



Annual Report 2021

(56-1 One Report)

Starflex Public Company Limited

## Table of Contents

<b>Part 1 Business Operation and Operating Results .....</b>	<b>2</b>
Organizational structure and operation of the group of companies .....	3
Policy and Business Overview .....	4
Vision Mission and Corporate Culture .....	5
Significant Changes and Development .....	6
Utilization of Proceeds .....	11
Nature of Business .....	12
Assets Used in Business Operations.....	30
Securities and Shareholder Information.....	31
Risk management.....	35
Business sustainability development.....	38
Sustainability Development Policy .....	38
Managing impact on stakeholders in the business value chain .....	38
Sustainability Management in Environmental Dimensions .....	40
Sustainability management in social dimensions.....	42
Management discussion and analysis (MD&A).....	48
General information and other material facts.....	62
<b>Part 2 Corporate Governance .....</b>	<b>63</b>
Corporate governance policy.....	64
Corporate governance structure .....	70
Organizational structure as of 31 December 2021 .....	70
Management Structure .....	71
Report on key operating results related to corporate governance .....	76
Meeting Attendance and Remuneration of Individual Committees .....	91
Governance of Subsidiaries and Associated Companies .....	95
Internal control and related party transactions .....	98
Report of the Board of Directors' Responsibilities for the Financial Statements .....	108
<b>Part 3 Financial Statements .....</b>	<b>109</b>
<b>Part 4 Certification of Information .....</b>	<b>170</b>
Attachment 1: Details of directors, executives and controlling persons .....	172
Attachment 2: Details of the directors of subsidiaries.....	191
Attachment 3: Details of the Heads of the Internal Audit and Compliance Units .....	193
Attachment 4: Assets for business undertaking and details of asset appraisal.....	197
Attachment 5: Unabridged policy and guidelines on corporate governance and unabridged code of business conduct prepared by the Company .....	209
Attachment 6: Report of the Sub Committee.....	211

## Part 1 Business Operation and Operating Results

## Organizational structure and operation of the group of companies

### Company Profile

The Company name	STARFLEX PUBLIC COMPANY LIMITED		
Abbreviation	SFLEX		
Head Office	189/48-49 Moo 3, Bangprieng, Bang Bo, Samut Prakarn 10560		
Type of Business	Manufacturing and distribution of flexible packaging for both food and non-food products in the form of made to order. The products can be divided into two forms which are roll form and pre form pouch.		
Registration No.	0107562000092		
Contact	Telephone:	0-2708-2555	
	Fax number:	0-2708-2355	
Website	<a href="http://www.starflex.co.th">www.starflex.co.th</a>		
E-mail	contactus@starflex.co.th		
Registered Capital	Registered Capital:	502,250,000	Baht
	Paid-up Capital:	410,000,000	Baht
	Registered ordinary shares of:	1,004,500,000	shares
	Paid up ordinary shares of:	820,000,000	shares
	Issued and paid up preference shares:	-None-	
	Par value of Baht 0.5 per share		
Registrar	Thailand Securities Depository Company Limited		
	93 Ratchadaphisek Rd, Khwaeng Din Daeng, Khet Din Daeng, Bangkok 10400		
	Telephone: 0-2900-9000 Website: <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>		



## Policy and Business Overview

With over 34 years of extensive experience in packaging industry, Mr. Printhorn Apithanasriwong had foreseen changing trend in packaging industry. Most local consumer product suppliers have focused on product cost efficiency, which also relates to the packaging costs. As such, trend to move from rigid paper or rigid plastic to use soft plastic packaging (so called “Flexible Packaging”), because its perfect properties of barrier which can prevent air, moisture, sunlight, and odor, and can maintain quality of product contained in the package as well as its low costs per unit. In 2003, STARFLEX Company limited (“SFLEX”) had been founded to produce and distribute flexible packaging, and its major shareholder was Star Print Public company limited (STARP). SFLEX’s main factory site was located in Bang Saothong district, Samut Prakarn, initially the Company started its business by manufacturing flexible packaging only in roll form, and selling to mainly local consumer product’s suppliers. To be more transparent, STARP had gradually reduced its stake in SFLEX, due to STARP mainly has its commercial activities in paper packagings, i.e., liquor box, detergent box, toothpaste box, soap box.

In 2005, after awarded certification of ISO 9001: 2005 Standard and GMP Standard, the Company began to produce and distribute flexible packaging for consumer products. Regarding continual growth of its business, in 2010, SFLEX’s main production site had been moved to Bang Phriang sub-district, Bang Bo district, Samut Prakan province with areas of 18 rai 3 ngan 86 square wah, to enhance business opportunities in future. In the mean time, the Company also continued investing in machinery with aim to diversify to as many as Pre Form Pouch forms, i.e., Stand-up Pouch, 3-Sided Seal Pouch, Center Seal Pouch, 4-Sided Seal Pouch, Flat Bottom Pouch and Free Shape Die Cut to fully meet its customer requirements.

With regard to product quality, the Company has continually developed its production process to meet most of the quality standards as well as the customer demands. Recently, SFLEX has been awarded by several standard certifications, including FSSC 22000 (Food Safety System Certification 22000), GHPs (Good Hygiene Practice), HACCP (Hazard Analysis and Critical Control Time), and URSA (SEDEX). SEDEX, which is usually required from multinational customers, is a certification of the code of conduct in labor area. All these are strong evidence to proof of SFLEX’s product quality.

## Vision Mission and Corporate Culture

### Vision

“To become a leader of the flexible packaging business in the CLMV cluster”

### Mission

1. Drive new technology and innovations
2. Establish trust for customers through the manufacturing of high quality products that meet international standards
3. Generate returns to shareholders and expand the business for continuous growth
4. Determined to social responsibility, Caring for the environment by Good Governance
5. Develop the potential of employees to drive the Company towards becoming an organization of learning

### Targets of the Business Operations

The Company intends to be a leader in the flexible plastic packaging in Thailand and CLMV group with the following essential business strategies:

1. Focus on product development to meet the various demands of customers, develop new innovations to be a market leader in new products that are aligned with market trends of recyclable raw materials and/or using natural biodegradable raw materials to make them more environmentally friendly.
2. Boost production capacity to reinforce future growth, including continuous development of production processes to become more effective and cut losses during production, and magnify efficiency in production cost management.
3. Broaden business to soft plastic packaging used for food products, by developing production processes and technology for food product packaging.
4. Expand market in CLMV group by assigning a sales team to study and analyze the market of soft plastic packaging in CLMV group, including establishing business alliances in the same region.

### Values

- S - Sustainable Growth* : Sustainable growth and development
- P - Passion to Win* : Committed to our goals
- I - Innovative Thinking* : Curious, enterprising, creative for further development
- R - Responsibility* : Recognizing our roles and responsibilities
- I - Integrity* : Remaining in a transparent framework
- T - Teamwork* : Caring for one another. Working as a team

## Significant Changes and Development

Significant Changes Developments of the Company History were as follows:

<b>2003</b>
<ul style="list-style-type: none"> <li>Registered as "Star Flex Company Limited" on 20 August 2003</li> </ul>
<b>2004</b>
<ul style="list-style-type: none"> <li>In February 2004, a Factory Operation License (Ror Ngor. 4) was transferred from Starprint Public Company Limited, and a new factory was located at 128/345 and 128/240 Soi Thai Insurance, Thepharak Road, Moo 1, Bang Sao Thong, Samut Prakan</li> <li>Started its operations to produce and distribute soft packaging in "Roll form" to customers, whose businesses were in consumer products</li> </ul>
<b>2005</b>
<ul style="list-style-type: none"> <li>Certified by GMP (Good Manufacturing Practice) and ISO 9001: 2005 certified by Bureau Veritas</li> </ul>
<b>2006</b>
<ul style="list-style-type: none"> <li>Started a new bag making production line, which can making two types of the bags: stand-up pouch and 3-sided seal pouch</li> </ul>
<b>2010</b>
<ul style="list-style-type: none"> <li>Relocated the factory location from 128/345 Soi Thai Insurance, Thepharak Road, Moo 1, Bang Sao Thong, Samut Prakan to 189/48-49 Moo 3, Bang Phriang, Bang Bo, Samut Prakan. This is the current location of the factory. The land and office building was rented from Bang Phriang Pattana Company Limited, which has no relationship with the Company</li> </ul>
<b>2013</b>
<ul style="list-style-type: none"> <li>Started a new bag making production line, which can develop a 4-Sided Seal Pouch</li> </ul>
<b>2014</b>
<ul style="list-style-type: none"> <li>Certified by FSSC 22000 from SGS (Thailand)</li> <li>Certified by GMP (Good Manufacturing Practice) from SGS (Thailand)</li> <li>Certified HACCP Codex Alimentarius certified by SGS (Thailand)</li> </ul>
<b>2015</b>
<ul style="list-style-type: none"> <li>Purchased the land and buildings used as the factory and office building of the Company (previously rented) from Bang Pheriang Phatthana Company Limited, which has no relationship with the Company. The purchased assets consist of 5 lots of land, with the total area of 18 rai 3 ngan, 86 square wah, the factory, and 2-story office building</li> </ul>

**2017**

- In order to support business expansion in the future, the Company invested in 4 lots of vacant land, with the total area of 13 rai and 28 square wah. The land is located next to the factory. The land was purchased from Miss Fah Sae-Lue, which has no relationship with the Company

**2018**

- Certified by FSSC 22000 UKAS, United Kingdom
  - Increased the registered capital by Baht 50 million from the previous registered capital Baht 250 million, to Baht 300 million, by issuing new ordinary shares in the amount of 500,000 shares with a par value of 100 Baht, offered to the existing shareholders. For the purpose of increasing working capital in the business.
- The Company paid out dividends in 2018 in the amount of Baht 133.33 million, with the following details:
  - The Board of Directors meeting 2/2018, on 26 February 2018, had a resolution to approve interim dividend payment at the rate per share of 31.11 Baht, totaling to Baht 77.78 million .
  - At Board of Directors meeting 13/2018 on 11 October 2018, the Board approved the payment for interim dividends at the rate per share of 22.22 Baht per share, totaling to Baht 55.55 million.

