology Co., Ltd.
2016 - 2018	President/ Dusit Thani College



## Mr. Naiyavudhi Wongkomet

Age: 50

Type: Authorized Director, Non-Executive Director

Position: Director, Chairman of the Executive Committee,  
Member of the Risk Management Committee, Member of the  
Nomination, Remuneration and Corporate Governance Committee

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None

### Shareholding Ratio (As of December 31, 2021)

28,996,500 Shares (7.25%)

### Educational Qualifications

- PhD in Electrical Engineering, University of California, Berkeley
- Master's degree in Electrical Engineering, University of California, Berkeley
- Bachelor's degree in Electrical Engineering, Chulalongkorn University

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) Class 133/2017
- Corporate Governance for Executives (CGE) Class 18/2021

### Professional Experiences in the past 5 years

2021 - Present	Director, Chairman of the Executive Committee, Member of the Risk Management Committee, Member of the Nomination, Remuneration and Corporate Governance Committee/ Silicon Craft Technology PLC
2019 - 2021	Director, Chief Operating Officer, Member of the Risk Management Committee, Member of the Executive Committee /Silicon Craft Technology PLC
2003 - Present	Managing Director/ I.E. Technology Co., Ltd.
2003 - Present	Deputy Managing Director/ Industrial Electrical Co., Ltd.
2002 - 2019	Director, Chief Operating Officer/ Silicon Craft Technology Co., Ltd.

## Mr. Apinetr Unakul

Age: 55

Type: Non-Executive Director

Position: Director

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None



### Shareholding Ratio (As of December 31, 2021)

67,793,600 Shares (16.95%)

### Educational Qualifications

- Master's degree in Software and System Engineering, Boston University
- Bachelor's degree in Computer Engineering, Carnegie Mellon University

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Anti-Corruption Practical Guide (ACPG) Class 31/2016
- Ethical Leadership Program (ELP) Class 5/2016
- Director Accreditation Program (DAP) Class 134/2017

### Professional Experiences in the past 5 years

2021 - Present	Director/ Silicon Craft Technology PLC
2019 - 2021	Chairman of the Executive Committee/ Silicon Craft Technology PLC
2014 - Present	Director/ CAT Telecom PLC.
2002 - 2019	Director/ Silicon Craft Technology Co., Ltd.



## Mr. Apinunt Thanachayanont

Age: 48

Type: Non-Executive Director

Position: Director

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None

### Shareholding Ratio (As of December 31, 2021)

21,317,020 Shares (5.33%)

### Educational Qualifications

- PhD in Electrical and Electronic Engineering, Imperial College London
- Master's degree in Electrical and Electronic Engineering, Imperial College London

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Accreditation Program (DAP) Class 133/2017

### Professional Experiences in the past 5 years

2019 - 2021	Director/ Silicon Craft Technology PLC
2017 - Present	Professor/ King Mongkut's Institute of Technology Ladkrabang
2002 - 2019	Director/ Silicon Craft Technology Co., Ltd.



## Mr. Bodin Kasemset

Age: 46

Type: Authorized Director, Executive Director

Position: Director, Member of the Executive Committee,  
Member of the Risk Management Committee,

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None



### Shareholding Ratio (As of December 31, 2021)

4,320,000 Shares (1.08%)

### Educational Qualifications

- PhD in Microsystems Technology, Technische Universität, Hamburg-Harburg, Germany
- Master's degree in Mechatronics, Technische Universität, Hamburg-Harburg, Germany
- Bachelor's degree in Automotive Engineering, Chulalongkorn University

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP)  
Class 168/2020
- Boardroom Success through Financing &  
Investment (BFI) Class 10/2021
- Successful Formulation & Execution of Strategy (SFE)  
Class 34/2021
- Director Corporate Governance for Executives (CGE)  
Class 18/2021

### Professional Experiences in the past 5 years

2021 - Present	Director, Member of the Risk Management Committee, Member of the Executive Committee, Chief Executive Officer/ Silicon Craft Technology PLC
2021	Director, Member of the Executive Committee, Co-Chief Executive Officer / Silicon Craft Technology PLC
2020 - 2021	Deputy Chief Executive Officer/ Silicon Craft Technology PLC
2019 - 2020	Chief Technology Officer/ Star Microelectronics Public Co., Ltd.
2006 - 2019	Senior Director Global Innovation for Business/ NXP Semiconductors



## Ms. Arunee Poontawe

Age: 48

Type: Non-Executive Director

Position: Director

Appointed as a director on: April 5, 2019

Family Relationship with Executives: None

### Shareholding Ratio (As of December 31, 2021)

2,520,000 Shares (0.63%)

### Educational Qualifications

- Master's degree in Accounting Thammasat University
- Bachelor's degree in Accounting Thammasat University

### Academic Qualifications from Thai Institute of Directors Association (IOD)

- Accreditation Program (DAP) Class 133/2017

### Professional Experiences in the past 5 years

2021 - Present	Director, Member of the Executive Committee, Chief Finance Officer/ Silicon Craft Technology PLC
2019 - 2021	Director, Member of the Executive Committee, Member of the Nomination, Remuneration and Corporate Governance Committee, Chief Finance Officer/ Silicon Craft Technology PLC
2016 - 2019	Director, Chief Finance Officer/ Silicon Craft Technology Co., Ltd.

## ○ Role and Duties of the Board of Directors

The Board of Directors, as the supreme leader of the organization appointed by the shareholders and their agents, plays an important role in supervision of the Company's operations, allocation of resources, supervision of the performance of the sub-committees, formulation of policies and business strategies to ensure the long-term good turnover of the business to gain the confidence of shareholders and stakeholders, which is value creation for sustainable business. The Board of Directors must perform its duties with responsibility, carefulness, integrity, and supervise the Company's operations in accordance with relevant laws, regulations, resolutions of the Board of Directors' meeting, and shareholders' meeting, and policies of the Company. The duties and responsibilities of the Board of Directors and the Chairman of the Board of Directors must be as stipulated in the Charter.

### Material authorities, Duties, and Responsibilities of The Board of Directors

1. To have power and duties pursuant to the Company's articles of association, as well as to oversee and manage the operations of the Company to ensure compliance with the laws, objectives, articles of association of the Company and the resolutions of shareholders' meetings;
2. To specify the Company's vision, mission, target, strategy and policy;
3. To approve the significant strategies, policies, objectives and targets with regards to business operations, assets management, finance, fund raising, investments and risk management of the Company as well as to follow-up on efficiently compliance with the specified plans;
4. To consider the matters which are required to propose to the shareholders for consideration and approval during the shareholders' meeting. Main agenda during the annual general meeting of shareholders are:
  - To consider the report of the Board on the Company's performance proposed to the meeting;
  - To consider and approve the financial statements;
  - To consider on allocation of the Company's profits;
  - To propose a list of new director to replace the director who shall retire by rotation;
  - To nominate an auditor and fix the auditor's remuneration;
  - To consider any transaction which may have conflict of interest, in the part which is required to request for approval from the shareholders;
  - Other matters.
5. To prepare the report on general information and financial information of the Company in order to report to the shareholders and the stakeholders or the general investors correctly, on timely manner and pursuant to the applicable laws;

6. To acknowledge important audit report of the Audit Committee or the supervisory agency and the internal audit unit as well as the auditor and the consultants of the Company and to specify guidelines on improvement or correction, in case material defects have been found;
7. To specify clear and appropriated operating guidelines in order to make internal control system transparently and effectively;
8. To review adequacy and appropriateness of the Company's internal control system and risk management system;
9. To arrange the succession plan continually;
10. To consider and evaluate performance of the Board of Directors and the sub-committees as well as supervise the Company to ensure that it has efficient process for evaluation performance of the top management;
11. To appoint the Audit Committee and to give comment on power and duties of the Audit Committee;
12. To appoint the representative to oversee the subsidiary, the associated company or the joint venture;
13. To consider and specify management structure, power to appoint the Executive Committee, the President and other sub-committees, as appropriated, as well as to specify scope of power and duties of the Executive Committee, the President and the sub-committees appointed to assist and support operations of the Board;

However, the delegation of authority pursuant to the specified scope of power and duties shall not be in the manner which can entitle the Executive Committee, the President and the subcommittees consider and approve any transactions which may have interests or other conflict of interests against benefits of the Company or the subsidiary (if any), unless it is the approval of transaction which conforms to policy and criteria already considered and approved by the Board of Directors;

14. To consider, define and amend name of the directors authorized to sign and bind the Company;
15. To authorize one or more directors or any person to act on behalf of the Board. However, the abovementioned authorization shall not include the delegation of authority which can entitle such authorized person to approve any undertaking that such person or a person who might have conflict of interest (the definition of "a person who might have conflict of interest" shall be as per defined in the notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company;

However, the following undertakings shall be exercised only after they have obtained an approval from the shareholders' meeting first, provided that, any director or any person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company and/or its subsidiary shall not have the right to vote for such transaction:

- Any matter that the laws has specified that it must have an approval from the shareholders' meeting;
- Any transaction that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it must have an approval from the shareholders' meeting;
- In addition, the following activities are required to have approval with majority votes from the Board of Directors' meeting presenting at the meeting and from the shareholders' meeting with the votes not less than three fourths of votes of shareholders present at the meeting and have the voting rights:
  - Disposition or transfer of total or some material parts of the Company's businesses to other persons;
  - To enter into, amend or revoke the contract concerning rental of total or some material parts of the Company's businesses; the assignment of other person to manage business of the Company or merger of the other's business for profit sharing purpose;
  - Issuance of new securities to repay to the Company's creditors pursuant to debt to equity conversion project;
  - Registration to decrease the Company's registered capital by reducing the number of shares or devaluation of shares;
  - Increase, decrease, issuance of debentures, merger or dissolution of the Company;
  - Other matters, as per specified by the laws.

In addition, a transaction that the director or the person authorized by the director or the person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company or its subsidiary, shall not have the right to vote on such matter.

In addition, the Board shall have duties to oversee and ensure that the Company shall comply with the laws on securities and exchange, requirements of the stock exchange, such as connected transactions, acquisition and disposition of assets pursuant to criteria of the Stock Exchange of Thailand or as per the notification of the Securities and Exchange Commission, the Capital Market Supervisory Board or the laws relevant to the Company's businesses.

Material authorities, Duties, and Responsibilities of Chairman of the Board of Directors

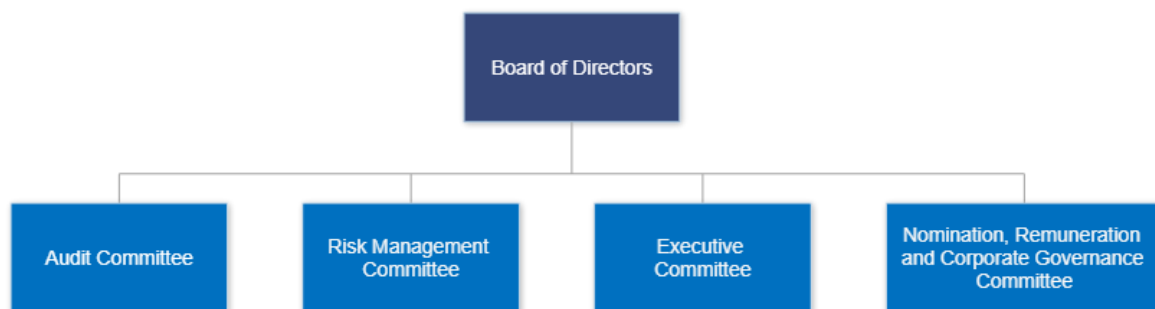
1. To ensure the overall company's strategy and policy guidelines in accordance with the laws, relevant regulations of government agencies and the company, as well as the resolutions of the shareholders' meeting.
2. Establish a system to monitor and evaluate the company's performance in order to comply with the policy on a regular basis.
3. Promote compliance with corporate governance and corporate social and environmental responsibilities and promote ethical creation for people at all levels.
4. Encourage all directors to participate in development training to enhance knowledge in areas that are useful for the performance of directors' duties in reputable and respected institutions such as the Thai Institute of Directors Association and the Stock Exchange of Thailand.
5. Act as chairman of the meeting and attend every meeting to ensure the effectiveness of the Board of Directors' meeting, as well as encourage all directors to express their opinions; ensure that the authority of the management of the organization is assigned to the management in a appropriate manner; ensure that all directors receive the correct company information, on time and clear for decisions making that will effectively lead to the success of the company.
6. Act as chairman of every shareholder's meeting and assign supervisors to shareholders' meeting to ensure compliance with laws and regulations; ensuring that all directors attend the shareholders' meeting and allows shareholders to fully exercise their right to attend the meeting, vote, questioning or requesting additional clarification

## Information on the Sub-Committees

### o Composition of the Sub-Committees

The Board of Directors elected four Sub-Committees to support the company's good corporate governance and facilitate the company's business as follows:

- (1) The Audit Committee;
- (2) The Risk Management Committee;
- (3) The Executive Committee; and
- (4) The Nomination Remuneration and Corporate Governance Committee.



The Sub-Committee's power, duties and responsibilities can be summarized as follows:

### 1) The Audit Committee

#### Material authorities, Duties, and Responsibilities of The Audit Committee

1. To review accuracy and adequacy of the Company's financial reporting by coordinating with the external auditor and the executives who are responsible for preparing of quarterly and yearly financial reports. The Audit Committee may recommend the auditor to review or audit any transaction which it deems necessary and materially during the Company's auditing process;
2. To review the Company's internal control system and internal audit jointly with the external auditor and the internal auditor to ensure that they are suitable and efficient, to determine independence of the internal audit unit and/or the outsourced internal auditor, including to approve the appointment, transfer and dismissal of the chief of the internal audit unit and/or the outsourced internal auditor;
3. To review the Company's compliance with the laws on securities and exchange, regulations of the stock exchange and the laws pertaining to the Company's businesses;

4. To select and propose an independent person to be the Company's auditor and to fix his/her remuneration based on creditability, adequacy of resources and amount of auditing work of such auditing firm, including the experiences of the personnel assigned to perform the Company's audit works, as well as to attend the meeting with the auditor without any participation of the Company's Management at least once a year;
5. To consider the connected transactions or transactions that may lead to conflicts of interest to ensure their compliance with the laws, notifications and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board to make sure that such transactions are reasonable and for the best interests of the Company.
6. To consider transactions on acquisition or disposition of the Company's assets of which transaction size is required to obtain approval from the Audit Committee as per specified in the laws, notifications, regulations of the Stock Exchange of Thailand and criteria of the Office of the Securities and Exchange Commission and the Capital Market Supervisory Board.
7. To prepare the Audit Committee's report and disclose in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and at least it must contain the following information:
  - Recommendation on accuracy, completeness and creditability of the Company's financial report;
  - Recommendation on adequacy of the Company's internal control system;
  - Recommendation on compliance with the laws on securities and exchange, regulations of the Stock Exchange of Thailand, or laws related to the Company's businesses;
  - Recommendation on suitability of the auditor;
  - Recommendation on transaction which may have conflict of interest;
  - Number of the Audit Committee's meetings arranged and attendance of such meetings by each committee member;
  - Overall recommendations or observations that have arisen while the Audit Committee performed its duties in accordance with the Charter;
  - Other matters which should be made available to the shareholders and general investors within scope of duty and responsibilities assigned by the Company's Board of Directors.
8. The Audit Committee shall conduct self-evaluation on its performance and report such evaluation results together with problems or obstacles found in performing the works which may make them unable to achieve objectives as per specified to the Board for acknowledgement every year;
9. To approve the internal audit plan, as well as to consider on acknowledgement of performance report of the Internal Audit Unit and/or the outsourced internal auditor;
10. To consider, review and improve the Audit Committee Charter and propose to the Board for consideration and approval;



11. In carrying out duties, if the Audit Committee has found or is suspicious about any of the following transactions or activities which may have material impacts to the financial position or performance of the Company, the Audit Committee must report the Board of Directors to take corrective action within a period of time it deems appropriated. Such transaction include:

Recommendation on accuracy, completeness and creditability of the Company's financial report;

- Transaction with the conflicts of interests;
- Fraud or unusual transaction or significant deficiency in the Company's internal control system;
- Violation or breach of laws on securities and exchange, notifications and regulations of the Stock Exchange of Thailand and the laws related to the Company's business.

12. To conduct an investigation of the matter notified by the Company's auditor. If the Company's auditor discovered any suspicious circumstance concerned with the director, manager or any person responsible for the Company's operations, which can be regarded as the fraudulent act as per specified in the Securities and Exchange Act and the auditor has reported such issue to the Audit Committee, the Audit Committee must conduct an investigation and shall report the result of the preliminary investigation to the Office of Securities and Exchange Commission and the auditor within 30 days from the date notified by the auditor.

13. To perform any other tasks as assigned by the Board of Directors and approved by the Audit Committee.

In performing the operations pursuant to the scope of authority and duty, the Audit Committee shall have power to invite or order the concerned management, the department head or the employee of the Company to provide recommendation, participate in the meeting or submit document which is deemed relevant and necessary. Moreover, in performing duties under scope of authority and duty of this regulation, the Audit Committee may consult with the external independent consultant or the expert in various professions, if it deems necessary and appropriated, at the Company's expenses.

#### Nomination and appointment of The Audit Committee

1. The Board of Directors shall appoint the Audit Committee which consists of at least 3 persons and all of them must be the Independent Directors
2. The independent directors who have been appointed as the Audit Committee shall possess qualifications as per stipulated by the regulations of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand and at least one member of the Audit Committee shall have adequate knowledge, understandings or experiences on accounting and/or finance.
3. The independent directors who have been appointed as the Audit Committee shall possess qualifications as per stipulated by the regulations of the Office of the Securities and Exchange

Commission and/or the Stock Exchange of Thailand and at least one member of the Audit Committee shall have adequate knowledge, understandings or experiences on accounting and/or finance.

4. The Audit Committee shall jointly elect one of the members to be the Chairman of the Audit Committee.
5. The Audit Committee shall appoint the secretary to assist the works pertaining to summoning of meetings, preparation of the meeting agenda, submission of the meeting document and record the minutes of meeting.
6. Apart from vacating office upon expiry of the term, the Audit Committee may vacate from holding office upon occurrence of the following circumstances:
  - 1) Resignation;
  - 2) Expiration of the term or termination from the being the Company's Director;
  - 3) The Board of Directors passed a resolution to remove from office;
  - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
  - 5) Death.

#### Qualifications of The Audit Committee

1. Be an Independent Director and have qualification as prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (please see more details in topic "Qualifications of the Independent Director);
2. Must not be a director who is appointed from the Board of Directors to make decision with regards to the business operations of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company;
3. Must not be a director of the parent company, its subsidiary, or a subsidiary in the same level, only of the listed company;
4. To have duty in the same manner specified in the notifications, regulations and/or rules of the Stock Exchange of Thailand on qualifications and scope of work of the Audit Committee;
5. To have adequate knowledge, understandings and experiences on accounting or finance that can audit credibility of the financial statement as well as perform other duties as the Audit Committee.

## 2) The Risk Management Committee

### Material authorities, Duties, and Responsibilities of The Risk Management Committee

1. To specify risk management policy and risk appetite to propose to the Board;
2. To specify overall policies and guidelines of the Company's risk management which shall cover financial risks, investment risks and other risks which might impact the Company's reputation, and etc. to propose to the Board for approval;
3. To specify the Company's risk management plan, framework and processes to make them correspond to risk management policy, then monitor on implementation, as well as review efficiency of risk management framework;
4. To review risk management report and operation to make sure that risk management is continually conducted and risk appetite can be adequately and suitably managed;
5. To develop and review the Company's risk management system to make it efficiently and effectively on continued basis by constantly evaluating and monitoring risk management process pursuant to the specified policy.
6. To appoint the risk management working group, as appropriate, as well as to support on personnel, budget and other necessary resources which are consistently with its scope of responsibility;
7. To constantly coordinate with the Audit Committee by exchanging knowledge and information on risk and internal control which has or may have impact to the Company;
8. To make decision and provide recommendation concerning important issues occurred in the risk management process;
9. To present performance report of the Risk Management Committee to the Audit Committee for acknowledgement and/or consideration every quarter;
10. To perform other duties as per assigned by the Board.

### Nomination and appointment of the Risk Management Committee

1. The Board of Directors shall appoint the Risk Management Committee and also appoint Chairman of the Risk Management Committee. The Risk Management Committee will consist of;
  - 1) At least one of Independent Director
  - 2) At least one of Executive Director
  - 3) One of executives shall be appointed as secretary of the Risk Management Committee
2. The directors shall have a term of office of 3 years at a time. A retired director may be re-appointed by the Board of Directors.
3. Apart from vacating office upon expiry of the term, The Risk Management Committee may vacate from holding office upon occurrence of the following circumstances:

- 1) Resignation;
- 2) Expiration of the term or termination from the being the Company's Director;
- 3) The Board of Directors passed a resolution to remove from office;
- 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
- 5) Death.

### 3) The Executive Committee

#### Material authorities, Duties, and Responsibilities of The Executive Committee

1. To have power to make decision on important operations of the Company by specifying scope, type or size of business, objectives, guideline and policy of the Company within the scope of power assigned including to supervise overall operations, productivity, relationship with the customers as well as to be responsible for the Board;
2. To oversee and manage the Company's business operations pursuant to the policy specified by the Board of Directors and to report operating results to the Board;
3. To formulate strategy and business operation plan, annual budget including management structure so that the works can be undertaken pursuant to the policy and target specified by the Board, as well as to propose to the Board for consideration;
4. To specify approval authority of each person appropriately, segregate duties which may be prone to corruption then propose to the Board for approval then supervise to ensure that the approved principles and regulations have been adhered to;
5. To have power to manage salary structure, to specify scope of duty on work, appointment, transfer, wages cutting or reduction, removal, dismissal, disciplinary penalty, awarding and merit of the employees;
6. To consider on approval of financial transactions with the bank or the financial institutes to support normal course of business operations, such as opening or closing of bank account, loan, borrowing, credit line financing, pledge, mortgage, guarantee and etc., including purchase, sale and register for ownership in any land for normal course of business operation pursuant to the approval power approved by the Board of Directors;
7. To consider on investment, work expansion as well as acquisition and disposition of the Company's fixed assets to propose to the Board;
8. To have power to purchase/sell/transfer of assets, invest in other businesses/new business, purchase-sell of goods/raw materials and services which are normal or related with normal trade, to enter into the contract to have commercial binding obligation and to enter into loan agreement, guarantee and financial obligation pursuant to the budget plan approved by the Board and can approve the capital expenditure which is out of the annual budget within the amount of 0.50-2.00 million Baht, except the

transaction on short-term investment. The Executive Committee can approve the capital expenditure which is out of the annual budget within the credit amount of 30-50 million Baht.

9. To have power to act and represent the organization with the third party in the activities related to and beneficial to the organization;
10. To consider about the Company's fund raising activity to propose to the Board;
11. To approve on appointment of consultants in various fields necessary for business operations;
12. To manage general business of the Company;
13. To consider and approve operation plans of each department and consider and approve the requested application of any department which exceeds power of such department;
14. To jointly work with the Risk Management Committee on formulation of risk management policy and risk appetite to propose to the Board;
15. To jointly work with the Risk Management Committee to specify overall risk management policy and guidelines of the Company covering various material types of risks, i.e. financial risk, investment risks and risks which may impact to the business's reputation, and etc. to propose for the Board's approval;
16. To jointly work with the Risk Management Committee to specify the Company's risk management plan, framework and process to make them consistent with the risk management policy and follow-up on its implementation as well as review efficiency of the risk management framework;
17. To jointly work with the Risk Management Committee to review management report and to operate to make sure that risk management is continually conducted and risk appetite can be adequately and suitably managed;
18. To jointly work with the Risk Management Committee to develop and review the Company's risk management system to make them efficiency and effectiveness continually by constantly evaluating its results and to monitor risk management processes to ensure that they are consistently with the specified policy;
19. To jointly work with the Risk Management Committee on appointment of the risk management working group, as necessary, as well as to support on personnel, budget and other necessary resources which are consistently with its scope of responsibility;
20. To jointly work with the Risk Management Committee on coordination with the Audit Committee constantly by exchange knowledge and information on risk and internal control which has or may have impact to the Company;
21. To jointly work with the Risk Management Committee on making decision and provision of recommendation with regards to material problem occurred in the risk management processes;
22. jointly work with the Risk Management Committee to present the performance report of the Risk Management Committee to the Audit Committee for acknowledgement and/or consideration every quarter;

23. To perform any other tasks assigned by the Board of Directors.

However, the delegation of authority and responsibility of the Executive Committee shall not entitle the authorized person to have authority to approve any undertaking that such person or a person who might have conflict of interest (the definition of “Person who might have conflict of interest” shall have meaning as per specified in the Notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company. Approval of such transaction is required to be proposed to the Board of Directors’ meeting and/or the shareholders’ meeting for consideration and approval, pursuant to the Articles of Association of the Company or the relevant laws, except it is the approval of the transaction which is normal course of business operation pursuant to the policy and criteria already considered and approved by the Company.

#### Nomination and appointment of the Executive Committee

1. The Board of Directors shall appoint the Executive Committee with reasonable amount preference. The Executive Committee shall consist both the company’s executives or external members. The Board of Directors shall jointly elect one of the members to be the Chairman of The Executive Committee.
2. Chief Executive Officer shall be the member of the Executive Committee automatically.
3. The Executive Committee shall appoint secretary of the Executive Committee
4. The directors shall have a term of office of 3 years at a time. A retired director may be re-appointed by the Board of Directors.
5. Apart from vacating office upon expiry of the term, the Executive Committee may vacate from holding office upon occurrence of the following circumstances:
  - 1) Resignation;
  - 2) Expiration of the term or termination from the being the Company’s Director;
  - 3) The Board of Directors passed a resolution to remove from office;
  - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
  - 5) Death.

#### 4) The Nomination, Remuneration and Corporate Governance Committee

##### Material authorities, Duties, and Responsibilities of The Nomination, Remuneration and Corporate Governance Committee

###### On Nomination

1. To specify criteria and policy on nomination of the directors and the sub-committees by considering from appropriateness of the number, structure and component of the Board; specify 115 qualifications of the director to propose to the Board and/or to propose to the shareholders' meeting for approval, as the case may be;
2. To consider, recruit and propose suitable persons to be the Company's director or replace the director whose term shall be expired and/or when such position is vacant and/or when it is required to appoint additional director;
3. To consider a list of the proposed candidates then select the person whose qualifications conform to the specified criteria;
4. To approach the person whose qualifications, conform to the criteria specified to make sure that such person is willing to accept the position of the Company's director, if he/she appointed by the shareholders;
5. To perform other tasks assigned by the Board of Directors pertaining to nomination;
6. To nominate and evaluate performance of the Chief Executive Officer to propose to the Board of Directors' meeting for consideration and approval.

###### On Remuneration

1. To prepare criteria and policy on determination of remuneration of the Company's Board of Directors and the sub-committees to propose for approval from the Board and/or the shareholder's meeting, as the case may be;
2. To specify necessary and suitable remuneration, both pecuniary benefits and non-pecuniary benefits, of the Board of Directors, individually in each year based on scope of authority, duties and responsibilities (Accountability and Responsibility), performance and from comparing with other companies engaging in similar businesses as well as benefits expected to be obtained from the director to propose to the Board of Directors for consideration and further propose for approval from the shareholder's meeting;
3. To be responsible for the Board and to have duty to clarify and answer any queries on remuneration of the Board during the shareholders' meeting;
4. To consider evaluation criteria of performance of the Chief Executive Officer, as per assigned by the Board;

5. To report policy, principle/reason on determination of remuneration of the directors and the management pursuant to regulations of the stock exchange, by disclosing in the annual registration statement (Form 56-1) and the annual report of the Company;
6. To determine annual remuneration of the directors and the Chief Executive Officer, pursuant to the payment criteria considered then propose to the Board of Directors for consideration on approval of remuneration of the Chief Executive Officer. For remuneration of the directors, the Board shall propose to the shareholders' meeting for approval;
7. To consider on appropriateness and to give consent in case of offering of newly issued securities as incentives to the Company's directors and employees, by adhering to fairness to the shareholders in order to motivate the directors and the employees to perform duties on enhancement of value to the shareholders in the long term and to be able to truly retain the qualified employees;
8. To perform other tasks relevant to the determination of remuneration as per assigned by the Board; The management and the department heads shall report or present relevant information and document to the Nomination and Remuneration Committee to support its operations in order to achieve the assigned duties;
9. To consider bonus framework, salary increase and key index performance of the organization to propose to the Board for consideration.

#### On Corporate Governance

1. Consider to set guidelines and policy regarding business ethics, as well as anti-corruption policy, in accordance with the principles of good corporate governance to the Board of Directors and management to establish an organization's code of conduct which has standardized and appropriate
2. Supervise, consult, evaluate and review policies and adhere to good corporate governance principles and business ethics, including social and environmental responsibility, as well as sustainability development, to develop and enhance the company's corporate governance to international standards.
3. Suggest on guidelines about social and environmental responsibility, as well as supervising, consulting, supervising, and monitoring the progress of the organization's sustainable development actions and evaluating the effectiveness of the operation.
4. Review the suitability of the Charter of the Nomination Remuneration and Corporate Governance committee and present to the Board of Directors for approval if the charter has been updated.
5. Perform any other duties as assigned by the Board of Directors.



Nomination and appointment of the Nomination, Remuneration and Corporate Governance Committee

1. Nomination, Remuneration and Corporate Governance committee is appointed by the Board of Directors and consists of at least 3 directors and/or executives, with more than half of the total directors having to be independent directors.
2. The Nomination, Remuneration and Corporate Governance Committee shall jointly elect one of the members to be the Chairman of the Nomination, Remuneration and Corporate Governance Committee
3. The directors shall have a term of office of 3 years at a time. A retired director may be re-appointed by the Board of Directors.
4. Apart from vacating office upon expiry of the term, the Nomination, Remuneration and Corporate Governance may vacate from holding office upon occurrence of the following circumstances:
  - 1) Resignation;
  - 2) Expiration of the term or termination from the being the Company's Director;
  - 3) The Board of Directors passed a resolution to remove from office;
  - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
  - 5) Death.
5. The Board of Directors has the power to appoint a member of Nomination, Remuneration and Corporate Governance committee for carrying out the objectives or to replace the directors in the committee who retired from the office. The person who is appointed to the Nomination, Remuneration and Corporate Governance committee, substitute for resignation or resolved to vacate, will only be in office as long as the remaining term.

## List of Sub-Committee

## 1) The Audit Committee

As of December 31, 2021, the Company's Audit Committee consisted of 3 members, namely:

Name - Surname			Position/ Type
1.	Mrs. Monluedee	Sookpantarat	Chairman of the Audit Committee/ Independent Director
2.	Mr. Wuthipong	Suponthana	Member of the Audit Committee/ Independent Director
3.	Mr. Sarote	Phornprapha	Member of the Audit Committee/ Independent Director

In this regards, Mrs. Monluedee Sookpantarat, has knowledge and understanding on accounting and experiences to review the Company's financial statements and Ms. Ousanee Santikul is the Secretary of the Audit Committee.

## 2) The Risk Management Committee

As of December 31, 2021, the Company's Risk Management Committee consisted of 4 members, namely:

Name - Surname			Position/ Type
1.	Mr. Wuthipong	Suponthana	Chairman of the Risk Management Committee/ Independent Director
2.	Mrs. Monluedee	Sookpantarat	Member of the Risk Management Committee/ Independent Director
3.	Mr. Naiyavudhi	Wongkomet	Member of the Risk Management Committee/ Non-Executive Director
4.	Mr. Bodin	Kasemset	Member of the Risk Management Committee/ Executive Director

In this regards, Mr. Karn Opasjumruskit is the Secretary of the Risk Management Committee.

### 3) The Executive Committee

As of December 31, 2021, the Company's Executive Committee consisted of 4 members, namely:

Name - Surname			Position/ Type
1.	Mr. Naiyavudhi	Wongkomet	Chairman of the Executive Committee/ Non-Executive Director
2.	Mr. Bodin	Kasemset	Member of the Executive Committee/ Executive Director
3.	Ms. Arunee	Poontawe	Member of the Executive Committee/ Executive Director
4.	Mr. Thaweesak	Thantipwan	Member of the Executive Committee/ Executives

In this regards, Ms.Katalee Krachangsaeng is the Secretary of the Risk Management Committee.

### 4) The Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2021, the Company's the Nomination, Remuneration and Corporate Governance Committee consisted of 3 members, namely:

Name - Surname			Position/ Type
1.	Mr. Sarote	Phornprapha	Chairman of the Nomination, Remuneration and Corporate Governance Committee / Independent Director
2.	Mr. Wuthipong	Suponthana	Member of the Nomination, Remuneration and Corporate Governance Committee / Independent Director
3.	Mr. Naiyavudhi	Wongkomet	Member of the Nomination, Remuneration and Corporate Governance Committee / Non-Executive Director

In this regards, Ms. Thamon Vichienson is the Secretary of the Nomination, Remuneration and Corporate Governance Committee.

## Information of Executives

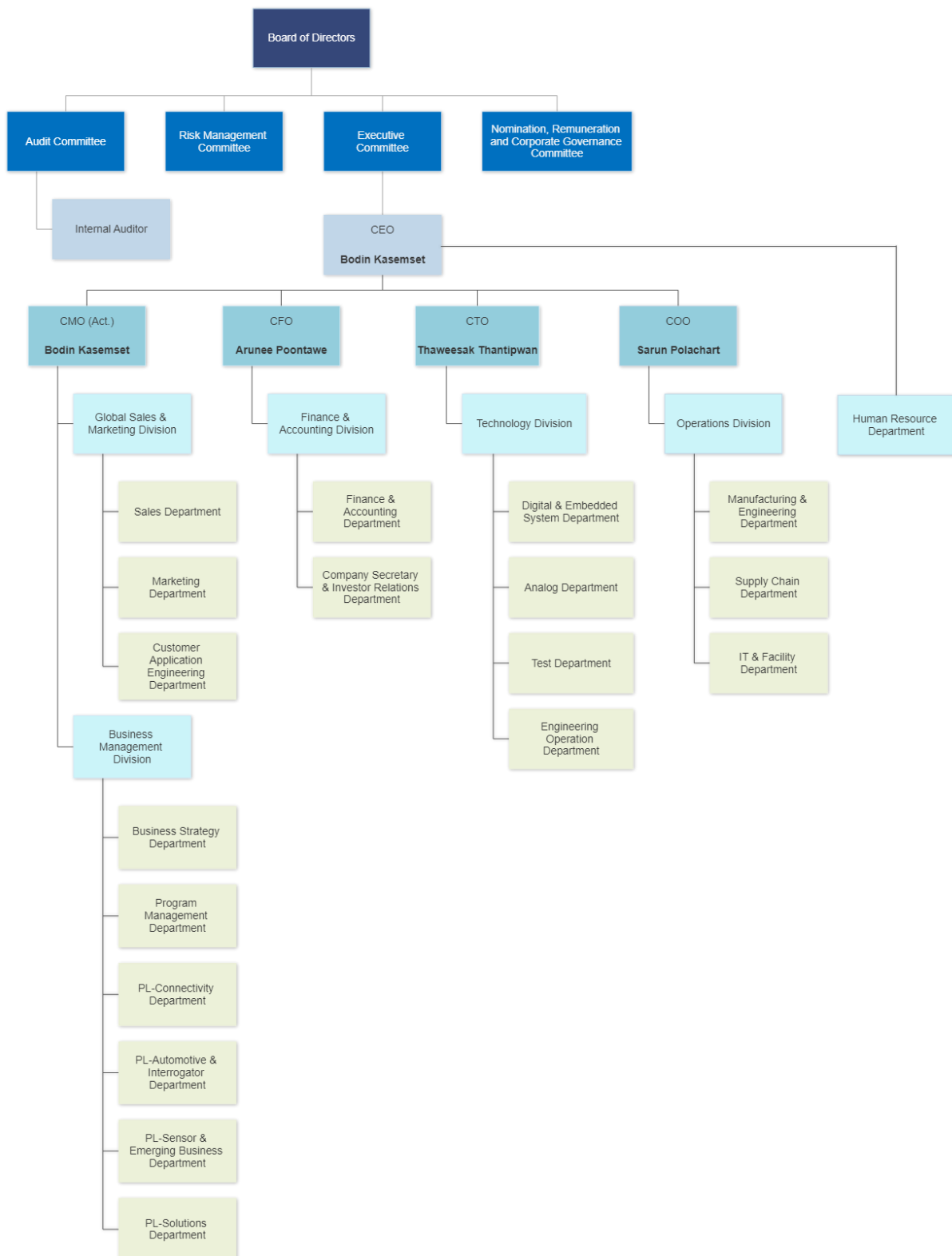
### ○ Names and Positions of Executives

As of December 31, 2021, the Company's has 6 executives, namely:

Name - Surname			Position
1.	Mr. Bodin	Kasemset	Chief Executive Officer / Chief of Sales & Business Development Officer
2.	Ms. Arunee	Poontawe	Chief Financial Officer
3.	Mr. Thaweesak	Thantipwan	Chief Technology Officer
4.	Mr. Sarun	Polachart	Chief Operating Officer
5.	Ms. Ousanee	Santikul	Financial Controller
6.	Mr. Karn	Opasjumruskit	Senior Corporate Business Strategy Manager

**Remark:** The Executive means the manager or the first four persons holding management position down from the manager who have position equal to the first four persons holding management position and it shall also mean a person who holds management position in accounting and finance line at managerial level onwards or equivalent. Details of Executives is specified in Attachment 1.

As of December 31, 2021 the Company's organization structure is as follows.



Material authorities, Duties, and Responsibilities of Chief Executive Officer

1. To comply with the applicable laws including the laws on securities and exchange, notification of the Securities and Exchange Commission, notification of the Capital Market Supervisory Committee, notification of the Stock Exchange of Thailand, other related notifications, rules, and/or regulations and resolutions of the shareholders' meeting and the Board of Directors' meeting;
2. To oversee, manage, operate and perform day-to-day works pursuant to normal business operations for the Company's interest to ensure compliance with the policy, vision, target, business operation plan and budget specified by the Board of Directors' meeting;
3. To manage the Company's business operations pursuant to main missions specified by the Board to ensure that they are consistent with the business operation plan and budget of the Company including relevant business operation strategy specified by the Board;
4. To supervise overall operations on finance, marketing, personnel management and other operations, so that they conform to the Company's policy and business operation plan specified by the Board;
5. To have power to employ, appoint, transfer, dismiss, terminate employment, specify wages and remuneration of the Company's employees and power to appoint the sub-attorney-in-fact to perform duties instead;
6. To specify gratuity, reward, increase salary, remuneration, special bonus apart from normal bonus of the Company's employees from vice chief executive officer downwards,
7. To negotiate and enter into contract and/or other transaction relevant to normal business operations of the Company, provided that credit line of each transaction shall be as per specified in the delegation of authority approved by the Board;
8. To issue orders, rules, announcement and records of the Company, so that operations of the Company shall be as per policy and for the Company's interests, as well as to maintain discipline within the organization;
9. To have power to specify trading terms/condition for benefits of the Company;
10. To consider on investment in new business or dissolution of business to propose to the Executive Committee or the Board;
11. To consider on investment in new business or dissolution of business to propose to the Executive Committee or the Board;
12. To perform other tasks assigned by the Board and to have power necessary to perform such duty;
13. To have authority to sub-authorize power and/or assign other person to perform any specific work. However, authorize of such power and/or assignment shall be within the scope of delegation of power, pursuant to the notice on delegation of power and/or pursuant to the rules, regulations or orders specified by the Board. In addition, delegation of authority and responsibility of the Chief Executive Officer shall not entitle the Chief Executive Officer or the person authorized by the Chief Executive

Officer to have authority to approve any undertaking that he/she or a person who might have conflict of interest (the definition of “Person who might have conflict of interest” shall have meaning as per specified in the Notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company, except it is the approval of the transaction pursuant to policy and criteria already considered and approved by meetings of the shareholders or the Board of Directors.

In addition, during the Board of Directors’ meeting no. 1/2019 dated February 21, 2019, the meeting has specified that the Chief Executive Officer shall have authority to approve the transactions pursuant to the budget plan approved by the Board of Directors, except the short-term investment. The Chief Executive Officer can approve the expenses out of annual budget within the financial amount of 10-30 million Baht, but such approval must be jointly performed with the Chief Financial Officer and one executive director. If the amount exceeds than the approved authority, such matter shall be proposed to the Executive Committee’s meeting or the Board of Directors’ meeting, as the case may be.

#### ○ Remuneration Policy for Board of Directors, sub-committees, and executives

The company has the fixed remuneration of the Board of Directors on a monthly basis, and the remuneration of the Board of Directors is determined in the form of a meeting allowance for each meeting. For the remuneration of the executive directors approved by the shareholders’ meeting in 2021 on April 29, 2021, it is specified that the executive directors will not receive remuneration. The executives will receive the fixed remuneration on a monthly basis and it is variable according to the company’s performance.

The company has a policy of determining the remuneration of the Board of Directors, sub-committees, and executives to be at an appropriate level, both monetary and non-monetary, based on their duties, responsibilities, performance, and expected benefits, and it is the rate comparable to that of similar businesses to incentivize the Board of Directors, sub-committees, and executives to lead the Company in pursuing its goals. The remuneration of the Board of Directors, sub-committees, and executives must be consistent with the Company’s strategy and goals.

In this regard, the Nomination, Remuneration and Corporate Governance Committee will consider each form of remuneration as appropriate by establishing rules or methods for determining fair and reasonable remuneration in line with the Company’s performance to the Board of Directors, sub-committees, the Chief Executive Officer, and senior executives, as well as disclosing it in the 2021 Annual Registration Statement/

Annual Report (Form 56-1 One Report). The remuneration of the Board of Directors and its sub-committees will be annually presented to the Board of Directors' meeting for approval and presented to the shareholders' meeting for approval every year.

#### ○ Remuneration of Executives

##### 1. Monetary Remuneration

Year	Details	Number (Person)	Amount (Million Baht)
2021	Salary and bonus	8	21.68

(This represents 21.34% compared to the total remuneration of business)

##### 2. Other Remuneration

Year	Details	Number (Person)	Amount (Million Baht)
2021	Provident fund, social security fund and other welfares	8	1.87



## Personnel

As of ending of 2019 -2021, the company has staff and employees, classified by function are as follows:

Function	Number (Person)		
	ปี 2562	2020	2021
● Accounting and finance	9	10	10
● Sales and business development	23	30	31
● Technology	60	46	51
● Development	9	26	25
● Human Resources			3
<b>Total</b>	<b>101</b>	<b>112</b>	<b>120</b>

Significant labor dispute during the past 3 years

-Nil-

Employee's remuneration

Year	Details	Number (Person)	Amount (Million Baht)
2021	Salary, bonus, traveling expenses, per diem, contribution to social security fund, contribution to provident fund and other welfares	120	89.60

### Provident fund

The company set up a provident fund for its full-time employees on August 27, 2010 to guarantee the employees' future and incentivize them to work for the Company in the long term. The number of employees participating in the provident fund (PVD) is 84 individuals. The proportion of employees participating represents 70% of the total number of employees.

The company has a policy to support the Provident Fund Committee of the Company to select a fund manager who responsibly follows the principles of investment governance, taking into account environmental, social and governance factors (ESG) because it is an investment guideline that leads to the best benefit of fund members, who are employees of the Company, in the long run.

### Personnel Development Policy

The company has a policy of encouraging all personnel to receive training and sustainable development by starting from an orientation of new employees to know the policies in the business operations, business ethics manual, and code of conduct at work. During working at the Company, employees will be coached by the supervisor and learn from the work, including attending academic training and seminars in the courses offered by external agencies related to work to increase knowledge, competence and keep up with the changes in world technology at all times, to allow employees to work at full efficiency and towards the achievement of the goals of the organization, and prepare for the career growth of the employees.

In 2021, the average number of training hours per person per year of the Company's employees increased from 12 hours to 19 hours.

### Employee Joint Investment Program (EJIP)

Refer to the resolution of the Board of Directors' Meeting No.4/2021 held on May 13, 2021 for Employee Joint Investment Program (EJIP) Group 1 and the Board of Directors' Meeting No.5/2021 held on August 11, 2021 for Employee Joint Investment Program (EJIP) Group 2, the details are as follows.

Employee Joint Investment Program (EJIP) for Group 1

1	Duration of the Program	September 1, 2021 – September 6, 2024
2	Employees Eligible to Attend the Program	Employees with high potential and responsibility, dedicated to working and being in a key position in the organization, including having good performance from the assessment results in 2020.
3	Form of the Program	The ratio between the Company's contributions and the employee's investment is 99% to 1 of the investment. The project will be operated through Phillip Securities (Thailand) Public Company Limited to provide investment management for the Company by investing in SICT shares on the date specified by the Company every month and the Company will cut off the investment through the employee's payroll, starting from September 2021 to August 2024.
4	Conditions of Securities Holding	The participants have the right to sell their shares directly on the stock exchange once the program reaches the maturity of 1 and 2 years and can sell all shares in the account. The company will cease such payments to employees when the employee is retired from being an employee during the period that the project has not ended.

Employee Joint Investment Program (EJIP) for Group 2

1	Duration of the Program	September 1, 2021 – September 6, 2024
2	Employees Eligible to Attend the Program	Employees in the supervisor group with high potential and responsibility, dedicated to working and are in a position that is important in the organization (Key Position)
3	Form of the Program	The ratio between the Company's contributions and the employee's investment is 72% to 28 of the investment. The project will be operated through Phillip Securities (Thailand) Public Company Limited to provide investment management for the Company by investing in SICT shares on the date specified by the Company every month and the Company will cut off the investment through the employee's payroll, starting from September 2021 to August 2023.
4	Conditions of Securities Holding	The participants have the right to sell their shares directly on the stock exchange at the end of the program in September 2023, can sell all shares in their accounts. The company will cease such payments to employees when the employee is retired from being an employee during the period that the project has not ended.

## Other Key Information

- Information of Company Secretary, Person appointed to be directly responsible for control and supervision of accounting matter, Head of Internal Audit and Head of the Compliance of the Company

### Company Secretary

Section 89/15 of Public Limited Companies Act B.E. 2535 specified that the Board of Directors shall appoint the Company Secretary to take responsibility on behalf of the company or the Board of Directors. The Meeting of the Board of Directors No. 5/2021 dated August 11, 2021, has resolution to appoint Ms. Katalee Krachangsaeng to be the Company Secretary which has been effective on August 12, 2021. Details on biodata of the Company Secretary is specified in Attachment 1.

Roles and responsibilities of the Company Secretary are as follows:

1. To provide preliminary advice to the directors on laws and regulations that the Board of Directors should be acknowledged, then monitor on compliance to ensure that they are correctly and constantly complied, as well as to report on any change in significant laws and regulations to the Board of Directors.
2. To arrange the shareholders' meeting and the Board of Directors' meeting as per specified by the law, the Company's regulations and practices.
3. To prepare and keep the following document:
  - Register of directors
  - Notice calling the Board of Directors' meeting, minute of meeting of the Board of Directors and an annual report of the Company;
  - Notice calling the shareholders' meeting and minute of shareholders' meeting.
4. To supervise on disclosure of information and information technology report for the part responsible by the unit regulating the Company pursuant to regulations and requirement of the official agencies;
5. To keep a report on interest filed by the director or the executive and submit a copy of interest report to the Chairman and the Chairman of the Audit Committee for acknowledgement within 7 days from the date the Company receives such report.
6. To arrange for the complete and accurate storage system of relevant document or evidences that they can be readily available for inspection.
7. To contact and communicate with general shareholders so they can acknowledge the shareholders' right and the Company's news.

**Person appointed to be directly responsible for control and supervision of accounting matter**

Ms. Ousanee Santikul, Financial Controller, is a person appointed to be directly responsible for efficient control and supervision of accounting matter of the Company pursuant to the Company's rules, regulations and criteria. She joined the Company since April 2018. Information and details of the person appointed to be directly responsible for control and supervision of accounting matter are appeared in Attachment 1.

**Internal Audit and Corporate Governance Supervisor**

The Company has a policy to outsource the internal audit which also responsible for reviewing the corporate governance of the Company. During the meeting of the Audit Committee of Silicon Craft Technology Public Company Limited No. 1/2021 on February 25, 2021, the meeting resolved to renew the employment contract of Unique Advisor Co. Ltd. to be the Company's Internal Auditor for 20201. Unique Advisor Company Limited has assigned Mr. Kosol Yamleemul, the managing director, to be the main responsible person to be Internal Audit and Corporate Governance Supervisor.

The Audit Committee has considered qualifications of Unique Advisor Co. Ltd. and considered that it has adequate knowledge, capability and experiences to perform duty as the internal auditor because it has experiences in internal audit for more than 15 years. Its main operators already passed the training courses on Thai Financial Reporting Standards (TFRS), Accounting Standards, Auditing Standards (continuous training), Internal Audit Workshop (continuous training), Auditor's Report (continuous training), COSO 2013, Taxation and planning (various), IT Audit (various) and they do not have any relationship with the Company, so they can independently and impartially audit and present the recommendation to the Company. Information and details of Head of Internal Audit and Head of the Compliance of the Company are appeared in Attachment 2.

In addition, consideration on appointment, removal or transfer of the Company's internal auditor is required to pass selection process and approval from the Audit Committee first. After that the Audit Committee shall propose the qualified auditor to the meeting of the Board of Directors for further consideration and approval as well as on negation on relevant expenses. The employment contract of such internal auditor shall be expired at the end of 2021 and the Company has a policy to continue outsourcing the internal auditor for 2022. The company has appointed Unique Advisor Co., Ltd. to be the internal auditor for another year according to the resolution of the Board of Directors Meeting No. 1/2022 held on February 24, 2022 to review and evaluate the Company's internal control system and make recommendations on the appropriate internal control system.

#### ○ Head of Department of Investor Relations and Contact Information

The person assigned to the position of the Head of the Department of Investor Relations of the Company is Ms. Kathalee Krachangsaeng, Company Secretary and Manager of the Department of Company Secretariat and Investor Relations. She is responsible for communicating and publicizing information and news useful to shareholders, investors, analysts, and related parties in an appropriate, equal, and timely manner, along with helping to supervise the dissemination of the Company's information according to the criteria set forth by the SEC, SET, and related entities in the 2021 Annual Registration Statement/Annual Report (Form 56-1 One Report) and/or the Company's website, etc., as well as helping to disseminate important information affecting the price of the Company's securities, which affects the decision-making process of investors and its stakeholders correctly, adequately, and usefully for the investor's decision making.

Investors can contact the Department of Investor Relations of the Company at

Silicon Craft Technology Public Company Limited

40 Thetsabanrangsannua Rd., Ladyao, Chatuchak, Bangkok 10900

Telephone: 02 589 9991 / Fax: 02 589 8881

E-mail: [ir@sic.co.th](mailto:ir@sic.co.th)

In 2021, investor relations activities to disclose the Company's information to investors can be summarized as follows:

Activity	Number of Participants/ Number of Times
Meeting investors and analysts (person)	51
Meeting with analysts (time)	2
Attendance with investors and roadshows	11
Attendance to Opportunity Day organized by the Stock Exchange of Thailand	4
Company's activities and others (time)	7

○ Information of Auditor's remuneration

For the fiscal period ending December 31, 2021, the Company has paid auditing fee to D I A International Audit Company Limited, the Company's auditor, amounting to 1,670,000.00 Baht. Such remuneration included quarterly and annual auditing fees, auditing fee on compliance with the condition of the BOI Privilege Certificate at 50,000.00 Baht each.

1. Audit fee

Details	Amount (Baht)
Quarterly and annual auditing fees	1,570,000.00

2. Non-Audit fee

Details	Amount (Baht)
Auditing fee on compliance with the condition of the BOI Privilege Certificate at 50,000.00 Baht/each (Total 2 items)	100,000.00

### ○ Information of Major Shareholder

According to the book of shareholders' registration as of Mar 11, 2021, Silicon Craft Technology Public Company Limited's major shareholders are as follows.

	List of Shareholders	No. of Shares	%
1.	Mr. Manop Dhamsirianunt	102,154,860	25.54
2.	Mr. Apinetr Unakul	67,793,600	16.95
3.	Mr. Naiyavudhi Wongkomet's Group		
	1) Mr. Naiyavudhi Wongkomet	28,496,500	7.12
	2) K Investment Limited <sup>[1]</sup>	13,996,540	3.50
	Sub-total	42,493,040	10.62
4.	Thai NVDR Company Limited	25,840,821	6.46
5.	Mr. Apinunt Thanachayanont	20,828,520	5.21
6.	Mr. Tanakarn Damrongrat	9,457,800	2.36
7.	Mrs. Naranit Pathompothiwat	7,050,000	1.76
8.	Mr. Thaweesak Thantipwan	5,966,954	1.49
9.	Mr. Karn Opasjumruskit	5,657,527	1.41
10.	Mr. Bodin Kasemset	4,200,000	1.05
	<b>Total</b>	<b>291,443,122</b>	<b>72.86</b>

Remark [1] K Investment Limited is a juristic person registered in Hong Kong and its shareholders are Miss Aiyannuch Wongkomet, holding shares of 50.00% and Miss Unyanuch Wongkomet, holding shares of 50.00% of the registered capital.



## Corporate Governance Milestones

### Summary of Performance of the Board of Directors over the Past Year

The Board of Directors reviewed the Company's corporate governance policy, business ethics manual, and operational requirements, including the Charters of the Board of Directors, sub-committees, and other relevant matters to comply with the principles of good corporate governance of the SEC by communicating to employees at all levels to ensure effective and efficient management, good corporate ethics, transparency, and traceability in order to build confidence among investors, shareholders, and all groups of stakeholders in support of sustainable growth of the Company.

#### ○ Recruitment, Development, and Performance Assessment of the Board of Directors

##### 1. Independent Directors recruitment

The Company's Board consists of the persons who are knowledgeable, capable with expertise and experiences that can perform duties for the best interest of the Company. The directors shall have qualifications and shall not possess prohibited characteristics as per specified by the laws and they shall have duty and responsibility on specifying and reviewing the Board's structure.

The Company's Board of Directors as of December 31, 2021, consists of 9 directors combining of 3 independent directors, 4 non-executive directors and 2 executive directors in order to balance power appropriately. Sub-committees have been appointed to assist the Board pursuant to the scope specified in each sub-committee's charters to strengthen efficiency and effectiveness on operations of the Board.

#### Qualifications of the Independent Director

The Company has the process to nominate the independent director by considering from qualifications and prohibited qualifications of the directors pursuant to the Public Limited Companies Act, laws on securities and exchange, notifications of the Office of the Securities and Exchange Commission, the Market Capital Supervisory Board, the Stock Exchange of Thailand, as well as the relevant notifications, regulations and/or rules. The Board shall consider and select the independent directors from the experts who have working experiences and other appropriated aspects. The Company has policy to appoint the independent directors at least one-thirds of total number of directors and the number shall be at least 3 persons with qualifications as follows

1. Holding shares not exceeding 1.00 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliated company, principal shareholder or controlling person of the Company. Shares held by the related persons of such independent director shall also be included;

2. Not being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliated company, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 years prior to the date being appointed 124 as the independent director. However, such prohibited characteristics exclude the case where such Independent Director used to be the government official or the advisor of the government entity who is the major shareholder or the controlling person of the Company;
3. Not being a person related by blood or registration under laws, i.e. father, mother, spouse, sibling, and child, including spouse of the children of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling persons of the Company or its subsidiary;
4. Not having a business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date being appointed as the independent director. Such business relationship includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Applicant or its counterparty being subject to indebtedness payable to the other party in the amount of three (3) percent or more of the net tangible assets of the Applicant or twenty (20) million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Securities and Exchange Commission concerning rules on connected transactions, mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one (1) year prior to the date on which the business relationship with the same person commences.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company, and not being a significant shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two (2) years from the date being appointed as the independent director.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Applicant, its parent

company, subsidiary, affiliated company, major shareholders or controlling person of the Company, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date being appointed as the independent director.

7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholders.
8. Not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a significant partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1.00 per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary.
9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

## 2. Nomination of Directors and the top executive (Chief Executive Officer: CEO)

The Company has specified qualifications of the directors and top management in order to be confident that the Company has recruited the suitable directors and top management which are adequately for operations and undertakings pursuant to the business plan and succession plan as per specified in the charter and code of conduct, as per the specified target. Additionally, the Board also placed importance on understanding of structure and relationship of major shareholders which may impact on the control over the Company to ensure that they shall not affect the Board's exercise of its duties and responsibilities and the Board shall oversee on properly disclosure of information which may have an impact on the control over the business.

At present, the Company's Board of Directors consist of 9 directors which are the 3 independent directors and 6 executives regarding definition by the SEC. The Chief Executive Committee (CEO) is the top executive. Moreover, The Board of Directors has appointed the Nomination, Remuneration and Corporate Governance Committee to support the Board on recruitment of the qualified directors with the clear and transparent process, as well as to consider suitable remuneration before proposing for the shareholders' approval.

Furthermore, The Company has invited shareholders to nominate candidates for appointment as directors in advance in order to ensure that that the shareholders are treated equally and can fully exercise their fundamental rights as shareholders

**Nomination and appointment of directors**

1. Board's candidates shall be screened by the Nomination and Compensation Committee which shall be based on criteria under Section 68 of the Public Limited Company Act, B.E. 2535 and pursuant to the notification of the Securities and Exchange Commission and/or the relevant laws. The Board's members shall be selected from the qualified persons who have fundamental knowledge and expertise in various fields which will be beneficial to the Company's operations with regards to provision of recommendation, opinion in various aspects from perspectives of the people who have direct experiences, with wide-range vision, integrity and ethic. He/she shall have transparent working history and have capability to independently express opinions. After those the Board's candidates will be proposed to the shareholders' meeting for consideration and appointment
2. The Board of Directors shall consist of not less than five (5) directors and not less than one half of total directors must reside in the Kingdom and not less than three-fourths of total directors shall hold Thai nationality. At least one-thirds of members of the Board, but not less than 3 directors, shall be the Independent Directors. The appointment of the Board of Directors shall be approved by the resolution of the shareholders' meeting, pursuant to the following criteria and methods:
  - 1) One shareholder holds one vote per share
  - 2) The shareholder can elect Directors individually.
  - 3) The candidate with the most votes is to be appointed Directors up to the number open at the meeting. If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.

In addition, at every annual general meeting, one-thirds of the directors shall be removed from office. If the number of directors to be retired cannot be divided into the whole numbers, the number shall be as close as possible to the proportion of one-third. The directors who have already left office may be re-elected. The directors who shall retire in the first and the second years after the Company's registration shall be drawn through lots. For following years, the directors who are in the position the longest shall retire. The directors who retire under that term may be re-elected.

In case the position of director becomes vacant for any reason other than the end of an office term, the directors shall select a person who is qualified and does not have prohibited qualifications under Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and/or relevant laws to become a substitute director at the next meeting of the Board of Directors. Unless the remaining term of the director is less than 2 months, the Board

of Directors' resolution shall be not less than three-quarters of the votes of the remaining directors. the person becoming the substitute director shall remain as a director for as long as the remaining term of the directors he/she represents.

Directors who retire by rotation for the year 2022 of the 2021 Annual General Meeting of Shareholders total 3 persons as follows.

Name - Surname			Position
1.	Mr. Wuthipong	Suponthana	Independent Director/ Member of the Audit Committee/ Chairman of the Risk Management Committee/ Independent Director/ Member of the Nomination, Remuneration and Corporate Governance Committee
2.	Mr. Apinetr	Unakul	Chairman of the Board of Directors
3.	Mr. Naiyavudhi	Wongkomet	Director/ Member of the Executive Committee/ Member of the Risk Management Committee

The three of them are fully qualified under the Public Limited Companies Act B.E. 2535 (1992) and relevant announcements of the Capital Market Supervisory Board and have been approved by the shareholders' meeting for a new term. In this regard, in order to ensure the good operation of the Company and support the Company's future operations, the Nomination, Remuneration and Corporate Governance Committee has considered the qualifications of Dr. Bodin Kasemset and seen that he is also a legally qualified person to be a director of the Company. He also has knowledgeable, ability, good work experience, vision, as well as being able to dedicate enough time to the Company's business for the best interest of the Company's operations. Therefore, the Board of Directors deemed appropriate to nominate him to the General Meeting of Shareholders to consider the appointment of one new director from the original number of eight directors, with a total number of nine directors, which has been approved by the Nomination, Remuneration and Corporate Governance Committee. The shareholders' meeting has decided to approve the appointment of Dr. Bodin Kasemset as the new director as nominated. As a result, the number of the Board of Directors is nine directors in total.

### Nomination and appointment of Chief Executive Officer

For nomination of the Chief Executive Officer, the Nomination, Remuneration and Corporate Governance Committee shall select the person who is knowledgeable, capable and fully qualified who has suitable experiences beneficial to the operations to the Company, then propose to the Board for further consideration and approval.

Furthermore, The Board of directors will ensure to arrange succession plan of the Company in place regardless of whether the CEO cannot operate in the roles as it is a key to providing stability and security for the Company.

### 3. Director Development

The Company has supported and encouraged directors to develop knowledges which are practical and useful for working continually. In 2021, directors who had participated director training courses arranged by Thai Institute of Directors are as follows

Name - Surname			IOD Training courses
1.	Mrs. Monluedee	Sookpantararat	- Anti-Corruption the Practical Guide (ACPG 57/2021)
2.	Mr. Wuthipong	Suponthana	- Anti-Corruption the Practical Guide (ACPG 57/2021)
3.	Mr. Sarote	Phornprapha	- Corporate Governance for Executives (CGE 18/2021)
4.	Mr. Naiyavudhi	Wongkomet	- Corporate Governance for Executives (CGE 18/2021)
5.	Mr. Bodin	Kasemset	- Successful Formulation & Execution of Strategy (SFE 34/2021) - Boardroom Success through Financing & Investment (BFI 10/2021) - Corporate Governance for Executives (CGE 18/2021)



Skill Matrix of the Board of Directors

	Part: Macromanagement							Part: Specific knowledge, experience or expertise					Part: Corporate Governance	
	Accounting and Finance	Industry Knowledge	Business Acumen	Organization and Human Resource Management	Risk Management	Crisis Management	International Management	Strategic Planning	Research and Development	Supply Chain	IP Management	IT Management	Legal Knowledge	Corporate Governance
Mr. Manop Dhamsrianunt	X	X	X	X		X	X	X	X	X	X			
Mrs. Monluedee Sookpantararat	X			X	X			X					X	X
Mr. Wuthipong Suponthana		X			X		X	X	X	X				X
Mr. Sarote Phomprapha			X	X		X		X						X
Mr. Naiyavudhi Wongkomet	X	X	X	X	X			X	X		X		X	X
Mr. Apinetr Unakul		X						X	X			X		
Mr. Apinunt Thanachayanont		X						X	X					X
Mr. Bodin Kasemset	X	X	X	X	X	X	X	X	X	X	X			
Ms. Arunee Poonlawe	X				X			X						

#### 4. Board Self-assessment

The Board of Directors provides a self-assessment for itself and its sub-committees at least once a year to summarize the performance and to help increase efficiency and good understanding of the cooperation between the Board of Directors and its sub-committees. In 2021, the performance appraisal of the Board of Directors and its sub-committees was as follows:

- Assessment Series 1: Self-Assessment of the Board of Directors by group to assess the overall performance of the Board.

Topic of Assessment	Average	Percentage
Structure and qualifications of the Board	3.43	86%
Role, duties and responsibilities of the Board	3.47	87%
Board's meeting	3.49	87%
Performance of duties of Directors	3.54	88%
Relationship with the management team	3.67	92%
Self-development of Directors and Executive Development	3.39	85%
Total	3.48	87%

- Assessment Series 2: Self-Assessment of the Sub-Committees by group to assess the overall performance as assigned by the Board of Directors.

Topic of Assessment	Average	Percentage
Structure and qualifications of the committees are appropriate for the efficiency of the Board of Directors' work.	3.62	90%
Meetings of sub-committees in order for the committees to perform their duties in meetings effectively.	3.70	93%
Roles, duties and responsibilities of the sub-committees have given importance to taking sufficient time to consider, review and implement the following matters:		
The Audit Committee	3.86	96%
The Nomination, Remuneration and Corporate Governance Committee	3.58	89%
The Risk Management Committee	3.67	92%
Total	3.65	91%



- Assessment Series 3: Self-Assessment of the Board of Directors and Sub-Committees by individual to assess the performance of duties of individual directors and committees.

Topic of Assessment	Average	Percentage
Structure and qualifications of director/committee member	3.56	89%
Meetings of the Board of Directors/sub-committees	3.56	89%
Role, duties and responsibilities of the Board/Committee	3.67	92%
Total	3.61	90%

### ○ Meeting Attendance and Remuneration Payment of Individual Board of Dire

The attendance data of the Board of Directors' meeting in 2021 is summarized as

Name - Surname	Position	Meetings of Board of Directors, Sub-Committees, Independent Directors and Annual General Meeting for the year 2021						
		Board of Directors	Audit Committee	Risk Management Committee	Executive Committee	Nomination, Remuneration and Corporate Governance Committee	Independent Directors	Annual General Meeting
		7 Times	5 Times	5 Times	12 Times	4 Times	1 Times	1 Times
1. Mr. Manop Dhamsirianunt <sup>[1]</sup>	Chairman of the Board of Directors	7/7	-	3/3	8/8	-	-	1/1
2. Mrs. Monluede Sookpantararat	Independent Director/ Chairman of the Audit Committee / Member of the Risk Management Committee	7/7	5/5	5/5	-	-	1/1	1/1
3. Mr. Wuthipong Suponthana	Independent Director/ Member of the Audit Committee / Chairman of the Risk Management Committee/ Member of the Nomination, Remuneration and Corporate Governance Committee	7/7	5/5	5/5	-	4/4	1/1	1/1
4. Mr. Sarote Phonprapha	Independent Director / Member of the Audit Committee/ Chairman of the Nomination, Remuneration and Corporate Governance Committee	7/7	5/5	5/5	-	4/4	1/1	1/1
5. Mr. Naiyavudhi Wongkomet <sup>[2]</sup>	Director/ Chairman of the Executive Committee/ Member of the Risk Management Committee/ Member of the Nomination, Remuneration and Corporate Governance Committee	7/7	-	5/5	12/12	1/1	-	1/1
6. Mr. Apinetr Unakul	Director	6/7	-	-	-	-	-	1/1
7. Mr. Apinunt Thanachayanont	Director	7/7	-	-	-	-	-	1/1
8. Mr. Bodin Kasemset <sup>[3]</sup>	Director/ Member of the Executive Committee/ Member of the Risk Management Committee/ Chief Executive Officer		-	2/2	12/12	-	-	1/1
9. Ms. Arunee Poontawe <sup>[4]</sup>	Director/ Member of the Executive Committee/ Chief Finance Officer	7/7	-	-	12/12	3/3	-	1/1

[1] Mr. Manop Dhamsirianunt resigned from the position of Risk Management Committee Member and Chairman of Executive Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[2] Mr. Naiyavudhi Wongkomet was appointed as the Nomination, Remuneration and Corporate Governance Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[3] Mr. Bodin Kasemset was appointed as the Risk Management Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[4] Ms. Arunee Poontawe resigned from the position of the Nomination, Remuneration and Corporate Governance Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

**Remuneration of Directors**

The Directors' Remuneration was approved at the 2021 Annual General Meeting held on April 29, 2021 as follows.

## 1. Monetary remuneration

Position	Monthly Remuneration	Meeting Allowance/ Time
<u>Board of Directors</u>		
Chairman of the Board of Directors	20,000	-
Directors	20,000	-
Chairman of the Audit Committee	30,000	-
Member of the Audit Committee	20,000	-
Executive directors who receive regular salary do not accept directors' monthly remuneration		
<u>Sub-Committees</u>		
- Chairman of the Risk Management Committee	-	10,000
- Member of the Risk Management Committee		
- Chairman of the Nomination, Remuneration and Corporate Governance Committee	-	10,000
- Member of the Nomination, Remuneration and Corporate Governance Committee		

The Remuneration for the Board of Directors and sub-committees in 2021 for 9 directors are specified as follows.

(Unit: Baht)

Name - Surname		Remuneration of Directors					
		Board of Directors	Audit Committee	Risk Management Committee	Executive Committee	Nomination, Remuneration and Corporate Governance Committee	Total
		Monthly remuneration	Allowance	Allowance	Allowance	Allowance	
1.	Mr. Manop Dhamsirianunt	-	-	30,000	-	-	30,000
2.	Mrs. MonluedeeSookpantararat	360,000	-	50,000	-	-	410,000
3.	Mr. Wuthipong Suponthana	240,000	-	50,000	-	40,000	330,000
4.	Mr. Sarote Phornprapha	240,000	-		-	40,000	280,000
5.	Mr. Naiyavudhi Wongkomet	-	-	50,000	-	10,000	60,000
6.	Mr. Apinetr Unakul	120,000	-	-	-	-	120,000
7.	Mr. Apinunt Thanachayanont	120,000	-	-	-	-	120,000
8.	Mr. Bodin Kasemset	-	-	20,000	-	-	20,000
9.	Ms. Arunee Poontawe	-	-	-	-	30,000	30,000
Total		1,080,000	-	200,000	-	120,000	1,400,000

**Remark:**

- Referring to the board of directors' meeting No. 5/2021, four executives (founders) voluntarily waived their compensation for a total of 18 months and used the amount as a budget for the second round of the Employee Joint Investment Project (EIJ). The salary waiver began in July 2021 and will last until December 2022. As a result, during the waiver period, the company records no consulting expense for Mr. Apinunt Thanachayanont. However, for the year 2021, Mr. Apinunt Thanachayanont has received remuneration as the consultant pursuant to Consultant Engagement Agreement amounted to 0.48 Million Baht. More details are in Section Related Transaction.

**Directors' Remuneration profiles during 2019 – 2021**

(Unit: Baht)

Remuneration	2019		2020		2021	
	Person	THB	Person	THB	Person	THB
Monthly remuneration and Meeting attendance	8	1,510,000	8	1,540,000	9	1,400,000

**2. Other Remuneration**

- None -

### ○ Supervision of Subsidiaries and Associates

The company has no operations of its subsidiaries and associates, so no information has been disclosed in this section.

### ○ Monitoring Compliance with Corporate Governance Policy and Practices

#### 1. Prevention of Conflicts of Interest

The company has established a connected transaction policy to regulate and prevent conflicts of interest or stake, including requiring the Board of Directors, sub-committees, executives, and employees to perform their duties in the best interests of the Company. In case any person has an interest, such person must immediately disclose the details of the interest to the supervisory authority, including not participating in consideration on the transaction and no voting to approve such related transactions.

The company has complied with the requirements regarding making connected transactions and the acquisition or disposition of important property of the Company, so that the decision to make such transaction does not create a conflict of interest and is in the best interest of all shareholders. The company will disclose such transactions in the annual registration statement (Form 56-1 One report) and the accompanying notes to the financial statements that have been audited by the Company's auditor. Moreover, the Company requires the Board of Directors, the majority shareholders and the executives to prepare annually a report of the equity, including when there are changes to the information, such changes must be notified to the Company every time, including following up the directors and the executives, which includes spouse or common-law partner as a husband or wife, and minor children, to report changes in securities holdings (Form 59) to SEC when changes are made to the Company's securities holdings to demonstrate transparency and traceability.

The company also continues to focus on compliance with the law, so it recognizes the importance of personal data protection, which is an important fundamental right to privacy that must be protected. The company has a system to strictly control to make personal data safe, transparent, and stable under the Personal Data Protection Act B.E. 2562 (2019). In 2021, the Company appointed Mr. Parinya Pakdeepinit, IT & Facility Manager, to be the Data Protection Officer (DPO) to advise and monitor the operation of personal data processors and related persons.

## 2. Use of Inside Information for Benefits

The company has a policy for the use of inside information and trading of securities of the Company and communicates the policy to the relevant persons and ensure strict compliance. The directors, executives, including management level positions in the accounting or financial line at the level of the manager or above or equivalent and the operators who has become aware of inside information that is important or affects the change in the price of securities must suspend the purchase, sale, transfer, or receipt of transferred securities of the Company during one month before disseminating the quarterly financial statements and annual financial statements and within 24 hours after the information disclosure to the public, including the duty to strictly follow the guidelines for the use of inside information of the Securities and Exchange Act, as well as other related rules.

Furthermore, the Company's Department of Investor Relations has set a silent period during 14 days before the Company announces its financial statements to the Stock Exchange. The Department of Investor Relations will not make any appointments, provide information, or answer any inquiries about the financial statements to securities analysts, investors, or shareholders, except for providing information that the Company has already disclosed or responding to facts that affect the Company's share price.

## 3. Anti-Corruption and Whistleblowing or Complaints of Misconduct or Corruption

The company intends to conduct its business under the principles of good corporate governance and compliance with the law, adheres to transparency and morality and campaigns to dissuade employees at all levels in the organization, including outsiders, from all forms of corruption. The company has established an anti-corruption policy, the policy on whistleblowing or complaint of wrongdoing or corruption, the policy for giving or receiving gifts and entertainment, and the business ethics manual. The Board of Directors reviews relevant policies annually and communicates them to all departments in the organization to be aware and strictly follow in order to comply with the law.