**2019**

- On 18 March 2019, Annual General Meeting of Shareholders in 2019 approved the Company to proceed as follows:
  - Transformed into a public company
  - Change the par value per share from Baht 100 to Baht 0.50.
- Increase registered capital amount by Baht 110 million, from the previous registered capital of Baht 300 million to Baht 410 million, by issuing new ordinary shares in the amount of 220 Million shares with a par value of 0.50 Baht with the following details.
  - (1) New ordinary shares of 198 million shares offered to the public (IPO).
  - (2) New ordinary shares in the amount of 22 Million shares offered to the Directors, Executives and employees of the Company.

If there are any residual shares from the offering to the Directors, Executives and employees, the remaining new ordinary shares will be offered to the public.

**2019**

- Lease a new factory and office buildings, located at 470/3-4 Moo 5, Phraeksa, Mueang, Samut Prakan, total area of 5,300 square meter (factory No. 2) from NSPK Company Limited. The Company also purchased machinery and equipment with a value of Baht 38.85 million, from Holy Plas Company Limited
- Started production of soft plastic packaging at the factory No. 2 in May 2019
- The Extraordinary General Meeting of Shareholders 2019, on 26 September 2019, approved the Company to change the par value per share from Baht 0.50 to Baht 1.00. After including the par value, the Company increased its capital for selling to IPO, Directors, and employees. The details are shown as follows:
  - (1) New ordinary shares of 99,000,000 shares for selling to the Initial Public Offering (IPO)
  - (2) New ordinary shares of 11,000,000 shares for selling to the Directors, Executives, and employees of the Company.
- The Company paid dividends in the year 2019 in the amount of Baht 105 million, with details as follows:
  - The Board of Directors Meeting 1/2019 on 28 February 2019 approved the dividend payment from the annual operating results 2018 at the rate per share of 30 Baht, totaling Baht 90 million.
  - The Board of Directors Meeting 5/2019 on 11 September 2019 approved the payment of dividends at the rate per share of 0.025 Baht, totaling Baht 15 million.
- On 19 December 2019, the Company's stock has officially been traded in the Stock Exchange of Thailand.

**2020**

- Invested in a Blown film machine, which can produce either Linear low-density polyethylene (LLDPE), or Low-density polyethylene (LDPE) films sized 1,800 millimeter at 500 kilogram per hour.
- The Board of Directors approved to construct a new factory sized 13,595 square meters.
- The Board of Directors approved to install Solar power on the roof, of which capacity is 1,000 Kilowatt.
- The Company has been granted by Board of Investment Thailand (BOI) approved on measure of improvement of production efficiency under Multilayer Plastics packaging business.
- On 26 September 2019, The Extraordinary General Meeting of Shareholders 2019 approved the Company to change the par value per share from Baht 1.00 to Baht 0.50. As such, the ordinary share of the Company changed from 410,000 to 820,000 shares.

**2020**

- The Company set up a new subsidiary, PS Plus Consulting Company limited ("PS+"), with paid up capital of Baht 2 million. PS+ aims to do business on buy and sell (import & export) all merchandizes including Film and Foil.
- The Company paid dividends in the year 2020 with the amount of Baht 94.30 million, with details as follows:
  - The Board of Directors Meeting 4/2020 approved the dividend payment from the annual operating results 2019 at the rate Baht 0.15 per share, totaling to Baht 61.50 million.
  - The Board of Directors Meeting 7/2020 approved the payment of dividends at the rate 0.08 Baht per share, totaling Baht 32.80 million.

**2021**

- Certified by GHPs (Good Hygiene Practice) from SGS (Thailand)
  - The Extraordinary General Meeting of Shareholders 1/2021 approved the issuance and allocation of warrants to purchase the newly issued ordinary shares of Starflex Public Company Limited No. 1 (SFLEX-W1) 82 million units and No. 2 (SFLEX-W2) 102.5 million units, total not exceeding 184.5 million units, details are as follows:
    - Issuance and allocation of warrants to purchase the newly issued ordinary shares of Starflex Public Company Limited (SFLEX-W1)
      - No. of warrants : Up to 82,000,000 units, to the existing shareholders of the Company on a pro rate basis to their respective shareholdings (Right-offering) at no cost
      - Allocation ratio : 10 existing ordinary for 1 unit of the SFLEX-W1 warrants
      - Term of Warrants : 18 months
      - Exercise ratio: 1 unit of SFLEX-W1 warrants for 1 ordinary share at exercise price 4.50 Baht per share
- Exercise rights under SFLEX-W1 warrants for the first time on the last business day of the end of the first 6 months after the issuance date of the warrants.

**2021**

- Issuance and allocation of warrants to purchase the newly issued ordinary shares of Starflex Public Company Limited (SFLEX-W1)

No. of warrants : Up to 102,500,000 units, to the existing shareholders of the Company on a pro rate basis to their respective shareholdings (Right-offering) at no cost

Allocation ratio : 8 existing ordinary for 1 unit of the SFLEX-W2 warrants

Term of Warrants : 4 years

Exercise ratio: 1 unit of SFLEX-W1 warrants for 1 ordinary share at exercise price 10.00 Baht per share

Exercise rights under SFLEX-W2 warrants on the last business day that the warrants expire 4 years after the warrant issuance date.

- The Company registered the change in the number of ordinary shares by issuing 184.5 additional ordinary shares pending to the exercise of the warrants SFLEX-W1 and SFLEX-W2.
- PS+, subsidiary company, has increased its registered capital from Baht 2 million to Baht 20 million with Baht 6.5 million paid-up capital.
- The Board of Directors has approved to set up a joint venture company, where the Company and Thai Union Graphics Co., Ltd., subsidiary of Thai Union Group PLC, will collaborate to develop flexible packaging company.
- In 2020, the Company had paid dividends in total of Baht 69.70 Million, and the details are shown as follows.
- The Board of Directors Meeting 1/2021 approved the dividend payment from the annual operating results 2020 at the rate per share of 0.045 Baht per share, totaling to Baht 36.90 million and paid to shareholders on 8 April 2021.
- The Board of Directors Meeting 3/2021 approved the dividend payment from the operating results ending on 30 June 2021 at the rate 0.040 Baht per share, totaling to Baht 32.80 million and paid to shareholders on 10 August 2021.

### Utilization of Proceeds

With respect to SFLEX initial public offering (IPO) of 110,000,000 shares, at the selling price of Baht 3.88 per shares, in which the Company received the net proceeds in the amount of Baht 426.80 million after deduction of expenses relating to IPO from the initial process of Baht 407.95 million Up to the issuance date of this report, the Company has used proceeds from the share of Baht 390.05 million offering as follows:

(Unit: THB million)

Objectives	Proceeds Utilization Plan	Use of Proceeds as of December 31, 2021	Remaining of Proceeds as of December 31, 2021
1. Sealant film production	62.10	47.36	14.74
2. Warehouse construction	50.00	50.00	-
3. Loan repayment	95.00	95.00	-
4. Use as a working capital	130.15	130.15	-
5. Machineries to improve efficiency and capacity	70.70	67.54	3.16
<b>Total</b>	<b>407.95</b>	<b>390.05</b>	<b>17.90</b>



## Nature of Business

### Revenue Structure

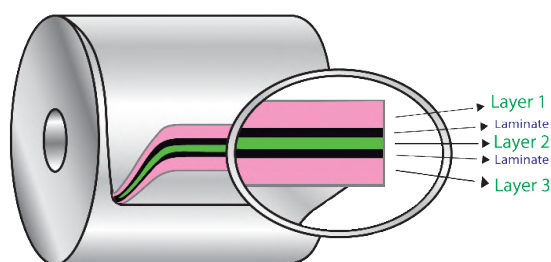
Revenue Types	2019		2020		2021	
	THB million	Percent	THB million	Percent	THB million	Percent
- Roll form products	1,026.58	80.62	1,031.22	72.88	1,048.42	60.70
- Pouch From (Pre Form Pouch)	227.36	17.86	290.61	20.53	611.66	35.41
<b>Total Revenue from sales of soft plastic packaging</b>	<b>1,253.94</b>	<b>98.48</b>	<b>1,321.83</b>	<b>93.41</b>	<b>1,660.08</b>	<b>96.11</b>
Other sales revenue <sup>1)</sup>	1.70	0.13	76.22	5.39	17.07	0.99
<b>Total sales revenue</b>	<b>1,255.64</b>	<b>98.61</b>	<b>1,398.05</b>	<b>98.80</b>	<b>1,677.15</b>	<b>97.10</b>
Other revenue <sup>2)</sup>	17.71	1.39	16.97	1.20	50.16	2.90
<b>Total revenue</b>	<b>1,273.35</b>	<b>100.00</b>	<b>1,415.03</b>	<b>100.00</b>	<b>1,727.31</b>	<b>100.00</b>

**Remarks :** 1) Other sales revenue includes revenue from sales of raw materials and revenue from film coating services.

2) Other income is revenue from sales of film scraps, income from sales of trial production (sample for sale), product compensation income, income from rental, profit from exchange rate, etc. In this regard, the product compensation income consists of compensation received from suppliers, concerning damage from using raw materials to produce the Company's products and compensation received from customers in case when the production order exceeds the demand.

### Characteristics of our products

The Company produces and distributes soft plastic packaging (flexible packaging), for both liquid and dry goods according to customer orders (Made to Order). Soft plastic packaging is a multilayer film), splicing from 2-5 layers using glue or resin as binding material, resulting in rigid, and resistant to heat and high pressure, lightweight, and available to print graphic patterns on the surface. In addition, the packaging property can prevent air, sunlight, and odor ingress, and to maintain the quality of the products contained in the package efficiently.