In 2021, the Company provided the directors and the Company Secretary with training in courses related to anti-corruption, which is Anti-Corruption the Practical Guide (ACPG), to enhance the knowledge and understanding of establishing a good anti-corruption system of the organization. The company continues to encourage employees to participate in courses related to anti-corruption every year.

The company provides a means for stakeholders to report whistleblowing and complaints through channels identified by the Company. The Audit Committee, which is independent from the management team, will consider and screen the clues and complaints, including having a mechanism to protect complainants, whistleblowers, complaint information, and evidence documents as confidential. The company has not received any such clues or complaints over the past year.

## Reports of the Audit Committee for 2021

### ○ Meeting Attendance

#### Members of the Audit Committee

Name - Surname			Position
1.	Mrs. Monluedee	Sookpantarat	Chairman of the Audit Committee/ Independent Director
2.	Mr. Wuthipong	Suponthana	Member of the Audit Committee/ Independent Director
3.	Mr. Sarote	Phornprapha	Member of the Audit Committee/ Independent Director

In this regards, Mrs. Monluedee Sookpantarat, has knowledge and understanding on accounting and experiences to review the Company's financial statements and Ms. Ousanee Santikul is the Secretary of the Audit Committee.

Attendance record of the Audit Committee during 2019 - 2021 is summarized as follows.

Name - Surname			Number of Attendance/ Total number of Meetings held		
			2019	2020	2021
1.	Mrs. Monluedee	Sookpantarat	4/4	4/4	5/5
2.	Mr. Wuthipong	Suponthana	4/4	4/4	5/5
3.	Mr. Sarote	Phornprapha	3/4	4/4	5/5

Attendance record of the Independent Directors meeting in 2021 is summarized as follows.

Name - Surname			Number (times) / Total number (times)
			2021
1.	Mrs. Monluedee	Sookpantarat	1/1
2.	Mr. Wuthipong	Suponthana	1/1
3.	Mr. Sarote	Phornprapha	1/1



## Report of Audit Committee

The Audit Committee of Silicon Craft Technology Public Company Limited is appointed by the Board of Directors. It consists of three independent directors who diversely have comprehensive knowledge, expertise, experience, and qualifications as specified in the Audit Committee Charter, according to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), with the Senior Manager of Accounting and Finance Department as a secretary.

In 2021, there were five meetings of the Audit Committee to perform duties in accordance with the scope of responsibilities specified in the Audit Committee Charter. The results of those meetings were reported to the Board of Directors each time. In the past year, all members of the Audit Committee members attended every meeting, which appropriately included senior management, auditors, and internal auditors as follows:

- Review the quarterly and annual financial statements by considering important financial reports, accounting policies, business projections, inquiries and clarifications from the executives of Finance and Accounting Department and the auditors for the accuracy and completeness of financial statements and adequacy of information disclosure. The Audit Committee had consistent opinions with the auditors that the financial statements were accurate in accordance with the standards of financial reports. Additionally, the Audit Committee held a meeting with the auditors without the executives or the management to acknowledge and discuss the auditors' opinions on various issues from the audit results.
- Consider the adequacy of the internal control system by considering the significant results of the internal auditors, including the sufficiency assessment of the internal control system in accordance with the guidelines set by the Securities and Exchange Commission, as well as following up on the progress of resolutions on significant issues. In 2021, the Audit Committee had opinions that the Company's internal control system was sufficient and appropriate.
- Propose for the approval of the Board of Directors to appoint Unique Advisor Company Limited as the Company's internal auditor for the year 2021 and 2022. The Audit Committee also considered the independence of internal auditors, performance, scope of operation, annual audit plan, audit report, follow-up on resolutions of significant issues, and provision of advice to improve operational efficiency.
- Consider the appointment of auditors and set the remuneration for the year 2021, which were approved by the Board of Directors and the shareholders' meeting according to their competence and experience in business audits, performance, independence, and appropriate audit fees. The Audit Committee submitted its opinions to the Board of Directors for consideration and approval at the shareholders' meeting. In 2021, the shareholders resolved to approve the appointment of auditors from DIA International Audit Company Limited as follows:

- |                                |  |
|--------------------------------|--|
| 1. Mrs. Suvimol Chrityakierne  | Certified Auditor, Registration No. 2982 |
| 2. Mr. Chumpot Prairattanakorn | Certified Auditor, Registration No. 7645 |
| 3. Mr. NopparoeckPissanu Wong  | Certified Auditor, Registration No. 7764 |

The Company's auditors for the year 2021 obtained a remuneration of 1,670,000 baht.

The Audit Committee appointed and set the remuneration for the year 2022, which was approved by the Board of Directors for further approval at the shareholders' meeting.

- Consider connected transactions or transactions which may have conflicts of interest in accordance with the laws and regulations of the Stock Exchange of Thailand by committing to the principles of reasonability, transparency, and adequate information disclosure. In the past year, the Company had connected transactions on product sales and other service items which were normal and no important connected transactions required for disclosure in accordance with the regulations of the Stock Exchange of Thailand, including no significant issues to affect the achievement of the organization's objectives.
- Acknowledge the whistleblowing reports on a quarterly basis. The Audit Committee is independent and responsible for considering and giving orders in accordance with the Company's complaint handling process and report submission to the Board of Directors. The Audit Committee also operates in compliance with the legal section on protection of whistleblowers' rights and confidential information. In 2021, no significant complaints were reported to the Audit Committee.
- Review the Audit Committee Charter annually to be consistent with current guidelines and practices, including an assessment of group and individual performance for the operational improvement.

The Audit Committee has performed its duties with full knowledge, competence, prudence, and independence in accordance with the duties and responsibilities specified in the Audit Committee Charter for equal benefits to all stakeholders. In 2021, the Audit Committee had opinions that the Company provided reliable and accurate financial reports with adequate information disclosure, in compliance with the general audit and financial report standards as well as the Company's operations under good internal control system and performance according to the related laws, regulations, and rules.

-Signed-

(Mrs. Monluedee Sookpantararat)

Chairman of the Audit Committee

## Reports of other sub-committees for 2021

### ○ Meeting Attendance

#### 1) The Risk Management Committee

Before the resolution from the Board of Directors' meeting No.5/2021 held on August 11, 2021, the Company's Risk Management Committee consisted of 4 members, namely:

Name - Surname		Position
1.	Mr. Wuthipong Suponthana	Chairman of the Risk Management Committee
2.	Mrs. Monluedee Sookpantararat	Member of the Executive Committee
3.	Mr. Manop Dhamsirianunt	Member of the Executive Committee
4.	Mr. Naiyavudhi Wongkomet	Member of the Executive Committee

After the resolution of change in director and executive positions from the Board of Directors' meeting No.5/2021 held on August 11, 2021 with effect from August 12, 2021, the Company's Risk Management Committee consisted of 4 members, namely:

Name - Surname		Position
1.	Mr. Wuthipong Suponthana	Chairman of the Risk Management Committee
2.	Mrs. Monluedee Sookpantararat	Member of the Risk Management Committee
3.	Mr. Naiyavudhi Wongkomet	Member of the Risk Management Committee
4.	Mr. Bodin Kasemset	Member of the Risk Management Committee

Attendance record of the Risk Management Committee during 2019 - 2021 is summarized as follows.

Name - Surname		Number of Attendance/ Total number of Meetings held		
		2019	2020	2021
1.	Mr. Wuthipong Suponthana	4/4	4/4	5/5
2.	Mrs. Monluedee Sookpantararat	4/4	4/4	5/5
3.	Mr. Manop <sup>[1]</sup> Dhamsirianunt	4/4	4/4	3/3
4.	Mr. Naiyavudhi Wongkomet	4/4	4/4	5/5
4.	Mr. Bodin <sup>[2]</sup> Kasemset	-	-	2/2

[1] Mr. Manop Dhamsirianant resigned from the position of Risk Management Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[2] Mr. Bodin Kasemset was appointed as the Risk Management Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

## 2) The Executive Committee

Before the resolution from the Board of Directors' meeting No.5/2021 held on August 11, 2021, the Company's Executive Committee consisted of 5 members, namely:

Name - Surname			Position
1.	Mr. Manop	Dhamsirianunt	Chairman of the Executive Committee
2.	Mr. Naiyavudhi	Wongkomet	Member of the Executive Committee
3.	Mr. Bodin	Kasemset	Member of the Executive Committee
4.	Ms. Arunee	Poontawe	Member of the Executive Committee
5.	Mr. Thaweesak	Thantipwan	Member of the Executive Committee

After the resolution of change in director and executive positions from the Board of Directors' meeting No.5/2021 held on August 11, 2021 with effect from August 12, 2021, the Company's Executive Committee consisted of 4 members, namely:

Name - Surname			Position
1.	Mr. Naiyavudhi	Wongkomet	Chairman of the Executive Committee
2.	Mr. Bodin	Kasemset	Member of the Executive Committee
3.	Ms. Arunee	Poontawe	Member of the Executive Committee
4.	Mr. Thaweesak	Thantipwan	Member of the Executive Committee

สถิติการเข้าประชุมของคณะกรรมการบริหารระหว่างปี 2562-2564 สรุปได้ดังนี้

Name - Surname			Number of Attendance/ Total number of Meetings held		
			2019	2020	2021
1.	Mr. Manop <sup>[1]</sup>	Dhamsirianunt	11/11	12/12	8/8
2.	Mr. Naiyavudhi	Wongkomet	11/11	12/12	12/12
3.	Mr. Bodin <sup>[2]</sup>	Kasemset	-	4/4	12/12
4.	Ms. Arunee	Poontawe	11/11	12/12	12/12
5.	Mr. Thaweesak	Thantipwan	11/11	12/12	12/12

[1] Mr. Manop Dhamsirianant resigned from the position of Chairman of the Executive Committee at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[2] Mr. Bodin Kasemset was appointed as the Executive Committee Member at the Board of Directors' Meeting No. 4/2020 with effect from August 14, 2020.

### 3) The Nomination, Remuneration and Corporate Governance Committee

Before the resolution from the Board of Directors' meeting No.5/2021 held on August 11, 2021, the Company's Nomination, Remuneration and Corporate Governance Committee consisted of 3 members, namely:

Name - Surname		Position
1.	Mr. Sarote Phornprapha	Chairman of the Nomination, Remuneration and Corporate Governance Committee
2.	Mr. Wuthipong Suponthana	Member of the Nomination, Remuneration and Corporate Governance
3.	Ms. Arunee Poontawe	Member of the Nomination, Remuneration and Corporate Governance Committee

After the resolution of change in director and executive positions from the Board of Directors' meeting No.5/2021 held on August 11, 2021 with effect from August 12, 2021, the Company's Nomination, Remuneration and Corporate Governance Committee consisted of 3 members, namely:

Name - Surname		Position
1.	Mr. Sarote Phornprapha	Chairman of the Nomination, Remuneration and Corporate Governance Committee
2.	Mr. Wuthipong Suponthana	Member of the Nomination, Remuneration and Corporate Governance
3.	Mr. Naiyavudhi Wongkomet	Member of the Nomination, Remuneration and Corporate Governance Committee

Attendance record of the Nomination, Remuneration and Corporate Governance Committee during 2019 – 2021 is summarized as follows.

Name - Surname		Number of Attendance/ Total number of Meetings held		
		2019	2020	2021
1.	Mr. Sarote Phornprapha	1/1	2/2	4/4
2.	Mr. Wuthipong Suponthana	1/1	2/2	4/4
3.	Mr. Naiyavudhi <sup>[1]</sup> Wongkomet	-	-	1/1
4.	Ms. Arunee <sup>[2]</sup> Poontawe	1/1	2/2	3/3

[1] Mr. Naiyavudhi Wongkomet was appointed as the Nomination, Remuneration and Corporate Governance Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

[2] Ms. Arunee Poonthawee resigned from the position of the Nomination, Remuneration and Corporate Governance Committee Member at the Board of Directors' Meeting No. 5/2021 with effect from August 12, 2021.

## Report of Risk Management Committee

The Risk Management Committee of Silicon Craft Technology Public Company Limited has been appointed by the Board of Directors to assist the Company to have good guidelines and processes in risk and crisis management in all dimensions so that all stakeholders are confident that the Company performs its business operations to achieve the objectives and goals of the organization towards acceptable risks and long-term sustainable growth.

As of the end of 2021, the Risk Management Committee consists of four members as follows:

- |                                |   |
|--------------------------------|---|
| 1. Mr. Wuthipong Suponthana    | Chairman of the Risk Management Committee |
| 2. Mrs. Monrudee Sukphantharat | Member of the Risk Management Committee   |
| 3. Mr. Naiyavudhi Wongkomet    | Member of the Risk Management Committee   |
| 4. Mr. Bodin Kasemset          | Member of the Risk Management Committee   |

The Risk Management Committee maintains beneficial knowledge and diverse experiences to the Company's risk management. In the year 2021, there were five meetings of the Risk Management Committee with all members attending every meeting, to consider important issues as follows:

- Supervise and monitor the assessment of key risk Indicators, including the continuous compliance with risk management policies and frameworks of the Company's Risk Management Working Group. In the year 2021, the Company faced important risks, namely the COVID-19 epidemic situation and the supply shortage of microchip raw materials and production capacity in the market worldwide. The Risk Management Committee conducted the risk assessment with supporting plans to alleviate the crisis and follow-up to continuously minimize the impacts and possible risks to the Company.
- The Risk Management Committee and the management team closely monitored and assessed the impacts of Russia-Ukraine conflict situation which intensified in early 2022, with preparation plans to handle potential impacts in a timely manner. As of the date of this annual report, there has been no significant impact on the supply chain and the Company's customers.
- Follow-up on various risks and analyze potential impacts due to changes in economic, social, technological and cyber threats, rules, regulations, etc., while giving advice to the working group on guidelines and management in such matters.

- Report regularly to the Board of Directors regarding the Company's major risks and guidelines for risk management.
- Review the guidelines and the Charter of Risk Management Committee to ensure that they remain suitable for the Company's nature business and current situations, including the compliance with the rules set by the regulatory unit.
- Assess the group and individual operating performance to enhance and improve the operations of the Risk Management Committee.

The Risk Management Committee has performed its duties under the Charter of Risk Management Committee and the scope of authority as assigned by the Board of Directors towards maximum benefits of the Company's shareholders and all stakeholders. In 2021, the Risk Management Committee considered that the Company has had a process for risk assessment which covers the Company's core business operations with sufficient, appropriate and efficient risk management based on the corporate governance policies, including the Company's internal control system, relevant laws, and regulations.

-Signed-

(Mr. Wuthipong Suponthana)

Chairman of the Risk Management Committee

## Report of Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee was appointed by the Board of Directors in 2021, consisting of three directors as follows:

1. Mr. Sarote Phornprapha (Independent Director)  
Chairman of the Nomination, Remuneration and Corporate Governance Committee
2. Mr. Wuthipong Suponthana (Independent Director)  
Member of the Nomination, Remuneration and Corporate Governance Committee
3. Ms. Arunee Poontawe (Executive Director), holding office until 11 August 2021  
Mr. Naiyavudhi Wongkomet (Non-Executive Director), holding office from 12 August 2021 to present  
Member of the Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee has performed their duties and responsibilities as assigned by the Board of Directors and complied with the Nomination, Remuneration and Corporate Governance Committee Charter. In 2021, there were four meetings as follows:

- Nomination and appointment of directors to replace those retiring by rotation in the 2021 Annual General Meeting of Shareholders for approval by the Board of Directors and the shareholders' meeting for approval – The Nomination, Remuneration and Corporate Governance Committee considered and nominated the former directors, namely Mr. Apinetr Unakul, Mr. Wuthipong Suponthana, and Mr. Naiyavudhi Wongkomet, to be re-elected for another term due to their consistent qualifications, knowledge, capability, and experience with the Company's business operations.
- Nomination and appointment of the Chairman of Board of Directors in replacement of the vacant position during the year 2021 – Mr. Manop Dhamsirianunt was appointed as the Chairman of Board of Directors due to his knowledge and experience in providing useful perspectives to the Board of Directors in term of overall picture of business and effective governance of the Company's management.
- Nomination and appointment of committee member in the Nomination, Remuneration and Corporate Governance Committee to replace vacant position during the year 2021 – Mr. Naiyavudhi Wongkomet was appointed as the committee member due to his useful knowledge and ability on human resource management for the Company and the Board of Directors.
- Nomination and appointment of the Company's Chief Executive Officer – In 2021, Mr. Bodin Kasemset was appointed as the Chief Executive Officer due to his knowledge, ability, and



experience in management of the organization amidst many challenges. He was also accepted by the Company's directors, executives, and employees. This appointment was part of the succession plan of the Chief Executive Officer.

- Review the directors' remuneration rates by considering the suitability and scope of duties and responsibilities of the directors, while comparing with other companies with the same level and nature of business.
- Evaluate the operational performance of the Board of Directors, sub-committees, and the Chief Executive Officer, with reports to the Board of Directors for acknowledgment.
- Adjustment of the framework for wage increase and average bonus of employees and retention programs – In 2021, two projects of Joint Investment Programs (EJIP) were considered to retain potential employees by incentives and participation in business ownership.
- Training and development plans for the Company's directors annually – In 2021, there were four courses of training for the Company's directors, with five directors attending those training courses.
- Review the Nomination, Remuneration and Corporate Governance Committee Charter and related policies – In 2021, the roles and duties of good corporate governance were added on policies and guidelines of business morals and ethics, social responsibility, as well as other good corporate governance policies and measures for the Board of Directors and the management to specify as the organization's rules and regulations under international standards.

The Nomination, Remuneration and Corporate Governance Committee performed their duties in accordance with the Nomination, Remuneration and Corporate Governance Committee Charter and those assigned by the Board of Directors with prudence, transparency, fairness, and independence according to the principles of good corporate governance and maximum benefits to the Company and all stakeholders.

-Signed-

(Mr. Sarote Phornprapha)

Chairman of the Nomination, Remuneration and

Corporate Governance Committee

## ○ Securities Portfolios of Directors and executive during 2020 - 2021

No.	Name -Surname	Number of Shares		
		As of Dec 31, 2020	As of Dec 31, 2021	Change during the Year
Board of Directors				
1.	Mr. Manop Dhamsirianunt		101,880,860	
2.	Mrs. MonluedeeSookpantararat	500,000	500,000	-
3.	Mr. Wuthipong Suponthana	500,000	250,000	(250,000)
4.	Mr. Sarote Phornprapha	500,000	500,000	-
5.	Mr. Naiyavudhi Wongkomet	31,214,700	28,996,500	(2,218,200)
6.	Mr. Apinetr Unakul	67,793,600	67,793,600	-
7.	Mr. Apinunt Thanachayanont	21,492,120	21,317,020	(175,100)
8.	Mr. Bodin Kasemset	20,000	4,320,000	4,300,000
9.	Ms. Arunee Poontawe	2,050,000	2,520,000	470,000
Executives				
10.	Mr. Thaweesak Thantipwan	7,093,320	5,885,320	(1,208,000)
11.	Mr. Sarun Polachart	98,900	98,900	-
12.	Ms. Ousanee Santikul	221,100	221,100	-
13	Mr. Karn Opasjumruskit	7,629,580	6,129,580	(1,500,000)

## Internal Control and Related Party Transactions

### ○ Internal Control

#### Adequacy and Appropriateness of the Company's Internal Control

#### ○ The Board of Directors' opinions on the Company's Internal Control System

At Silicon Craft Technology PLC's board of directors meeting No. 1/2022 convened on 24<sup>th</sup> February 2022, the board and three independent directors from the Audit Committee evaluated the adequacy of the company's internal control system using an evaluation form provided by Thailand's Securities and Exchange Commission. The evaluation investigates five elements from several dimensions: control environment, risk assessment, control activities, information and communication, and monitoring activities. In each quarter, the company evaluates with consideration of the evaluation and internal control reports provided by internal auditors. Remarks from the company's financial auditors regarding the efficacy of the internal control process and integrity in preparing and reporting financial statements are also taken into consideration.

Upon reviewing information obtained from the sources mentioned, the company's board of directors believe that the company's internal control system for key activities is adequate and appropriate. The company provided an adequate staff level to oversee and efficiently execute the process as required by the internal control system. Furthermore, an internal control system concerning transactions with stakeholders and related parties was deemed adequate.

The company outsourced an independent external party to conduct internal control activities and evaluate the internal control process. The outsourced party reported directly to the Audit Committee. The company appointed Unique Advisor Co., Ltd. ("Internal Auditor") to be the internal auditor according to the motion passed by the board of directors' meeting No. 1/2021 convened on 25th February 2021. They are responsible for assessing and evaluating the internal control process of the company as well as providing recommendations to support the quality of internal control activities. With approval from the audit committee, the internal auditors successfully conducted an assessment of the company's execution according to the annual audit plan in various areas, including corporate governance, risk management, and internal control of each critical activity.

Over the last year, the internal auditor presented four reports on inspection and internal control evaluation and four reports on internal control monitoring to the Audit Committee at the Audit Committee meeting. In this regard, according to the internal audit reports prepared by the internal auditors from 1<sup>st</sup> January 2021 until 31<sup>st</sup> December 2021, the Audit Committee found no significant inadequacies in the internal control system.

○ **Opinions from the Audit Committee on any points that differ from that of the company's Directors**

At the company's directors meeting to conduct an evaluation of the internal control, which the company's three Audit Committees attended, no members of the Audit Committee expressed a different opinion that contradicted that of the company's Directors.

○ **Internal Control Supervision and The Company's Compliance Supervision**

The company has the policy to outsource external parties to be the internal auditor according to the Silicon Craft Technology PLC's Audit Committee's meeting No. 1/2021 convened on 25<sup>th</sup> February 2021. The meeting passed a resolution to appoint Unique Advisor Co., Ltd. to be the company's internal audit (IA) in 2021. Unique Advisor Co., Ltd. Appointed Mr. Kosol Yamleemul, Managing Director, to be the main responsible person to undertake the company's internal audit duty and responsibilities. The Audit Committee reviewed Unique Advisor Co., Ltd.'s qualifications. It was of the opinion that the company and the responsible person possess sufficient skills and knowledge to take on the role. In terms of experience, the Internal Auditor has an extensive experience of more than 15 years in the field of internal audit. The main responsible person received numerous training and certifications, including Thai Financial Reporting Standards (TFRS), Accounting Standards, Auditing Standards (continuous training), Internal Audit Workshop (continuous training), Auditor's Report (continuous training), COSO 2013, Taxation and planning (various), and IT Audit (various). Furthermore, the individual has no relationships that would cause a conflict of interest with the company. Thus, the Internal Auditor was deemed appropriate and competent to make an assessment and give recommendations to the company free from prejudice and neutral manner. Information and details of Internal Control Supervision and The Company's Compliance Supervision are appeared in Attachment 2.

In the event of appointing, removing, or relocating the company's Internal Auditor, the said Internal Auditor is subject to review and seek approval from the Audit Committee before commencing any changes. The Audit Committee shall present the candidate to its board of Directors at its meeting. The Board of Directors will deliberate on the candidate's suitability before passing a motion to approve Internal Auditor for the outsourcing contract.



○ Significant Related Party Transactions

1. List of Transactions of Purchase or Sale of Products and Services Provided

Item	Entity that may have a conflict of interest	Value of Related Party Transaction (millions of THB)			Details, Necessity, and Appropriateness of Transaction
		2019	2020	2021	
1	I.E. Technology Co., Ltd.	Products sold - million of THB Trade receivable - million of THB	Products sold 0.02 million of THB Trade receivable - million of THB	Products sold 0.02 million of THB Trade receivable - million of THB	- In 2021, there was no transactions of selling products in RFID READER category to IE Technology Co., Ltd. - In 2020, the company sold products to IE Technologies Co., Ltd. according to the Product Price List at gross profit margin of 64%. In the third quarter of 2020, the company sold products in RFID READER category valued at 23,500 THB.
2	XAV Audio Co., Ltd.	Products sold - million of THB Trade receivable - million of THB	Products sold - million of THB Trade receivable - million of THB	Products sold 0.01 million of THB Trade receivable - million of THB  Products purchased 0.02 million of THB Trade Payable - million of THB	- The company sold products to XAV Audio Co., Ltd. according to the Product Price List at gross profit margin of approximately 79%. In the first quarter of 2021, the company sold products in Product Innovation NFC 43S1 type valued at 11,048 THB. - In the third quarter of 2021, the company purchased products from XAV Audio Co., Ltd. valued at 23,364 THB.

## 2. List Transactions of Purchase or Sale of Products and Services Provided (others)

Item	Entity that may have a conflict of interest	Value of Related Party Transaction (millions of THB)			Details, Necessity, and Appropriateness of Transaction
		2019	2020	2021	
1	Mr. Apinunt Thanachayanont	Consulting fee 0.96 million THB	Consulting fee 0.96 million THB	Consulting fee 0.48 million THB*	<p>- The company hired Asst. Prof. Apinunt Thanachayanont, PhD as a consultant since the company's founding. He has provided consultation services on the design and development of new products and technology roadmap. Asst. Prof. Apinunt Thanachayanont, PhD has technical expertise, published numerous academic papers, and is well-regarded as an outstanding expert in the field of IC, which is rare in Thailand.</p> <p>- In this regard, the company currently signed a consulting services agreement in a written format. Before the agreement is renewed, the agreement's terms and conditions will be reviewed by the nomination, remuneration, and corporate governance committee about the necessity and appropriateness of the consulting fee.</p>

### ○ Necessity and Appropriateness of Related Party Transactions

The Audit Committee reviewed the related party transactions as shown in the table above and expressed the opinion that these related party transactions were borne out of necessity, justified, at a fair cost and conditions (Fair and at arms's length), and done in a manner that will not cause damages to the company.

### ○ Measures or Approval Procedure for Related Party Transactions

The company introduced measures and approval procedures for related party transactions as announced in the related party transaction policy. The policy was reviewed and approved per the resolution passed on 18th March 2021 at the board of directors' meeting No. 2/2021. Where other means have been exhausted, and the company has a necessity to do any related party transaction with entities that may have a conflict of interest or connected transactions, the company shall consult the Audit Committee on the necessity and appropriateness of each transaction.

In case the Audit Committee is not competent in deliberating on specifics of any prospective related party transactions, the company shall consult independent experts or the company's financial auditors on such future transactions. Their opinions will be used in the Board of Directors, the Audit Committee, and/or shareholders' decision-making process on a case-by-case basis. Nonetheless, such entities that may have a conflict of interest or related transactions will be able to cast any votes to approve the concerned related party transaction. The company's policy on related party transactions by type is detailed as follows.

- Regular business transactions and business-supporting transactions e.g., procurement and sale of goods or raw materials. These transactions will be based on fair trade terms and conditions, at a reasonable price. They must not constitute a transfer or loss of benefits on the part of the company in a manner that is comparable to where the company enters the transactions with other business entities or individuals or related transactions with individuals that may have a conflict of interests with other persons, or transactions similar in nature to that of other business entities. In this regard, the company has the policy that the Audit Committee shall deliberate and provide opinions regarding the rationale and necessity of entering a related party transaction every quarter. All practices shall fully conform to the Securities and Exchange Act and rules, announcements, decrees, or regulations issued by the Stock Exchange of Thailand and follow the requirements for disclosure of information pertaining to related party transactions.
- Other transactions other than the regular business transactions and business-supporting transactions stated above such as borrowing of asset or transactions of buy and sell of a property

or providing financial assistance. The company has the policy that the Audit Committee shall make deliberation and express opinions regarding the rationale and necessity of entering such transactions. All practices shall fully conform to the Securities and Exchange Act and rules, announcements, decrees, or regulations issued by the Stock Exchange of Thailand and follow the requirements for disclosing information pertaining to related party transactions and acquisition or disposition of key company assets. Furthermore, the company has no policy to lend money or provide financial assistance to entities that may have a conflict of interest to conduct business or operate the business on behalf of the company.

In this regard, the company's Board of Directors ensures that all concerned activities shall not violate the Securities and Exchange Act and rules, announcements, decrees, or regulations issued by the Stock Exchange of Thailand and follow the requirements for disclosure of information pertaining to related party transactions and acquisition or disposition of essential company's assets to ensure that the decision of entering any concerned transactions will not result in a conflict of interest and will provide maximum benefits to all shareholders. The company discloses related party transactions in Form 56-1 One Report and in the notes of financial statements that the company's financial auditors audit.

#### ○ Future Developments in Related Party Transactions

Related party transactions with a possibility of continuation are as follow.

- Buy and sell products among the companies, which is per standard business practice of both parties. For those related party transactions that may occur in the future, the company shall execute according to the Related Party Transaction Policy as outlined above.
- Other purchasing and outsourcing of services. The item of this type is the consultation agreement to hire Asst. Prof. Apinunt Thanachayanont, Ph.D. as the company's consultant. Since consultation and expert opinion are necessary for doing the company's business, for this related party transaction item, the company shall execute in accordance with the Related Party Transaction Policy as outlined above.



## Part 3 Financial Reports

### Report of the Broad of Directors' Responsibilities for Financial Statements

The Board of Director is responsible for the financial statements of the Company including financial information appearing in the Annual Report 2020. The financial statements as of 31<sup>st</sup> December 2021 has been prepared in accordance with the International Financial Reporting Standards (IFRS) with appropriate accounting policies applied on a conservative and consistent basis. Where judgement and estimate were required, these were made with careful consideration and adequate disclosure have been made in the notes to financial statements which reflected fair and transparent financial position and operating performance that is useful for shareholders and general investors. These financial statements have been audited by certified independent auditors from D. I. A. International Audit Company Limited who have given their unqualified opinions. The Company provides information and document to support the auditors to be able to audit and give opinions in accordance with auditing standards.

The Board of Directors realizes in its duties and responsibilities in good corporate governance so as to operate the Company with efficiency, transparency, and reliability including the establishment of systems in risk management, internal control and internal audit and corporate governance that are appropriate and effective. The Board has also adopted and maintained an appropriate and efficient system of risk management as well as internal control system to ensure that the reliability and completeness of financial information are in place with ability to protect the Company's assets in order to prevent fraud or materially irregular operation.

In this regard, the Board of Directors has appointed an Audit Committee which comprises only of independent directors who are responsible for reviewing accounting policies and fair presentation of financial reports, internal control and internal audit system, risk management system including related transactions information that are adequate and appropriate. The opinion of the Audit Committee is presented in the annual report. The Board of Directors believed that the Company has a satisfactory level of internal control systems and can reasonably assured that the financial reports of the Company as of 31<sup>st</sup> December 2021 are reliable and prepared in line with the generally accepted accounting principles and relevant rules and regulations.

- Signed -

Mr. Manop Dhamsirianunt

Chairman of the Board of Director

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2021

**INDEPENDENT AUDITOR'S REPORT**

To The Shareholders of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

**Opinion**

I have audited the financial statements of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED as at December 31, 2021, and its financial performance and its 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 Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of Matters**

I draw attention to Note 4 to the consolidated financial statements, the Company has adopted the Hedge Accounting, which is effective in the current year. My opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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.

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

### Impairment of intangible assets - product development projects

As described in notes 14 to financial statements, in the financial statements of the Company represents the significant balance of intangible assets products design development project or equivalent to 11.37% of total assets. I have addressed key audit matters and considered impairment of those assets in order to ensure that the Company will not present the carrying value exceeds recoverable value of that assets. The use of significant judgment of the Management in taking the consideration concerning the future performance forecasting and work plans assessment, as well as determining discount rate and significant assumption that create exposure impairments risk of assets.

I have assessed the designation of cash generating and financial model in which were chosen by the Company's management as appropriate for intangible assets-products design development project by obtaining the understanding the management's review process that are corresponded with the usefulness character of assets. In addition, I have obtained the understanding and assessed the matters as follows:

- Obtained an understanding of the process in which obtained the figures and compared the assumptions used in project planning and forecasting future cash flows of each project with the external and internal sources of the Company.
- Reviewing the assumptions used in a project plan preparation and forecasting future cash flows of the project for unfinished projects within the planned deadline.
- Management's judgment in estimating expected cash flows in the future by comparing projected cash flows with the actual operating results.
- Discount rate by estimating the average cost of capital and other information.

### Net realizable value of inventories

The estimates of net realizable value of inventories as described in notes 10 to financial statements requires considerable judgment of the management, especially the estimates of allowance for devaluation of inventories for slow-moving items or defective goods which are subject to the detail analysis of products lifecycle, market competition, economic and industrial conditions that may create a value risk of allowance for devaluation of inventories.

I have assessed and tested the internal control system relating to the estimates of allowance for devaluation of inventories by making inquiry the responsible parties, obtained the understanding and tested by sampling the practice in accordance with the control as designed by the Company. In addition, I have assessed the methodology and assumptions used by the management in taking the consideration of allowance for devaluation of inventories by included;

- Obtained an understanding of the basis used in taking a consideration to determine allowance for devaluation of inventories, as well as the adoption consistency and the reasonableness for recognition allowance for devaluation of inventories on a specific basis.
- Comparative analysis of holding period and movement of inventories to identify the group of products which indicated that they are more slowly turnover.
- Comparative analysis of net amounts received from sale after the reporting date with the cost of inventories for each group of products.

### Other Information

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

My opinion on the financial statements does not cover the other information and I do not and will 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 identified above 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, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company 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.

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.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 24, 2022



## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		(Unit : Baht)	
Asset	Note	December 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents	8	101,406,395	111,433,444
Trade and other current receivables	9	68,471,960	55,413,920
Inventories	10	133,210,262	69,719,926
Current tax assets		133,962	-
Other current financial assets	11.1	16,598,511	9,744,593
Other current assets		2,221,777	816,793
Total current assets		322,042,867	247,128,676
Non-current assets			
Other non-current financial assets	11.2	62,382,658	62,304,195
Leasehold building improvement and equipment	12	26,489,424	19,511,745
Right-of-use assets	13.1	10,803,928	14,051,767
Other intangible assets	14	55,363,392	67,769,683
Deferred tax assets	15	5,948,034	6,082,090
Other non-current assets		1,782,757	1,746,592
Total non-current assets		162,770,193	171,466,072
Total assets		484,813,060	418,594,748

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

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## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT DECEMBER 31, 2021

		(Unit : Baht)	
Liabilities and shareholders' equity	Note	December 31, 2021	December 31, 2020
<b>Current liabilities</b>			
Trade and other current payables	16	47,749,342	31,941,197
Current portion of long-term financial lease liabilities	13.2	3,046,023	3,017,430
Current income tax payables		-	289,811
Other current provisions	17	1,305,044	2,898,865
Other current financial liabilities	11.1	9,926,596	-
Other current liabilities		652,231	493,409
Total current liabilities		62,679,236	38,640,712
<b>Non-current liabilities</b>			
Lease liabilities	13.2	8,089,385	11,117,101
Non-current provisions for employee benefit	18	19,433,311	19,840,291
Total non-current liabilities		27,522,696	30,957,392
Total liabilities		90,201,932	69,598,104

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

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## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT DECEMBER 31, 2021

		(Unit : Baht)	
Liabilities and shareholders' equity (Cont'd)	Note	December 31, 2021	December 31, 2020
Shareholders' equity			
Share capital			
Authorized share capital			
400,000,000 common shares of Baht 0.50 each,		200,000,000	200,000,000
Paid-up share capital			
400,000,000 common shares of Baht 0.50 each,		200,000,000	200,000,000
Share premium on common shares		84,985,489	84,985,489
Premium on share-based-payments	20	10,883,817	9,776,657
Retained earnings (Deficit)			
Appropriated			
Legal reserve	21	21,214,282	18,012,400
Unappropriated		81,232,248	36,222,098
Other components of shareholders' equity		(3,704,708)	-
Total shareholders' equity		394,611,128	348,996,644
Total liabilities and shareholders' equity		484,813,060	418,594,748

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

		(Unit : Baht)	
	Note	December 31, 2021	December 31, 2020
Revenues from sales and services		421,697,570	337,878,070
Costs of sales and services		(199,111,118)	(188,213,716)
<b>Gross profit</b>		<b>222,586,452</b>	<b>149,664,354</b>
Other income		8,380,455	4,046,324
Distribution costs		(31,556,983)	(24,638,420)
Administrative expenses		(121,539,577)	(98,207,967)
Other expenses		(7,969,297)	-
Other gains (losses)		(5,919,654)	3,858,729
<b>Profit (loss) from operating activities</b>		<b>63,981,396</b>	<b>34,723,020</b>
Finance income		677,779	339,039
Finance costs		(688,481)	(917,278)
<b>Profit (loss) before tax expense</b>		<b>63,970,694</b>	<b>34,144,781</b>
Tax income (expense)	15	66,930	246,210
<b>Profit (loss) for the year</b>		<b>64,037,624</b>	<b>34,390,991</b>
<b>Other comprehensive income :</b>			
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
Gains (losses) on cash flow hedges	4.1	(3,704,708)	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
Gains (losses ) on re-measurements of defined benefit plans		1,715,123	299,391
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	15	(343,024)	(59,878)
Total components of other comprehensive income that will not be reclassified to profit or loss		1,372,099	239,513
<b>Other comprehensive income (expense) for the year - net of tax</b>		<b>(2,332,609)</b>	<b>239,513</b>
<b>Total comprehensive income for the year</b>		<b>61,705,015</b>	<b>34,630,504</b>
<b>Basic earnings (loss) per share</b>			
Profit (loss) from continuing operations		0.16	0.10
The weighted average number of common shares (share)		400,000,000	343,989,070

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(Unit : Baht)

	Note	Issued and	Share	Premium on	Retained earnings (Deficit)		Other components of shareholders' equity			Total
		paid-up share	premium	share-based-	Appropriated	Unappropriated	Other comprehensive income			shareholders'
		capital		payments			Gains (losses) on cash	Gains (losses) on	Total other	equity
							flow hedges	re-measurements of	components of	
							defined benefit plans	shareholders'	equity	
								equity		
Balance as at December 31, 2019		150,000,000	2,400,000	9,776,657	16,292,783	24,011,211	-	-	-	202,480,651
Increase authorized share capital		50,000,000	-	-	-	-	-	-	-	50,000,000
Share premium on ordinary shares		-	82,585,489	-	-	-	-	-	-	82,585,489
Legal reserve		-	-	-	1,719,617	(1,719,617)	-	-	-	-
Dividend paid		-	-	-	-	(13,800,000)	-	-	-	(13,800,000)
Interim dividend paid		-	-	-	-	(6,900,000)	-	-	-	(6,900,000)
Profit (loss) for the year		-	-	-	-	34,390,991	-	-	-	34,390,991
Other comprehensive income (expense) for the year		-	-	-	-	-	-	239,513	239,513	239,513
Transfer to retained earnings		-	-	-	-	239,513	-	(239,513)	(239,513)	-
Total comprehensive income (expense) for the year		-	-	-	-	34,630,504	-	-	-	34,630,504
Balance as at December 31, 2020		200,000,000	84,985,489	9,776,657	18,012,400	36,222,098	-	-	-	348,996,644
Balance as at December 31, 2020		200,000,000	84,985,489	9,776,657	18,012,400	36,222,098	-	-	-	348,996,644
Premium on share-based-payments	20	-	-	1,107,160	-	-	-	-	-	1,107,160
Legal reserve	21	-	-	-	3,201,882	(3,201,882)	-	-	-	-
Dividend paid	22	-	-	-	-	(17,197,691)	-	-	-	(17,197,691)
Profit (loss) for the year		-	-	-	-	64,037,624	-	-	-	64,037,624
Other comprehensive income (expense) for the year	4.1	-	-	-	-	-	(3,704,708)	1,372,099	(2,332,609)	(2,332,609)
Transfer to retained earnings		-	-	-	-	1,372,099	-	(1,372,099)	(1,372,099)	-
Total comprehensive income (expense) for the year		-	-	-	-	65,409,723	(3,704,708)	-	(3,704,708)	61,705,015
Balance as at December 31, 2021		200,000,000	84,985,489	10,883,817	21,214,282	81,232,248	(3,704,708)	-	(3,704,708)	394,611,128

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset)

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

		(Unit : Baht)	
	Note	December 31, 2021	December 31, 2020
Cash flows from operating activities			
Profit (loss) for the year		64,037,624	34,390,991
Adjustments to reconcile profit (loss) to cash receipt (disbursement)			
Tax income (expense)		(66,930)	(246,210)
Loss on impairment of tool and equipment	12	77,953	239,160
Loss on impairment of product development projects	14	32,637,749	21,218,179
Write off ceased products design development project	14	3,519,109	-
Depreciation and amortization	12, 13.1, 14	10,837,568	12,408,253
(Reversed) loss on devaluation of inventories	10	731,671	123,304
(Reversed) loss on other current provisions		80,142	-
(Gain) loss on disposal of assets		19	54
(Gain) loss on disposal of investment		(27,753)	(35,675)
(Gain) loss on financial assets at fair value through profit or loss			
Investment in Fixed Income Fund		(4,671)	(7,366)
(Gain) loss on financial liabilities at fair value through profit or loss			
Forward exchange contracts		6,212,875	(4,378,506)
Unrealized (gain) loss on exchange rate		(208,659)	599,342
Impairment loss on bank deposit		37,440	20,088
Employee benefit expenses		2,004,015	1,941,989
Employee benefit expenses - EJP Program		1,107,160	-
Difference from rental reduction		-	3,445
Finance income		(677,779)	(339,039)
Interest expenses		688,481	917,278
Profit from operation before change in operating assets and liabilities		120,986,014	66,855,287
(Increase) Decrease in operating assets			
Trade and other current receivables		(12,856,745)	(12,497,183)
Inventories		(64,211,427)	15,833,089
Other current financial assets		4,387,520	-
Other current assets		(1,404,984)	(377,501)
Other non-current assets		(36,164)	(74,162)
Increase (Decrease) in operating liabilities			
Trade and other current payables		15,732,367	2,625,199
Other current liabilities		158,821	94,146
Employee benefit paid	18	(1,200,000)	-
Cash generated from operation		61,555,402	72,458,875
Interest paid		-	(268,729)
Income tax paid		(565,812)	(74,103)
Net cash provided by (used in) operating activities		60,989,590	72,116,043

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

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## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED DECEMBER 31, 2021

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Cash flows from investing activities		
Deposits at financial institutions with commitments, increase	(45,722)	(72,408)
Deposits at financial institutions, increase	(70,182)	(46,000,000)
Payments for current investments acquisition	(110,400,000)	(45,600,000)
Proceeds from disposal of current investments	99,200,000	40,500,000
Payments for fixed assets acquisition	(13,151,459)	(2,695,384)
Payments for intangible assets acquisition	(26,439,498)	(26,660,575)
Proceeds from interest	733,973	308,352
Net cash provided by (used in) investing activities	(50,172,888)	(80,220,015)
Cash flows from financing activities		
Cash received for increase authorized share capital	-	50,000,000
Cash received for increase authorized share capital (Surpluses)	-	82,585,488
Proceeds (payments) from short-term borrowings from financial institutions	-	(4,172,675)
Payments for financial lease liabilities	(3,673,008)	(3,581,218)
Dividend paid	(17,161,352)	(20,700,000)
Net cash provided by (used in) financing activities	(20,834,360)	104,131,595
Net increase (decrease) in cash and cash equivalents before effects of exchange rate	(10,017,658)	96,027,623
Effects of exchange rate to cash and cash equivalents	(9,391)	(23,820)
Net increase (decrease) in cash and cash equivalents	(10,027,049)	96,003,803
Cash and cash equivalents at the beginning of the year	111,433,444	15,429,641
Cash and cash equivalents at the end of the year	101,406,395	111,433,444

**Supplemental of cash flows information :**

## Non-cash transaction :

Transfer leasehold building improvement to right-of-use assets	-	264,147
Lease liabilities	11,135,408	14,134,531
Depreciation of tools and supplies of products design development project as costs of project	1,902,080	1,810,181
Estimated costs of products design development project	-	583,090
Accrued dividend	36,339	-

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Naiyavudhi Wongkomet and Mr. Bodin Kasemset )

## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

**1. GENERAL INFORMATION****1.1 General information**

Registration : SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED ("the Company") was registered as juristic person, classified as a limited company, on December 18, 2002 and converted to Public Company Limited on April 5, 2019.

Location : Head office is located at No.40, Thetsaban Rangsan Nua Road, Kwaeng Lat Yao, Khet Chatuchak, Bangkok.

Business type : The Company engages in research and development to design and assign integrated circuits and embedded systems in the form of hire of production and brought into the Company in order to distribute to the customers under the Company's trademark.

**1.2 Coronavirus Disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is currently impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management continuously monitored the ongoing development and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.



## 2. FINANCIAL STATEMENTS PRESENTATION BASIS

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

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

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

## 3. NEW FINANCIAL REPORTING STANDARDS

### 3.1 Financial reporting standards that become effective in the current year

During the year, the Company has adopted a number of revised financial reporting standards and interpretations which are effective for the financial statements for the period beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarized below:

### 3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

#### 3.1 Financial reporting standards that become effective in the current year (cont'd)

**Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis;
- Presentation and disclosure, including classification of income and expenses in other comprehensive income;
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity; and
- Derecognition of assets and liabilities.

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

**Amendment to TFRS 3, Business combinations** amended the definition of a 'business' which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

**Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: Disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

### 3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

#### 3.1 Financial reporting standards that become effective in the current year (cont'd)

**Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

**Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce lease payments due from 1 June 2020 to 30 June 2021. The amendment is effective for the annual accounting period beginning on or after 1 June 2020 where early application is permitted.

#### 3.2 Amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2022

**Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted.

**Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7 and TFRS 16** provide the relief measures addressing issues that might affect the financial reporting during the reform, including the additional disclosures about IBOR reform. Key relief measures of the phase 2 amendments are as follows:

### 3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

#### 3.2 Amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2022 (cont'd)

When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the statement of income.

Most hedge accounting relationships that are directly affected by the IBOR reform will be allowed to continue. However, the entity is still required to recognise the hedged ineffectiveness portion.

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

### 4. EFFECT OF ACCOUNTING POLICY DUE TO THE ADOPTION OF THE HEDGE ACCOUNTING

The company has adopted the hedge accounting for the derivative contract which the inception date is on or after 1 January 2021 and forth those are designated to hedge cash-flow of highly probable forecast transactions.

#### 4.1 Hedge accounting reserve

The cash flow hedge reserve is used to recognize gain/loss relating to the effective portion of the change in fair value of the derivatives for which hedge accounting is applied.

As at 31 December 2021, hedge accounting reserve is listed in other components of equity, which consists of the following hedging instruments.

#### 4. EFFECT OF ACCOUNTING POLICY DUE TO THE ADOPTION OF THE HEDGE ACCOUNTING (CONT'D)

##### 4.1 Hedge accounting reserve (cont'd)

	(Unit : Baht)	
	Foreign currency forward contract	Hedging reserves
<i>Cash flow hedge reserves</i>		
Change in fair value of Hedging instrument recognized in other comprehensive income		
Outstanding balance as at 1 January 2021	-	-
Add : Hedging instrument recognized in other comprehensive income	178,822,179	(14,323,970)
Less : Reclassification from Other comprehensive income to profit or loss	(92,150,471)	8,319,715
Less : Loss relating to the ineffective portion is recognized in profit or loss	(25,226,624)	2,299,547
Less : Deferred tax	-	-
Outstanding balance as at 31 December 2021	61,445,084	(3,704,708)

##### 4.2 Amounts recognized in profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserves in 4.1 above, the following amounts were recognized in profit or loss in relation to derivatives.

	(Unit : Baht)
<i>For the year ended December 31, 2021</i>	
Net gain/(loss) on foreign currency forwards not qualifying as hedges included in other gains/(losses)	(6,221,888)

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Revenue recognition

Revenue are recorded net of value added tax. They are recognized in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer.

### 5.2 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks and other short-term highly liquid investments which have maturities within three months. Bank overdrafts and short-term borrowings from financial institutions are included in current liabilities in the statement of financial position.

### 5.3 Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost of goods is calculated by using the first-in first-out (FIFO) method. Cost of goods comprises raw material cost and conversion cost derived from manufacturing expenses.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Company provided allowance for devaluation of inventories to net realizable value is estimated based on the selling price expected in the ordinary course of business; and allowance for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 Leasehold Building Improvement and Equipment

Leasehold building improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold building improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold building improvement	5 years
Office equipment	3-5 years
Office furniture and fixtures	5 years
Tools and equipment	3-10 years
Vehicles	5 years

### 5.5 Intangible Assets

The intangible assets are carried at cost less any accumulated amortization and any provision for impairment of assets (if any).

#### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using straight-line basis over their estimated useful lives of 3 and 5 years.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 Intangible Assets (cont'd)

#### Product Development Project

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use or sell;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include the employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as expenses when they are incurred. Development costs previously recognized as an expense are not recognized as intangible asset in a subsequent period.

Product development costs recognized as assets are amortized by using productive output method over their estimated production units upon accomplishment of the project and can be utilized. Productive output is estimated by the management when the products were sold.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.6 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the right-of-use assets, leasehold building improvement, other intangible assets – software programs and other intangible assets – product development projects 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. In determining value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects weighted average cost of capital. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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 Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.7 Leases

At inception of the contract, the Company assesses whether 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 lessee

##### *Right-of-use assets*

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the lease term and the estimated useful lives for each of right-of-use assets whichever is earlier, as follows:

Office building and installation	6 years (lease term plus option reasonably certain to be
dismantlement cost	exercised the option in extension the lease term)
Cars	2 years and 3 months
Office equipment	4 years

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.7 Leases (cont'd)

#### *Lease liabilities*

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments payable over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate, which is determined by referring to the borrowings interest which is closed to right-of-use assets depending on the lease term, at the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, 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*

The Company applied the short-term lease recognition exemption to its short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and containing no purchase options). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 Related Parties Transaction

Enterprise and individuals that directly, or indirectly control or are controlled by, or are under common control with the Company.

Associates and individuals owning that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company which has a power in planning and operating control.

### 5.9 Government Grants

The Company recognizes government grants at fair value when there is reasonably confident that all the conditions of the grant will be met and the Company will receive the grant.

The Company recognizes government grants for which the grants are intended to compensate for expenses already incurred in statements of income that the Company is entitled to receive grant. Government grants are recognized in profit or loss over the periods in which the expenses are recognized as expenses.

### 5.10 Share-Based Payments

Fair value of grant vest as at the grant date to employees is recognized as expenses and together with incremental in shareholder equity throughout the period that employees are able to exercise their vest with no condition. The amount recognized as expenses will be adjusted to reflect the actual number of vests in conformity with condition of related service rendered and condition grant vest which is not condition of equity market.

Fair value of deliverable of the employee joint investment program (EJIP) is recognized as expenses throughout the period. Also, the difference amount of fair value of deliverable and investment amount is recognized as premium on share-based-payments which will be adjusted to reflect cumulative amount throughout the period.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.11 Income Tax

Income tax expense for the year comprises current income tax and deferred tax.

#### Current income tax

The Company records current income tax 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

The Company records deferred tax on temporary differences between their carrying amounts at the end of each reporting period and the tax bases of assets and liabilities by using the tax rates enacted at the end of the reporting period.

The Company recognize deferred tax liabilities of temporary differences liable to tax for all items. However, deferred tax assets for temporary differences used for tax deduction including unutilized tax loss in the amount probable that the Company has sufficient taxable profit to utilize such temporary difference to deduct tax and unutilized tax loss.

The Company will review carrying amount of deferred tax assets at each reporting date and will reduce such carrying amount if it is probable that the Company will have no sufficient future taxable profits for benefit utilization of partial or all deferred tax assets.

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.12 Employee benefits

#### Short-term employee benefits

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

#### Post-employment benefits and other long-term employee benefits

##### Defined contribution plans

The Company operates a provident fund that is funded by payments from employees and by the relevant Group companies which are managed by trustee. Contributions to the provident fund are charged to the profit or loss in the year in which they are due.

##### Defined benefit plans and other long-term employee benefits

The Company have obligations in respect of the severance payments, they must make to employees upon retirement under labor law. In addition, the Company provides other long-term employee benefit plan, namely long service award; the retention program.

The obligation under the defined benefit plan and other long-term employee 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

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 recognises restructuring-related costs.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.13 Provisions

Provisions are recognized when the Company have 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.

### 5.14 Functional currency and reporting currency

These financial statements are prepared and presented in Thai Baht currency, which is its functional currency.

### 5.15 Transactions in Foreign Currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the financial position statement date are translated to Thai Baht by using the closing rates ruling at that date.

Gains or losses on exchange rate is recorded in statement of income.

### 5.16 Financial Instruments

The Company 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 or for which the Company has applied the practical expedient regarding not to adjust the effects of 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 Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Financial Instruments (cont'd)

#### ***Financial assets at amortised cost***

The Company 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 profit or loss 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, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

#### ***Financial assets designated at FVOCI (equity instruments)***

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Financial Instruments (cont'd)

#### *Financial assets at FVOCI (debt instruments)*

The Company measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and selling 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.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

#### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Company'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 Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

#### **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 Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Financial Instruments (cont'd)

#### Impairment of financial assets

The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

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

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is 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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Financial Instruments (cont'd)

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 5.17 Derivatives and hedge accounting

The Company uses derivatives, such as forward currency contracts and forward option, to hedge its foreign currency risks.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### *Derivatives that do not qualify for hedge accounting*

Derivatives that do not qualify for hedge accounting is initially recognized at fair value. Changes in the fair value are included in “net gains (losses) from financial derivatives”.

Fair value of derivatives is classified as a current or non-current following its remaining maturity.

#### *Hedge accounting*

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of i) recognized assets and liabilities and ii) highly probable forecast transactions (cash flow hedges).

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.17 Derivatives and hedge accounting (cont'd)

#### *Hedge accounting (cont'd)*

At inception of the hedge relationship, the Company documents i) the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items and ii) its risk management objective and strategy for undertaking its hedge transactions.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements, including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantify of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The full fair value of a hedging derivative is classified as a current or non-current asset for liability following the maturity of related hedged item.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.17 Derivatives and hedge accounting (cont'd)

#### *Hedge accounting (cont'd)*

#### ***Cash flow hedges that qualify for hedge accounting***

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other gains (losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the period when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss.

In hedges of foreign currency sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty.

### 5.18 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1    Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2    Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3    Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company 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.

## 6. 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 doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow- moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Intangible Assets

In determining amortization of intangible asset; product development project, the management is required to make estimates of the production volume and revise it accordingly when there are any changes.

In addition, the management is required to determine impairment for intangible asset; product development project. This requires judgements regarding forecast of future cash-flow relating to the cash-generating assets and applicable discount-rate for calculating the present value of the cash-flow.

## 7. BUSINESS TRANSACTIONS WITH RELATED PARTIES

### 7.1 Relationship and pricing policy

<u>Related parties and person name</u>	<u>Nature of relationships</u>	<u>Related transaction</u>
XAV AUDIO CO, LTD.	Common shareholder and director	Sales and other expense
LUKDEE PROPERTY COMPANY LIMITED	Common shareholder	Services
SHAREHOLDER	Shareholder	Office rental
COMPANY'S DIRECTORS	Major shareholder and director	Consultant

<u>Pricing policy with related parties</u>	<u>Pricing policy</u>
Revenue from sales	Price mutually agreed but not lower than cost
Office rental and service	At the rate indicated in agreement
Utilities service (electricity, water)	Cost plus margin and contract price
Other expense	Market price
Consulting fee	At the rate indicated in agreement



## 7. BUSINESS TRANSACTIONS WITH RELATED PARTIES (CONT'D)

### 7.2 Business transactions with related parties

Balance with related person and parties as at December 31, 2021 and 2020 are as follows:

		(Unit : Baht)	
		December 31, 2021	December 31, 2020
Accrued expenses			
LUKDEE PROPERTY COMPANY LIMITED		71,639	78,895
Total		<u>71,639</u>	<u>78,895</u>
Deposits for rental and services			
LUKDEE PROPERTY COMPANY LIMITED		579,800	579,800
SHAREHOLDER		571,700	571,700
Total		<u>1,151,500</u>	<u>1,151,500</u>
Lease liabilities			
SHAREHOLDER		10,945,449	13,721,439
Total		<u>10,945,449</u>	<u>13,721,439</u>

## 7. BUSINESS TRANSACTIONS WITH RELATED PARTIES (CONT'D)

### 7.3 Revenues and expenses with related parties

Transactions with related parties for the year ended December 31, 2021 and 2020 are as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Revenue from sales		
XAV AUDIO CO, LTD.	11,048	-
IE TECHNOLOGY CO., LTD.	-	23,500
Total	11,048	23,500
Office rental and service		
LUKDEE PROPERTY COMPANY LIMITED	3,430,200	3,410,200
SHAREHOLDER	3,430,200	3,370,200
Total	6,860,400	6,780,400
Utilities service (electricity, water)		
LUKDEE PROPERTY COMPANY LIMITED	889,349	1,082,597
Total	889,349	1,082,597
Other expense		
XAV AUDIO CO, LTD.	23,364	-
Total	23,364	-
Consulting fee		
COMPANY'S DIRECTOR	480,000	960,000
Total	480,000	960,000

The director has sacrificed his compensation for 18-month period, starting from July 2021 to December 2022, to be a budget for Employee Joint Investment Program 2 as stated in note 28.4.

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at December 31, 2021 and 2020 are as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Cash	35,271	20,531
Current deposits	113,995	76,719
Savings deposits	88,698,634	75,705,125
Foreign deposits	12,558,495	35,631,069
Total	101,406,395	111,433,444

**9. TRADE AND OTHER CURRENT RECEIVABLES**

Trade and other current receivables as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Trade accounts receivable		
Trade accounts receivable - other companies	39,812,201	31,082,268
Total trade accounts receivable	39,812,201	31,082,268
Other current receivables		
Advance payment for goods	17,928,121	12,124,446
Prepaid expenses	4,741,837	4,828,965
Other advance payments	-	43,088
Receivable - Revenue Department	5,960,312	7,249,470
Others	29,489	85,683
Total other current receivables	28,659,759	24,331,652
Total trade and other current receivables	68,471,960	55,413,920
Less: Allowance for expected credit losses	-	-
Trade and other current receivables – net	68,471,960	55,413,920

**9. TRADE AND OTHER CURRENT RECEIVABLES (CONT'D)**

The outstanding trade accounts receivable was separated by aging as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Trade accounts receivable - other companies		
Not yet due	37,139,169	24,729,602
Overdue		
Less than 30 days	2,673,032	4,481,384
More than 60 days to 90 days	-	1,871,282
Total trade accounts receivable - other companies	39,812,201	31,082,268

**10. INVENTORIES**

Inventories as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Raw materials	75,700,061	50,319,683
Work in process	100,378,886	60,109,426
Finished goods	-	-
Goods in transit	-	1,863,004
Goods in process	967,716	532,543
Total	177,046,663	112,824,656
Allowance for devaluation of goods, beginning of the year	(43,104,730)	(42,981,426)
Increase	(731,671)	(123,304)
Decrease	-	-
Allowance for devaluation of goods, ending of the year	(43,836,401)	(43,104,730)
Net	133,210,262	69,719,926

## 11. FINANCIAL ASSETS AND LIABILITIES

### 11.1 OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES

Other current financial assets and liabilities as at December 31, 2021 and 2020 are detailed as follows:

		(Unit : Baht)			
		Other current financial assets		Other current financial liabilities	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
<b>Assets classified and measured at fair value through profit or loss</b>					
Investment in Fixed Income Fund		16,593,840	5,358,721	-	-
Unrealized gains on changes in value of investment		4,671	7,366	-	-
Net		16,598,511	5,366,087	-	-
<b>Forward exchange contracts</b>					
Foreign currency forward contract that do not qualify for hedge accounting		-	4,378,506	6,221,888	-
Total		16,598,511	9,744,593	6,221,888	-
<b>Assets classified and measured at fair value through comprehensive income</b>					
<b>Forward exchange contracts</b>					
Foreign currency forward contract that qualifies for hedge accounting		-	-	3,704,708	-
Total		-	-	3,704,708	-
Total other current financial assets and liabilities		16,598,511	9,744,593	9,926,596	-

**11. FINANCIAL ASSETS AND LIABILITIES (CONT'D)****11.2 OTHER NON - CURRENT FINANCIAL ASSETS**

Other non-current financial assets as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Assets classified and measured at amortized cost		
Savings deposits at bank with obligations	2,816,873	2,802,982
Fixed deposits at bank with obligations	13,553,131	13,521,301
Fixed deposits at bank with non-obligations	46,070,182	46,000,000
Total	62,440,186	62,324,283
Less: Allowance for expected credit losses	(57,528)	(20,088)
Other non-current financial assets – Net	62,382,658	62,304,195

As at December 31, 2021, the Company used deposit at three banks amount of Baht 15.50 million as guarantee against bank credit line total amount of Baht 59.50 million and USD 11.20 million, and guaranteed by the Company's directors.

As at December 31, 2020, the Company used deposit at three banks amount of Baht 15.50 million as guarantee against bank credit line total amount of Baht 69.50 million and USD 6.20 million, and guaranteed by the Company's directors.

**12. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT**

Leasehold building improvement and equipment as at December 31, 2021 and 2020 are detailed as follows:

(Unit : Baht)

	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
As at January 1, 2020					
Cost	9,241,948	8,662,140	4,073,331	58,999,026	80,976,445
<u>Less</u> Accumulated depreciation	(4,241,782)	(6,981,490)	(2,527,093)	(39,902,099)	(53,652,464)
<u>Less</u> Allowance for impairment	-	-	-	(3,577,255)	(3,577,255)
Net book value	<u>5,000,166</u>	<u>1,680,650</u>	<u>1,546,238</u>	<u>15,519,672</u>	<u>23,746,726</u>
For the year ended December 31, 2020					
Net book value – Opening Balance	5,000,166	1,680,650	1,546,238	15,519,672	23,746,726
Transfer to right-of-use assets	(350,000)	-	-	-	(350,000)
Additions	119,519	1,643,072	216,952	715,841	2,695,384
Disposal/write off	-	(425,813)	(221,567)	(11,400)	(658,780)
Depreciation charge	(857,984)	(1,087,841)	(437,015)	(3,958,311)	(6,341,151)
Depreciation-write off/terminate	-	425,766	221,562	11,398	658,726
Loss on impairment	-	-	-	(239,160)	(239,160)
Net book value – Closing Balance	<u>3,911,701</u>	<u>2,235,834</u>	<u>1,326,170</u>	<u>12,038,040</u>	<u>19,511,745</u>
As at December 31, 2020					
Cost	9,011,467	9,879,399	4,068,716	59,703,467	82,663,049
<u>Less</u> Accumulated depreciation	(5,099,766)	(7,643,565)	(2,742,546)	(43,849,012)	(59,334,889)
<u>Less</u> Allowance for impairment	-	-	-	(3,816,415)	(3,816,415)
Net book value	<u>3,911,701</u>	<u>2,235,834</u>	<u>1,326,170</u>	<u>12,038,040</u>	<u>19,511,745</u>

**Classification of depreciation**

(Unit : Baht)

	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
Product design projects	-	-	-	1,810,181	1,810,181
Cost of sales	-	-	-	2,145,044	2,145,044
Administrative expense	857,984	1,087,841	437,015	3,086	2,385,926
Total depreciation	<u>857,984</u>	<u>1,087,841</u>	<u>437,015</u>	<u>3,958,311</u>	<u>6,341,151</u>

**12. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT (CONT'D)**

(Unit : Baht)

	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
<i>As at January 1, 2021</i>					
Cost	9,011,467	9,879,399	4,068,716	59,703,467	82,663,049
<u>Less</u> Accumulated depreciation	(5,099,766)	(7,643,565)	(2,742,546)	(43,849,012)	(59,334,889)
<u>Less</u> Allowance for impairment	-	-	-	(3,816,415)	(3,816,415)
Net book value	<u>3,911,701</u>	<u>2,235,834</u>	<u>1,326,170</u>	<u>12,038,040</u>	<u>19,511,745</u>
<i>For the year ended December 31, 2021</i>					
Net book value – Opening Balance	3,911,701	2,235,834	1,326,170	12,038,040	19,511,745
Additions	-	780,833	16,269	12,354,357	13,151,459
Disposal/write off	-	(176,374)	-	-	(176,374)
Depreciation charge	(885,480)	(994,941)	(413,244)	(3,802,143)	(6,095,808)
Depreciation-write off/terminate	-	176,355	-	-	176,355
Loss on impairment	-	-	-	(77,953)	(77,953)
Net book value – Closing Balance	<u>3,026,221</u>	<u>2,021,707</u>	<u>929,195</u>	<u>20,512,301</u>	<u>26,489,424</u>
<i>As at December 31, 2021</i>					
Cost	9,011,467	10,483,858	4,084,985	72,057,824	95,638,134
<u>Less</u> Accumulated depreciation	(5,985,246)	(8,462,151)	(3,155,790)	(47,651,155)	(65,254,342)
<u>Less</u> Allowance for impairment	-	-	-	(3,894,368)	(3,894,368)
Net book value	<u>3,026,221</u>	<u>2,021,707</u>	<u>929,195</u>	<u>20,512,301</u>	<u>26,489,424</u>

## Classification of depreciation

(Unit : Baht)

	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
Product design projects	-	-	-	1,902,080	1,902,080
Cost of sales	-	-	-	1,900,063	1,900,063
Administrative expense	885,480	994,941	413,244	-	2,293,665
Total depreciation	<u>885,480</u>	<u>994,941</u>	<u>413,244</u>	<u>3,802,143</u>	<u>6,095,808</u>

As at December 31, 2021 and 2020, certain item of leasehold building improvement and equipment at cost of Baht 51.57 million and Baht 44.50 million respectively, were fully depreciated but are still in use.



**13. LEASE**

The Company entered into leases relating to office building premises, vehicles and office supplies.

**13.1 Right-of-use assets**

The movements of right-of-use assets for year ended December 31, 2021 are presented below:

	(Unit : Baht)
	December 31, 2021
<b>Net book value as at January 1, 2021</b>	14,051,767
Acquisition – Cost	-
Depreciation	(3,247,839)
<b>Net book value as at December 31, 2021</b>	<b>10,803,928</b>

**13.2 Lease liabilities**

Lease liabilities as at December 31, 2021 are detailed as follow:

	(Unit : Baht)
	December 31, 2021
Lease liabilities	12,208,106
<u>Less:</u> Deferred interest income	(1,072,698)
Total	11,135,408
<u>Less:</u> Current portion	(3,046,023)
Net	<b>8,089,385</b>

**14. OTHER INTANGIBLE ASSETS**

Intangible assets as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)			
	Computer	Product development projects		
	software	Accomplished	Under progress	Total
As at January 1, 2020				
Cost	4,147,363	62,402,715	29,172,574	95,722,652
<u>Less</u> Accumulated amortization	(3,583,532)	(18,763,663)	-	(22,347,195)
<u>Less</u> Allowance for impairment	-	(1,350,600)	(4,636,000)	(5,986,600)
Net book value	563,831	42,288,452	24,536,574	67,388,857

## 14. INTANGIBLE ASSETS (CONT'D)

	(Unit : Baht)			
	Computer	Product development projects		
	software	Accomplished	Under progress	Total
For the year ended December 31, 2020				
Net book value – Opening Balance	563,831	42,288,452	24,536,574	67,388,857
Transfer in (out)	-	(729,027)	-	(729,027)
Acquisition/development during the period - Cost	163,200	69,809	24,882,566	25,115,575
Depreciation -tools and equipment of project	-	729,027	1,081,154	1,810,181
Project accomplished	-	1,441,914	(1,441,914)	-
Amortization charge	(259,855)	(4,337,869)	-	(4,597,724)
Amortization -write off/terminate	-	-	-	-
Loss on impairment	-	(5,350,179)	(15,868,000)	(21,218,179)
Net book value – Closing Balance	<u>467,176</u>	<u>34,112,127</u>	<u>33,190,380</u>	<u>67,769,683</u>
As at December 31, 2020				
Cost	4,310,563	63,914,438	53,694,380	121,919,381
<u>Less</u> Accumulated amortization	(3,843,387)	(23,101,532)	-	(26,944,919)
<u>Less</u> Allowance for impairment	-	(6,700,779)	(20,504,000)	(27,204,779)
Net book value	<u>467,176</u>	<u>34,112,127</u>	<u>33,190,380</u>	<u>67,769,683</u>

## Classification of amortization

	(Unit : Baht)			
	Computer	Product development projects		
	software	Accomplished	Under progress	Total
Cost of sales	57,815	4,337,869	-	4,395,684
Administrative expense	202,040	-	-	202,040
Total amortization	<u>259,855</u>	<u>4,337,869</u>	<u>-</u>	<u>4,597,724</u>

## 14. INTANGIBLE ASSETS (CONT'D)

(Unit : Baht)

	Computer	Product development projects		
	software	Accomplished	software	Accomplished
<i>As at January 1, 2021</i>				
Cost	4,310,563	63,914,438	53,694,380	121,919,381
<u>Less</u> Accumulated amortization	(3,843,387)	(23,101,532)	-	(26,944,919)
<u>Less</u> Allowance for impairment	-	(6,700,779)	(20,504,000)	(27,204,779)
Net book value	467,176	34,112,127	33,190,380	67,769,683
<i>For the year ended December 31, 2021</i>				
Net book value - Opening Balance	467,176	34,112,127	33,190,380	67,769,683
Adjust estimated costs of products development project	-	(1,688,559)	-	(1,688,559)
Acquisition/development during the year - Cost	-	2,155,531	24,777,516	26,933,047
Depreciation -tools and equipment of project	-	818,544	1,083,536	1,902,080
Write off ceased products development project	-	-	(3,519,109)	(3,519,109)
Project accomplished	-	24,852,115	(24,852,115)	-
Amortization charge	(209,773)	(3,186,228)	-	(3,396,001)
Amortization -write off/terminate	-	-	-	-
Loss on impairment	-	(29,422,749)	(3,215,000)	(32,637,749)
Net book value - Closing Balance	257,403	27,640,781	27,465,208	55,363,392
<i>As at December 31, 2021</i>				
Cost	4,310,563	90,052,069	51,184,208	145,546,840
<u>Less</u> Accumulated amortization	(4,053,160)	(26,287,760)	-	(30,340,920)
<u>Less</u> Allowance for impairment	-	(36,123,528)	(23,719,000)	(59,842,528)
Net book value	257,403	27,640,781	27,465,208	55,363,392

**14. INTANGIBLE ASSETS (CONT'D)**

## Classification of amortization

	(Unit : Baht)		
	Computer	Product development projects	
	software	Accomplished	Under progress
			Total
Cost of sales	58,200	3,186,228	-
Administrative expense	151,573	-	-
Total amortization	(209,773)	(3,186,228)	-

As at December 31, 2021, total product development projects are 17 projects, which 9 projects were accomplished have been amortized. The other 8 projects are under progress.

**15. DEFERRED TAX ASSETS**

Significant components of deferred tax assets which presented in the financial statements as at December 31, 2021 and 2020 consist of:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
<b>Deferred tax assets</b>		
Allowance for devaluation of inventories	2,498,342	2,347,687
Estimated dismantlement costs of leasehold building improvement	24,903	12,379
Employee benefit obligations	3,424,789	3,722,024
Total	5,948,034	6,082,090

**15. DEFERRED TAX ASSETS (CONT'D)**

Tax expense (income) for the year ended December 31, 2021 and 2020 summarized as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
<b>Current income tax:</b>		
Income tax for the period	142,038	363,914
<b>Deferred tax:</b>		
Deferred tax arising from temporary		
differences and reversal	(208,968)	(610,124)
Tax expense (income)	(66,930)	(246,210)

Amounts of income tax relating to each component of other comprehensive income for the year ended December 31, 2021 and 2020 can be presented as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Deferred tax related to profit (loss) on revaluation		
of defined benefit	343,024	59,878
Income tax recognized in other comprehensive income	343,024	59,878

**15. DEFERRED TAX ASSETS (CONT'D)**

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2021 and 2020 presented as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Accounting profit before income tax	63,970,694	34,144,781
Income tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	12,794,139	6,828,956
Tax effects for prohibited expense and income	2,362,448	3,075,220
Income tax exempted under investment promotion certificate	(15,223,517)	(10,150,386)
Total	(12,861,069)	(7,075,166)
Tax expense (income) presented in the statement of comprehensive income	(66,930)	(246,210)
Effective income tax rate	(0.001%)	(0.72%)

**16. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables as at December 31 2021 and 2020 are detailed as follows:

		(Unit : Baht)	
	Note	December 31, 2021	December 31, 2020
Trade accounts payable			
Trade accounts payable		18,865,377	11,069,132
Total		18,865,377	11,069,132
Other current payables- related parties			
Accrued expenses		71,639	78,895
Total		71,639	78,895
Other current payables			
Accrued bonus		17,382,947	12,194,776
Accrued commission		874,514	749,644
Advance received		2,657,540	3,415,277
Advance from government grants	23	328,046	534,404
Accrued dividend		36,339	-
Accrued expenses		3,360,512	2,211,674
Other current payables		4,172,428	1,687,395
Total		28,812,326	20,793,170
Total trade and other current payables		47,749,342	31,941,197

## 17. PROVISIONS

(Unit : Baht)

	Warranty	Estimated costs development project	Provisions from of assets	Provisions from Product order commitment	Total
Balance as at January 1, 2021	297,736	2,323,114	278,015	-	2,898,865
Recognition during year	-	963,914	14,596	377,879	1,356,389
Decrease during year	(297,736)	(2,652,474)	-	-	(2,950,210)
Balance as at December 31, 2021	-	634,554	292,611	377,879	1,305,044
Short-term provisions	-	634,554	-	377,879	1,012,433
Long-term provisions	-	-	292,611	-	292,611
Balance as at December 31, 2021	-	634,554	292,611	377,879	1,305,044

Warranty

The Company recognized a provision for the expected warranty claims on service based on past experience of the level of software editing by the type of system design service.