The type of soft plastic packaging under production and distribution of the Company is divided into 2 categories, depending on the needs of customers as follows:

## 1. Roll form products

The majority of the Company's revenue derives from the distribution of film roll packaging. Our soft plastic packaging is a roll of film processed through printing and laminating. After that, the roll of such film is split up to the width specified by the customer in which the maximum width of the film roll at the Company's slitting machine can be supported up to 1,080 millimeters. The film roll is mainly distributed to consumer product manufacturers that have their own pouch forming machines. The film roll packaging must have the physical properties suitable for the pouch forming machine of the customer i.e. the width, the smoothness of the film surface. Since it affects the operation of the pouch forming machine, the production of film roll packaging requires skills and expertise in adjusting the film formula and other raw materials such as glue and ink, in order to achieve a suitable film roll that meets customer requirements and can be used with each pouch forming machine at the customer's site efficiently. There are several groups of rolls as follows:

Groups in direct contact with the product (first primary packaging) The composition have a single layer (Mono layer film) and 2 or more splicing films, such as a roll of fabric softener, laundry detergent, dishwashing liquid, Instant noodles, ice cream, seasoning and medical equipment.

Groups that do not come into direct contact with internal products (Secondary packaging) are mostly single-layer films. and then be printed such as label rolls on milk bottles, label rolls for drinking water bottles, etc.



## 2. Pouch Form (Pre Form Pouch)

Pre Form Pouch is produced by forming the printed and coated film roll into a finished pouch ready for packaging. Customers who order Pre Form Pouch are manufacturers of consumer products that do not have their own pouch forming machines or customers who have a pouch forming machine, but cannot properly support the film material used in the production of the pouch. Pre Form Pouch can be produced in various forms depending on the needs of customers which includes the following.

(1) Stand-up Pouch, Stand-up Pouch with Zip, Stand up pouch with Spout

Packaging in the form of a pouch that can be used to contain products with large volume or weight. It can be placed on a display shelf for product visibility such as fabric softener, laundry detergent, dishwashing detergent, liquid soap, etc. We can also add a zip lock to increase the ease of use such as pet food packaging or food packaging, etc. Included is a sealed envelope with a pour-over top (Spout) that is suited for non-sticky liquids like fabric softener, laundry detergent, cleaning solution and sugar syrup, it can work and sealed well.



(2) 3-Sided Seal Pouch, 3-Sided Seal Pouch with Zip

This type of packaging is in the form of a pouch with a seal covering either the 3-side of the opening or the bottom of the pouch for inserting the goods and then sealing. It can be added a tear (V-Cut) for easy use, a display hanging bar, or adding a zip lock feature for the convenience in multiple uses of opening and closing. It can also extend the shelf life of products and suitable for food product packaging such as candy.



### (3) Center Seal Pouch, Center Seal & Gusset Pouch

Packaging that is in the form of a pouch with a seal in the center and top of the pouch, with an opening at the bottom of pouch to insert the products. This type of pouch is commonly used in products that are not heavy in food product packaging such as snack, ice cream, candies, frozen food, etc. It can also be made into a pouch with a seal in the middle of the back side. Both sides are folded to enlarge usage space. This type is recommended for heavier products such as animal food packaging, etc.



### (4) 4-Sided Seal Pouch

The pouch is sealed on all 4 sides of the product. This is rigid package, suitable for heavy products that required a large space. The 4-sided seal pouch is popular among food products such as roasted coffee, instant coffee, animal food.



### (5) Flat Bottom Pouch

Flat bottom pouch is a stand-up pouch with a flat base with creases on the side, to increase the usage space. Due to the flat base, it allows the product to be placed on a shelf steadily and suitable for light or powder content such as cocoa powder, tea or sugar sachet. It can also be added with zip lock feature.



#### (6) Free Shape Die cut

Packaging in the form of a pouch that can be designed in any shapes as customers' desires. As such, it is so varieties and good for running a sales promotion. The packaging is cut by 'Die cut', so it can make so many types of pouchs, for example, stand-up pouch, extraordinary shape of pouch, etc.



### Research and Development

The organization understands the value of superior product research and development. With effective cost management, be able to adapt to the needs of a wide range of clients. This is a crucial aspect of differentiating the firm and increasing its competitiveness. The Company's research and development Conduct research and development efforts with the product innovation and research department of the organization. and external agency research, which can be characterized as follows:

#### Research and Development by the Innovation and Development Department

##### 1. Product Development

The Company has developed new products to meet the needs of various customers. which will be developed together with customers. The customer will determine the features. (Specification) of the desired product and the Company will develop the formula and raw material structure. Including procuring raw materials from manufacturers or distributors of raw materials. In addition, in order to reach new clients, the Company has produced new items. such as retort pouches (which can be sterilized by a high-pressure boiler), spout pouches (which include a lid).

##### 2. Raw Material Development

In addition to developing new products The Company is also developing new raw material formulas. to expand the range of raw materials available. It also helps reduce production costs. Furthermore, The research and development department is also preparing for the development of raw materials to support the changing trend of plastic packaging in accordance with the trend of environmental conservation, such as the development of organics biodegradable film. which will be degraded by microorganisms in the environment. Formulation of film compositions that are easily recyclable The development of formulations of recycled plastic pellets and resins can be mixed with pure plastic pellets and resins by arranging the film molecules by MDO (Machine Direction Orientation) and Biaxial Orientation, by which the formula is suited for the product structure, etc.

### Research and Development with Outside Organizations

Besides the research and development by the Innovation and Development Department, the Company also collaborates with The Office of National Higher Education Science Research and Innovation Policy Council (NXPO). To fund research and development for the development of high technology in the biorefinery process for the production of bio-innovative goods from agricultural biomass and agro-industry, Kasetsart University's Faculty of Agro-Industry, with the goal of developing packaging from agricultural and industrial waste materials, adding value to agricultural products, notably waste materials from agriculture and agro-industry, and developing compostable packaging.

The below table shows the spending budget of the Company's R&D within the past 3 years

Year	Spending budget in R&D
2019	THB 6,454 thousand
2020	THB 7,912 thousand
2021	THB 10,014 thousand

### Competitive Strategy

#### 1. Creating business partnership with customers

The key to our business is to establish relationships as a business partnership with customers. The Company has a policy to build long-term relationships with customers, by collaborating under business alliance concept. In addition to trading products, the Company will work closely with customers to develop and design packaging that responds to customers' needs and the changing market situation promptly and efficiently. The Company prepared together with customers the pre-delivery plan. There is a pre-delivery plan concerning the quantity of products and delivery schedules to assure the customers of punctual delivery of products. In addition, sales and marketing staff will attend the meeting with customers on a monthly basis to exchange news and business plans in accordance with customer needs as well as providing prompt services to customers. Such relationship will create benefits for both parties, resulting in a stable and long-term business relationship with partners. All of the above actions result in trust and acceptance of the Company that has been given by customers. Especially the customers that are leading organizations in the country and has given the opportunity to develop new products. The Company also continuously developing new product offerings for its customers. This also results in the Company's sales growth proven by the SSQR Awards (Superior Supplier Quality Relationship Award), which is considered from 3 aspects including Cost Competitive, Excellence Service and Innovation from Unilever Thai Holding Ltd. who has been our major long-time client.

## 2. Quality Control of the Products

The Company focuses on quality of the products to meet the demand of customers, by implementing a product quality control system in every production process starting from the selection and procurement of raw materials from quality manufacturers and distributors. The Company will check the main suppliers of raw materials annually. When receiving the raw materials, the Quality Assurance Department will check the certificate of analysis from sellers, including checking quality of raw materials in the Company's analysis room. In addition, the Company also inspects and controls the quality of the product in every process from printing, laminating, slitting, and bag making. All of the operations as mentioned above are to ensure that the manufactured products are of high quality and standards, and meet customer needs. Various standards that the Company has received is a proof of our quality. For example, FSSC 22000 (Food Safety System Certification), Good Hygiene Practice; General Principles of Food Hygiene, HACCP (Hazard Analysis and Critical Control Point).



In addition to the quality of the products mentioned above, the appearance of packaging is another significant factor that attracts consumers to purchase. Therefore, the Company gives attention to the presence of the printed images on film, both in terms of the sharpness of the lines, distinctive colors and shades that perfectly match the needs of customers. The printing appearance depends on several processes: design printing color steps, mold production, and printing processes. Our technicians are skilled in analyzing and arranging color groups using in the mold production process. Furthermore, they are also skilled at color-mixing for the appropriate proportion as well as controlling all machine operations.

## 3. Efficient management of production cost

Production costs are the main expenses that will affect the Company's profitability and competitiveness therefore, the Company puts great importance to the raw material selection process by assigning a team that has an expertise in selecting raw material manufacturers. The manufacturers must pass the inspection of the production process to ensure the quality standards of the raw materials and minimize the loss of production



resulting from the use of non-standard raw materials. This supports the Company's policy to control the rate of loss from production (waste) at an appropriate level.

In addition, the Company has developed and improved machinery or equipment that will enhance production efficiency. For example, installing an ink dispensing to assure fast and precise color mixing process as demanded by customers, installing CCTV to track waste generated in the production area. Furthermore, the product development research department is responsible for the development of new film formulas to offer more options and support competent cost management.

#### 4. Continued development of products

The Company rates the importance of persistent development of new types of packaging and being able to produce soft plastic packaging to meet the varied request among customers, both the form and purpose of use such as shrink film, packaging that can be sterilized with a high-pressure boiler (Retort Pouch), pouches with lid (Spout Pouch). The Company has purchased flat bottom pouch forming machine to produce a pouch with flat base which be placed steadily on the display shelf despite of the light weighted contents or a small quantity. Flat Bottom Pouch is suitable for placing products in a well visible area that and easy to store. It also saves the shelf space in the supermarket by having the shape of a tall bag and narrower compared to other types of packaging.

#### Customer types and target groups

The Company distributes soft plastic packaging which is mainly used in consumer products packaging therefore, the main customer are a manufacturer of consumer products. Our major customers who are leading manufacturers of consumers products in Thailand are such as Neo Factory Company Limited, Perfect Companion Group Company Limited, Unilever Thai Holding Company Limited, Lion (Thailand) Company Limited, IP Manufacturing Company Limited and Taokaenoi Food & Marketing Public Company Limited.

When considering the proportion of revenue from the sales of soft plastic packaging, the main revenue of the Company is from packaging for consumer products which accounts 75%-80% while packaging for food products accounts 20%-25%.