Estimated costs of products development project

The Company recognized the estimated costs of products design development project from quantitative quality measurement, consist of wages and related costs.

Estimated costs of dismantlement of assets

The Company recognized the estimated costs of dismantlement of assets in the future where the agreement is terminated and has commitment to assign premises in part of office building improvement for lease.



**18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS**

Non-current provisions for employee benefits as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
<b>Non-current provisions for:</b>		
Post-employment benefits– Legal severance plan	18,858,241	19,840,291
Other long-term employee benefits	575,070	-
<b>Total</b>	<b>19,433,311</b>	<b>19,840,291</b>

The increase and decrease in non-current provisions for employee benefits as at December 31, 2021 and 2020 are summarized as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Beginning balance	19,840,291	17,806,649
Included in income statement:		
Current service costs	3,163,511	2,005,176
Interest costs	360,294	327,857
Curtailment (gains) / losses	(1,015,662)	-
Included in statement of comprehensive income:		
Actuarial (gain) loss arising from:		
Financial assumptions changes	(1,795,459)	(5,328,421)
Demographic assumptions changes	(16,776)	1,868,639
Experience adjustments	97,112	3,160,391
Benefit paid	(1,200,000)	-
<b>Ending balance</b>	<b>19,433,311</b>	<b>19,840,291</b>

**18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)**

Expenses recognized in statement of comprehensive income for the year ended December 31, 2021 and 2020.

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Cost of sales and services	1,016,727	1,000,335
Cost of distribution	440,985	360,956
Administrative expenses	1,050,431	971,742
Total	2,508,143	2,333,033

*Legal severance plan and other long-term employee benefits*

The Company provides a defined benefit plan based on the requirement of Labor Protection Act B.E. 2541 (1998). In addition, the Company also provides other long-term employee benefits to employees in key positions based on their work performance.

Principal actuarial assumptions at the reporting date (expressed as weighted averages) for the year ended December 31, 2021 and 2020.

	December 31, 2021	December 31, 2020
Discount rate	2.40 %	1.82 %
Salary increases rates	4.00 %	4.00 %
Turnover rate of employees (varied by the age of employee)	0.00-11.00 %	0.00-15.00 %

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO2017").

**18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)****Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit : Baht)			
	December 31, 2021		December 31, 2020	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
Discount rate (0.5% movement)	(1,683,919)	1,875,600	(1,651,853)	1,837,344
Future salary growth				
(0.5% movement)	1,758,203	(1,599,872)	1,709,029	(1,558,886)
Turnover rate				
(10.00% movement)	(397,948)	421,715	(418,421)	441,359

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**19. PROVIDENT FUND**

The Company established a provident fund for all full-time employees in accordance with the Provident Fund Act B.E. 2530 in the year 2010.

The fund is to be contributed by both the employees and the Company on monthly basis at the rate 3%-7% of employee salaries, and will be paid to employees upon termination in accordance with the rules of the Company's provident fund based on the length of service. The Company appointed the fund's manager according to the requirement of the Provident Fund Act B.E. 2530.

For the year ended December 31, 2021, the Company paid for the contribution in the amount of Baht 3.34 million (as at December 31, 2020: Baht 3.21 million)

**20. PREMIUM ON SHARE-BASED-PAYMENT**

Premium on share-based-payments as at December 31, 2021 and 2020 are detailed as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Premium on granting stock options to employees.	9,776,657	9,776,657
Premium on employee joint investment program (EJIP).	1,107,160	-
Total	10,883,817	9,776,657

*Stock options for employees*

In 2011-2014 the former shareholders gave share option of part of their personal shares to a group of employees at the price (Par value) or (Book value per share). Such transaction is regarded as Share-Based-Payments. The Company, therefore must measure fair value of common share at the grant date and record the difference between fair value of share and receiving returned as expenses and recognizes incremental in shareholder equity as premium on share capital from share-based-payments.

*Employee Joint Investment Program (EJIP)*

In 2021, the Company informed the Securities and Exchange Commission (“SEC”) of Employee Joint Investment Programs (“EJIPs”) that the programs are established to serve as another means of compensating the certain employees. Hence, the Company realized fair value of deliverable as expenses. Also, the difference amount of fair value of deliverable and investment amount is recognized as premium on share-based-payments as stated in note 28.4.

**21. LEGAL RESERVE**

According to the Civil and Commercial Code, the Company has to appropriate profit as a legal reserve at least 5% of net profit deducted by deficit brought forward (if any) until the reserve reach an amount 10% of the capital of the Company. Such legal reserve is not available.

**22. DIVIDEND**

On April 29, 2021 at the annual shareholders' general meeting for the year 2021 of the Company, passed the approve dividend payment from the 2020 net profit at Baht 0.043 per share, totally Baht 17.19 million which was paid on May 28, 2021.

**23. GOVERNMENT GRANTS**

The Company was granted by "Smart Shrimp Farm using Wireless Sensor Network and AI Project" and "Smartphone-based Portable Residual Toxin Tester Project" from Office of the National Digital Economy and Society Commission. The agency will support in the form of grants.

As at December 31, 2021 and 2020, government grants comprise the following:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Government grants at the beginning of the year	534,404	-
Proceeds from Government grants during the year	4,454,400	2,723,700
Less Transfer to other income – government grants	(4,660,758)	(2,189,296)
Government grants at the end of the year	328,046	534,404

For the year ended December 31, 2021 and 2020, government grants comprise the following:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Other income – Government grants	4,660,758	2,189,296
Less Administrative expenses – Project expenses	(4,660,758)	(2,189,296)
Net balance	-	-

**24. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES****24.1 Directors' remuneration**

According to the minutes of shareholders' general meeting for the year 2021 held on April 29, 2021, passed to determine directors' remuneration and meeting allowance for the year 2021 total amount at least Baht 1.88 million.

**24.2 Management benefit expenses**

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and in accordance with the definitions of the Office of the Securities and Exchange Commission.

For the year ended December 31, 2021 and 2020, the management benefit expenses amounting to Baht 23.55 million and Baht 23.35 million, respectively.

**25. EXPENSES ANALYZED BY NATURE**

Significant expenses by nature for the year ended December 31, 2021 and 2020 as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Changes in finished goods and work in process	(40,231,726)	15,740,222
Raw materials and consumable	130,170,566	85,513,424
Commuted production cost	74,818,675	53,050,699
Employee benefit expenses	89,603,971	77,748,278
Depreciation and amortization	12,739,647	10,938,875
Research expenses	12,554,103	10,424,708
Loss on devaluation of inventories	731,671	123,304
Travelling expenses	348,707	452,694
Loss on impairment of assets	32,715,702	21,457,339
Write off ceased products design development project	3,519,109	-

## 26. INVESTMENT PROMOTIONAL PRIVILEGES AND RIGHTS

The Company was granted promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520. The promotional privileges are about design integrated circuit, RFID equipment and continuous products development, totaling in number of three certificates. The first certificate was granted on August 4, 2008, the seconded certificate was granted on September 5, 2013 and the third certificate was granted on January 14, 2016. The first certificate (Corporate income tax exemption privilege) was expired on September 9, 2016. The privileges are as follows:

- 26.1 Exemption from corporate income tax on net profit of the promoted business for a period of 8 years from the first date the income derived from the promoted activities. In case of loss of the business during the tax exemption period, the Company is able to bring an annual loss incurred during such period deducting from the net profits occurred after the expiration of the period of exemption of corporate income tax for a period of not more than five years from the expiry date of such period.
- 26.2 Exemption from computation of taxable income on dividend derived from the promoted activities throughout the period of corporate income tax exemption.
- 26.3 Exemption from import duty for the machinery as approved by the Board throughout the period of corporate income tax exemption.
- 26.4 Permission to exempt import duty of raw material and supplies which are imported for manufacturing and exporting for 1 year since the first date of importing.
- 26.5 Permission to exempt import duty of products which are imported for exporting for 1 year since the first date of importing.
- 26.6 Permission to remit money in foreign currencies outside Thailand.

The Company must comply with certain terms and conditions specified in the promotional certificates.

**26. INVESTMENT PROMOTIONAL PRIVILEGES AND RIGHTS (CONT'D)**

The results of operations the Company for the year ended December 31, 2021 and 2020 divided by investment promotional privileges are as follows :

(Unit : Baht)

	BOI		NON – BOI		Total	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenues from sales						
and services	398,853,072	311,489,756	22,844,498	26,388,314	421,697,570	337,878,070
Costs of sales and						
services	(183,961,938)	(169,540,439)	(15,149,180)	(18,673,277)	(199,111,118)	(188,213,716)
Gross profit	214,891,134	141,949,317	7,695,318	7,715,037	222,586,452	149,664,354
Other income	2,244,249	114,036	6,136,206	3,932,288	8,380,455	4,046,324
Distribution costs	(29,576,334)	(22,471,735)	(1,980,649)	(2,166,685)	(31,556,983)	(24,638,420)
Administrative expenses	(97,015,054)	(73,530,770)	(24,524,523)	(24,677,197)	(121,539,577)	(98,207,967)
Other expenses	(8,387,162)	-	417,865	-	(7,969,297)	-
Other gains (losses)	(5,598,809)	3,689,345	(320,845)	169,384	(5,919,654)	3,858,729
Profit (loss) from						
operating activities	76,558,024	49,750,193	(12,576,628)	(15,027,173)	63,981,396	34,723,020
Finance income	-	-	677,779	339,039	677,779	339,039
Finance costs	(651,165)	(845,639)	(37,316)	(71,639)	(688,481)	(917,278)
Profit (loss) before						
tax expense	75,906,859	48,904,554	(11,936,165)	(14,759,773)	63,970,694	34,144,781
Tax income (expense)	55,153	369,476	11,777	(123,266)	66,930	246,210
Profit (loss) for the year	75,962,012	49,274,030	(11,924,388)	(14,883,039)	64,037,624	34,390,991

Unidentified cost of sales and services, selling and administrative expenses, other expenses and finance costs will be allocated based on proportion of BOI and Non-BOI accordingly.



## 27. FINANCIAL INFORMATION BY SEGMENT

Segment information is to be presented the management's deciding in the information reporting which is reference to the internal information consistently reported to the chief operating decision maker about the Company's operating information.

27.1 The major operation of the Company operates distribution goods and design of integrated circuits and embedded systems in geographical mostly in overseas. Moreover, revenues from sales in domestic and service are totally less than 10%. The Company, therefore, has not presented financial information by segment.

### 27.2 Major customers

For the year ended December 31, 2021, the Company had revenues from 1 major customers in total amount of Baht 95 million (as at December 31, 2020: Baht 174.72 million).

## 28. COMMITMENT

### 28.1 Capital commitment

As at December 31, 2021, the Company has entered into service agreement for software implementation of an enterprise resource management system in the amount of Baht 0.17 million.

### 28.2 Product order commitments

Ever since December 31, 2019, the Company has a commitment to order products from a manufacturer in oversea for a period of 5 years from the years 2019 – 2023. The product order is 4 million pieces per annum, totaling 20 million pieces in the amount of USD 0.24 million. However, if in any year the production order is lower than specified in the contract, the Company must pay compensation according to the unit price set for each particular year between USD 8,000 to USD 50,000, totaling USD 160,000.

On April 29, 2021, the Company has a commitment to order products from a manufacturer for a period of 18 months from the July 1, 2021 to December 31, 2022. The product order is 18 million wires per month. However, if in any month the production order is lower than specified in the contract, the Company must pay compensation amount of USD 0.0055 per wire.

**28. COMMITMENT (CONT'D)****28.3 Operating lease and service agreement commitments**

The Company entered into operating lease relating to lease of office building.

As at December 31, 2021 and 2020, future minimum payments required under these non-cancellable operating leases and service contracts were as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Payments		
Within 1 year	3,046,023	3,017,430
Over 1 year not exceed 5 years	8,089,385	11,117,101
Total	11,135,408	14,134,531

**28.4 Commitments regarding employee joint investment program (EJIP)**

On May 13, 2021 at the Board of Directors' Meeting No. 4/2021 of the Company, on the approval of the Employee Joint Investment Program 1 (EJIP 1). The details of EJIP 1 are as follows:

The period of EJIP	Starting from September 1, 2021 till September 6, 2024, total 3 years.
Eligible employees under EJIP	Employees at the level staff to manager with great potential and high responsibilities.
EJIP arrangement	The proportion between the Company's contributions and the employees' investments is 99% to 1%
The period of investment	Every month total 36 month, starting from September, 2021 to August, 2024  Budget of EJIP total amount of Baht 3.42 million. (10% from the 2020 net profit of the Company.)
Conditions for holding the securities	Program participants have the right to sell shares when the project reaches the age of 1 and 2 years by being able to sell all the shares held in the account.  The company will cease payment to employees in the event that the employee has ceased from being an employee while the program has not yet expired.

**28. COMMITMENT (CONT'D)****28.4 Commitments regarding employee joint investment program (EJIP) (cont'd)**

On August 11, 2021 at the Board of Directors' Meeting No. 5/2021 of the Company, on the approval of the Employee Joint Investment Program 2 (EJIP 2). The details of EJIP 2 are as follows:

The period of EJIP	Starting from September 1, 2021 till September 6, 2024, total 3 years.
Eligible employees under EJIP	Employees in the position of assistant manager and above with great potential and being in key positions.
EJIP arrangement	The proportion between the Company's contributions and the employees' investments is 72% to 28%
The period of investment	Every month total 18 month, starting from September, 2021 to February, 2024
Conditions for holding the securities	Program participants have the right to sell shares when the ending project in September 2023.  The company will cease payment to employees in the event that the employee has ceased from being an employee while the program has not yet expired.

Employee Joint Investment Program No. 2, that is refer to the resolutions of the Board of Directors' Meeting No.5/2021, directors (4 of Co-founders) have sacrificed their compensation for 18 months period, starting from July 2021 to December 2022, to be a budget for this program.

## 29. FINANCIAL INSTRUMENTS

### 29.1 Derivatives and hedge accounting

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
<b>Derivative assets</b>		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	-	4,378,506
<b>Total derivative assets</b>	-	4,378,506
<b>Derivative liabilities</b>		
Derivative liabilities not designated as hedging instruments		
Foreign exchange forward contracts	6,221,888	-
Derivative liabilities designated as hedging instruments		
Foreign exchange forward contracts	3,704,708	-
<b>Total derivative liabilities</b>	9,926,596	-

#### *Derivatives not designated as hedging instruments*

The Company 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 not exceeding 1 year.

#### *Derivatives designated as hedging instruments*

##### *Cash flow hedges*

There is an economic relationship between the hedged item and the hedging instrument as the terms of the foreign exchange forward contracts match the terms of the highly probable forecast sale (i.e. notional amount, maturity, payment and currency). The Company has established a hedge ratio of 50%-85% as the underlying risk of the foreign exchange forward contract is identical to the hedged risk component.

The impact of the hedging instruments on the statement of financial position as at 31 December 2021 is presented in other current financial liabilities amounting to Baht 9.93 million.

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### 29.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, trade accounts payable, and derivatives. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and other financial instruments. Except for derivative financial instruments, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivative financial instruments is noted in the liquidity risk topic.

#### *Trade receivables*

The Company 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 the Company does not have high concentrations of credit risk since it has customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, the Company made the insurance for damages from default on debts repayment at 90% of total debts.

#### *Financial instruments and cash deposits*

The Company manages the credit risk from balances with banks. Investments are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Executive Committee on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### 29.2 Financial risk management objectives and policies (cont'd)

#### Market risk

There are two types of market risk comprising of foreign currency risk and interest rate risk.

#### *Foreign currency risk*

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company 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 December 31, 2021, forward exchange contracts outstanding are summarised below.

December 31, 2021			
Foreign currency	Sold amount	Contractual exchange rate of Sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
USD	6,318,651	29.79 – 33.56	January – December 2022

As at 31 December 2021, the Company recognised the impact from change in fair value of derivatives as the following:

- Derivative not designated as hedging instruments amounting to Baht 6.22 million is presented as other current financial liabilities in the statement of financial position and recognised loss on change in fair value included in gain on exchange account in profit or loss.
- Derivative designated as hedging instruments amounting to Baht 3.70 million is presented as other current financial liabilities in the statement of financial position and recognised loss on change in fair value included in gains (losses) on cash flow hedges in other components of shareholders' equity.

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### 29.2 Financial risk management objectives and policies (cont'd)

#### Market risk (cont'd)

##### *Foreign currency risk (cont'd)*

As at December 31, 2021 and 2020, the balance of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
(Baht per 1 foreign currency unit)						
USD	1,411,570	2,024,524	47,769	119,703	33.42	30.04
EUR	144,581	168,236	-	-	37.51	36.50
CNY	3,355	-	-	-	5.18	-

##### *Foreign currency sensitivity*

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company'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 2021. The Company's exposure to foreign currency changes for all other currencies is not material.

Currencies	Depreciation / Appreciation in Baht (percent)	Changes in the fair value of monetary assets and liabilities in foreign currencies
		(Million Baht)
USD	+1	12.04
	-1	7.81

Therefore, information is not expectation and future market prediction and should be used with care.

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### 29.2 Financial risk management objectives and policies (cont'd)

#### Market risk (cont'd)

##### *Interest rate risk*

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to current and future operations and cash flows of the Company. The Company's management believes that the interest rate risk is minimal because the Company's deposits at banks and short-term loans bear interest at the floating market interest rates. Lease liabilities bear interest at fixed rates which approximate market interest rates.

#### Liquidity risk

The Company manages liquidity risk by monitoring that current assets are higher than current liabilities and having enough credit facilities for business operation.

As at December 31, 2021, the Company has the maturity of financial liabilities are detailed as follows

	(Unit : Baht)			
	On demand	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>				
Trade and other payables	47,749,342	-	-	47,749,342
Lease liabilities	-	3,046,023	8,089,385	11,135,408
<b>Total non-derivatives</b>	<u>47,749,342</u>	<u>3,046,023</u>	<u>8,089,385</u>	<u>58,884,750</u>
<b>Derivatives</b>				
Derivative liabilities	-	9,926,596	-	9,926,596
<b>Total derivative</b>	<u>-</u>	<u>9,926,596</u>	<u>-</u>	<u>9,926,596</u>



## 29. FINANCIAL INSTRUMENTS (CONT'D)

### 29.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Company estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and accounts payable, the carrying amounts in the statement of financial position approximate their fair value.
- The fair value of Fixed Income Fund is generally derived from quoted market prices.
- 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, interest rate yield curves and commodity price yield curves. The Company 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.

## 30. CAPITAL MANAGEMENT

The objective of the financial management of the Company is to preserve the operation as a going concern and maintain of appropriate capital structure.

In 2021 and 2020, the Company has debt to equity ratio as follows:

	(Unit : Baht)	
	December 31, 2021	December 31, 2020
Debt to equity ratio	0.23	0.20

**31. EVENTS AFTER THE REPORTING PERIOD**

According to the minutes of the Board of directors' meeting No. 1/2022 held on February 24, 2022, passed the resolution to pay dividend to the shareholders from the 2021 net profit at Baht 0.043 each for 400 million shares totally amount of Baht 17.20 million. The Company will pay dividend to the shareholders within May 25, 2022.

**32. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Company's directors on February 24, 2022.

### Attachments

<b>Attachment 1</b>	Information of the Board and Directors, Executives, Controlling Persons,  Appointed person to take highest responsibility in accounting and finance,  Appointed person to take direct responsibility to control and supervise accounting operations and Company Secretary
<b>Attachment 2</b>	Information on Internal Audit and Corporate Governance Supervisor
<b>Attachment 3</b>	Corporate Governance Policy,  Business Ethics and Code of Conduct at Work Manual,  Charter of the Board of Directors and Charters of the Sub-Committees
<b>Attachment 4</b>	Internal Control Sufficiency Evaluation Form for the year ended December 31, 2021



## Silicon Craft Technology Public Company Limited

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### Attachment 1

#### Information of

the Board and Directors, Executives, Controlling Persons, Appointed person to take highest responsibility in accounting and finance, Appointed person to take direct responsibility to control and supervise accounting operations and Company Secretary

As of December 31, 2021

First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
1. Mr. Manop Dhamsirianunt  - Authorized Director  - Chairman of the Board of Directors  - Appointed firstly as a director on: 5 April 2019	56	<ul style="list-style-type: none"> <li>- Master's degree in Engineering (Electronics), Carleton University</li> <li>- Bachelor's degree in Engineering (Electronics), King Mongkut's Institute of Technology Ladkrabang</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Director Accreditation Program Class 132/2016</li> </ul>	101,880,860 Shares (25.47%)	- None -	Aug 2021 - Present  Apr 2019 - Aug 2021  Dec 2002 - Apr 2019  2015 - Present	Chairman of the Board of Directors  Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Management Committee  Director, Chief Executive Officer  Managing Director	<u>Listed companies</u> Silicon Craft Technology PLC  Silicon Craft Technology PLC  <u>Non-listed companies</u> Silicon Craft Technology Co., Ltd.  XAV Audio Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips  Research and Development, Design, and Sales of Integrated Circuits or Microchips  Research and Development, Design, and Sales of Integrated Circuits or Microchips  Audio Design and Manufacturing Company
2. Mrs. Monluedee Sookpantararat (Former First Family Name: Monluedee Pratuangpattanakul)  - Independent Director  - Chairman of the Audit Committee  - Member of the Risk Management Committee  - Appointed firstly as a director on: 5 April 2019	57	<ul style="list-style-type: none"> <li>- Master's degree in Accounting Thammasat University</li> <li>- Bachelor's degree in Accounting (Second Class Honors), Thammasat University</li> <li>- Graduate Diploma in Auditing Thammasat University</li> <li>- Certified Public Accountant, Registration No. 4020</li> <li>- Arbitrator of Thailand Arbitration Center (Thailand Arbitration Center: THAC)</li> </ul>	500,000 Shares (0.13%)	- None -	Apr 2019 - Present  2015 - Present  2013 - Present  2007 - Present  2014 - 2021	Independent Director, Chairman of the Audit Committee, Member of the Risk Management Committee  Independent Director, Chairman of the Audit Committee, Vice Chairman  Independent Director, Member of the Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination and Remuneration Committee  Independent Director, Member of the Audit Committee  Deputy Managing Director of Financial	<u>Listed companies</u> Silicon Craft Technology PLC  ASN Broker Public Co., Ltd.  Plan B Media PLC.  Asiasoft Corporation Co., Ltd.  Nava Nakorn PLC.	Research and Development, Design, and Sales of Integrated Circuits or Microchips  Auto Insurance Broker  Outdoor Advertising Media Production and Services  Online Entertainment Services  Real Estate and Industrial Estate Project

First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
		<ul style="list-style-type: none"> <li>- Arbitrator of Thailand Arbitration Center, Court of Justice (Thai Arbitration Institute : TAI)</li> <li>- ASEAN Chartered Professional Accountant</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Director Diploma Award (Fellow Member) Class 11/2003</li> <li>- Director Certification Program Class 31/2003</li> <li>- Director Accreditation Program Class 34/2005</li> <li>- Audit Committee Program Class 23/2008</li> <li>- Ethical Leadership Program Class 23/2021</li> <li>- Anti-Corruption Practical Guide Class 57/2021</li> </ul>			2002 - Present Visiting Lecturer Bangkok University Educational Institution			
					1993 - Present Visiting Lecturer Thammasat University Educational Institution			
					2016 - Apr 2019 Independent Director Silicon Craft Technology Co., Ltd. Research and Development, Design, and Sales of Integrated Circuits or Microchips			
3. Mr. Wuthipong Suponthana  - Independent Director  - Member of the Audit Committee  - Chairman of the Risk Management Committee  - Member of the Nomination, Remuneration and Corporate Governance Committee	56	<ul style="list-style-type: none"> <li>- PhD in Engineering (Renewable Energy), Naresuan University</li> <li>- Master's degree in Industrial Engineering, California State University Northridge, USA</li> <li>- Bachelor's degree in Electronics Engineering, King Mongkut's Institute of Technology Ladkrabang</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Director Accreditation Program Class 133/2017</li> <li>- Anti-Corruption Practical Guide Class 57/2021</li> </ul>	250,000 Shares (0.06%)	- None -	Apr 2019 - Present Independent Director, Member of the Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination, Remuneration and Corporate Governance Committee Silicon Craft Technology PLC Research and Development, Design, and Sales of Integrated Circuits or Microchips			
					2015 - Present Director Leonics O&M Co., Ltd. Photovoltaic Power Plant Maintenance Services			
					2011 - Present Director Leonics Esco Co., Ltd. Photovoltaic Power Plant Construction Services			
					1998 - Present Managing Director Leonics Co., Ltd. Electrical Equipment Manufacturing			
					2016 - Apr 2019 Independent Director Silicon Craft Technology Co., Ltd. Research and Development, Design, and Sales of Integrated Circuits or Microchips			

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First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
- Authorized Director		- Master's degree in Electrical Engineering University of California at Berkeley			Apr 2019 - Aug 2021	Director, Chief Operating Officer, Member of the Risk Management Committee, Member of the Executive Committee	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Director		- Bachelor's degree in Electrical Engineering Chulalongkorn University			2003 - Present	Managing Director	<u>Non-listed companies</u> I.E. Technology Co., Ltd.	RFID (System Integrator) System Design and Services
- Chairman of the Executive Committee		- Academic Qualifications from Thai Institute of Directors Association (IOD) - Director Accreditation Program Class 132/2017 - Corporate Governance for Executives Class 18/2021			2003 - Present	Deputy Managing Director	Industrial Electrical Co., Ltd.	Sales of Industrial Electrical Equipment
- Member of the Risk Management Committee					Dec 2002 - Apr 2019	Director, Chief Operating Officer	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Member of the Nomination, Remuneration and Corporate Governance Committee								
- Appointed firstly as a director on: 5 April 2019								
6. Mr. Apinetr Unakul	53	- Master's degree in Software and System, Boston University	67,793,600 Shares (16.95%)	- None -	Aug 2021 - Present	Director	<u>Listed companies</u> Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Director		- Bachelor's degree in Computer Engineering, Carnegie Mellon University			Apr 2019 - Aug 2021	Chairman of the Executive Committee	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Appointed firstly as a director on: 5 April 2019		- Academic Qualifications from Thai Institute of Directors Association (IOD) - Anti-Corruption Practical Guide Class 31/2016 - Ethical Leadership Program Class 5/2016 - Director Accreditation Program Class 134/2017			2002 - Present	Director	CAT Telecom PLC.	Telecommunication
					Dec 2002 - Apr 2019	Director	<u>Non-listed companies</u> Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips



First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
					1992 - 2018	Lecturer	King Mongkut's Institute of Technology Ladkrabang	Educational Institution
7. Mr. Apinunt Thanachayanont  - Director  - Appointed firstly as a director on: 5 April 2019	48	<ul style="list-style-type: none"> <li>- PhD in Electrical and Electronic Engineering, Imperial College, University of London</li> <li>- Master's degree in Electrical and Electronic Engineering Imperial College, University of London</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Director Accreditation Program Class 133/2016</li> </ul>	21,317,020 Shares (5.33%)	- None -	Apr 2019 - Present   2017 - Present   Dec 2002 - Apr 2019	Director   Professor   Director	<u>Listed companies</u> Silicon Craft Technology PLC  <u>Non-listed companies</u> King Mongkut's Institute of Technology Ladkrabang  Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips  Educational Institution  Research and Development, Design, and Sales of Integrated Circuits or Microchips
8. Mr. Bodin Kasemset  - Authorized Director  - Director  - Chief Executive Officer  - Member of the Executive Committee  - Member of the Risk Management Committee	46	<ul style="list-style-type: none"> <li>- PhD in Microsystems Technology, Technische Universität, Hamburg-Harburg, Germany</li> <li>- Master's degree in Mechatronics, Technische Universität, Hamburg-Harburg, Germany</li> <li>- Bachelor's degree in Automotive Engineering, Chulalongkorn University</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Director Accreditation Program Class 168/2020</li> <li>- Boardroom Success through Financing &amp; Investment Class 10/2021</li> <li>- Successful Formulation &amp; Execution of Strategy Class 34/2021</li> <li>- Corporate Governance for Executives Class 18/2021</li> </ul>	4,320,000 Shares (1.08%)	- None -	Aug 2021 - Present   Apr - Aug 2021   2020 - Apr 2021   2019 - 2020	Director, Member of the Risk Management Committee, Member of the Executive Committee, Chief Executive Officer  Director, Member of the Executive Committee, Co-Chief Executive Officer  Deputy Chief Executive Officer  Chief Technology Officer	<u>Listed companies</u> Silicon Craft Technology PLC  Silicon Craft Technology PLC  Silicon Craft Technology PLC  Star Microelectronics Public Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips  Research and Development, Design, and Sales of Integrated Circuits or Microchips  Research and Development, Design, and Sales of Integrated Circuits or Microchips  Manufacture electronic components

First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
- Appointed firstly as a director on: 29 April 2021					2006 - 2019	Senior Director Global Innovation for Business	<u>Non-listed companies</u> NXP Semiconductors	Design and manufacture electronic components
9. Ms. Arunee Poontawe	51	- Master's degree in Accounting, Thammasat University	2,520,000 Shares (0.63%)	- None -	Aug 2021 - Present	Director, Member of the Executive Committee, Chief Finance Officer	<u>Listed companies</u> Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Director		- Bachelor degree in Accounting, Thammasat University			Apr 2019 - Aug 2021	Director, Member of the Executive Committee, Member of the Nomination, Remuneration and Corporate Governance Committee, Chief Finance Officer	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Chief Finance Officer								
- Member of the Executive Committee		- Academic Qualifications from Thai Institute of Directors Association (IOD) - Director Accreditation Program Class 132/2017			2015 - Present	Auditor	<u>Non-listed companies</u> Virtual Corporation Co., Ltd.	Manufacture and installation of machine and system
- Appointed to take highest responsibility in accounting and finance					2016 - Apr 2019	Director, Chief Finance Officer	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Appointed firstly as a director on: 5 April 2019								
10. Mr. Thaweesak Thantipwan	42	- Master's degree in Electrical Engineering Chulalongkorn University	5,885,320 Shares (1.47%)	- None -	2020 - Present	Chief Technology Officer, Member of the Executive Committee	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Chief Technology Officer		- Bachelor's degree in Electrical Engineering Chulalongkorn University			2019 - 2020	Chief Product Officer, Member of the Executive Committee	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Member of the Executive Committee					2016 - 2019	Senior Product Development Manager	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
10. Mr. Sarun Polachart	39	- Master's degree in MBA Finance University of Stirling	98,900 Shares (0.02%)	- None -	2021 - Present	Chief Operating Officer	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips

First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
- Chief Operating Officer		<ul style="list-style-type: none"> <li>- Bachelor's degree in Electrical Engineering King Mongkut's Institute of Technology Ladkrabang</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Risk Management Program for Corporate Leaders Class 24/2021</li> <li>- IT Governance and Cyber Resilience Program Class 17/2021</li> </ul>			2020 - 2021	Chief Supply Chain Officer	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
					2019 - 2020	Chief of Staff	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
10. Ms. Ousanee Santikul	46	- Bachelor degree Accounting Dhurakij Pundit University	221,100 Shares (0.06%)	- None -	Apr 2019 - Present	Financial Controller	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Financial Controller					Apr 2018 - Apr 2019	Financial Controller	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Appointed to take direct responsibility to control and supervise accounting operations					Apr 2018	Financial Analyst	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Secretary of the Audit Committee					2547 - 2561	Management Report Analyst	Halliburton Energy Services, Inc.	Drilling and Oilfield Services and Equipment
11. Mr. Karn Opasjumruskit	43	<ul style="list-style-type: none"> <li>- Master's degree in n Electrical Engineering Chulalongkorn University</li> <li>- Bachelor's degree in n Electrical Engineering 1 Chulalongkorn University</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD)</li> <li>- Company Secretary Program Class 18/2017</li> <li>- Board Reporting Program Class 22/2017</li> <li>- Effective Minutes Taking Class 37/2017</li> </ul>	6,129,580 Shares (1.53%)	- None -	2021 - Present	Senior Corporate Business Strategy Manager	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Senior Corporate Business Strategy Manager					2019 - 2021	Senior Financial Executive	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips
- Secretary of the Risk Management Committee					2018 - Present	Treasurer	Thai Embedded System Association	Embedded System Development Institute
					2016 - 2021	Company Secretary	Silicon Craft Technology PLC	Research and Development, Design, and Sales of Integrated Circuits or Microchips

First-Family Name / former First Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
					2018 – 2018	Assistant to CEO	Silicon Craft Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
12. Ms. Katalae Krachangsaeng  - Company Secretary  - Secretary of Executive Committee  - Company Secretary & Investor Relations Manager	38	<ul style="list-style-type: none"> <li>- Master's degree in Professional Accounting RMIT University, Australia</li> <li>- Bachelor's degree in Humanities (Mass Communication) Kasetsart University</li> <li>- Academic Qualifications from Thai Institute of Directors Association (IOD) <ul style="list-style-type: none"> <li>- Company Secretary Program Class 122/2021</li> <li>- Anti-Corruption the Practical Guide Class 57/2021</li> </ul> </li> </ul>	20,408 Shares (0.01%)	- None -	Aug 2021 - Present  2020 - 2021  2018 – 2020  2013 - 2018	Company Secretary, Company Secretary & Investor Relations Manager  Investor Relations Manager  Assistant Investor Relations Manager  Investor Relations Manager	Silicon Craft Technology PLC  Silicon Craft Technology PLC  Ananda Development Public Company Limited  Kasikorn Public Company Limited	Research and Development, Design, and Sales of Integrated Circuits or Microchips  Research and Development, Design, and Sales of Integrated Circuits or Microchips  Real Estate Company  Bank



Silicon Craft Technology Public Company Limited

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Attachment 2

Information on Internal Audit and Corporate Governance Supervisor

As of December 31, 2021

**Information on Internal Audit and Corporate Governance Supervisor**

The Company appoints Unique Advisor Company Limited to be the Company's Internal Auditor. Mr. Kosol Yamleemul is the Company's Internal Audit Supervisor with details below.

First-Last Name  Position	Age  (Year)	Educational Qualifications / Trainings	Professional Experiences				
			Duration	Position	Organization Name / Company	Nature of Business	
1. Mr. Kosol Yamleemul  - Managing Director	53	- Master’s degree in Science of Information Technology in Business Chulalongkorn University	2013 - Present	Managing Director	Unique Advisor Company Limited	Business Consulting, Accounting, Finance, Internal Audit, and Accounting Audit Services	
		- Bachelor’s degree in Accounting and Finance Thammasat University	2002 - 2013	Partner and Director	Grant Thornton Limited	Financial Accounting Audit Services	
		- Certificate of Business Advisor and Certificate of Real Estate Entrepreneur Kasetsart University	2001 - 2002	International Audit Manager	Grant Thornton LLP Seattle, USA	Auditing and Consulting Services	
		- Certified Public Accountant (CPA) Registration Number 4575	2000 - 2001	Senior Manager	Grant Thornton Limited	Financial Accounting Audit Services	
		- Certified Internal Auditor (CIA)	1995 - 2000	Senior Manager	PricewaterhouseCoopers ABAS Limited	Financial Accounting Audit Services	
		- Certified Financial Service Auditor (CFSA)					
		Trainings (in brief)					
		• Orientation Course – CFO Focus on Financial Reporting Class 4/2018					
		• Reference Document Assessment Program for Independent Auditors for SMEs that joined Collective Action against Corruption (CAC) SME Certification Project					
		• Working Papers for Anti-Corruption in Organization Training Program					
• Theories and Practice, COSO 2013 Program IT Audit Program, Federation of Accounting Professions							
• Internal Audit Program, The Institute of Internal Auditors of Thailand							
• Tax and Tax Planning Program							
• Continuing Program in Thai Financial Reporting Standards (TFRS) and Thai Standards on Auditing (TSA)							



## Silicon Craft Technology Public Company Limited

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### Attachment 3

Corporate Governance Policy,

Business Ethics and Code of Conduct at Work Manual,

Charter of the Board of Directors and Charters of the Sub-Committees

**Corporate Governance Policy**  
**Silicon Craft Technology Public Company Limited**

**Objectives**

The Company formulated the corporate governance policy pursuant to guidelines of the Corporate Governance Code of the Office of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) to serve as principle to be observed and adhered by the Board of Directors, the management and the employees of the Company. The objectives are to build up value to the business on sustainable basis and to enhance the organization on efficient business operation, transparency and accountability, apart from creation of confidence to the shareholders, the investors and the relevant parties. It can also make the business having competitiveness and performance with long term perspective, ethical and responsible business, good corporate citizenship and corporate resilience. Essence of the corporate governance policy can be divided into 8 practices as follows:

**Principle 1: Recognize the Roles and Responsibilities of the Board of Directors as the Leader of an Organization that Creates Value for Sustainable Business**

The Company has clearly established roles and responsibilities of the Board in the Board of Directors’ Charter with main duties are to set important policies and strategies for business operations as well as to allocate resources. The Board of Directors shall have thorough understanding of roles, responsibilities and benefits of corporate governance principles to build value to the business sustainably and shall monitor, assess and oversee performance report of the Company to ensure that they can achieve the specified objectives and targets.

In addition, the Board of the Directors shall oversee the Company’s operations by taking into account the competitiveness and adaptability with the changes from various factors for long term and good performance by operating businesses which are beneficial to the society and by consideration of the environment, ethics, respect of right and responsibilities to the shareholders and the stakeholders of the Company on continued basis. These actions include equal treatment of shareholders, consideration of the stakeholders’ roles, information disclosure and transparency, by putting emphasis on sustainable creation of value to the organization and promotion of innovation, for example, to give special lecture on design and creation of electronic innovation to the students in various educational institutions, engineering competition activities, acceptance of intern students during summer apprentice program and the cooperative education for learning through projects, participation on giving recommendations for the projects at Bachelor degree and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company.





Furthermore, the Board of Directors has clearly specified roles and scope of responsibilities of the sub committees and the President and has supervised the directors and the executives to perform duties with responsibility, carefulness and honesty as well as to oversee to make sure that operations of the Company are in compliance with the relevant laws, regulations, resolutions of the meetings of the Board of Directors, resolutions of the shareholders' meetings and the Company's policies.

### **Principle 2: Define the Business Objectives and Main Goals for Sustainability**

The Board of Directors puts strong emphasis on formulation of main objectives and targets for business operations of the Company in order to make it grow together with the society with sustainability, to build value and benefits to the organization, customers, business partners, employees, shareholders, stakeholders and the society at large. In addition, it will foster communications to make the corporate's main objectives and targets reflect in decision and operations of the personnel in all levels, that it becomes the corporate culture under the corporate governance principles.

The Board of Directors also stipulated strategies and work plans, including monitored and assessed performance continually in order to make them consisting with the attainment of the main objectives and targets of the organizations. Innovation and technology have been applied appropriately and safely. In addition, the risk on setting the target which may lead to illegal behavior or unethical conduct shall be considered. The Board also supervised to ensure that objectives and targets shall be transferred via strategy and work plans throughout the organization. Consideration of business plans and strategies of the organization shall be based on sustainable creation of value to shareholders, stakeholders, society and environment, for instance, recruitment of knowledgeable and capable personnel and realization of importance on personnel development, hence the trainings shall be constantly provided. Social activities shall be conducted, for example, giving lecture to the students to provide knowledge on electronic innovation, support on scholarship and research fund, jointly specify research topics which can be actually applied in real life situation, and etc.

### **Principle 3: Strengthen Board Effectiveness**

The Company's Board consists of the persons who are knowledgeable, capable with expertise and experiences that can perform duties for the best interest of the Company. The directors shall have qualifications and shall not possess prohibited characteristics as per specified by the laws and they shall have duty and responsibility on specifying and reviewing the Board's structure.

At least one thirds or three members of the Company's Board must be the independent directors. The independent directors shall possess qualifications and shall not have any prohibited qualifications as per specified by the Board, which are more stringent than or equivalent to qualifications specified by the Securities and Exchange Commission and the Stock Exchange of Thailand. At present, the Company's Board of Directors consists of 2 non-executive directors and 3 independent directors in order to balance power appropriately.



Sub-committees have been appointed to assist the Board pursuant to the scope specified in each sub-committee's charters to strengthen efficiency and effectiveness on operations of the Board.

The Board shall appoint a suitable person to be the Chairman. In addition, in case the Chairman is not the independent director, the Board shall appoint one independent director to jointly consider on determination of the meeting agenda of the Board's meeting to encourage for balance of power between the Board and the management and for conformance with the corporate governance principle of the listed companies.

The Board of Directors has appointed the Nomination and Remuneration Committee to support the Board on recruitment of the qualified directors with the clear and transparent process, as well as to consider suitable remuneration before proposing for the shareholders' approval.

The Board of Directors shall supervise to ensure that all directors shall be responsible for performing duties and allocate appropriate time for works and also oversee on disclosure of roles and duties of the Board and the sub-committees, number of meeting arranged as well as number of attendance of meeting of each director during the past year, including report on performance of all sub-committees.

The Board shall evaluate performance of the Board as a whole and on individual director level at least once a year and at least they should be based on self-evaluation. The evaluation results shall be used for consideration on appropriateness of component of the Board. The Board should oversee to make sure that the directors regularly receive sufficient and continuous trainings and knowledge development.

In addition, the Company has appointed the Company Secretary to support operations of the Board, to coordinate on compliance with resolutions of the Board and to arrange matters relevant to the Board's meeting and the shareholders' meeting

#### **Principle 4: Recruit and Develop Senior Executives and People Management**

The Company has specified qualifications of the directors and top management in order to be confident that the Company has recruited the suitable directors and top management which are adequately for operations and undertakings pursuant to the business plan and succession plan as per specified in the charter and code of conduct, as per the specified target. Additionally, the Board also placed importance on understanding of structure and relationship of major shareholders which may impact on the control over the Company to ensure that they shall not affect the Board's exercise of its duties and responsibilities and the Board shall oversee on properly disclosure of information which may have an impact on the control over the business.

In order to perform so, the Board has specified the remuneration structure of the directors and the executives, as well as the evaluation which is suitable with scope of responsibilities and duties assigned. The Nomination and Remuneration Committee shall assist on supervision on compliance with the policy on human resource management and organization development.

With regards to human resource development, the Board of Directors has monitored the human resource management and development to ensure that they shall have suitable knowledge, skills, experiences



and motivation, so that they can effectively manage businesses pursuant to the corporate governance policy and can continually improve the operations.

#### **Principle 5: Nurture Innovation and Responsible Business Conduct**

The Board places importance and promotes innovation which can add value to business, by focusing on research and development of the products in order to invent and apply innovation in the products developed by the Company to help the customers on competitive edge. In addition, it also promotes innovation creation in the educational institutes through the engineering competition activities, acceptance of intern students during summer apprenticeship program and the cooperative education for learning through projects, participation on giving recommendation for the projects in Bachelor degree and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company. The Board has specified that there shall be risk management and control on information technology so that information technology resources shall be efficiently and effectively allocated and managed, including adequate and appropriate information technology security measures by taking into consideration maintenance of confidentiality, creditability and availability of information as well as prevention on abuse use of information. The Company shall be supervised to comply with the laws, regulations, rules and standards relevant to usage of information technology and to have the Business Continuity Plan (BCP) in place.

Additionally, the Board shall monitor and supervise the management to perform businesses together with building up benefits for the relevant stakeholders, with social and environmental responsibility by encouraging for operations to add value to the Company pursuant to a changing environment. Such works may include designing innovative business models, products and services, promoting research, improving production and work processes as well as collaborating with business partners. The Company determines to operate business with integrity, honesty, transparency, adherence to fairness as its core value, as well as provision of excellent services to customers and the contact persons, willingness to compete the business with fairness, without taking advantages or exploitation of benefits, strictly perform the works under corporate governance framework. The Board also realizes the importance of roles of the stakeholders and treats all groups of stakeholder transparently, appropriately, partially and fairly. Those stakeholders include:

- Employee. Compensation provided to the employees shall be considered based on performance and fairness which can be measured by the specified criteria. Personnel development shall be constantly supported to keep them having knowledge and capability on continued basis. In addition, the Company also primarily considers about rights of the employee and opens opportunities to lodge complaints via various channels, in case he/she has not been treated fairly.
- Customer. To enhance long-term relationship and cooperation with the customers by adhering to principles of integrity, honesty and trust. The Company has duty to build maximum satisfaction to the customers with responsibility and put utmost emphasis on the customers' problems and requirements by adhering to morals and effective service provision.



- Creditor. To build up relationship and treat the creditors by adhering to principles of integrity, honesty and trust, with responsibility and fulfilment of conditions agreed with the creditors at its best.
- Business partners. Treat business partners with honesty and equality for fair business operation with mutual benefit, sustainable development and for being the long-term business partners with the Company. The Company shall choose to deal business with the business partners based on various conditions, such as prices, quality, reliability and adherence to the right things, as well as skills on technique, laws and environment protection.
- Communities and environment. To oversee and ensure that the Company and its employees perform business with responsibilities and for the best benefit for the society, communities and that they shall also have duties to treat the communities located nearby with goodwill, provide assistance and support on community development for their good livelihood.
- Fair competition. To oversee and ensure that the Company operates business with transparency and does not use anti-competitive practices to gain unfair competitive advantage.
- Relevant public authorities. To oversee and ensure that the Company complies with the relevant laws and regulations and deals with public sectors and government agencies with partiality as per specified in the charters, code of ethics and anti-corruption policy.

**Principle 6: Strengthen Effective Risk Management and Internal Control**

The Board shall supervise and make sure that the Company has effective and efficient risk management and internal control systems which can fulfil objectives and comply with the applicable laws and standards. The Board has appointed the Audit Committee, all of whom are independent directors and do not possess any prohibited characteristics as per specified in the relevant laws as well as possess required qualifications and duties as per criteria stipulated by the Office of the SEC and the SET, so that they can perform duties effectively and independently as per assigned by the Board. Such duties include review of financial reports, internal control system, compliance with the laws, consideration and selection of the auditor, disclosure of the Company's information and preparation of the report of the Audit Committee, and etc. Moreover, the Board has appointed the Risk Management Committee to oversee and support the Board on supervision of risk management system as per specified in the risk management policy.

In order to make certain that the Board can supervise risk management and internal control systems effectively, the Board has prescribed the related policies to help supervising the works as follows:

1. Business ethics and code of conducts;
2. Risk management policy;
3. Related transaction policy;
4. Inside-information prevention policy;
5. Anti-corruption policy;
6. Whistle blowing policy;
7. Policy on provision of gift and entertainment;



8. Policy on maintenance and usage of the Company's properties;
9. Policy on investment and guidelines on supervision of subsidiaries or joint venture;
10. Delegation of authority and approval power.

The Board has clear anti-corruption policy specified in the Company's code of business ethics and code of conduct and it has been communicated to parties at all levels throughout the organization as well as the third party so that they shall be implemented and observed. The Board has supervised to ensure that there is mechanism or operation for handling complaints or whistle blowing and clear operating guidelines have been specified in the whistle blowing policy. There are also regulations on reporting, investigation on violation of ethics, acknowledgement of complaint on corruption and misconduct. In case the stakeholder has any issues about the Company's operations, he/she can ask for details or lodge complaints on illegal act, incorrectness of financial report, defective internal control system or any act which is against morals via the independent director or the Audit Committee of the Company. Information sent to the Company shall be kept in confidentiality. The person receiving complaint shall compile the fact relevant to violation or non-compliance with the regulation, and report any findings to the management and/or the Audit Committee, as appropriated, so that the investigation shall be conducted to find facts and specify operating measures, as appropriated, then report inspection result to the informant, in case the informant does not hide his/her identity. In case it is an important matter, the President and/or the Board shall be reported. The Company shall provide channel to lodge complaint and/or opinion and also add one channel for reporting via email to the top management directly at:

The stakeholder can express his/her opinion via the Company's communication channels as follows:

1. Via postal services, by attention to:  
The Chairman of the Board of Directors or the Chairman of the Audit Committee  
Silicon Craft Technology Public Company Limited  
40 Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok 10900
2. Via email: The Chairman of the Audit Committee: [audit-com@sic.co.th](mailto:audit-com@sic.co.th), or  
The Company Secretary: [karn@sic.co.th](mailto:karn@sic.co.th)
3. Via the Company's website: <http://www.sic.co.th>



**Principle 7: Ensure Disclosure and Financial Integrity**

The Board shall be responsible and to make sure that the financial reporting system and disclosure of all material information shall be correctly, adequately, on timely manner, pursuant to the applicable criteria, standards and operating practices. There shall be suitable and qualified personnel to prepare financial reports and on disclosure of information of the Company as well as monitor the Company's financial liquidity and solvency, including the financial mitigation plan in case there is any financial problem by taking into account the rights of the stakeholders.

In this regard, the Company has assigned the Company Secretary who acts as the Investor Relations to communicate and publicize information beneficial to the shareholders, investors, analysts and the related parties appropriately, equally and on timely manner. The Company Secretary shall also be responsible for dissemination of the Company's information pursuant to the specified criteria to the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and the relevant agencies, such as material information which may impact the Company's securities prices or decision-making of the Company's stakeholders and investors in the annual registration statement form and annual report and/or the Company's website, and etc. Investors can contact the Company's investor relations at

Silicon Craft Technology Public Company Limited

40 La Unique Plaza, Thetsabanrangsannua Rd., Ladyao, Chatuchak, Bangkok 10900 Thailand

Phone: (66) 2 589 9991

Fax: (66) 2 589 8881

E-mail Address: [ir@sic.co.th](mailto:ir@sic.co.th)

**Principle 8: Ensure Engagement and Communication with Shareholders**

The Board puts emphasis to the Company's shareholders to ensure that they shall be treated equally and shall fully exercise all fundamental rights, such as (1) right to purchase, sell and transfer securities; (2) right to share the Company's profits; (3) right to receive relevant news and information adequately via the Company's website or the SET's website or by other means; (4) right to attend the meeting and exercise their voting right independently during the shareholders' meeting with regards to the appointment or removal of directors, consideration of the directors' remuneration, appointment of the auditor, payment of dividend, capital increase or issuance of new security as well as right to make inquiry to the Board concerning the Board's report and other matters proposed to the meeting for consideration and approval, right to propose the meeting agenda in advance and nomination of the candidate to be elected as the Company's directors as well as to participate in decision making of the Company's important matter. All shareholders shall have the right to vote pursuant to the number of shares they hold, where one share shall have one voting right.

In addition, the Board shall also realizes and places importance to the shareholders' right by not performing any act which may violate or deprive the shareholders' right and make them feel confidence that



they can take part in making decision on the Company's important matter. The Board shall oversee to make sure that the arrangement of the shareholders' meeting is successfully, transparently, efficiently and that the shareholders can exercise their right properly. The resolutions of the shareholders' meeting shall be disclosed and the minutes of meeting shall be correctly and completely prepared.

The company shall review such policy regularly, at least once a year.

This Corporate Governance Policy was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

-Signed-

(Mr. Manop Dhamsirianunt)

Chief Executive Officer



Code of Business Ethics

and

Code of Conduct

Silicon Craft Technology Public Company Limited



## Announcement

No. SIC-BC-MEMO-2020-007

Subject: Code of Business Ethics and Code of Conduct Manual

Silicon Craft Technology Public Company Limited

In order to make operations of executives and employees of Silicon Craft Technology Public Company Limited on par with standards with quality and morality, the Company has revised the Code of Business Ethics and Code of Conduct so as to be adhered as the operating guidelines and to maintain good image and pride of the employees which can lead the Company to become an organization with prudent corporate governance.

Silicon Craft Technology Public Company Limited strongly wishes that executives and employees shall constantly apply the Codes under this manual in all circumstances that they become working principle.

This Code of Business Ethics and Code of Conduct had been approved from the Board of Directors' Meeting No. 3/2020 dated May 14, 2020.

Announced on May 14, 2020

(Mr. Manop Thamsirianun)

Chief Executive Officer

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## Definition

Definition	Meaning
Executives	Company's Director, Executive Director and Executives in Department level / higher
Employee	Employee in supervisory level / equivalent and lower level
Ethics	Best practices in conducting business of the Company, the executives and employees in order to lead the organization to have good corporate governance
Properties	Movable properties, immovable properties, technology, copyrights, the Company's document of title, the Company's intellectual property and patents.
Specific information	Information owned or controlled by the Company which has economic value both at present and in the future. It is information known among limited number of persons and it should not be disclosed to the third party before approval has been granted from the authorized person, i.e. information of customers and employees, sales and marketing information, products and services information, accounting information, business plan, marketing plan, financial plan, project plan and etc.
Stakeholder	Individual and/or juristic person involving in business operations of Silicon Craft Technology Public Company Limited, including shareholders, executives and employees of Silicon Craft Technology Public Company Limited, customers, supplier, creditors, business competitors and society as a whole and etc.

Adherence to rules of law	Any decision and business operation based on relevant provisions of laws or regulations (Rule of Law)
Justice and morality	Performing duties with honesty, impartiality, without discrimination based on principles of fairness and morality
Transparency	Transparent decision making and operating procedures which can be disclosed for public acknowledgement and verifiable under laws and regulations framework (Transparency)
Integrity	Having honesty in performing duties in compliance with regulations, rules, custom and morals (Integrity)
Responsibility	Recognizing one's own duties to perform the work with fullest capacity and efficiency (Responsibility)
Accountability	Acceptance of one's own performance, both positively or negatively
Vision	Having creative visionary to add long term value to the business and aiming for excellence (Vision)

## 2. Code of Business Ethics

Silicon Craft Technology Public Company Limited has Code of Business Ethics that executives and employees, as representatives of Silicon Craft Technology Public Company, shall adhere to as follows:

### 2.1. Adherence to Rule of Law

Silicon Craft Technology Public Company Limited adheres to Rule of Law for undertaking its business. It is regarded that executives and employees shall have duty to learn about the Company's rules and

regulations, relevant laws including any laws to be enforced in the future which may impact to its own management and operation.

#### **Guidelines**

- 2.1.1. Executives and employees shall study and understand rules and regulations which have been mainly used as guidelines for operations of the government agencies, both currently enforce and to be enforced in the near future.
- 2.1.2. Executives and employees shall not seek for trade secret or specific information of competitors by illegal means, such as theft, espionage, or violation of non-disclosure agreement of competitors, whether it is obtained from customers or other persons.
- 2.1.3. Executives and employees shall comply with labor laws and other regulations concerning fair labor, forced labor, labor from human trafficking or child labor which is against the laws.
- 2.1.4. Executives and employees shall comply with regulations concerning fair trade laws.
- 2.1.5. Executives and employees shall comply with the laws and regulations concerning environment, safety and health protection.

## **2.2. Transparency**

Decision making and operations of Silicon Craft Technology Public Company Limited are accountability, transparent and can be disclosed to all stakeholders for acknowledgement under laws and regulations framework, rules, operating procedures of Silicon Craft Technology Public Company Limited pertaining protection of illegal leakage of trade secrets to trade competitors.

#### **Guidelines**

2.2.1. The executives and employees shall prepare accounting report, financial reports, business condition report and performance report which identify financial status and performance of Silicon Craft Technology Public Company Limited truly, accurately and completely according to the generally accepted accounting principles and they shall be reliable and verifiable as per specified by the Audit Committee.

2.2.2. Executives and employees shall strictly comply with the procurement processes according to policy of Silicon Craft Technology Public Company Limited. Such process shall be transparent, clear and fair to all parties and it must have been inspected by the Procurement Committee.

In case executive, sales representative or shareholder of the business partner is a relative or person living under the same roof as an executive and employee of Silicon Craft Technology Public Company Limited, such executive or employee shall immediately notify his/her superior in writing and such person shall avoid from involvement in such procurement transaction.

2.2.3. Executives and employees shall strictly comply with delegation of authority manual of Silicon Craft Technology Public Company Limited.

2.2.4. Executive and employee who involve in procurement process including his/her relative and person living under the same roof should avoid joining activity including eating or playing sports with business partner. In case it is necessary and unavoidable, such activity should be attended by more than one representative of Silicon Craft Technology Public Company Limited and their superior shall be notified in writing beforehand.

### **2.3. Uphold to Fairness and Morality**

Silicon Craft Technology Public Company Limited upholds to fairness and morality towards the stakeholders in order to build long lasting and good business relationship and it does not discriminate nor treat other person unfairly based on personal judgement or personal relationship. Everybody shall be provided with equal opportunities and without prejudice with regard to race, nationality, religion or gender.

### Guidelines

- 2.3.1. Executives and employees shall have impartiality and shall not discriminate against any stakeholder in dealing business. Any rights and benefits provided to the customers shall be based on practices and policies of Silicon Craft Technology Public Company Limited.
- 2.3.2. Executives and employees shall perform works prudently so that the shareholders shall have trust and accept that decision for any operation is made with fairness and for the best interest of all shareholders.
- 2.3.3. Executives and employees shall be fair and shall not have any discrimination on employment, which shall include recruitment of personnel, consideration of remuneration and benefits, employment, promotion, job transfer, performance evaluation, training, compliance with rules and regulations, termination of employment, dismissal and reemployment, as well as involvement in social and recreational activities.
- 2.3.4. Executives and employees must try their best to provide exceptional services beyond the customers' expectation as well as provide services to customers with honesty, fairness and without taking advantages or cheating customers.

- 2.3.5. Executives and employees must honestly and fairly comply with trade conditions agreed with trade partners/creditors. In case of inability to comply with any condition, suppliers/creditors shall be notified, so that problem can be solved together.

## 2.4. Customer-Oriented

Executives and employees of Silicon Craft Technology Public Company Limited shall place importance to and take care good of customers by controlling on provision of products and services with good quality and meet the customers' satisfaction.

### Guidelines

- 2.4.1. Executives and employees must have comprehensively knowledge and understanding of products and services of Silicon Craft Technology Public Company Limited and must be able to give correct and complete information to the customers.
- 2.4.2. Executives and employees must thoroughly study and understand customers' demands before presenting products or services in order to correctly meet the customers' demand. In additional, they must constantly seek new knowledge and work experiences in order to increase efficiency and enhance the customers' satisfaction.
- 2.4.3. Executives and employees shall treat customers with politeness, respect and speak politely with them.
- 2.4.4. Executives and employees must respect the customers' decision and opinion and must not violate the customers' privacy right.



## 2.5. Social Responsibility

Silicon Craft Technology Public Company Limited realizes about responsibility to society and communities and regards that it has main mission to build projects and activities which are beneficial for development of society and communities.

### Guidelines

2.5.1. Executives and employees should participate in or arrange community service activities for social development, such as education and environment support activities and etc.

2.5.2. Executives and employees must recognize about involvement on conservation of natural resources and environment and must put effort to prevent Silicon Craft Technology Public Company Limited from performing any activities that may be harmful or cause pollution to natural resources, environment and relevant ecosystem.

## 2.6. Political Neutral

Silicon Craft Technology Public Company Limited respects and supports stakeholders to exercise their right and freedom under the constitution. Silicon Craft Technology Public Company Limited shall remain a neutral political company.

### Guidelines

2.6.1. Executives and employees shall not use their authority and power to induce, pressure or enforce colleagues including subordinates to support any political activity or political organization or member of a political organization.

### 3. Code of Conduct

Silicon Craft Technology Public Company Limited has specified Code of Conduct for executives and employees to be observed as operating guidelines as follows:

#### 3.1. Leadership

Executives shall have ethics and appropriately perform duties pursuant to their leadership role as well as suitably behave to gain social acceptance and be beneficial for management of Silicon Craft Technology Public Company Limited.

##### Guidelines

- 3.1.1. Executives shall manage business with vision, conscientiousness and accountability for their performance in order to gain respect and acceptance from society.
- 3.1.2. Executives shall acquire and implement quality management system to decrease processes and increase efficiency as well as seek for suitable innovation including training and personnel development which are in line with innovation and quality management system so that Silicon Craft Technology Public Company Limited can manage business on sustainable basis and become the business leader.
- 3.1.3. Executives must investigate grievance/complaints received from stakeholder or other person in order to find fact and solve problem in promptly and fairly manner. However, the executives may not perform any act if any grievance/complaint is lodged via anonymous letter.
- 3.1.4. Executives must promote leadership among employees and encourage employees at all levels to play a part in development of Silicon Craft Technology Public Company Limited.

- 3.1.5. Executives shall take part in and encourage employees to participate in social and communities contribution activities, so that Silicon Craft Technology Public Company Limited shall become a part of the community on development and building good relationship with community members and society as a whole.

### 3.2. Integrity

Executives and employees must perform their duties with integrity and carefulness on preserving benefits of Silicon Craft Technology Public Company Limited.

#### Guidelines

- 3.2.1. Executives and employees must perform their duties with integrity, without prejudice and do not abuse their power to seek for their own or for other benefits.
- 3.2.2. Executives and employees must not deliberately make false or erroneous reports or records and must not intentionally conceal or present fault or erroneous information to Silicon Craft Technology Public Company Limited. Upon fault or erroneous report or record is found, their superior must be reported for acknowledgement immediately.
- 3.2.3. Executives and employees must utilize their working hours efficiently and effectively as per specified in the Article of Associations and must not perform any act or persuade any colleagues and subordinates to utilize their working hours to perform any activities which are not for interest of Silicon Craft Technology Public Company Limited or the shareholders.
- 3.2.4. Executives and employees must perform their assigned works with fullest knowledge and capability including with consciousness and accountability.

### 3.3. Compliance with Laws and Regulations

Executives and employees must strictly perform their duties relevant to businesses of Silicon Craft Technology Public Company Limited and must avoid any acts which might cause negative impact to image on business operations of Silicon Craft Technology Public Company Limited.

**Guidelines**

- 3.3.1. Executives and employees must not violate, avoid, disobey or neglect regulations, rules, announcement or orders of Silicon Craft Technology Public Company Limited, including lawful and rightful orders from superiors.
- 3.3.2. Executives and employees must not produce or possess any illegal material, either for personal usage, for distribution or for other person.
- 3.3.3. Executives and employees must utilize communication system and computer system with responsibilities and must not cause schism, disgrace, demoralize other or encourage for hostility in workplace.
- 3.3.4. Executives and employees must not utilize communication system and computer system to engage in any activities which are illegal or against policies of Silicon Craft Technology Public Company Limited and must not utilize internet or similar services in the manner that could cause damage, scandal, dishonor or discredit.
- 3.3.5. Executives and employees must strictly comply with the Company's rules and regulations regarding computer crimes.
- 3.3.6. Executives and employees must be well aware on importance of intellectual property and must strictly comply with general principles on intellectual property management announced by the Company, including other relevant rules, regulations and standard operating procedures on request for patent, analysis and risk prevention on violation of patent.

**3.4. Safeguarding of Assets**

Executives and employees shall have duty to safeguard and utilize assets of Silicon Craft Technology Public Company Limited for maximum benefits to business of Silicon Craft Technology Public Company Limited only and they must not use them for other benefits or wrongfully.

**Guidelines**

- 3.4.1. Executives and employees must abide by safety regulations of Silicon Craft Technology Public Company Limited on usage of tools, equipment and working environment.
- 3.4.2. Executives and employees must not utilize, sell, give, borrow, and lend assets of Silicon Craft Technology Public Company Limited without having permission, regardless of value or condition.
- 3.4.3. Executives and employees must not intentionally damage, sabotage or destroy asset of Silicon Craft Technology Public Company Limited.
- 3.4.4. Executives and employees must not use assets of Silicon Craft Technology Public Company Limited for their own interest or for external business, unless permission of their superior has been granted.
- 3.4.5. Executives and employees shall assist or make an effort to obtain patent and copyright or shall protect trademark which is the intellectual property of Silicon Craft Technology Public Company Limited.

**3.5. Conduct oneself towards Superiors, Colleagues and Subordinates**

Executives and employees shall keep working environment to be free from privacy right violation and to be a place where people respect each other, provide collaboration, assistance as well as give recommendation to mutually solve any working problems.

**Guidelines**

- 3.5.1. Executives and employees must not instigate, defame, harass others which can cause disharmony in the workplace and must abstain from claiming work of others as one's own work.
- 3.5.2. Executives and employees must not commit any action of violation or harassment related to sex towards colleagues. In case it is found that there is any sexual harassment among the colleagues, such matter shall be immediately reported to the superior.
- 3.5.3. Executives and employees shall be disciplined and shall not take any actions that are disrespectful to their superiors, and they shall treat their colleagues and subordinates with politeness, thoughtfulness and friendliness.
- 3.5.4. Executives and employees must respect right of the colleagues on participation or refusal to participate in the employees' representative organization.

### **3.6. Be a Good Citizen**

Executives and employees shall perform their duties as good citizen who could live harmoniously with others in the society with a sense of pride.

#### **Guidelines**

- 3.6.1. Executives and employees must practice themselves to adhere to virtue and ethics as well as to seek for additional knowledge so as to improve their duties effectively and efficiently.
- 3.6.2. Executives and employees must not behave themselves in a way that is hated by others. They must not abuse people of the opposite sex, bully others, be indebted, addict to gambling, take drug, drink alcohol while performing work or commit any act which can be considered as morality dishonorable.

- 3.6.3. Executives and employees must not carry a weapon to the workplace, unless permission from high level superior has been granted.

### **3.7. Avoid Receiving Excessively Valuable Remuneration**

Executives, employees and their closed persons shall not receive money, benefits or items from the person who has business dealings with Silicon Craft Technology Public Company Limited, if such receiving may lead to any misunderstanding in the way that the recipient is favoritism or has special business relationship with the giver, which may cause damage to Silicon Craft Technology Public Company Limited.

#### **Guidelines**

- 3.7.1. Executives, employees and their relative or other person living under the same roof must not request for, accept or participate in any social activity, sports event, reception, gratuity, gift or commission for oneself or for others from a person whom they have business dealings with.
- 3.7.2. However, if it is undeniable case, executives and employees may accept benefits or gifts for purposes of business advertisement or tradition, if value of such benefits or gifts does not exceed 3,000 Baht. In case such value is more than 3,000 Baht, executives and employees must report their superior in writing and submit such benefits or gifts to Silicon Craft Technology Public Company Limited.
- 3.7.3. In case executives and employees participate in the supplier's reception or travel outside for training/study visit as representatives of Silicon Craft Technology Public Company Limited and receive benefits or gifts with value exceeding 3,000 Baht, either through lucky draw, drawing lot or as souvenir, they shall observe practice in the same way as Clause 3.7.2.

### 3.8. No Conflict of Interest

Executives and employees shall not conduct themselves in a way that may cause conflict of interest with Silicon Craft Technology Public Company Limited.

#### Guidelines

- 3.8.1. Executives, employees, their family members and persons who regarded as their group of friends, relatives and followers shall not engage in any business/activity which may be perceived by others as business/activity which may have conflict of interest with Silicon Craft Technology Public Company Limited, whether directly or indirectly.
- 3.8.2. Executives and employees shall not join with family members or close person to undertake any business/activity that may cause conflict of interest with Silicon Craft Technology Public Company Limited, whether directly or indirectly. In order to avoid any unsuitability which may arise, relationship with family members or other person that may likely to cause conflict of interest should be reported to superiors in writing.

### 3.9. Refrain from Usage of Specific Information for Unlawful Benefits

Executives and employees must not use specific information of Silicon Craft Technology Public Company Limited for unlawful benefits.

#### Guidelines

- 3.9.1. Executives and employees who have responsibility to use specific information must be careful, not to let others overhear, eavesdrop, bug or audio record such information. Moreover, they should not discuss such information in public through communication devices or converse with family members or closed person which may cause such information to expose to others.



- 3.9.2. Executives and employees must strictly manage, maintain and classify specific information pursuant to rules and regulations of Silicon Craft Technology Public Company Limited.
- 3.9.3. Executives and employees shall not disclose any specific information of Silicon Craft Technology Public Company Limited to any unauthorized person pursuant to rules, regulations or business agreement, unless it has been approved in writing from the authorized person and the responsible agency.
- 3.9.4. Executives and employees shall not use specific information for security trading or make available to others for purpose of security trading.

#### **4. Whistle Blowing and Suggestion**

In order to make this Code of Business Ethics and Code of Conduct able to yield concrete results, the Board of Directors of Silicon Craft Technology Public Company Limited opens opportunities on whistle blowing channel to employees and stakeholders to lodge complaints, recommendation on misconduct. Operating procedures after complaint/recommendation has been received shall be as follows:

##### **4.1. Whistle Blowing Channels**

- 4.1.1. Supervisor or executive
- 4.1.2. Human Resources Department
- 4.1.3. SIC Alert Line (Attention to Manager of Human Resources Department, CEO or Chairman of Audit Committee)

##### **4.2. Operating Procedures after Receiving Complaint**

- 4.2.1. Person receiving complaint shall compile fact relevant to violation or non-compliance with the regulations, Code of business Ethics and Code of Conduct

- 4.2.2. Person receiving complaint shall report fact to executive and/or Independent Director and/or Audit Committee, as appropriated, to conduct investigation.
- 4.2.3. **Operating Measures:** Executive and/or Independent Director and/or Audit Committee shall conduct investigation of complaints/recommendation in order to find fact and stipulate prompt, suitable and fair measures to suppress such violation or non-compliance with the regulations, Code of business Ethics and Code of Conduct.
- 4.2.4. **Result Report:** Executive or the Independent Director or the Audit Committee shall report investigation result to the complainant, if the complainant exposes himself/herself. In case it is material matter, result shall be reported to the Chairman and/or the Board of Directors for acknowledgement.

## 5. Conclusion

All executives and employees of Silicon Craft Technology Public Company Limited are obligated to understand and comply with the standards specified in this Code of Business Ethics and Code of Conduct Manual as well as to perform duties with honesty. In addition, they shall also comply with the obligations which have not been specifically mentioned in this Code of Business Ethics and Code of Conduct. All employees shall perform duties with honesty and voluntarily by regarding as their own commitment. However, if any employees violate any obligations specified in this Code of Business Ethics and Code of Conduct, or policy or procedures relevant to the Company or law or regulations applied with the Company's business, the Company shall immediately impose disciplinary penalty by applying the measures specified in the Work Regulations, Section 6 (Discipline and Disciplinary Penalty) or as appropriated.

The Company shall provide opportunity to employees, so as to make them constantly learn about the Company's Code of Business Ethics every year and shall assign the Internal Audit Function

to monitor on compliance, as well as to review this Code of Business Ethics and Code of Conduct every year. However, in case there is any material change or revocation, it may be reviewed at appropriated period of time.

**Charter of the Board of Directors**  
**Silicon Craft Technology Public Company Limited**

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**Objective**

The Board of Directors, as the supreme leader of the organization appointed by the shareholders and their agents, plays an important role in supervision of the Company's operations, allocation of resources, supervision of the performance of the sub-committees, formulation of policies and business strategies to ensure the long-term good turnover of the business to gain the confidence of shareholders and stakeholders

**Composition, Nomination and appointment of directors**

1. Board's candidates shall be screened by the Nomination and Compensation Committee which shall be based on criteria under Section 68 of the Public Limited Company Act, B.E. 2535 and pursuant to the notification of the Securities and Exchange Commission and/or the relevant laws. The Board's members shall be selected from the qualified persons who have fundamental knowledge and expertise in various fields which will be beneficial to the Company's operations with regards to provision of recommendation, opinion in various aspects from perspectives of the people who have direct experiences, with wide-range vision, integrity and ethic. He/she shall have transparent working history and have capability to independently express opinions. After those the Board's candidates will be proposed to the shareholders' meeting for consideration and appointment
2. The Board of Directors shall consist of not less than five (5) directors and not less than one half of total directors must reside in the Kingdom and not less than three-fourths of total directors shall hold Thai nationality. At least one-thirds of members of the Board, but not less than 3 directors, shall be the Independent Directors. The appointment of the Board of Directors shall be approved by the resolution of the shareholders' meeting, pursuant to the following criteria and methods:
  - 2.1 One shareholder holds one vote per share
  - 2.2 The shareholder can elect Directors individually.
  - 2.3 The candidate with the most votes is to be appointed Directors up to the number open at the meeting.  
If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.

The directors shall have a term of office of 3 years at a time. At every annual general meeting, one-third of the directors shall be removed from office. If the number of directors to be retired cannot be divided into the whole numbers, the number shall be as close as possible to the proportion of one-third. The directors who have already left office may be re-elected. The directors who shall retire in the first and the second years after the Company's registration shall be drawn through lots. For following years, the directors who are in the position the longest shall retire. The directors who retire under that term may be re-elected.