	2019		2020		2021	
	THB million	Percent	THB million	Percent	THB million	Percent
Packaging for Consumer Products	998.06	79.59	1,089.89	77.95	1,309.26	78.21
Packaging for Food Products	255.88	20.41	308.16	22.05	364.77	21.79
<b>Total Revenue from sales of soft plastic packaging</b>	<b>1,253.94</b>	<b>100.00</b>	<b>1,398.05</b>	<b>100.00</b>	<b>1,674.03</b>	<b>100.00</b>



The types of products for soft plastic packaging are as follows

Non-Food Packaging	Food Packaging
<ul style="list-style-type: none"> <li>● Fabric softener</li> <li>● Dish washing detergent</li> <li>● Laundry detergent</li> <li>● Liquid laundry detergent</li> <li>● Floor cleaner</li> <li>● Liquid soap</li> <li>● Shampoo</li> <li>● Medical equipment</li> </ul>	<ul style="list-style-type: none"> <li>● Ice-cream</li> <li>● Vermicelli</li> <li>● Frozen food</li> <li>● Snack</li> <li>● Sauces and seasoning</li> <li>● Flour</li> <li>● Coffee</li> <li>● Pet Food</li> <li>● Instant noodles</li> <li>● Rice</li> </ul>

#### Pricing policy

The Company has in place a cost plus margin policy to determine selling price based on factors such as product type, order quantity, and competitive conditions in the market. The Company reviews selling price every 6 months to ensure that it is appropriate and competitive. When the cost is increased significantly, the Company will negotiate with both the raw material distributors and customers to adjust the price to accommodate the increased cost.

#### Distribution and distribution channels

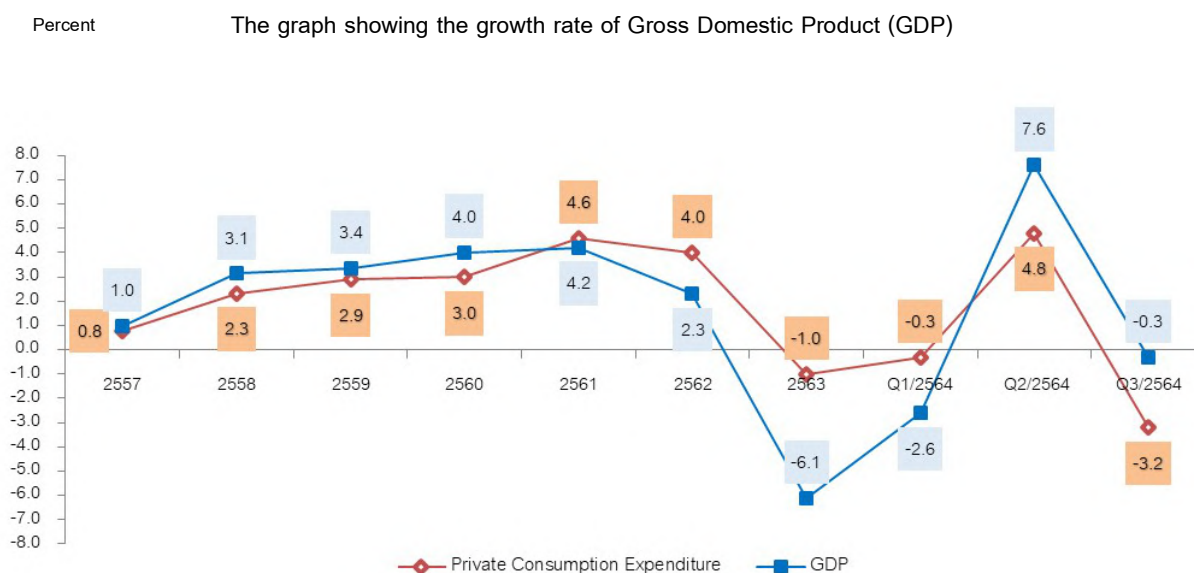
Mainly, the products are distributed within Thailand through sales and marketing team who is responsible for contacting customers directly. In general, packages of consumer products are constantly adjusted to be more attractive and to promote the image of the product. Therefore, our sales and marketing staff will closely follow the situation and discuss with customers concerning the request in order to present the samples for consideration without delay. The sales and marketing department conduct customer satisfaction assessment on a quarterly basis concentrated on 3 factors namely punctual delivery of products, product quality, and overall service performance to develop and improve services and create highest satisfaction among customers.

	2019		2020		2021	
	THB million	Percent	THB million	Percent	THB million	Percent
Revenue from domestic sales	1,253.57	99.83	1,396.76	99.91	1,677.15	100.00
Revenue from overseas sales	2.08	0.17	1.29	0.09	-	0.00
<b>Total sales income</b>	<b>1,255.65</b>	<b>100.00</b>	<b>1,398.05</b>	<b>100.00</b>	<b>1,677.15</b>	<b>100.00</b>

## Industrial situation

### Thai Economy Overview

The growth rate of Gross Domestic Product (GDP) in Q3/2021 had decreased by 0.3 percent from the GDP growth rate 7.6 percent in 2Q/2021 as a result of the COVID-19 crisis that continues to spread widely. On the production side, the agricultural sector continued to expand. This was mainly due to an increase in production of key crops, while the non-agricultural sector declined mainly due to a decline in industrial production. Production in the service sector was slow down. Regarding the expenditure, private final consumption expenditure and investment has decreased. However, the government's final consumption expenditure continued to expand, while the foreign sector expanded both exports and imports of goods and services. The Thai economy in the first nine months of 2021 expanded by 1.3% compared to 6.8% contraction in the first nine months of 2020, with the agricultural, industrial and service sectors expanding by 2.3 percent, 3.6 percent, and 0.0 percent respectively.



Source: Office of the National Economic and Social Development Council

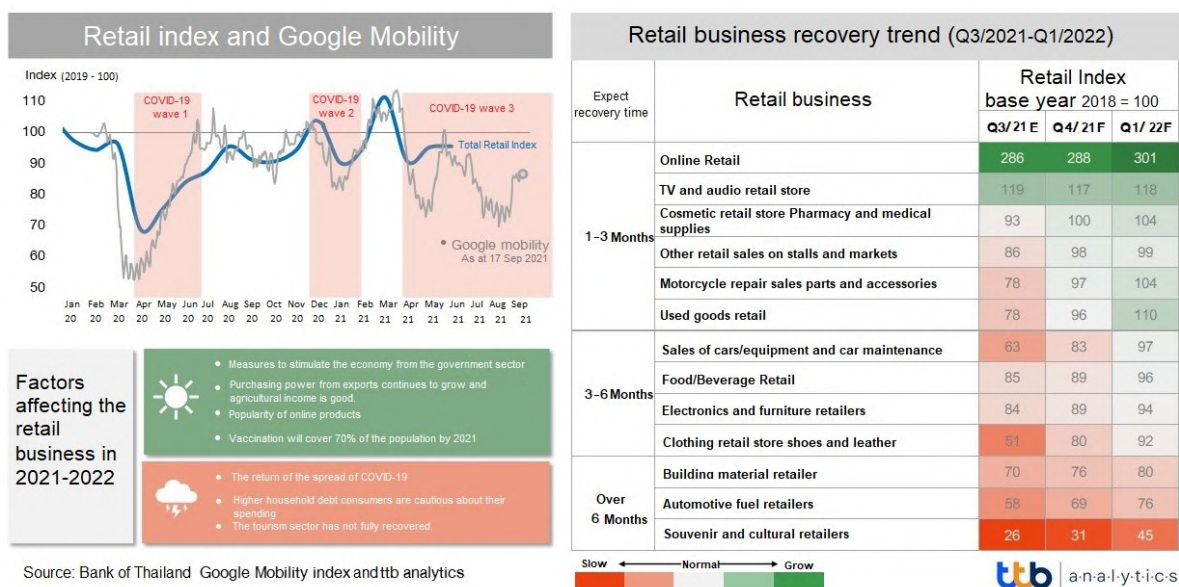
The outlook of Thai economy in 2021 was projected to expand by 1.2 percent, improving slowly from a decline of 6.1 percent in 2020. Meanwhile, the inflation was expected at 1.2 percent and the current account deficit was estimated at 2.5 percent of GDP.

Thai economic outlook for the year 2022 is expected to expand in the range of 3.5-4.5 percent, supported by (1) the recovery of domestic demand and the manufacturing sector in accordance with the COVID-19 outbreak situation, with a tendency to gradually decrease, (2) a slow recovery in the international tourism sector under the government's opening-up policy, (3) a favorable expansion of merchandise exports, and (4) driving from government budget disbursement. The value of goods exports in US dollar term is expected to grow by 4.9 percent, and private consumption and investment to grow by 4.3 and 4.2 percent respectively, headline inflation averaged in the range of 0.9 –1.9 percent and the current account surplus of 1.0 percent of GDP.

## Retail industry in Thailand

From the Company's business, SFLEX is manufacturing and selling flexible plastic packaging to its customers, who are manufacturers and distributors of consumer products. All the consumer products are usually distributed through various retail stores. Therefore, the growth of the retail industry can be another way to indicate its market trend as well as the Company's market trend. The retail industry is considered as one of the most important industries driving the country's economy and reflecting the whole country's spending. This is because the retail businesses act as an intermediary linking between producers and consumers. In April 2021, the retail businesses have been seriously impacted from the severe conditions of the epidemic—COVID-19, as such, the retail businesses with an average annual value of more than Baht 5 trillion, as reflected in the Google Mobility Index and the overall retail index, which had slowed down and most likely to continue to decline in the third quarter of 2021. As a result of adverse epidemic conditions, the implementation of lockdown measures had been applied to many areas within 29 provinces, causing overall economic activities could not return to its normal situation.

In late of Q3/2021, the number of people who have already been vaccinated, has grown up throughout the country, especially more in Bangkok's areas. This led the government to call off those lockdown measures since 1 September 2021. As such, it is expected to reduce a lot of pressures on the retail businesses. In addition, there are several factors that have positive effects on the recovery trend, i.e., 1) economic stimulus measures from the government sector, 2) Purchasing power from recovering exports and favorable agricultural income, 3) Trends in online shopping, and 4) Vaccination is expected to cover 70% of the population within 2021. However, we still needed to monitor all those risks that may slow down the economy, including the chance of a new wave of the epidemic.



## The Annual production, sales, import value, and packaging export value

		2018	2019	2020	2021
Plastic packaging	Production volume (tonne)	1,420,032	1,317,482	1,394,113	1,716,331
	YoY (Percentage)	-3.44	-7.22	5.82	23.11
	Sales volume (tonne)	1,023,842	953,022	991,770	1,245,479
	YoY (Percentage)	-3.75	-6.92	4.07	25.58
	Import value (THB million)	25,054	23,292	25,532	29,140
	YoY (Percentage)	8.30	-7.03	9.62	14.13
	Export value (THB million)	40,980	39,811	40,042	43,391
	YoY (Percentage)	3.38	-2.85	0.58	8.36
Paper packaging	Production volume (tonne)	2,200,799	2,252,445	2,216,501	2,358,066
	YoY (Percentage)	2.04	2.35	-1.60	6.39
	Sales volume (tonne)	2,200,874	2,234,522	2,201,002	2,440,758
	YoY (Percentage)	2.20	1.53	-1.50	10.89
	Import value (THB million)	4,963	5,123	6,244	7,485
	YoY (Percentage)	1.92	3.22	21.88	19.89
	Export value (THB million)	8,574	8,140	7,521	9,480
	YoY (Percentage)	3.38	-5.06	-7.60	26.05

Source: The Office of Industrial Economics., Thai Customs, Ministry of Commerce

## Plastic Packaging Industry in Thailand

Production and Sales volume of plastic packaging in 2021 were totaled of 1,716,331 tons and 1,245,479 tons, respectively, expanding quite high at 23.11% and 25.58% respectively, due to an increasing demands on plastic packaging due to personal hygiene to prevent the spread of COVID-19 that is more severe than the previous year. In addition, food products' exporting volumes have been considerably expanded, as well as, the volume of food products purchased by home consumers have been increased significantly. As a result, the spendings on plastic packaging have also been increased. The value of plastic packaging exports increased by 8.36% from the previous year, while the value of plastic packaging imports also increased compared to the previous year. the previous year at 14.13%.

According to the survey results on plastic packaging industry carried out by Smithers Pira, it is expected that from 2020 to 2024, the global plastic packaging market will grow at an average of 2.8 percent per year, to be worth USD 1.1 trillion in 2024, up from USD 0.9 trillion in 2019. Research firm Markets and Markets expects 2022 the market value of flexible packaging for consumer goods to be USD 130 billion up from USD 97 billion in 2016.

Krungsri Research expected that the production of plastic packaging in Thailand would increase by 1.0% in 2021 from a contraction of 1.0-2.0% in 2020. Many industries tend to spending more on plastic packaging, such as the food and beverage industry, pharmaceuticals and cosmetics retails, and e-commerce sectors. As the spreading of the COVID-19, people have been increasing their demands on plastic packaging to keep things more hygienically. This may consider as a positive trend on soft plastic packagings, such as plastic bags, plastic sacks, plastic sheets and plastic film. However, the development of bioplastics that are environmentally friendly may cause the need to use soft plastic packaging may slow down.

#### **Flexible Plastic Packaging Industry**

According to a survey by Forst & Sullivan, the plastic packaging market in Thailand in 2024 is expected to be worth approximately USD 9.1 billion or approximately Baht 273 billion, up from Baht 189 billion in 2018, of which the proportion is of the soft plastic packaging is about 50-53% for the flexible plastic packaging industry. It's a fast growing industry. Due to the ease of use, low cost and the ability to preserve packaged products. Today's lifestyles are more concerned with health. Increasing demand for small soft plastic packaging in order to pack more food products while the value and cost of producing flexible plastic packaging create demand for home care products (Source: Euromonitor). However, the Covid-19 outbreak has increased the demand for flexible packagings in more forms, especially in food and beverages and medical applications.

#### **Competitions**

From the database of the Department of Business Development Ministry of Commerce. The plastic packaging market has a total of 1,296 operators, comprising 1,329 small sized, 197 medium sized and 93 large manufacturers. Small and medium-sized manufacturers have a combined market share of 34.85% and large manufacturers have a market share of 65.15%.

A table showing proportion of manufacturers in plastic packaging market

Manufacturer size	Number (entity)	Total revenues (THB million)	Net profit (THB million)	Market share (Percentage)
Small manufacturer	1,329	18,423.67	37.15	9.91
Medium manufacturer	197	46,341.76	2,018.35	24.94
Large manufacturer	93	121,066.62	7,764.21	65.15
<b>Total</b>	<b>1,619</b>	<b>185,832.05</b>	<b>9,819.71</b>	<b>100.00</b>

Source: Department of Business Development, Ministry of Commerce

Remark: 1) Criteria for calculating the size of a business as follows:

- 1.1) Small business group means a legal entity with income not exceeding Baht 100 million.
- 1.2) Medium-sized business group means a legal entity with income of more than Baht 100 million but not more than Baht 500 million.
- 1.3) Large business group means a legal entity with income more than Baht 500 million.

Plastic packaging industry is considered very high competitive business, due to its varieties of product categories, as well as, so many different sizes of manufacturers, offering abundant choices for customers. Flexible packaging has been categorized as one of the products in this plastic packaging industry. However, manufacturer in each group has different customer base. For instance, small manufacturers focus on price strategy rather than quality, while medium manufacturers concentrate on standardized quality. Hence, the competition is among the manufacturers who target in the same customer groups. According to the definition of the Office of Small and Medium Enterprise Promotion, the Company is classified as a large manufacturer which can produce quality flexible plastic packaging. Our products are certified for the international standard which are FSSC 22000 (Food Safety System Certification 22000), GHPs (Good Hygiene Practice) and HACCP (Hazard Analysis and Critical Control Point), URSA (SEDEX) which is a certification on the code of conduct regarding labor, the requirement for an international entity. Our machines are imported from abroad, such as Taiwan, Italy, China, and we use the Rotogravure printing process to enhance 10 colors creating impressive product colors. Since our customers are large manufacturers of consumer products, the selection of packaging is very important. Packaging is another crucial factor that create the difference and outstanding feature on their products. Furthermore, the Company concentrates on pre and post sales services to create advantages over rivals. The main rivals in the same market are as following:

### Revenue from sales and services of flexible packaging manufacturers

(Unit: THB million)

Name of the Company	2017	2018	2019	2020
1. (Amcor Group 1), 2	5,585.08	5,524.47	6,094.09	6,189.95
2. Huhtamaki (Thailand) Company Limited	4,487.79	4,499.55	4,625.47	4,948.10
3. (Fuji Ace Company Limited 3	4,394.27	4,567.68	4,077.44	4,114.17
4. Dai Ichi Packaging Company Limited	2,025.39	2,030.13	2,203.59	2,296.89
5. Huhtamaki (Thailand) Company Limited	1,951.01	1,981.67	2,108.90	2,064.33
6. <b>Star Flex Public Company Limited</b>	<b>1,337.87</b>	<b>1,361.18</b>	<b>1,255.64</b>	<b>1,415.03</b>
7. Film Master Company Limited	1,514.85	1,422.81	1,512.59	1,391.25
8. Print Master Company Limited	1,203.81	1,432.59	1,233.61	1,220.50
13 other companies that conducting flexible packaging business	7,252.97	7,351.66	7,993.27	8,168.77
Total revenue from sales and services of flexible packaging manufacturers	29,753.05	24,647.28	31,104.60	31,808.99

Source : Information about manufacturers of flexible plastic packaging is collected when the sales and service revenue was the content in Business Online

Remarks : 1) The Amcor Group consists of Amcor Flexible Bangkok PCL, Amcor Flexible Chonburi Co., Ltd. Amcor Flexible Petchaburi Co., Ltd. and Amcor Flexible Rayong Co., Ltd.  
2) Accounting period beginning as of 1 July and ending as of 30 June  
3) Accounting period beginning as of 1 April and ending as of 31 March

### Product Procurement

### Production

At present, the our plant is located at no. 189/48-49, Village No. 3, Bangpriang sub-district, Bang Bor district, Samut Prakarn on an area about 18 rai, 3 ngarn. Flexible plastic packaging are made to order and all machines are imported from abroad such as Taiwan, Italy, China. With the Rotogravure printing process which can create 10 colors, which involves engraving the image onto an image carrier. In gravure printing, the image is non-printing surface is flat and smooth. Because gravure is capable of transferring more ink to the paper than most other printing processes, it is noted for its remarkable density range. With computerized detection and camera that detect waste during printing process, the system helps reducing waste from production process and quality control perfectly and

## Raw material supply

The Company considers the following factors for procuring raw materials for production process.

### 1. Quality of raw materials

The Company focuses on quality of products, and purchases only fine quality raw materials from potential manufacturers or distributor with potential to deliver the raw material as requested in scheduled time. The Company has in place the approved vendor list to screen quality manufacture and distributor. In addition, the Company have quality inspection procedures of raw materials, including the visit to a new vendor before approval. Every 6 months, the Company will review the assessment result based on quality and delivery record. The Quality Assurance Division will random test raw materials at every deliver from manufacturer and/or distributor to ensure the quality of raw material.

### 2. Lead time for delivery of raw materials

Purchase of raw materials in the country will have 20-30 days for deliver, depending on types of raw materials. The purchase of raw materials from abroad will have approximately 45-90 days due to the varied transportation time from each original country.

### 3. Price and trend of raw material prices

In particular film, the main raw materials for packaging production which the price is varied by oil price in the world market. Therefore, in each purchase of raw material, the Company will consider quantity of raw materials to purchase and the duration while monitors the situation and trend of raw material closely to effectively manage the cost of raw material.

### 4. Independence from a certain manufacturer

The Company has in place the policy to procure raw materials which include film, ink, glue from at least 2 manufacturer or distributor to reduce risk from relying on a certain manufacturer and/or distributor. This also enhance negotiation power with them in terms of prices and delivery time.