In addition to the end of a term of office, the directors shall retire upon:

- 1) Resignation
- 2) The shareholders' meeting has a resolution to leave the position (with a minimum of three-quarters of the number of shareholders present and entitled to vote)
- 3) Lack of qualifications and having prohibited attributes required by law
- 4) Death

In case the position of director becomes vacant for any reason other than the end of an office term, the directors shall select a person who is qualified and does not have prohibited qualifications under Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and/or relevant laws to become a substitute director at the next meeting of the Board of Directors. Unless the remaining term of the director is less than 2 months, the person becoming the substitute director shall remain as a director for as long as the remaining term of the directors he/she represents and shall obtain a resolution of the Board of Directors by not less than three-quarters of the votes of the remaining directors.

#### **Qualifications of the Directors**

1. Have qualifications and have no prohibited attributes by the Securities and Exchange Act or by the rules of the SEC as well as having no characteristics that demonstrate the lack of suitability to be entrusted with the management of a publicly held enterprise as determined by the SEC.
2. Have knowledge, competence, and experience that is useful for the conduct of business; have good intentions and ethics in the conduct of business.
3. Be able to exercise honest and independent discretion from the management team and any other interest groups.

4. Be able to dedicate sufficient time to the Company and be attentive to fulfilling their duties and responsibilities.
5. Must not operate business in the same condition and compete with the Company's business, or be partners in a general partnership or unlimited liability partners in a limited partnership, or be directors of a private company or other companies operating in the same condition and competing with the Company's business, whether for their own benefit or for the benefit of others, unless notified to the shareholders' meeting before the resolution of appointment.

#### **Material authorities, Duties, and Responsibilities of The Board of Directors**

The Board of Directors shall therefore perform its duties with responsibility, carefulness, and integrity, as well as supervise the Company's operation in accordance with the laws, regulations, resolutions of the meetings of the Board of Directors and the Shareholders and the relevant policies of the Company as identified from the following details.

1. To have power and duties pursuant to the Company's articles of association, as well as to oversee and manage the operations of the Company to ensure compliance with the laws, objectives, articles of association of the Company and the resolutions of shareholders' meetings;
2. To specify the Company's vision, mission, target, strategy and policy;
3. To approve the significant strategies, policies, objectives and targets with regards to business operations, assets management, finance, fund raising, investments and risk management of the Company as well as to follow-up on efficiently compliance with the specified plans;
4. To consider the matters which are required to propose to the shareholders for consideration and approval during the shareholders' meeting. Main agenda during the annual general meeting of shareholders are:
  - To consider the report of the Board on the Company's performance proposed to the meeting;
  - To consider and approve the financial statements;
  - To consider on allocation of the Company's profits;
  - To propose a list of new director to replace the director who shall retire by rotation;
  - To nominate an auditor and fix the auditor's remuneration;
  - To consider any transaction which may have conflict of interest, in the part which is required to request for approval from the shareholders;
  - Other matters.

5. To prepare the report on general information and financial information of the Company in order to report to the shareholders and the stakeholders or the general investors correctly, on timely manner and pursuant to the applicable laws;
6. To acknowledge important audit report of the Audit Committee or the supervisory agency and the internal audit unit as well as the auditor and the consultants of the Company and to specify guidelines on improvement or correction, in case material defects have been found;
7. To specify clear and appropriated operating guidelines in order to make internal control system transparently and effectively;
8. To review adequacy and appropriateness of the Company's internal control system and risk management system;
9. To arrange the succession plan continually;
10. To consider and evaluate performance of the Board of Directors and the sub-committees as well as supervise the Company to ensure that it has efficient process for evaluation performance of the top management;
11. To appoint the Audit Committee and to give comment on power and duties of the Audit Committee;
12. To appoint the representative to oversee the subsidiary, the associated company or the joint venture;
13. To consider and specify management structure, power to appoint the Executive Committee, the President and other sub-committees, as appropriated, as well as to specify scope of power and duties of the Executive Committee, the President and the sub-committees appointed to assist and support operations of the Board;

However, the delegation of authority pursuant to the specified scope of power and duties shall not be in the manner which can entitle the Executive Committee, the President and the subcommittees consider and approve any transactions which may have interests or other conflict of interests against benefits of the Company or the subsidiary (if any), unless it is the approval of transaction which conforms to policy and criteria already considered and approved by the Board of Directors;

14. To consider, define and amend name of the directors authorized to sign and bind the Company;
15. To authorize one or more directors or any person to act on behalf of the Board. However, the abovementioned authorization shall not include the delegation of authority which can entitle such authorized person to approve any undertaking that such person or a person who might have conflict of interest (the definition of "a person who might have conflict of interest" shall be as per defined in the notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company;

However, the following undertakings shall be exercised only after they have obtained an approval from the shareholders' meeting first, provided that, any director or any person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company and/or its subsidiary shall not have the right to vote for such transaction:

- Any matter that the laws has specified that it must have an approval from the shareholders' meeting;
- Any transaction that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it must have an approval from the shareholders' meeting;
- In addition, the following activities are required to have approval with majority votes from the Board of Directors' meeting presenting at the meeting and from the shareholders' meeting with the votes not less than three fourths of votes of shareholders present at the meeting and have the voting rights:
  - Disposition or transfer of total or some material parts of the Company's businesses to other persons;
  - To enter into, amend or revoke the contract concerning rental of total or some material parts of the Company's businesses; the assignment of other person to manage business of the Company or merger of the other's business for profit sharing purpose;
  - Issuance of new securities to repay to the Company's creditors pursuant to debt to equity conversion project;
  - Registration to decrease the Company's registered capital by reducing the number of shares or devaluation of shares;
  - Increase, decrease, issuance of debentures, merger or dissolution of the Company;
  - Other matters, as per specified by the laws.

In addition, a transaction that the director or the person authorized by the director or the person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company or its subsidiary, shall not have the right to vote on such matter

#### **Board of the Directors' meeting**

1. Submission of the meeting's notice: Company Secretary of the Board of Directors prepares a notice to the Board of Directors' meeting which clearly defines the date, time, location and agenda and delivers



the meeting documents to the audit committee and attendees in advance with a period of time not less than 7 days to allow directors and attendees to have sufficient time to consider matters or request additional information for consideration, in the invitation letter should be clearly informed of the agenda that must be approved with complete and clear documentation for consideration

2. Number of meetings: The Board of Directors has at least 1 meeting in every 3 months depending on the situation and necessity. If at least 2 directors request for a meeting, the Company must hold a Board of Director's meeting within 14 days from the date of request.
3. Attendees: The Board of Directors' Meeting must attend at least half of the total number of directors. The committee can invite a subcommittee, management, external auditors and internal auditors of the Company to attend meetings as necessary and appropriate.
4. Voting: Use the majority voting system as a resolution of the meeting; in case the majority is not decisive, the Chairman of the Board of Directors can vote an additional vote to be decided. However, in the event of a hearing in relation to a particular director, directors who may have conflict of interests in such those matters must abstain from voting on the matters.
5. Minute of the Meeting: Company Secretary of the Board of Directors writes down the minutes of the meeting, as the directors who attended the meeting must be responsible as decided, and if any director has a different opinion from the other directors or abstains from voting, such comments must be recorded to demonstrate the extent of responsibility in such matters. The Company must complete the minutes of the Board of Directors meeting within 14 days from the date of the meeting and store it at the head office. If the director requests it, the Company must be able to quickly deliver the minutes of the meeting to them.

This Charter of the Board of Directors was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

-Signed-

(Mr. Apinetr Unakul)

Chairman of the Board of Directors

**Charter of the Audit Committee**  
**Silicon Craft Technology Public Company Limited**

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**Objective**

The Audit Committee is a sub-committee of the Board of Directors which appointed to help ease the Board of Directors' mission in its operations and to provide the business with a good corporate governance. The Audit Committee was established to enhance the efficiency of operations and value-added to the organization in various areas as follows

1. Confidence and reliability, as well as transparency of the Company's financial reports
2. Increased awareness in the performance of the Board of Directors' duties. The Audit Committee shall take into account on its responsibilities as follows
  - 2.1. Financial reporting
  - 2.2. Choosing the right accounting policy
  - 2.3. Financial Management
  - 2.4. Internal control system and internal audit
  - 2.5. Consideration of the independence of the internal auditors and/or third-party internal auditors, as well as the evaluation of the work of the head of internal auditors and/or the third-party internal auditor.
  - 2.6. Compliance with relevant requirements and laws
  - 2.7. Business Risk Management and Control
  - 2.8. Recommendation of appointment and evaluation of the performance of the certified auditors
3. Allows the Board of Directors to consider in depth in other matters other than financial reporting and internal control systems and increase efficiency in other areas of management.
4. Strength in the role and authority of external directors
5. Strengthen the directors' understanding of the scope of the audits that have been determined.

In order to perform the duties of the Audit Committee, the Committee must maintain a working relationship with the Board of Directors, executives, as well as external auditors and internal auditors of the Company to ensure efficient operation. Each audit committee member needs to develop and maintain

expertise and knowledge as well as understanding of responsibilities and understanding of the company's business and damages.

**Nomination and appointment of The Audit Committee**

1. The Board of Directors shall appoint the Audit Committee which consists of at least 3 persons and all of them must be the Independent Directors
2. The independent directors who have been appointed as the Audit Committee shall possess qualifications as per stipulated by the regulations of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand and at least one member of the Audit Committee shall have adequate knowledge, understandings or experiences on accounting and/or finance.
3. The independent directors who have been appointed as the Audit Committee shall possess qualifications as per stipulated by the regulations of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand and at least one member of the Audit Committee shall have adequate knowledge, understandings or experiences on accounting and/or finance.
4. The Audit Committee shall jointly elect one of the members to be the Chairman of the Audit Committee.
5. The Audit Committee shall appoint the secretary to assist the works pertaining to summoning of meetings, preparation of the meeting agenda, submission of the meeting document and record the minutes of meeting.
6. Apart from vacating office upon expiry of the term, the Audit Committee may vacate from holding office upon occurrence of the following circumstances:
  - 1) Resignation;
  - 2) Expiration of the term or termination from the being the Company's Director;
  - 3) The Board of Directors passed a resolution to remove from office;
  - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
  - 5) Death.

### **Qualifications of The Audit Committee**

1. Be an Independent Director and have qualification as prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (please see more details in topic “Qualifications of the Independent Director);
2. Must not be a director who is appointed from the Board of Directors to make decision with regards to the business operations of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company;
3. Must not be a director of the parent company, its subsidiary, or a subsidiary in the same level, only of the listed company;
4. To have duty in the same manner specified in the notifications, regulations and/or rules of the Stock Exchange of Thailand on qualifications and scope of work of the Audit Committee;
5. To have adequate knowledge, understandings and experiences on accounting or finance that can audit credibility of the financial statement as well as perform other duties as the Audit Committee.

### **Qualifications of the Independent Director**

The Company has the process to nominate the independent director by considering from qualifications and prohibited qualifications of the directors pursuant to the Public Limited Companies Act, laws on securities and exchange, notifications of the Office of the Securities and Exchange Commission, the Market Capital Supervisory Board, the Stock Exchange of Thailand, as well as the relevant notifications, regulations and/or rules. The Board shall consider and select the independent directors from the experts who have working experiences and other appropriated aspects. The Company has policy to appoint the independent directors at least one-thirds of total number of directors and the number shall be at least 3 persons with qualifications as follows

1. Holding shares not exceeding 1.00 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliated company, principal shareholder or controlling person of the Company. Shares held by the related persons of such independent director shall also be included;
2. Not being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliated company, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 years prior to the date being appointed 124 as the independent

director. However, such prohibited characteristics exclude the case where such Independent Director used to be the government official or the advisor of the government entity who is the major shareholder or the controlling person of the Company;

3. Not being a person related by blood or registration under laws, i.e. father, mother, spouse, sibling, and child, including spouse of the children of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling persons of the Company or its subsidiary;
4. Not having a business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than 2 years prior to the date being appointed as the independent director. Such business relationship includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Applicant or its counterparty being subject to indebtedness payable to the other party in the amount of three (3) percent or more of the net tangible assets of the Applicant or twenty (20) million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Securities and Exchange Commission concerning rules on connected transactions, *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one (1) year prior to the date on which the business relationship with the same person commences.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company, and not being a significant shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two (2) years from the date being appointed as the independent director.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Applicant, its parent company, subsidiary, affiliated company, major shareholders or controlling person of the Company,

and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date being appointed as the independent director.

7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholders.
8. Not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a significant partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1.00 per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary.
9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

#### **Authority of the Audit Committee**

The Board of Directors assigns the Audit Committee the authority to:

1. Perform duties within the scope of responsibilities set out in the Charter of the Audit Committee.
2. Invite directors, executives or employees attend meetings or clarify or respond to inquiries relating to the Company's business and operations, subsidiary, joint ventures, and joint venture projects within the scope of duties and responsibilities of the Audit Committee
3. Consult an expert or advisor of the Company (if any) or hire a consultant or external expert, if necessary, at the expense of the company.
4. Inspect and investigate as necessary in matters, as well as request the Company's for information as necessary to complete the performance under the responsibilities of the Audit Committee.

#### **Material authorities, Duties, and Responsibilities of The Audit Committee**

1. To review accuracy and adequacy of the Company's financial reporting by coordinating with the external auditor and the executives who are responsible for preparing of quarterly and yearly financial reports. The Audit Committee may recommend the auditor to review or audit any transaction which it deems necessary and materially during the Company's auditing process;
2. To review the Company's internal control system and internal audit jointly with the external auditor and the internal auditor to ensure that they are suitable and efficient, to determine independence of

- the internal audit unit and/or the outsourced internal auditor, including to approve the appointment, transfer and dismissal of the chief of the internal audit unit and/or the outsourced internal auditor;
3. To review the Company's compliance with the laws on securities and exchange, regulations of the stock exchange and the laws pertaining to the Company's businesses;
  4. To select and propose an independent person to be the Company's auditor and to fix his/her remuneration based on creditability, adequacy of resources and amount of auditing work of such auditing firm, including the experiences of the personnel assigned to perform the Company's audit works, as well as to attend the meeting with the auditor without any participation of the Company's Management at least once a year;
  5. To consider the connected transactions or transactions that may lead to conflicts of interest to ensure their compliance with the laws, notifications and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board to make sure that such transactions are reasonable and for the best interests of the Company.
  6. To consider transactions on acquisition or disposition of the Company's assets of which transaction size is required to obtain approval from the Audit Committee as per specified in the laws, notifications, regulations of the Stock Exchange of Thailand and criteria of the Office of the Securities and Exchange Commission and the Capital Market Supervisory Board.
  7. To prepare the Audit Committee's report and disclose in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and at least it must contain the following information:
    - Recommendation on accuracy, completeness and creditability of the Company's financial report;
    - Recommendation on adequacy of the Company's internal control system;
    - Recommendation on compliance with the laws on securities and exchange, regulations of the Stock Exchange of Thailand, or laws related to the Company's businesses;
    - Recommendation on suitability of the auditor;
    - Recommendation on transaction which may have conflict of interest;
    - Number of the Audit Committee's meetings arranged and attendance of such meetings by each committee member;
    - Overall recommendations or observations that have arisen while the Audit Committee performed its duties in accordance with the Charter;

- Other matters which should be made available to the shareholders and general investors within scope of duty and responsibilities assigned by the Company's Board of Directors.
8. The Audit Committee shall conduct self-evaluation on its performance and report such evaluation results together with problems or obstacles found in performing the works which may make them unable to achieve objectives as per specified to the Board for acknowledgement every year;
  9. To approve the internal audit plan, as well as to consider on acknowledgement of performance report of the Internal Audit Unit and/or the outsourced internal auditor;
  10. To consider, review and improve the Audit Committee Charter and propose to the Board for consideration and approval;
  11. In carrying out duties, if the Audit Committee has found or is suspicious about any of the following transactions or activities which may have material impacts to the financial position or performance of the Company, the Audit Committee must report the Board of Directors to take corrective action within a period of time it deems appropriated. Such transaction include:  
Recommendation on accuracy, completeness and creditability of the Company's financial report;
    - Transaction with the conflicts of interests;
    - Fraud or unusual transaction or significant deficiency in the Company's internal control system;
    - Violation or breach of laws on securities and exchange, notifications and regulations of the Stock Exchange of Thailand and the laws related to the Company's business.
  12. To conduct an investigation of the matter notified by the Company's auditor. If the Company's auditor discovered any suspicious circumstance concerned with the director, manager or any person responsible for the Company's operations, which can be regarded as the fraudulent act as per specified in the Securities and Exchange Act and the auditor has reported such issue to the Audit Committee, the Audit Committee must conduct an investigation and shall report the result of the preliminary investigation to the Office of Securities and Exchange Commission and the auditor within 30 days from the date notified by the auditor.
  13. To perform any other tasks as assigned by the Board of Directors and approved by the Audit Committee.

In performing the operations pursuant to the scope of authority and duty, the Audit Committee shall have power to invite or order the concerned management, the department head or the employee of the Company to provide recommendation, participate in the meeting or submit document which is deemed



relevant and necessary. Moreover, in performing duties under scope of authority and duty of this regulation, the Audit Committee may consult with the external independent consultant or the expert in various professions, if it deems necessary and appropriated, at the Company's expenses.

### **Audit Committee Meeting**

1. Submission the meeting's notice: Secretary of the Audit Committee prepares an invitation to the Audit Committee meeting, with clearly defined the date, time, location and agenda, and send the documents to the Audit Committee and the attendees in advance for a sufficient amount of time (or at least 7 days) to consider the matters or request information for further consideration, and to determine the matters that are in the responsibilities of the Audit Committee as follows:
  - Consideration of financial statements and related financial reports, accounting principles and accounting practices, compliance with generally accepted accounting standards, the existence of the business, major changes to accounting policies, including management's reasons regarding accounting policy making before presenting to the Board of Directors for publicity to shareholders and investors.
  - Consideration of Internal Control and Internal Audit system
  - Review of the Company's Annual Audit Plan, as well as the coordination procedures of various relevant audit plans and audit evaluations in conjunction with internal auditors and auditors to ensure that such audit plans help detect fraud or deficiencies of the internal control system.
  - A joint review with the Internal Auditor on issues or limitations arising during the audit and review the performance of the internal auditor.
  - Consideration with the auditor on issues or limitations arising from the audit of the financial statements
  - A joint review with internal auditors and auditors to plan a review of electronic data processing methods, controls, and security, specifically to prevent fraud or misuse of electronic information systems by the Company's employees or third parties.
  - Review of items that may cause conflicts of interest, such as connected transactions of the Company etc.
  - Self-evaluation of duties and responsibilities as assigned

2. Number of meetings: The Audit Committee has at least 1 meeting in every 3 months, depending on the circumstances and necessity.
3. Attendees: The Audit Committee should invite external auditors and internal auditors of the Company to present their work and may invite others who are not audit committee members, such as the executives to attend meetings as necessary and appropriate.
4. Voting: Use the majority voting system as a resolution of the meeting.
5. Minutes of the Meeting: The Secretary of the Audit Committee prepares the minutes of the meeting, which must be submitted to the Audit Committee and the Directors of the attendance, and forwarded to the auditor to confirm the information and inform about the matters that the audit committee is paying attention to or should be paid special attention to within 14 days from the date of the Audit Committee meeting.

### **The reports**

The Audit Committee has a duty and responsibility to report the activities of the Audit Committee or any other duties assigned by the Board of Directors. The Audit Committee's report is important to the Board of Directors, shareholders, and investors as it expresses the independent and frank opinions of the Audit Committee and ensures that the management of the Company manages business operation carefully and with respect to the interests of all shareholders equally.

#### **1. Reporting to the Board of Directors:**

##### **1.1. Report regular activities to the Board of Directors to be aware of the activities of the Audit Committee**

- Minutes of the Audit Committee meeting, which clearly stated the opinions of the Audit Committee on matters.
- Summary of activity reports made during the year
- Reports an opinion on financial reports, internal audit, and internal audit process
- Any other reports that the Board of Directors should be aware of

##### **1.2. Report what is detected immediately so that the Board of Directors can find a solution in time**

- List of conflicts of interests

- Suspicion or presumption of fraud or irregularities or significant deficiencies in the internal control system
- Suspicion of possible violation of the Securities and Exchange laws, the stock exchange regulations, or related laws of the Company
- Any other reports that the Board of Directors should be aware of

**2. Reporting to official agencies:**

If the Audit Committee has reported to the Board of Directors what has a significant impact on its financial position and performance and has been discussed with the Board of Directors and management, revisions must be taken. When a time is due, if the Audit Committee finds that such corrective action has been ignored without reasonable justification, any member of the Audit Committee or the Audit Committee may report such findings to the Securities and Exchange Commission or the Stock Exchange of Thailand.

**3. Reporting to shareholders and investors:**

Report on activities made during the year in accordance with the duties and responsibilities assigned by the Board of Directors. The report shall be signed by the Chairman of the Audit Committee and disclosed in the Company's annual report.

This Charter of the Audit Committee was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

-Signed-

(Mrs. Monluedee Sookpantararat)

Chairman of the Audit Committee

**Charter of the Risk Management Committee**  
**Silicon Craft Technology Public Company Limited**

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**Objective**

The establishment of the Risk Management Committee in accordance with the guidelines and principles of good corporate governance. In addition, for management and employees to be aware of their relevant roles and responsibilities.

**Nomination and appointment of the Risk Management Committee**

The Board of Directors shall appoint the Risk Management Committee and also appoint Chairman of the Risk Management Committee. The Risk Management Committee will consist of;

- 1) At least one of Independent Director
- 2) At least one of Executive Director
- 3) One of executives shall be appointed as secretary of the Risk Management Committee

**Term of office**

The directors shall have a term of office of 3 years at a time. A retired director may be re-appointed by the Board of Directors. Apart from vacating office upon expiry of the term, The Risk Management Committee may vacate from holding office upon occurrence of the following circumstances:

- 1) Resignation;
- 2) Expiration of the term or termination from the being the Company's Director;
- 3) The Board of Directors passed a resolution to remove from office;
- 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
- 5) Death.

**Material authorities, Duties, and Responsibilities of The Risk Management Committee**

1. To specify risk management policy and risk appetite to propose to the Board;
2. To specify overall policies and guidelines of the Company's risk management which shall cover financial risks, investment risks and other risks which might impact the Company's reputation, and etc. to propose to the Board for approval;

3. To specify the Company's risk management plan, framework and processes to make them correspond to risk management policy, then monitor on implementation, as well as review efficiency of risk management framework;
4. To review risk management report and operation to make sure that risk management is continually conducted and risk appetite can be adequately and suitably managed;
5. To develop and review the Company's risk management system to make it efficiently and effectively on continued basis by constantly evaluating and monitoring risk management process pursuant to the specified policy.
6. To appoint the risk management working group, as appropriate, as well as to support on personnel, budget and other necessary resources which are consistently with its scope of responsibility;
7. To constantly coordinate with the Audit Committee by exchanging knowledge and information on risk and internal control which has or may have impact to the Company;
8. To make decision and provide recommendation concerning important issues occurred in the risk management process;
9. To present performance report of the Risk Management Committee to the Audit Committee for acknowledgement and/or consideration every quarter;
10. To perform other duties as per assigned by the Board.

### **Meetings and Reports**

1. The Risk Management Committee arranges or calls for meetings as deemed appropriate at least 4 times a year and has the power to request additional meetings as needed. The meeting shall consist of member of the Risk Management Committee not less than half of the total number of directors
2. Chairman of the Risk Management Committee acts as chairman of the meeting. In the case of Chairman of the Risk Management Committee is not in the meeting or unable to perform his duties, the member of the Risk Management Committee who attended the meeting may choose one of the risk members to chair the meeting.
3. The resolution of the Risk Management Committee is conducted with a majority. The Risk Management Committee, which has any interest in the matters considered, shall not participate or express the opinion and shall not have the right to vote on the matter.

4. The meeting's notice to the Risk Management Committee shall be delivered in advance of the meeting, unless necessary or urgent. The invitation of the meeting will be informed by other means or schedule the meeting earlier. The Secretary of the Risk Management Committee will record in the minutes of the meeting.
5. The Risk Management Committee can invite relevant parties to attend the meeting to clarify the facts to the Risk Management Committee to acknowledge.

This Charter of the Risk Management Committee was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

Signed-

(Mr. Wuthipong Suponthana)

Chairman of the Risk Management Committee

**Charter of the Executive Committee**  
**Silicon Craft Technology Public Company Limited**

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**Appointment of the Executive Committee**

1. The Executive Committee is appointed by the Board of Directors, with the amount as the Board of Directors deems appropriate which will consist of a number of company directors and may consist of one or more people who can hold a position as an executive of the Company or be a number of other outsiders and among these, the Board of Directors shall appoint an Executive Director who is a director of the Company to be the Executive Chairman.
2. Chief Executive Officer Being an Executive Director by position
3. The Executive Committee appoints the secretary of the Executive Committee.

**Tenure**

The executive committee has a term of office of 3 years. The executive director who vacates office upon the expiration of the term may be reappointed. In addition to vacating office by rotation Executive Director be able to retire when

1. Resignation
2. Termination or retirement of directorship
3. The Board of Directors has resolved to vacate the position.
4. Disqualifying and having prohibited characteristics as required by law
5. Death

**Scope, powers, duties and responsibilities of the Executive Committee**

1. To have the power to make decisions on important operations of the company by specifying the scope, type or size of the business, objectives, guidelines and policies of the company within the scope of the assigned authority including oversight of overall operations, productivity, customer relations and must be responsible to the board.
2. To control the management of the company to be in accordance with the policy set by the Board of Directors. and report the operating results to the Board of Directors.
3. Determine strategies and business plans, budgets, and management structures in order to be able to operate in accordance with the policies and goals of the Board of Directors as well as presenting them to the Board of Directors for consideration.

4. Determine the approval authority of each person as appropriate. There is a separation of duties that may be conducive to corruption in separate duties and presented to the Board of Directors for approval, including control to adhere to the principles and regulations that have been approved.
5. Have authority to manage the salary structure Determine the scope of work duties, assign, appoint, transfer, cut or reduce wages, dismissal, disciplinary action, reward, consider employee merit.
6. Consider and approve the operations of financial transactions with banks or financial institutions for supporting normal business operations such as opening a bank account bank account closure borrowing money lending money Procurement of credit lines, pledges, mortgages, guarantees, etc., including trading and register any land ownership for normal business operations according to the approval authority given by the Board of Directors.
7. Consider investments and expansions, Including the sale of fixed assets of the company to propose to the Board of Directors.
8. Have the power to act and represent the business to outsiders in the business that is related and beneficial to the business
9. Consider the company's fundraising matters to present to the Board of Directors.
10. Approve the appointment of consultants in various fields necessary for the operation of the business.
11. Carry out activities related to the general management of the business.
12. Consider and approve the action plan of each department of the company and consider and approve requests from various departments of the company that exceed the authority of the department.
13. Together with the Risk Management Committee, propose to the Board of Directors the determination of risk management policy and acceptable risk level.
14. Together with the Risk Management Committee, determine the Company's overall risk management policy and guidelines, which cover important types of risks such as financial risks, investment risks and risks affecting the reputation of the business, etc., to be presented to the Board of Directors for approval.



15. Together with the Risk Management Committee, determine the framework and risk management process of the Company in accordance with the risk management policy and monitor its implementation, including reviewing the effectiveness of the risk management framework.
16. Together with the Risk Management Committee, review the risk management report and take action to ensure that the risk management is sufficient and appropriate and be able to manage risks to an acceptable level and risk management has been implemented continuously.
17. Together with the Risk Management Committee, review the Company's risk management system for efficiency and effectiveness by regularly evaluating and monitoring the risk management process in accordance with the established policies.
18. Together with the Risk Management Committee Set up a risk management working group as necessary as well as supporting the risk management working group in terms of personnel, budget and other necessary resources in accordance with the scope of responsibility.
19. Together with the Risk Management Committee, coordinate with the Audit Committee regularly by exchanging knowledge and information about risks and internal controls that affect or may affect the Company.
20. Together with the Risk Management Committee, make decisions and make recommendations on critical issues that arise in the risk management process.
21. Together with the Risk Management Committee, present the Risk Management Committee's performance report to the Audit Committee for acknowledgment and/or consideration every quarter.
22. Perform other tasks as assigned by the Board of Directors.

The delegation of powers, duties and responsibilities of the Executive Committee delegation of such powers. The authorized person must not have the authority to approve transactions that such persons or persons who may have conflicts of interest. ("person who may have a conflict of interest" as defined in the Notification of the Securities and Exchange Commission) has an interest or may have a conflict of interest in any other manner with the Company or its subsidiaries. The approval of such transactions must be proposed to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval of such transactions in accordance with the Company's Articles of Association or relevant laws, unless it is an approval of a transaction that is a business operation. The Company's normal business transactions are in accordance with the policies and rules approved by the Board of Directors.

### **Meeting and Report**

1. Executive Committee arrange or call for meetings on a monthly basis or as appropriate and has the power to call additional meetings as necessary. The quorum consisted of not less than half of the Executive Committee of the total number of directors.
2. The Chairman of the Executive Committee presides over the meeting in the event that the Chairman of the Executive Committee is absent or unable to perform his duties. The executive directors present at the meeting shall elect one executive director to chair the meeting.
3. Resolution of the Executive Committee can be done by holding a majority vote. However, any executive director who has any interest in the matter under consideration must not participate in the comments and has no right to vote on that matter.
4. The meeting invitation letter to the Executive Directors shall be delivered in advance of the meeting unless it is necessary or urgent to notify the meeting by other means or an earlier meeting date may be set by the Secretary of the Executive Committee is the person who records the minutes of the meeting

This Charter of the Board of Directors was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

-Signed-

(Mr. Manop Dhamsirianunt)

Chairman of the Executive Committee

## **Charter of the Nomination, Remuneration and Corporate Governance Committee**

### **Silicon Craft Technology Public Company Limited**

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#### **Objective**

Nomination, Remuneration and Corporate Governance Committee have been appointed by the Board of Directors to promote good corporate governance. It is responsible for setting criteria and policies for the nomination and remuneration of the Board of the Directors' members and sub-committee's members, as well as nominating, selecting, and proposing suitable persons to serve as directors, and considering the remuneration for directors. The Committee is responsible to conduct corporate governance and perform other tasks as assigned and present to the Board of Directors and/or the Shareholders' Meeting.

#### **Composition of the Nomination, Remuneration and Corporate Governance Committee**

- Nomination Remuneration and Corporate Governance committee is appointed by the Board of Directors and consists of at least 3 directors and/or executives, with more than half of the total directors having to be independent directors.
- The Nomination, Remuneration and Corporate Governance Committee shall jointly elect one of the members to be the Chairman of the Nomination, Remuneration and Corporate Governance Committee
- The directors shall have a term of office of 3 years at a time. A retired director may be re-appointed by the Board of Directors.
- Apart from vacating office upon expiry of the term, the Nomination, Remuneration and Corporate Governance Committee may vacate from holding office upon occurrence of the following circumstances:
  - 1) Resignation;
  - 2) Expiration of the term or termination from the being the Company's Director;
  - 3) The Board of Directors passed a resolution to remove from office;
  - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
  - 5) Death.

- The Board of Directors has the power to appoint a member of Nomination Remuneration and Corporate Governance committee for carrying out the objectives or to replace the directors in the committee who retired from the office. The person who is appointed to the Nomination Remuneration and Corporate Governance committee, substitute for resignation or resolved to vacate, will only be in office as long as the remaining term.

**Material authorities, Duties, and Responsibilities of The Nomination, Remuneration and Corporate Governance Committee**

**On Nomination**

1. To specify criteria and policy on nomination of the directors and the sub-committees by considering from appropriateness of the number, structure and component of the Board; specify 115 qualifications of the director to propose to the Board and/or to propose to the shareholders' meeting for approval, as the case may be;
2. To consider, recruit and propose suitable persons to be the Company's director or replace the director whose term shall be expired and/or when such position is vacant and/or when it is required to appoint additional director;
3. To consider a list of the proposed candidates then select the person whose qualifications conform to the specified criteria;
4. To approach the person whose qualifications, conform to the criteria specified to make sure that such person is willing to accept the position of the Company's director, if he/she appointed by the shareholders;
5. To perform other tasks assigned by the Board of Directors pertaining to nomination;
6. To nominate and evaluate performance of the Chief Executive Officer to propose to the Board of Directors' meeting for consideration and approval.

**On Remuneration**

1. To prepare criteria and policy on determination of remuneration of the Company's Board of Directors and the sub-committees to propose for approval from the Board and/or the shareholder's meeting, as the case may be;
2. To specify necessary and suitable remuneration, both pecuniary benefits and non-pecuniary benefits, of the Board of Directors, individually in each year based on scope of authority, duties and responsibilities (Accountability and Responsibility), performance and from comparing with other companies engaging in similar businesses as well as benefits expected to

- be obtained from the director to propose to the Board of Directors for consideration and further propose for approval from the shareholder's meeting;
3. To be responsible for the Board and to have duty to clarify and answer any queries on remuneration of the Board during the shareholders' meeting;
  4. To consider evaluation criteria of performance of the Chief Executive Officer, as per assigned by the Board;
  5. To report policy, principle/reason on determination of remuneration of the directors and the management pursuant to regulations of the stock exchange, by disclosing in the annual registration statement (Form 56-1) and the annual report of the Company;
  6. To determine annual remuneration of the directors and the Chief Executive Officer, pursuant to the payment criteria considered then propose to the Board of Directors for consideration on approval of remuneration of the Chief Executive Officer. For remuneration of the directors, the Board shall propose to the shareholders' meeting for approval;
  7. To consider on appropriateness and to give consent in case of offering of newly issued securities as incentives to the Company's directors and employees, by adhering to fairness to the shareholders in order to motivate the directors and the employees to perform duties on enhancement of value to the shareholders in the long term and to be able to truly retain the qualified employees;
  8. To perform other tasks relevant to the determination of remuneration as per assigned by the Board; The management and the department heads shall report or present relevant information and document to the Nomination and Remuneration Committee to support its operations in order to achieve the assigned duties;
  9. To consider bonus framework, salary increase and key index performance of the organization to propose to the Board for consideration.

#### On Corporate Governance

1. Consider to set guidelines and policy regarding business ethics, as well as anti-corruption policy, in accordance with the principles of good corporate governance to the Board of Directors and management to establish an organization's code of conduct which has standardized and appropriate
2. Supervise, consult, evaluate and review policies and adhere to good corporate governance principles and business ethics, including social and environmental responsibility, as well as

sustainability development, to develop and enhance the company's corporate governance to international standards.

3. Suggest on guidelines about social and environmental responsibility, as well as supervising, consulting, supervising, and monitoring the progress of the organization's sustainable development actions and evaluating the effectiveness of the operation.
4. Review the suitability of the Charter of the Nomination Remuneration and Corporate Governance committee and present to the Board of Directors for approval if the charter has been updated.
5. Perform any other duties as assigned by the Board of Directors

### **Reporting**

The Nomination Remuneration and Corporate Governance Committee reports to the Board of Directors.

### **Meeting**

- The Nomination Remuneration and Corporate Governance Committee holds or calls meetings as deemed appropriate at least once a year and has the power to request additional meetings as needed. The meeting shall consist of members of the Committee not less than half of the total number of the members.
- All the committee's members should attend the meeting every time unless there is a reason for not being able to attend the meeting. Chairman of the Nomination Remuneration and Corporate Governance Committee shall be notified.
- The Chairman of the Nomination Remuneration and Corporate Governance Committee act as Chairman of the meeting. In case the Chairman of the Committee is not present at the meeting or is unable to perform his duties, one of the members shall be selected to chair the meeting.
- The Committee's vote is conducted with a majority. The Nomination Remuneration and Corporate Governance Committee's members who has any interest in the matters considered, shall not participate in the meeting or express an opinion and shall not have the right to vote on the matter.
- Meeting invitations to the Nomination Remuneration and Corporate Governance Committee shall be delivered in advance of the meeting, unless necessary or urgent. The invitations of

the meeting shall be informed by other means or schedule the meeting earlier. The Secretary of the Nomination Remuneration and Corporate Governance Committee will record in the minutes of the meeting.

- Nomination Remuneration and Corporate Governance Committee can invite the relevant parties to attend the meeting to clarify the facts to the Committee to acknowledge.

This Charter of the Nomination, Remuneration and Corporate Governance Committee was approved by the Board of Directors Meeting No. 2/2021 held on March 18, 2021.

Signed-

(Mr. Sarote Phornprapha)

Chairman of the Nomination, Remuneration  
and Corporate Governance Committee



Silicon Craft Technology Public Company Limited

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Attachment 4

Internal Control Sufficiency Evaluation Form

for the year ended December 31, 2021



Internal Control Sufficiency Evaluation Form  
Silicon Craft Technology Public Company Limited

For the year ended December 31, 2021

This assessment is prepared by the Board of Directors.

This is the opinion of the Board of Directors on the sufficiency of the internal control system.

## Control Environment

Questions	Yes	No
<p>1.1 The board of directors and the management set up principles and guidelines based on integrity and codes of conduct in the following areas:</p> <p>1.1.1 Daily routine operation and decision making;</p> <p>1.1.2 Treatment of trade partners, clients and other parties.</p> <p><u>Description</u> <i>The Company's board of directors and management pays attention to action that is based on decisions and conducts business in accordance with the provisions of any applicable laws or regulations by adhering to the rule of law in business, being transparent, focus on the customer while being responsible for the society, as well as establishing ethical practices for the daily performance of duties, decision making, and treatment of business partners and third parties in the Code of Conduct handbook. The latest edition of the Business Ethics and Code of Conduct Handbook has been reviewed during the year 2021 according to the Board of Directors meeting No. 2/2021 dated 18 March 2021 to be used as a guideline for the conduct of the organization appropriately and up to date.</i></p>	✓	
<p>1.2 Following written rules are provided to ensure that executives and employees perform the duties with integrity and ethics:</p> <p>1.2.1 Appropriate code of conduct for executives and employees;</p> <p><u>Description:</u> <i>The Company defines the code of conduct for management and employees as a guideline for working in the Business Ethics and Code of Conduct Handbook in writing. company Which is signed and promulgated by the Chief Executive Officer.</i></p> <p>1.2.2 Prohibitions on any actions by the executives and employees that could cause conflicts of interest with the business; and prohibitions on corruptions which will cause damages to the organization.</p> <p><u>Description</u> <i>The company has ethical requirements which management and employees must not conduct any business or activity in a manner that may lead to a conflict of interest, whether directly or indirectly, with the Company. In addition,</i></p>	<p>✓</p> <p>✓</p>	

✓



✓

**Description** *The company has ethical requirements which management and employees must not conduct any business or activity in a manner that may lead to a conflict of interest, whether directly or indirectly, with the Company. In addition,*

Questions	Yes	No
<p><i>there are clear policies and guidelines on anti-corruption. The latest policy has been reviewed and approved by the Board of Directors Meeting No.2/ 2021 on March 18 2021 (Agenda 4.2).</i></p> <p>1.2.3 Appropriate penalties in the case of violation of the aforementioned rules</p> <p><u>Description</u> <i>The company has established a punitive procedure for violations or non-compliance with the policy in accordance with the regulations on the work of the disciplinary action of the company.</i></p> <p>1.2.4 Communication of the aforementioned rules and penalties to the executives and the employees. For example: they are included in the orientation session for new employees; employees annually sign for acknowledgment of the rules and penalties; the code of conduct is publicized for employees and outsiders.</p> <p><u>Description</u> <i>Requirements in the Business Ethics Manual and Code of Conduct and the penalties in business ethics have been communicated to executives and employees at all levels through training when entering a new job by the Human Resources Department, ready for employees to sign "Letter of Consent " to express the intention and willing to comply with the code of conduct specified in the Business Ethics Manual. This covers business ethics requirements and disciplinary action. Executives and employees at all levels can access the Company's policies through the SharePoint system. In addition, the Company has disseminated and communicated business ethics and corporate governance policies. That is good for outsiders through the Company's website.</i></p>	<p>✓</p> <p>✓</p>	
<p>1.3 There are procedures to monitor and assess whether the code of conduct is complied:</p> <p>1.3.1 Monitoring and assessment by an internal audit unit or a compliance unit;</p> <p>1.3.2 Self -assessment by executives and employees;</p> <p>1.3.3 Assessment by independent professionals ,outsiders of the organization.</p> <p><u>Description</u> <i>The company establishes it as the duty and responsibility of all executives and employees to follow up and do self-assessment every year.</i></p>	<p>✓</p>	

Questions	Yes	No
<p>1.4 There is timely management upon a detection of non-compliance with rules on integrity and code of conduct.</p> <p>1.4.1 There are procedures for timely detection of the violations;</p> <p>1.4.2 There are procedures for suitable and timely punishment or management of the violations;</p> <p>1.4.3 There are timely and suitable corrections for the violations of rules for integrity and code of conduct.</p> <p><i>Description The company has set measures and procedures for action when a complaint is received or an action of violating standards in the Business Ethics and Code of Conduct is found. The company will take the disciplinary action as set out in the Work Regulations Section 6 (Discipline and Disciplinary Punishments) or as appropriate immediately. The investigation will be conducted to obtain the facts and proceed to stop the violation or non-compliance.</i></p>	✓	

2. The board of directors demonstrates independence from the management and exercises oversight of the development and performance of internal control.

Questions	Yes	No
<p>2.1 The roles and duties of the board of directors are set separately from those of the management. The authorities of the board of directors are clearly defined.</p> <p><i>Description The company states the powers, duties and responsibilities of the Board of Directors in the charter of each committee. In addition, there is an authorization matrix, which reserves the right to approve the Board of Directors, such as defining vision, missions, goals, strategies and company policies, annual budget, annual research and product development budget, management structure, buying or transferring assets and investing in other entities or new businesses, raising funds, contracting loans, guarantees and financial obligations, etc.</i></p>	✓	
<p>2.2 The board of directors oversees whether the company goals are clear and measurable to be used as guidelines for executives' and employees' operation.</p> <p><i>Description In 2021, executives performs meeting and set strategy (Corporate Focus 2021) in order to set the direction as defined such as selling strategy, marketing}</i></p>	✓	

<p><i>technology strategy as well as people development which related to company's vision and mission as to create innovation and identity in products. Furthermore, Corporate Focus 2021 has been approved by the Board of Directors' meeting. Management team also has KPI and obvious business goals and milestones in order to report up-to-date progress to Executive Committees every month.</i></p>		
<p>2.3 The board of directors oversees that the company follows the laws and charters in specifying roles and duties of the board of directors, the executives, the audit committee, auditors, internal auditors, and the personnel who is responsible for financial statements.</p>	✓	
<p>2.4 The board of directors are knowledgeable for the company business and have expertise beneficial to the company or can seek advices from experts in a particular area.</p> <p><u>Description</u> <i>The Company has completed assessment on the Skill matrix for Board of Directors for consider both micromanagement and also specific knowledge, experiences or expertise of directors to ensure that the directors have full of competency in every part of the Company's strategy.</i></p>	✓	
<p>2.5 The board of directors comprises of independent directors who are knowledgeable, reliable and truly independent in performing the duties. For example, the independent directors should have no business relationship with the company or any relationship that could influence their judgement and independent performance.</p> <p><u>Description</u> <i>The Board of Directors consists of 3 independent directors who are knowledgeable and competent in various fields and are independent in their work and exercise discretion in considering various matters. Appropriately Including no shareholding in the company.</i></p>	✓	
<p>2.6 The board of directors oversees the development and implementation of the internal control in the organization, including creating control environment, risk assessment, control activities, information and communication, and monitoring activities.</p> <p><u>Description</u> <i>The Board of Directors is responsible for overseeing and managing the Company's accounting system, reliable financial reporting, transparent sufficient and suitable internal control system. It also oversees the risk management to cover the</i></p>	✓	

<p><i>entire organization. In addition, the Audit Committee, a sub-committee, is responsible for overseeing the Company's internal control system to be sufficient and meet international standard as well as overseeing to have a reliable accounting and financial reporting system and to review the Company's compliance with the regulatory requirements or legal requirements relating to the Company's business.</i></p>		
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3. Management establishes, with board oversight, structures, reporting line, and appropriate authorities, and responsibilities in the pursuit of objectives.

Questions	Yes	No.
<p>3.1 Top management set up the organizational structure which supports the pursuit of the company's objectives by considering appropriateness of business functions and legal requirement. There is, also effective internal control function. For example, there is a separation of duties in important business units which would result in check and balance; there is an internal audit unit which reports directly to the audit committee; there is a clear line of report..</p> <p><u>Description</u> <i>The company has set up an appropriate organizational structure at both the organizational and departmental levels, have a clear chain of command and reporting. In the performing of work, each department will work in a coherent manner to achieve the company's objectives with separation of duties causing a balance and checks between departments.</i></p>	✓	
<p>3.2 Top management establishes reporting line by considering appropriateness of authorities, responsibilities and communication.</p>	✓	
<p>3.3 Authorities and responsibilities among the board of directors, top management, management and employees are appropriately defined and assigned.</p> <p><u>Description</u> <i>The company determines the powers, duties and responsibilities of the Board of Directors, each of the sub-committees, the management, and the employees of the company are defined and specified in their respective charter and job descriptions respectively, which are prepared and approved by appropriate authority. In addition, there is clearly established authorization matrix at both the</i></p>	✓	

<i>organizational and operational levels which was officially announced to be able to be used as reference in work.</i>		
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4. The organization demonstrates its commitment to attract, develop and retain competent individuals in alignment with objectives.

Questions	Yes	No
<p>4.1 The company has policies and practices to recruit, develop and retain competent employees and regularly reviews such policies and practices.</p> <p><u>Description</u> <i>Company annual workforce planning is being planned as well as written recruiting and hiring processes and procedures to be used as a tool for selecting employees with knowledge, abilities, and experience suitable for the job position as specified in the job description, including planning and training of employees at all levels according to the annual training plan to develop potential, knowledge, and ability of employees to work effectively.</i></p>	✓	
<p>4.2 The company has evaluation process, incentives or rewards to employees with good performance, and management measures for employees who do not achieve the targets. Such processes are well informed to executives and employees.</p> <p><u>Description</u> <i>The company has established guidelines and criteria for evaluating performance at the management level and employee level. There is a process for clarifying and reporting the assessment results for employees to sign for acknowledgment in writing including a review and formally approve the assessment results from the authority.</i></p>	✓	
<p>4.3 The company has process of timely solutions and preparation when lacking competent employees.</p> <p><u>Description</u> <i>The company establishes a succession plan policy to prepare for the lack of competent personnel in a timely manner. By specifying the positions that are important to the organization, such as C-Level and Manager-level positions of each department, as well as the appropriate positions and subordinate employees to</i></p>	✓	

<p><i>inherit such important positions in the clearly written successor profile to prepare if important positions are available and able to continue the work immediately.</i></p>		
<p>4.4 The company has process of recruitment, development and retention for executives and employees such as providing mentoring system and trainings.</p> <p><u>Description</u> <i>The company defines job titles and identifies those employees who are qualified to inherit key positions including defining development and training topics to enhance skills and prepare for succession in the successor profile for each key position such as management skills, leadership skills, technical skills, financial skills, etc. In addition, the Human Resources Department provides training of employees at all levels, both internal and external training. To develop knowledge and skills of employees on a regular basis along with clearly storing the training history of employees.</i></p>	✓	
<p>4.5 The company has a succession plan for important positions.</p> <p><u>Description</u> <i>The company has established a written succession plan policy. This was reviewed and approved by the Board of Directors in accordance with the Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 in order to provide the Company with guidelines for planning the replacement and succession of positions for retirement and talent management or job positions that are targeted by the market or competitors and reduce the loss rate of personnel with knowledge, abilities and experience. There is a clear and transparent recruitment process including performance and potential assessments, knowledge and skills development appropriately. As a result, employees are motivated to work by being able to inherit their positions which will make the operations continuity.</i></p>	✓	



5. The organization hold personnel accountable for their internal control responsibilities in the pursuit of objectives.

Questions	Yes	No.
<p>5.1 The board of directors and executives have procedures and communication tools to enforce all employees to take responsibilities in internal control and to provide corrective measure for such procedure, if necessary.</p> <p><u>Description</u> <i>The company defines processes and instills employees to comply with policies, regulations, and guidelines / procedures in various areas to perform work at the same standard. There are management representatives who are selected from the management to perform the duty of regular monitoring of the quality management system (ISO) compliance. In addition, the Board of Directors has oversight and follows up on the internal control assessment from external auditors on a quarterly basis.</i></p>	✓	
<p>5.2 The board of directors and executives set suitable indicators for performance appraisal, incentives and rewards with regard to code of conduct, and the company's short-term and long-term objectives.</p> <p><u>Description</u> <i>The company has defined and communicated performance indicators (KPIs) for each department and there is a quarterly evaluation of operational indicators. In addition, incentives and rewards are created for employees who have achieved their goals, such as establishing an incentive payment criteria in order to continuously stimulate sales to sales people.</i></p>	✓	
<p>5.3 The board of directors and executives continuously assess the incentives and rewards by focusing on the connection between success of the performance and the compliance with the internal control .</p>	✓	
<p>5.4 The board of directors and executives do not put excessive pressures on each personnel duties.</p> <p><u>Description</u> <i>The company established KPI for controlling and evaluate performance of every department which the significant internal audit activities has been included. Moreover, the KPI evaluation process consists of the true history of works so that the staffs have not over tensions for working due to this process.</i></p>	✓	

<p><i>has defined and communicated performance indicators (KPIs) for each department and there is a quarterly evaluation of operational indicators. In addition, incentives and rewards are created for employees who have achieved their goals, such as establishing an incentive payment criteria in order to continuously stimulate sales to sales people.</i></p>		
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Risk Assessment
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6. The organization specifies the objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Questions	Yes	No
<p>6.1 The company is able to comply with the generally accepted accounting principles which is suitable to the business at that time by presenting that transactions in financial statements exist, complete, correctly show the rights or obligations of the company, have the right value as well as properly disclosed.</p> <p><u>Description</u> <i>The Company complies with generally accepted accounting standards and financial reporting standards relevant to businesses. The Company's financial statements have been reviewed / audited by the certified public accountant every quarter and year. Which expressed an unqualified opinion on the aforementioned financial statements.</i></p>	✓	
<p>6.2 The company determines materiality of the financial statement by considering key factors including financial report users, transaction sizes, and business trends.</p>	✓	
<p>6.3 Financial statements reflect true business operation activities of the company.</p> <p><u>Description</u> <i>The company produces financial reports in full compliance with generally accepted accounting principles. It has been audited / reviewed by an auditor approved by the SEC, who expressed unqualified opinions on the Company's financial reports.</i></p>	✓	

<p>6.4 The board of directors or the risk management committee approves and communicate risk management policy to executives and all employees. The policy is acknowledged and accepted for practices as a part of the organization's culture.</p> <p><u>Description</u> <i>The Company has established a written risk management policy. This has been prepared to guide executives and operators to apply for appropriate risk management. The policy has been officially reviewed and approved by the Company's Board of Directors in accordance with the resolution of the Board of Directors Meeting No.2 / 2021 on March 18, 2021.</i></p>	✓	
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7. The organization identifies risks to the achievement of the objectives across the entity and analyses risks as basis for determining how the risk should be managed.

Questions	Yes	No
<p>7.1 The company identifies all risks which may affect business operation at levels of organization, business unit, departments, and working functions.</p> <p><u>Description</u> <i>The company identifies and analyzes all types of risks that may arise from both internal and external factors to be used to establish guidelines for risk management and risk measurement index to be consistent and able to manage the risks at an acceptable level (Risk Management Framework) to be practical with business goals, strategy, and future plans for the Company. This process will consider on impacts and risk factors such as strategy, performing, customers, Financial, Legal and Corporate Governance.</i></p>	✓	
<p>7.2 The company analyzes all risks that could come from both internal and external factors, including risks from business strategies, operations, reporting, compliance with law and regulation, and information technology.</p> <p><u>Description</u> <i>The Management has analyzed overall risk of the company by considering the risks from both internal and external factors which covers the business risks, operational risks, financial risks, and fraud risks to identify and assess risks and impacts, current risk control and define clear methods for managing risks in each area.</i></p>	✓	

<p>7.3 Executives at all levels participate in risk management.</p> <p><u>Description</u> <i>The company has appointed a working group for risk management which also have each main representators. This process also have notification of working group for risk management dated 1 September 2021 officially in order to follow up impact, likelihood of risk factor and impact and also report the progress to the Risk Management Committee.</i></p>	✓	
<p>7.4 The company assesses the significance of risks by considering the likelihood and the possible effects.</p> <p><u>Description</u> <i>The working group for risk management usually have meetings to follow up risk factor, Progress, likelihood and impact for the Company for updating up-to-date information.</i></p>	✓	
<p>7.5 The company has measures and operational plans to handle risk by either accepting, reducing, avoiding or sharing risks.</p> <p><u>Description</u> <i>The Risk Management Committee has considered measures to manage each risk to an acceptable level. The indicators and acceptable risk levels are clearly defined for timely monitoring and reporting of risk management results.</i></p>	✓	

8. The organization considers the potential for fraud in assessing risks to the achievement of the organization's objectives.

Questions	Yes	No
<p>8.1 The company assesses the potential for fraud covering all types of fraud including fraudulent financial reporting, losses of assets, corruptions, management override of internal controls, manipulations on important financial information, unauthorized acquisition or disposition of assets etc.</p> <p><u>Description</u> <i>The company has considered covering fraud risks by identifying incidents and assessing opportunities and impacts in the process of preparing risk registers in order to establish management measures such as fraud on financial statement, asset and authority.</i></p>	✓	

<p>8.2 The company carefully reviews the operational objectives, considering possibility of achieving the goals. Also, incentives and rewards granted to the employees should be reasonable and would not instigate wrong doing. For example, The company does not set expected sales much higher than its capabilities so that it will lead to sales manipulation.</p> <p><u>Description</u> <i>The company has set operational goals and an annual budget plan for 2021 that takes into account the feasibility of goals and business growth opportunities. The management has presented the target and annual budget to the Board of Directors for consideration and approval before applying for management accordingly.</i></p>	✓	
<p>8.3 The audit committee considers and inquires executives in accordance with the potential for fraud and measures that the company establishes to prevent or correct the frauds.</p>	✓	
<p>8.4 The company communicates to all employees to understand and comply with the policies and guidelines.</p> <p><u>Description</u> <i>The company has a channel to communicate policies and manuals and operating guidelines through the Company's Share Point system, accessible to executives and employees at all levels.</i></p>	✓	

9. The organization can identify and assess changes that could have impacts on the system of internal control.

Questions	Yes	No
<p>9.1 The company assesses changes of external factors which could affect the business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The company assesses changes in external factors that may affect the Company's business operations through various company meetings such as the weekly meeting of the operation planning department together with the Supply Chain department to plan and receive the production plan and the time it takes for the company to receive products from external contractors to be used to plan the</i></p>	✓	

<p><i>delivery of products to customers in time, internal sales and business development meetings weekly, and a monthly executive committee meeting, etc., as well as establishing policies and procedures to accommodate the appropriate changes.</i></p>		
<p>9.2 The company assesses changes in business models which could affect business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The company assesses business practices that may affect business operations through the Board of Directors' meetings. In addition, the Company has appointed an Innovation Committee to perform the main role of analytical thinking, assess the competence of the business, as well as drive innovation and technology which is constantly changing. Through planning and adjusting the strategy of the organization to be in line with the market and business. The said committee will attend meetings with the Chief Executive Officer (CEO) and Chief Product Officer (CPO) every 2 weeks.</i></p>	✓	
<p>9.3 The company assesses changes of the organizational leaders which could affect the business operation, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The Company has established a Succession Plan Policy with emphasis on executive level position (C-LEVEL) in order to operate the business continuously. At present, the company has created a Successor Profile that specifies the qualifications, skill, experience, and responsibilities to be clearly used as a basis for recruiting successors to replace important executives as well as determining the executive who will act as a replacement when there is a force majeure event or in the event that the management cannot perform their duties (Emergency Replacement) both in the short and long term until the suitable successors can be selected respectively in order to reduce the impacts that affect the business operation and reduce the shortage of personnel which may affect the company.</i></p>	✓	

Control Activities
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10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of the objectives to the acceptable levels.

Questions	Yes	No
10.1 The company's control measures are suitable to the risks and specific characteristics of the organization such as the environment; the work complexity, the characteristics of work, the scope of the operations, and other specific condition	✓	
<p>10.2 The company has written internal control measures covering all procedures appropriately. For example, the company has policies and procedures in regard to financial transactions, procurement, and general administration. The company also gives clear scope of authorities and approval hierarchy of each management level to prevent fraudulence. For example, the company establishes: chart of authority approval to each management level to limit amounts of expenditures; project/investment approval manual; procurement and vendors selection manual; decision making on procurement process manual; or equipment/tools disbursement manual. Therefore, following procedures are provided:</p> <p>10.2.1 Collection on information of major shareholders, directors, executives and related persons, as well as connected persons benefits for monitoring and reviewing on related transactions or transactions with conflict of interests. The collection will be consistently up-to-date.</p> <p>10.2.2 In case that the company has already approved transactions or entered into the contracts with long term obligations such as purchasing and selling contracts, lending, guaranteeing, the company monitors whether the conditions of the agreements are followed through the contracts periods. For example, monitoring compliance with loans repayment agreement or the contracts are regularly reviewed for appropriateness.</p> <p><i>Description The company has established scope of authority and the approval hierarchy at each level is clearly specified in the authorization power at both the management and operational levels. It is announced to all employees in general and a regular review of the suitability is required including having written internal control measures. With the formulation of policies and operational manuals covering all processes to guide people involved in various functions to put into practice correctly.</i></p>	✓	

<p><i>In addition, the company also considers related transactions which are approved by the Audit Committee and the Board of Directors Meeting respectively on a quarterly basis.</i></p>		
<p>10.3 The company sets up suitable varieties of internal control such as manual and automated controls or preventing and monitoring controls.</p> <p><u>Description</u> <i>The company has designed an internal control system. It is defined as part of the operation manual. This includes controlling access to information and approving transactions. Both in the form of prevention and detective control, such as</i></p> <p><i>1) Establish budget control for research and development projects through the ERP system, with a system to prevent orders or spending more than the approved budget or to prevent price changes. Purchase per unit on purchase orders that have been approved including a monthly audit of the allocation and recording of work costs by the accounting authority.</i></p> <p><i>2) Fixed asset investment budget control is required through the ERP system to prevent orders or expenditure exceeding the approved budget. There is an authorized authority framework for non-budget purchases before every purchase is processed Fixed asset depreciation calculation via ERP system and automatic account recording. The depreciation record for assets in the ERP system is required to be audited from the accounting authority before posting to the general ledger. The account manager has to review and press post transaction to general journal and ledger account etc.</i></p> <p><i>3. Establish the cost management in fixed assets in ERP system in order to prevent over purchasing or over budget usage than approved budget. Also establish approval matrix and authorized persons when purchasing over budget. However, the financial controller will usually check the post transaction of daily transaction.</i></p>	✓	
<p>10.4 The company builds internal control throughout all level of the organization such as the group of companies, business unit, function, department, division or process.</p> <p><u>Description</u> <i>The company has established internal controls at all levels of the organization, including establishing the authority and responsibility of the Board of</i></p>	✓	



<p><i>Directors and Chief Executive Officer. There is an organizational structure to define appropriate lines of command and approval authority as well as a separation of duties in order to have a clear examination of each other. The department manager is the main responsible for controlling the implementation of the specified internal control system.</i></p>		
<p>10.5 The company conducts segregation of duties to the 3 parts as followed for check and balance purposes:</p> <ul style="list-style-type: none"> <li>(1) Authorization;</li> <li>(2) Recording accounting entries and information and;</li> <li>(3) Custody of assets.</li> </ul> <p><u>Description</u> <i>The company has clearly separated important duties and responsibilities, for example:</i></p> <p><i>1) Before recording the goods into the accounting system and warehouse, inventory section is the inspector for the goods which must pass the QC department to check the product quality according to the specified qualifications every time before making a record, then receiving and storing products in the warehouse. The account manager is assigned to verify the accuracy and completeness of supporting documents for accounting records and set-up records with the Financial Controller, the chief accountant of the accounting department, to approve all such debts. Including the accounting department together with the Inventory department to jointly check the inventory on a monthly basis, etc.</i></p> <p><i>2) To prepare sales orders in the ERP system, sales department must send customer demand information to the warehouse department to verify and confirm the adequacy of the inventory in the warehouse before proceeding to prepare the invoice every time. Once the invoice has been issued, the document will be delivered to Logistics staff to prepare products, packaging and shipping companies respectively. Sales Invoice must be verified in terms of both quantity and unit sales price by the Accounts Receivable Officer before delivering to the authorized person under the authority that set to approve sales transactions in such</i></p>	✓	

<i>invoice every time. In addition, Accounting Manager or Financial Controller will be the Chief Financial Officer to approve all accounts receivable list.</i>		
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11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Questions	Yes	No
<p>11.1 The company should define relationship between uses of information technology in the operation process and the general control of the information technology system.</p> <p><u>Description</u> <i>The company uses Work Plus for critical operations in sales, purchasing, raw material and inventory control, budget control, payment and accounting records, etc. The work system has sufficient control, such as setting the right to access the information in the system and its processing, including the storage of information to be safe, etc. In addition, the company has a policy to maintain the security of the information technology system including clear written IT regulations. This was communicated to employees and executives at all levels through the orientation of new employees and presented reports to the management on a monthly basis regarding the security of the system which may be at risk.</i></p>	✓	
<p>11.2 The company should define suitable control measures for infrastructure of technology system.</p> <p><u>Description</u> <i>For information technology system administration, the company has a policy and all important operational procedures are in writing to ensure that the information of the company is secure. has accurate and reliable processing, and are ready to be able to use the information in a timely manner.</i></p>	✓	
<p>11.3 The company should define suitable security control for the technology system.</p> <p><u>Description</u> <i>The company has limited access rights to information systems, which are divided by authority and responsibility for each job position with adequate physical and logical access controls.</i></p>	✓	

11.4 The company should define suitable control measures on process of procurement, development, and maintenance of the technology system.	✓	
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12. The organization deploys control activities through policies which establish what is expected and procedures that put the policies into action.

Questions	Yes	No
<p>12.1 The company has strict policies to monitor that transactions made by major shareholders, directors, executives, or the related persons must be passed through approval procedures as defined in , for example, by the articles of corporation, the regulation of the Stock Exchange of Thailand and SEC etc. This is to prevent exploitation of company benefit against the use for personal gains.</p> <p><u>Description</u> <i>The company has a policy on related party transactions. This was reviewed and approved by the Board of Directors Meeting No.3 / 2020 on May 14, 2020 and set guidelines for future trends in related party transactions including a written procedure for collecting information between each other in order for such transactions to be approved and disclosed correctly and completely. The Company realizes the importance of the duties and responsibilities of the Board of Directors regarding the disclosure of information and the certification of the correctness of the information in the form reported to the SEC, whereby the company secretary will inquire and coordinate to each committee member to confirm the names and transactions with the company or connected persons on a quarterly basis through an email channel.</i></p>	✓	
<p>12.2 The company has a policy that a transaction must be approved by the person who has no personal interests in such transaction.</p> <p><u>Description</u> <i>The Company's related party transactions policy determines those who may have a conflict of interest or have a stake in the transaction will have no voting rights in approving related transactions.</i></p>	✓	

<p>12.3 The company has a policy to approve transactions by considering the company's best interests, and consider the transactions as at arm's length basis.</p> <p><u>Description</u> <i>The Company's related party transactions policy defines the principle of consideration and approval of transactions as well as actions with general customers. The company has considered comparing prices of products or services with external prices under similar product or service conditions. The consideration of the related transactions will be reviewed by the Audit Committee meeting to give opinions on the reasons and necessity of such transactions on a quarterly basis.</i></p>	✓	
<p>12.4 The company has monitoring process for operations of subsidiaries or associated companies including setting guidelines to the person who is appointed as a director or an executive in the subsidiaries or associated companies. <i>(Answer this question is not required if the company does not invested in the subsidiary or associated companies)</i></p> <p><u>Description</u> <i>The company has established investment policies and guidelines for governance of subsidiaries, associate, or joint venture. It was reviewed and approved by the Board of Directors No.3 / 2020 on May 14, 2020. The policy has considered important requirements such as the appointment of persons to be directors of subsidiaries or associated companies, operational supervision and to determine the approval authority in various matters before making the transaction, etc., so that the operations of the Group of Companies are flexible and in the same direction.</i></p>	✓	
<p>12.5 The company assigns roles and responsibilities that executives and employees are to implement the policies and procedures in their operation.</p>	✓	
<p>12.6 The company's policies and procedures are timely implemented by competent personnel including the process of operation correction.</p> <p><u>Description</u> <i>The policies and operational processes of each work process are communicated to the employees so they can be applied to the same standard. There is a channel for communicating various policies and operational manuals via Share Point which can be accessed by executives and employees at all levels.</i></p>	✓	

12.7 The company regularly reviews its policy and procedures.  <i>Description The company regularly holds meetings to communicate policies and procedures between department executives and employees in the department or when there is a change.</i>	✓	
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#### Information & Communications

13. The organization obtains or generates and uses relevant and quality information to support the functioning of internal control as intended.

Questions	Yes	No
13.1 The company specifies information required for business operations. The information should be from both internal and external sources, which are quality and related to the company business.  <i>Description The company has prepared an operating manual for each work process, including clearly specifying information or supporting documents required in the work process from both internal and external sources. For example, requiring documentation for consideration, approval and registration of new customers in the customer database in the accounting system and defining supporting documents for monthly account recording and closing quarterly and annual etc.</i>	✓	
13.2 The company reviewed cost and benefit to gain the information, including quality and accuracy of such information.	✓	
13.3 The company provides the board of directors with essential and sufficient information for their decision-making. Examples of essential information include details of the proposed agenda, reasons and impacts on the company, and alternatives available.  <i>Description The company specifies the names of documents and information delivered together with the agenda to the Board of Directors and the sub-committees</i>	✓	

<i>for acknowledgment. This will be sent to the directors in advance of the meeting to communicate and provide sufficient information to make important decisions.</i>		
<p>13.4 The company provides the board of directors with the invitations to the board of directors' meetings and documentation for the meetings which contain necessary and sufficient information for consideration. The documents should be delivered before the meeting date at least as minimum requirement period by the regulations.</p> <p><u>Description</u> <i>Refer to the documents specified in clause 13.3</i></p>	✓	
<p>13.5 The company provides minutes of board of directors meeting with sufficient details in order to be used for subsequent audit on appropriateness of each director's responsibilities; such as: records of directors' questions; directors' views and remarks of the issues; their opposing views and reasons against the proposed agenda etc.</p> <p><u>Description</u> <i>The company records the minutes of the meetings of each board of directors, namely the Board of Directors, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee about the agenda of the meeting and the resolution of the meeting with the secretary of each committee to prepare and record each meeting in writing in order to be able to check back on the suitability of the duties of each committee.</i></p>	✓	
<p>13.6 The company has the following procedures:</p> <p>13.6.1 Filing and Classification with completeness on important documents.</p> <p>13.6.2 In case of report of deficiency found by the external auditor or internal auditor on deficiencies in internal control, the company fix the deficiency thoroughly.</p>	<p>✓</p> <p>✓</p>	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Questions	Yes	No
<p>14.1 The company has effective process of internal communication and appropriate channels of communication to support internal control.</p> <p><u>Description</u> <i>The communication of information between the parties involved within the company has many channels, such as department meetings, weekly meeting,</i></p>	✓	

<p><i>monthly, management meeting, contact via corporate email, the notice board, Share Point, and the quarterly Town Hall Meeting to support the establishment of a regular communication and internal control system.</i></p>		
<p>14.2 The company regularly reports important information to the board of directors. The board of directors has access to information sources that are vital to the operations or to review any transactions as required. For example, the company assigned contact personnel for providing other information except those received from management; requesting information from external auditor and internal auditor; arranging meetings between the board of directors and executives as requested by the board of directors; conducting other meetings for the board of directors and executives except the regular board of directors' meetings etc.</p> <p><u>Description</u> <i>The company assigns the company secretary to report various information important to the Board of Directors and as a coordinator between the Board of Directors, auditors, and internal auditors to collect information to support the work of the Board of Directors.</i></p>	✓	
<p>14.3 The company establishes whistle-blower hotline in order that personnel could safely inform information or traces of frauds or corruptions to the company.</p> <p><u>Description</u> <i>The company has a written policy for whistleblowing or complaints of misconduct or fraud. This was reviewed and approved by the Board of Directors No.3 / 2020 on May 14, 2020 and communicated to executives and employees through annual orientation and training so that various persons within the company can report information, complaints, express opinions or whereabouts of wrongdoing. There are several channels for accepting complaints from both outside and within the company, such as internal channels such as direct notification through supervisors or executives, notifications via Human Resources, and notifications via the SIC Alert line, including the channels of notification from stakeholders and external parties available through the topic of Investor Relations - Corporate Governance (Complaint channel) specified on the company's website <a href="https://investor.sic.co.th/th/corporate-governance/whistleblowing-channel-form">https://investor.sic.co.th/th/corporate-governance/whistleblowing-channel-form</a> by requiring an email connection to the</i></p>	✓	

<p><i>Chairman of the Audit Committee, Company secretary, and the secretary of the Audit Committee, etc.</i></p> <p><i>In addition, the company has set procedures for when receiving complaints or clues, measures to take action to consider fact-finding, as well as reporting the results of operations to independent directors or audit committees within the specified time after operation with measures to protect whistleblowers or complainants safely.</i></p>		
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15. The organization communicates with external parties about matters affecting the functioning of internal control.

Questions	Yes	No
<p>15.1 The company has effective procedures of communication with external stakeholders and appropriate channels of communication to support internal control. For example, the company sets up an investor relations officers/center or compliant center etc.</p> <p><u>Description</u> <i>The Company has a channel for stakeholders to send comments, questions, including complaints to the Company through the Company's mailing address, company website, and by email of the Audit Committee. The company has set the email link to the Chairman of the Audit Committee, secretary to the Audit Committee, and the Company Secretary. At present, the company has established a clear communication channel between the company and third parties including preparing an information section for investor relations (<a href="https://investor.sic.co.th/th">https://investor.sic.co.th/th</a>) to provide information and communicate with stakeholders outside the organization effectively.</i></p>	✓	
<p>15.2 The company establishes whistle-blower hotline in order that external stakeholders could safely inform information or traces of frauds or corruptions to the company.</p> <p><u>Description</u> <i>refer to 14.3.</i></p>	✓	



## Monitoring Activities

16. The organization monitors and evaluates to ascertain whether the components of internal control are completely present and suitably functioning.

Questions	Yes	No
16.1 The company has a process to monitor the compliance with code of conduct and prohibit the executives and employees from conducting themselves in a manner is likely to cause conflicts of interest. The company, for example, assigns each individual unit to monitor operation and report to the respective supervisors. Alternatively, the company assigns the internal auditor to monitor operation and report to the audit committee etc.	✓	
16.2 The company provides inspection on compliance with internal control procedures by self-assessment and /or by independent assessment of internal auditors.  <u>Description</u> <i>The company hires independent external auditors to review and assess the sufficiency of the internal control system for each activity in accordance with the annual work plan approved by the Audit Committee and the Board of Directors, including monitoring of progress in the correction or improvement of the work process and presented to the Audit Committee through quarterly meetings of the Audit Committee.</i>	✓	
16.3 Frequency of monitoring and assessment activities is suitable to the company's change.	✓	
16.4 The monitoring and assessment activities on the internal control are carried out by knowledgeable and competent personnel.	✓	
16.5 The company specifies that the internal control evaluation is directly reported to the audit committee.  <u>Description</u> <i>The company has set the organizational structure chart with the internal audit department to report directly to the audit committee. The Audit Committee will be notified of the audit results of the internal control system from the internal audit</i>	✓	

<i>officer or any defect in the internal control system found from the auditors' audit to report to the Board of Directors on a timely and consistent basis.</i>		
16.6 The company encourages the internal auditors comply with International Standards for the Professional Practice of Internal Auditing (IIA).	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Questions	Yes	No
<p>17.1 The company evaluates and communicates internal control deficiencies and monitors for correcting immediately, in case that results of the performance significantly deviates from the target.</p> <p><i>Description Management of each department regularly communicates and follows up on deficiencies arising from operations and the internal control system through a departmental meeting. In addition, the company requires monitoring and reporting on actual performance compared with the target set. It was reported and communicated to the management through the Quarterly Review meeting as well as a monthly report to the Executive Committee.</i></p>	✓	
<p>17.2 The company has a reporting policy as follows :</p> <p>17.2.1 Management must report to the board of directors immediately if there is an incident or a suspicion of serious fraudulence, law violation, or other unusual actions that could significantly affect the reputation and financial position of the company.</p> <p>17.2.2 Significant internal control deficiencies including solutions (although the problems may have already been managed) are timely reported to the board of directors/the audit committee for consideration.</p> <p>17.2.3 The progress on remedies of the significant internal control deficiencies is reported to the board of directors/the audit committee.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	

<p><u>Description</u> Performance results are reported to the Board of Directors through the Board of Directors' meetings every quarter, including an external independent internal auditor who is responsible for assessing the internal control of the company and proposing guidelines for improvement / correction of work processes and follow up for quarterly updates to report the results to the Audit Committee.</p>		
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