A table showing proportion of raw materials purchased from Thailand and abroad

Raw materials purchased	2019	2020	2021
Thailand	79.64	64.69	82.91
Abroad	20.36	35.31	17.09
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



Details of main raw materials of the Company is as follows.

#### 1. Film

Film is a main raw materials used in printing and laminating process, which account 68.17 percent, 61.54 percent and 68.20 percent of total raw materials purchased in 2019 – 2021 respectively. The Company orders films from manufacturers/distributors in Thailand and abroad, depending on types of the film and specification and purpose of usage. STARFLEX has collaborated with many manufacturers in developing more than 40 formulas of films to meet the different demand of each customer. At present, the film used in flexible plastic packaging is divided in 3 groups by its properties as follows.

- 1.1 The printable film can absorb ink well, resulting in vivid color without staining from the mold. This type of film are such as OPA, PET and OPP.
- 1.2 The film with barrier contain featured property for protection product inside from the sunlight, moisture and air, help preserving and maintain product quality inside. This film type are such as MPET and aluminum foil.
- 1.3 Sealant film is the most used by the Company. With low melting point when exposed to the heat 100 -200 Celsius, the film is easily sealed and formed. Such property is applied as the innermost layer contact to the product inside. Therefore, the film must be food grade or the type that allowed to have direct contact to the food which are such as LLDPE, WLLDPE, CPP, MCPP and MOPP

#### 2. Ink

All inks are ordered from 6-8 manufacturers and distributors in Thailand. The specifications of ink from each manufacturer is different. For instance, viscosity, pigment resolution, adhesion. Hence, when purchasing inks, the Company will consider the proper viscosity level for the film and required properties for each work to create a product that meet customers' demand.

#### 3. Adhesive

Adhesive is a raw material used for bonding between film layers in lamination process. The Company orders adhesive from 7-10 local manufacturer and distributors. Each vendor can supply adhesive with similar properties and in the standard acceptable by the Company

#### 4. Solvent

Solvent is a chemical mixed with ink to create viscosity in required level. The solvent we use are such as Ethyl Acetate, Toluene, IPA. At present, the Company orders solvents from 6-7 main manufacturers and distributors.

Other than the raw materials mentioned above, the cylinder is the production equipment that significantly affect quality of printing. From the file received from customers, the image development department will divide color group into layers by using computer program. Each layer, when put together will create the image as set by customer. The printing model from such process is then used as a mold. The Company hires external company to

manufacture mold. At present, there are 7 mold manufacturers that the Company has ordered based on delivery time and price.

**Impacts to environment**

Flexible plastic packaging process contains chemical contamination waste which are ink, adhesion and solvent. These are generated when using solvent in rinsing the ink and adhesion from equipment. The waste is treated in refinery process and resulted in liquid and solid solution. For liquid solution, the Company reuses for cleaning equipment and tools. For solid solution, the Company hires Better World Green PCL for disposal service proceeded under the law.

In addition, the Company has prepared occupational health annually by hiring C.E.M. Technology (Thailand) Co., Ltd., for monitoring environment quality which includes air quality monitoring, impurities in the air released from the chimney, light concentration monitoring, noise level monitoring and inspecting the heat level in establishment. According to the result, all fields are under standard as stipulated by law.

### Assets Used in Business Operations

As at December 31, 2021, the Company has major fixed assets that it uses for its business and its subsidiaries' business operations as follows.

Assets	Type of Ownership	Encumbrance	Net book value (THB million)
Land - Company's factory Title Deed No. 35455 35456 35457 35460 35461, Bang Bo District, Samut Prakan Province. Total area 18 rai 3 ngan 86 square wah	Owned	Loan collateral	98.62
Land (beside the factory) Title deed no. 35458 35459 35462 35463 Bang Bo District, Samut Prakan Province. Total area 13 rai 28 square wah	Owned	Loan collateral	54.20
Building	Owned	Loan collateral	69.18
	Lease	Right of Use	3.78
Building improvement	Owned	Loan collateral	32.04
	Owned	-	19.10
Machinery and equipment	Owned	Loan collateral	49.34
	Owned	-	119.88
	Hire purchase	Financial lease	36.20
	Lease	Right of Use	1.28
Furnishings and office equipment	Owned	-	6.18
Computer	Owned	-	2.83
	Hire purchase	Financial lease	0.94
Vehicle	Owned	-	4.55
	Hire purchase	Financial lease	1.80
	Lease	Right of Use	1.02
Construction in progress	Owned	-	138.18
Total			639.12

### Business and property insurance used in business operations

The Company has an insurance policy that protects assets at an appropriate level and that is in line with industry practices. The Company has a policy to renew insurance policies upon the expiration of such insurance.

### Investment promotion benefits

As at December 31, 2021, SFLEX has received benefits from 1 investment promotion certificates from the Board of Investment.

## Securities and Shareholder Information

### Shareholders

First 10 major shareholders as at 31 December 2021 are as following:

Major Shareholders	Number of shares	Shareholding (%)
1.Mr. Printhorn Apithanasriwong	188,203,000	22.95
2.Mr. Ek Picharnchitra	81,710,000	9.96
3.BTS Group Holdings Public Company Limited	55,000,000	6.71
4.Ms. Kotchakorn wanichanuwat	45,426,600	5.54
5.Mr. Sura Kanittaweeul	25,000,000	3.05
6.Mr. Thiraphong chansiri	20,000,000	2.44
7.Thai NVDR Company Limited	16,005,916	1.95
8.Mrs. Chantip Vanich	14,200,000	1.73
9.Ms. Chanyaporn Valyasevi 1)	13,716,200	1.67
10.Ms. pannipas taithongchai 2)	9,374,500	1.14

Remarks: 1) Ms.Chanyaporn Valyasevi is the older sister of Mr. Sompote Valyasevi.

2) Ms.pannipas taithongchai is the younger sister of Mr. Printhorn Apithanasriwong.

3) Other minority shareholders have a total of 351,367,784 shares, equivalent to 42.85 percent.

### Subsidiary Shareholders

PS Plus Consulting Company Limited

List of shareholders as at 31 December 2021 are as following:

Major Shareholders	Number of shares	Shareholding (%)
Starflex Public Company Limited	200,000	100%

Shareholders' agreements in matters affecting the issuance and offering of securities or the Company's management.

-None-

Persons presenting a potential conflict of interest if they hold shares in subsidiaries or associated companies adding up to more than 10% of the votes in that company.

-None-

### Amount of registered and paid-up capital

As of 31 December 2021, the Company has a registered capital of Baht 502.25 million and has issued and paid-up capital of Baht 410 million, divided into (1) 820 million ordinary shares with a par value of 0.5 Baht per share and (2) ordinary shares 184.5 million shares that have not yet been issued.

184.5 million unissued ordinary shares can be divided into:

1. 82 million unissued shares with a par value of 0.5 Baht per share to support the exercise of 82 million units of SFLEX-W1 warrants.
2. 102.5 million unissued shares with a par value of 0.5 Baht per share to support the exercise of 102.5 million units of SFLEX-W1 warrants.

### Convertible securities

1. Warrants to purchase ordinary shares of StarflexPublic Compant limited No. 1 (SFLEX-W1)

Issuance Date	14 January 2022
Expiration Date	13 July 2023
Exercise Ratio	1 unit of Warrants shall be entitled to purchase 1 new ordinary shares
Exercise Price	Baht 4.50 per share
Exercise Date	On 13 July 2022 and 2023 through the term of Warrants
Notification Period for the Intention to Exercise the Warrants	During 8:30 hrs. until 15:30 hrs. within the period of 5 Business Days prior to each Exercise Date except the last exercise shall be during 8:30 hrs. until 15:30 hrs. within the period of 15 Business Days prior the last Exercise Date.
Number of warrants issued	81,999,956 units
Number of the newly issued ordinary shares reserved to accommodate the exercise of Warrants	81,999,956 shares

2. Warrants to purchase ordinary shares of StarflexPublic Compant limited No. 2 (SFLEX-W2)

Issuance Date	21 January 2022
Expiration Date	20 January 2026
Exercise Ratio	1 unit of Warrants shall be entitled to purchase 1 new ordinary shares
Exercise Price	Baht 10 per share
Exercise Date	On 20 January 2026
Notification Period for the Intention to Exercise the Warrants	During 8:30 hrs. until 15:30 hrs. within the period of 15 Business Days prior to Exercise.
Number of warrants issued	102,499,398 units
Number of the newly issued	102,499,398 shares

ordinary shares reserved  
to accommodate the exercise  
of Warrants

#### **Subsidiary Investment Policies**

Starflex Public Company Limited ("the Company") will consider investing in businesses that share its major business objectives, or businesses that invest in a profitable or business that can help the Company's main business operations become more comprehensive. To boost the firm's competitiveness. The Board of Directors may decide to invest in firms that are not related to the Company's primary business or in other operations. The investment will be made if the Board of Directors believes that such a firm has potential and that such an investment will benefit the Company and its shareholders as a whole.

#### **Company's Dividend Policy**

The Company has a policy to pay dividend at a rate of not less than 40 % of net profit after deducting corporate income tax and legal reserve based on the Company's separates financial statement. Such dividend payment is subject to change due to performance, financial status, its liquidity and necessities in using working capital, investment plan, and economic situation.

For the year 2021, the Company has paid dividends to shareholders twice as follows:

On 25 February 2021, the Board of Directors, in its meeting no.1/2021 has a resolution to approve the dividend payment. From the operating results from 1 January - 31 December 2020 to shareholders At the rate of Baht 0.045 per share, totaling Baht 36.9 million to the 2021 annual general meeting of shareholders for approval.

On 10 August 2021, the Board of Directors, in its meeting no.3/2021 has a resolution to approve the dividend payment. From the operating results from 1 January - 30 June 2021 to shareholders at the rate of Baht 0.04 per share, totaling Baht 32.8 million to the Extraordinary meeting 1/2021 of shareholders for approval.

#### **Dividend Policy of Subsidiaries**

The dividend policy for subsidiaries must be considered and approved by the Board of Directors every year. The exception is for interim dividend payments, which the Board of Directors of the subsidiary can approve from time to time if the Board believes that the subsidiary has sufficient profits to do so under the legal framework of the country in which the subsidiary or associated company is located. In addition, the Board of Directors of the subsidiary must report the decision at the next shareholders' meeting of the subsidiary. When considering the dividend payment, the Board of Directors of the subsidiary needs to consider various factors, mainly for the shareholders' benefit. These factors include operating results, financial structure and financial position, liquidity, additional investment needs, investment plans, business expansion, provision for repayment of borrowings or working capital within subsidiaries, the conditions and limitations stipulated in any loan agreement, and other factors involved in the management of the subsidiary, determined by the Board of Directors and/or the shareholders of the subsidiary company, as appropriate.

## Investments in Subsidiaries and Associates

As at 31 December 2021, the Company has investments in subsidiaries and associates directly as following:

Name	Principal Business	Head Office	Telephone	Fax Number	Type of Shares	Issued and Paid-up Shares (Baht million)	Number of Paid-up Shares (Shares)	Name of Shares Held by the Company (Shares)	Total Direct /Indirect Holding (Percent)
<b>Subsidiaries</b>									
PS Plus Consulting Company limited	Production and distribution of raw materials and soft packaging	189/48-49 Moo 3, Bangprieng, Bang Bo, Samut Prakarn	02-7082555	02-7082355	Ordinary share	6.5	2,000,000	199,970	99.99

On 29 September 2021, the Company's Board of Directors passed a resolution to establish joint venture between the Company and Thai Union Graphic Company Limited with the registered capital of Baht 250 million (2,450,000 ordinary shares and 50,000 preferred shares of Baht 100 each). The Company signed memorandum of understanding to establish its joint venture on 30 September 2021. The Company will invest in the ordinary shares of 1,250,000 shares at par value of Baht 100 each totaling Baht 125 million and shareholding percentage in such company will be 51 percent.

## Risk management

The construction of a risk management system is a priority for Starflex Public Company Limited. The Risk Management Committee has been assigned by the Board of Directors with monitoring the organization's risk management. They're in charge of developing about it and reviewing policies, guidelines, and risk management frameworks. To supervise and support the implementation of corporate risk management in accordance with the strategy and business goals in order for the risk management system to be effective by managing that risk has considered the suitability of both external and internal environments that cause risks and impacts to the Company. As a result, risk assessment, monitoring, and supervision are ongoing.

In addition, executive level meetings were arranged to evaluate the situation and formulate operational strategies to accommodate the risks that may arise. Risk management is the responsibility of every unit to manage and control risks to an acceptable level. This enables the organization to repair or mitigate the damage in a variety of areas. It's also an examination of how to convert the crisis into a business opportunity.

### Risk Factors and Risk Management

#### 1. Risk from the Covid-19 outbreak

From the epidemic situation of COVID-19 continuously. The Company has prepared in various fields, as well as increase the strictness of the Company's measures such as liquidity management, measures to prevent the spread of employees and from outsiders, guidelines for disease control by Bubble and sealed of the Department of Disease Control Ministry of Health Including conducting rehearsals for simulated events according to the business continuity plan, which simulates both normal events to the most serious events by communicating to the Company's partners and has prepared a raw material management plan for suppliers to support emergency production including improving the organization's business continuity. Management plan in accordance with the current situation to be able to cope with both short-term and long-term crises.

#### 2. Risk from relying on large customers

The Company intends to keep current clients and extend the market to include a larger number of new customers. By accessing the market for new items such as medical devices and expanding the market to packaging for consumer products, both in the food and non-food packaging industries. to assist consumers in the consumer product area who are entrepreneurs, including taking care of and following up on delivering services to clients on a regular basis.

In addition, the Company is focused on the development of new packaging designs. There is a research project with educational institutions to build a model to satisfy the needs of diverse consumers such as Shrink Film, Retort Pouch, Spout Pouch, etc. Providing cutting-edge products to suit the demands of clients and the market. This will assist the organization in reaching out to new customer groups has risen as well.



### **3. Risk from the price fluctuation of main raw materials**

Raw material costs on the global market are quite changeable in 2021. Due to the unpredictability of controlling the spread of the coronavirus disease (COVID-19), which causes fluctuations to respond to the condition. From fluctuations in raw material prices petrochemical type and plastic pellets as a result, the film price is quite volatile as well. Therefore, the Company has a policy to purchase raw materials directly from manufacturers, make a good relationship with the manufacturer. Having the ability to negotiate and keep track of price trends. The corporation is currently able to reserve sufficient raw materials. This is considered to be a good way to control the cost of purchasing raw materials. However, the Company has been continuously focusing on the situation in order to assess the risks by price fluctuations in essential raw materials.

### **4. Risk from having an excessive volume of inventory**

The Company has a policy of managing raw materials and finished goods inventories in accordance with the annual sales plan by prepare Inventory life analysis report and finished goods movement report at the end of every month. To report to relevant executives to analyze and plan for proper distribution of products to prevent deterioration and obsolescence of products. In addition, a Dashboard system has been created as a tool for managers to view real-time inventory data, which allows executives to analyze data and make decisions and plan actions quickly. For the purpose of purchasing raw materials, the planning department considers the availability of raw materials in the warehouse as well as the demand for the customer's order. If the remaining raw material quantity is less than the minimum defined by the Company, an order will be issued to maintain a sufficient number of raw materials for manufacturing. The Company was able to handle the number of inventories more correctly as a result of the aforementioned steps.

### **5. Risk from relying on key management personnel**

The Nomination and Remuneration Committee was established by the Company to consider remuneration and screen candidates for the position. To be in line with the Company's business strategy and to ensure that employees who will be hired have the necessary knowledge, skills, and experience. In addition, the Company provides personnel management processes for key positions. According to the policy to promote personnel development to have quality, skills and expertise so that employees have knowledge and diverse skills suitable for succession of important positions and, the Company has a performance evaluation and compensation, including considering the appropriate benefits to motivate employees to continue working with the Company in the long term.

### **6. The Risk of relying on skill labor**

Manufacturing of flexible packaging requires highly skilled labor especially in analyzing and mixing colors to meet the needs of customers. including machine control in the printing process. This is the production process that will affect the beauty of the image printed on film. Therefore, if the Company lacks skilled labor in such production, it must difficult to find skilled workers in time. Therefore, the Company has arranged to develop

skills and expertise from training from both internal and external experts. The Company practice On the Job Training and provide a development plan to enhance the competence of employees which is a personal development plan to train employees continuously. Encourage employees to have a high level of competence and can continue to grow in the organization. In addition, the Company also has a good welfare. It has a clear goal to motivate employees to continue working with the Company over the long term. In addition, the Company has prepared an operating manual. and has a policy to use more machines to help maintain product standards, such as Ink Dispensing, enabling the process of color mixing to be quick, accurate, according to the colors that customers want, reducing dependence on skills. and the skill of the personee.

#### **7. Risk from exchange rate**

The Company has a policy of calculating product prices by factoring in the risk of currency changes. This permits the corporation to determine a selling price that is reasonable in relation to the product's cost. Furthermore, the corporation regularly follows news and movements in foreign exchange rates, and considers hedging risks by purchasing foreign currency (Forward Contracts) in response to market conditions and volatility.

#### **8. Risk from competition in the flexible packaging industry**

The Company focuses on the development of product quality to meet the needs of customers by working together between various departments including partners who are main raw material producers The sales department will take the customer's needs and closely follow the market trends. To prepare to study and develop products to meet the needs of customers or changing markets. In addition, the Company also focuses on providing fast and close service to customers. with regular follow-up on customer satisfaction and regular meetings are held to co-plan with key customers in order to solve any problems that may arise and prepare for production planning as well as adjusting business strategies to be in line with market competition that may change in a timely manner according to the Company's quality policy as following:

“The organization is dedicated to producing high-quality products and services. follow the law.

To increase customer satisfaction and respond to stakeholders in a timely manner.”

#### **9. Risk from government measures on environmentally friendly plastic packaging**

The Company focuses on environmental issues and prepared to accommodate the changing behavior of both producers and consumers. The Company's innovation department focuses on developing new products environmentally friendly that can be biodegradable naturally and can be recycled. Prepared for such changes by supporting research and product development Faculty of Agro-Industry Kasetsart University to develop compostable packaging Demonstrates readiness to develop flexible plastic packaging to meet customer demands and continually comply with government environmental policies.

## Business sustainability development

### Sustainability Development Policy

The Company is committed to conducting business with ethics based on good corporate governance. The ultimate goal is corporate sustainability. To create shared values in the business chain and stakeholders both in the economic system social and environmental to enhance sustainable development.

### Managing impact on stakeholders in the business value chain

#### Business value chain

The Company realizes the importance of every process to add value to the production factors. Starting from the raw materials, production, distribution, delivery, including after-sales service to provide customers with the highest satisfaction

#### 1. Main Activities

**Raw material process** The Company pays attention to the procedures for the procurement of raw materials. There is a warehouse system that stores the FIFO system with a warehouse that controls the quality of raw materials to maintain the best condition to be ready for production. There is management of data storage into the system for calculating the shelf life of raw materials and the inventory turnover assessment system by managing the warehouse to have the most raw material turnover. to get cost-effective This results in competitive prices in the market.

**Production process** There are machines with modern technology. can be produced according to the requirements Supervised by executives and employees with skills, knowledge, expertise and work experience. with continuous training to develop knowledge and abilities along with product quality assurance by Quality Management System.

**Logistics and Shipping Processes** There is a system of sorting products for delivery using a simulation of the space inside the container to create a cost-effective use of space. as well as reducing the risk of damage to the product from shipping.

**Sales and Marketing Process** Committed to providing quality products along with services that are of high standard and efficiency, protecting the interests, taking care and taking responsibility for the customers equally.

#### 2. Support activities

**Fair Labor Treatment** The Company realizes the importance of labor and all employees involved in the Company's business operations. All employees are considered as a factor that will add value to the business and enhance the competitiveness and sustainable growth of the Company in the future. The Company has established policies and guidelines as follows.

- Respect the rights of employees according to human rights principles and comply with labor laws

- Provide fair employment process and employment conditions Including the determination of compensation and consideration of merit under a fair performance evaluation process.
- Support personnel development by providing training and send employees to attend seminars and academic training in various fields related to knowledge development competence and potential of personnel as well as instilling good attitude, morality, ethics and teamwork among personnel.
- Provide welfare in various fields for employees as required by law, such as social security funds and other than those required by law, such as health insurance, life and accident insurance including support for various types of grants such as student loans child scholarship Long Service Award and funeral assistance, etc.
- Ensuring that employees work safely and with good workplace hygiene by providing for the prevention of accidents and enhancing employees' safety awareness including organizing training and encouraging employees to have good hygiene There is always a hygienic workplace in line with occupational health and safety principles.
- Provide opportunities for employees to express opinions or complain about unfair practices inequality, welfare, including providing protection for employees according to the law

**The Company respects the intellectual property.** There is a policy for personnel to comply with the law or requirements related to intellectual property, such as the use of legally licensed computer programs, etc.

#### **Business Value Chain Stakeholder Analysis**

The Company categorizes stakeholders into 7 groups, namely employees, supplier, customers, shareholders/investors, creditors debtors, society and environment. Each stakeholder group may be affected by operations or affect operations. In 2021, the analysis of stakeholder expectations is as follows:

<i><b>Stakeholders</b></i>	<i><b>Issues that interested</b></i>	<i><b>Response to Stakeholders</b></i>
1. <i>Employees</i>	Career opportunity and welfare	The development of working efficiency and knowledge including good quality of life and welfare.
2. <i>Supplier</i>	Fair business	Conduct business with integrity focus on building relationships and good cooperation based on compliance with rules and conditions of business that are fair to partners under the required laws.
3. <i>Customers</i>	Great quality products at affordable prices	Provide quality and standardized products and services at a fair price. Take care and treat every customer equally.
4. <i>Shareholders/ Investors</i>	Business performance, growth and transparency	Run the business under good managerial principals and follow the ethics of business conduct

5. <i>Creditors Debtors</i>	Reliable	Set fair conditions in the contract and respect them strictly
6. <i>Community</i>	Community development to grow with the business	Participate in community development. Promote activities in the fields of education, religion, sports, family and health to strengthen the sustainable development of the community and society.
7. <i>Environment</i>	Taking care of the environmental resources	Conduct business whilst utilizing resources with mindfulness and environmental concerns.

## Sustainability Management in Environmental Dimensions

### Safety and Environment Policies and Practices

#### 1. Safety Policy

The Company is concerned about the life and health of all employees and realizes the importance of all employees at all levels. Employees are highly valuable resources and play an important role in driving the organization towards its goals. The Company therefore attaches great importance to operating safety, occupational health and working environment. To provide employees with safety at work and good health Therefore, policies and guidelines have been set as follows:

#### **Safety practices and management**

From the above policy to be effective, the Company has established guidelines as follows:

- The Company considers occupational safety and workplace safety to be the most important responsibility of all employees at all levels. All employees are required to participate in the Company's occupational safety and health program, and they have the right to express their thoughts on how to improve working conditions and techniques.
- The Company encourages employees to participate in 5 S. activities in the workplace. To improve the working environment and proper and safe working practices. To promote good health for all employees, prevent work-related accidents and diseases by providing suitable personal protective equipment.
- The Company is committed to consulting all employees to have knowledge, awareness, and good attitude. And participate in occupational safety and health operations and environment will support and promote various safety activities that stimulates the consciousness of employees to be able to work safely. Along with having awareness of social and environmental responsibility
- Leaders at all levels must be good role models, lead, supervise, train and motivate their subordinates to strictly comply with safety regulations and safe procedures.
- All employees must follow to the procedures in a safe and efficient manner. To reduce the risk of accidents, incidents, sickness, and occupational diseases. While working, employees must always

consider their personal safety and the Company's assets, including property damage and environmental effect.

- The Company is committed to developing a management system for occupational safety, health and environment. to comply with regulations and other relevant requirements as well as provide a serious and continuous monitoring and evaluation of the implementation of the policy Occupational Safety and Health Management Policy and the environment in which to work There must be communication and understanding for all employees at all levels. including stakeholders related to the Company's business operations

## **2. Environmental Policy**

The Company places a high value on environment protection and social responsibility including natural resources. The Company strictly operates and controls the production process to ensure compliance with the laws related to the conservation of natural resources and the environment. The Company has set the environmental policy as follows.

### **Environmental practices and management**

- The Company has designed and developed production processes, machinery and equipment to control pollution and/or reduce pollution by covering waste water, dust, gas, and other wastes systematically.
- The Company determines the person responsible for the production process, controlling the machinery and equipment by ensuring that the environmental impact does not exceed the standards specified. and must control the use of natural resources and energy management for maximum benefits.
- The Company is committed to reducing waste and collaborating in garbage disposal using proper methods and standards.
- The Company has an assessment of risks and impacts in matters related to the environment, health and safety before investing or jointly investing in any business. The Company operates under the concept of caring and preserving the environment, society and community.
- The Company has guidelines for conservation of natural resources and the environment. and prevent impacts on ecosystems and develop technology including innovations in plastics, which are biodegradable.

### **Safety and environmental performance**

From compliance with environmental policy, the Company has been certified environmental standards as follows:

- The Company is certified Green Industry Level 2 (Green Operations) 2021 in order to reduce the impact on the environment has been achieved in accordance with the set goals. from the Ministry of Industry.
- The White Factory Project, 2021, in accordance with the standards for prevention and resolution of drug problems in the workplace of the Department of Labor Protection Welfare and the Department of Industrial Works.
- Determined Enterprise Award Implement a safe workplace project In honor of Her Royal Highness Princess Maha Chakri Sirindhorn from the Department of Labor Protection and Welfare.
- Fire training drills and fire evacuation drills in accordance with the requirements of the Safety Act Occupational Health and Work Environment.

- Food Safety Packaging Production System Certification FSSC 22000 / GHP / HACCP is an international standard for food safety packaging production system. good hygiene free from contamination as well as being friendly.

## Sustainability management in social dimensions

### Social Policy and Practice

The Company has a policy to support and respect the protection of human rights. By treating those involved, whether it be employees, communities and the society around them with respect for human values, equality and equal liberties. does not violate fundamental rights and does not discriminate in matters of race, nationality, religion, language, skin color, gender, age, education, physical condition or social status including providing care to prevent the Company's business from Get involved in human rights violations such as child labor and sexual harassment, etc.

In addition, the Company also respects the privacy rights of all employees by not bringing personal information including nursing history, family history and salary are disclosed to people who are not involved. Unless it is information that is required to be disclosed by law. In addition, the Company regularly inspected In order to prevent the Company's business from engaging in human rights violations, both directly and indirectly, there is a policy for all employees to make complaints. or can inform the cushion

### Employees information

Total number of employees

	2019	2020	2021
Male employee (person)	240	303	345
Female employee (person)	149	211	245
Total (person)	389	514	590

Employee compensation

	2019	2020	2021
Total compensation of employees (Baht)	150,481,939	171,183,746	225,783,777

Staff training

	2019	2020	2021
Average number of training hours for employees (hour/person/year)	4.30	5.50	5.02
Training and development expenses (Baht)	441,635	642,077	172,262

## Occupational Safety and working environment

	2019	2020	2021
Number of injury incidents from employees to the point of absence from work (times)	7	5	13

## Employee Engagement

	2019	2020	2021
Proportion of employees who voluntarily resigned (%)	2.10	1.60	2.20

Social Performance

- Providing opportunities for students to gain work experience by accepting students for internships in various departments of the Company every year
- Support activities to promote Thai culture during important festivals such as Songkran Day, Buddhist Lent Day, donations and Give things to charities the underprivileged and the victims
- Help take care of the environment around the Company and nearby to be a livable and safe community
- Project to distribute masks and alcohol gel to nearby communities during the Covid-19 period and together with the Bang Phriang Subdistrict Administrative Organization Supporting consumer goods for the handicapped in Bang Phriang sub-district area

Social Activity

1. SFLEX sharing kindness against the dangers of COVID-19, Bang Phriang Hospital (23 February 2021)





2. SFLEX donates computers to children - Mirror Foundation (29 April 2021)



3. SFLEX supports rescue equipment – Rescue, Pattani Province (7 May 2021)



4. SFLEX supports PPE and COVID-19 screening equipment at Bang Bo Hospital (11 June 2021).



5. SFLEX donates money and supports Set Box to medical personnel Bang Bo Hospital (12 June 2021)





6. SFLEX supports scholarships. Ban Huai Nok Kok School, Tak Province (21 July 2021)



7. SFLEX supports medical devices. and consumer goods, Bang Bo Hospital (21 September 2021)



8. SFLEX supports medical equipment - COVID testing cabinets Bang Phriang Hospital (11 October 2021)



**Management discussion and analysis (MD&A)**

Ending 31 December 2019 2020 and 2021

Statement of Financial Position	31 December 2019		31 December 2020		31 December 2021	
	THB million	Percent	THB million	Percent	THB million	Percent
<u>Assets</u>						
<i>Current Assets</i>						
Cash and cash equivalents	471.17	33.64	168.51	13.11	74.84	4.97
Trade and other receivables	236.57	16.89	261.60	20.36	345.54	22.94
Inventories	203.48	14.53	228.28	17.76	333.85	22.16
Derivative assets	-	-	-	-	0.32	0.02
Other current financial assets	-	-	0.24	0.02	0.69	0.05
Other current assets	19.89	1.43	24.94	1.94	20.61	1.37
<b>Total current assets</b>	<b>931.11</b>	<b>66.49</b>	<b>683.57</b>	<b>53.19</b>	<b>775.84</b>	<b>51.50</b>
<i>Non-current Assets</i>						
Restricted bank deposits	18.78	1.34	12.23	0.95	12.29	0.82
Property, plant and equipment	419.49	29.95	475.21	36.98	594.11	39.43
Right-of-use-assets	-	-	59.06	4.60	45.02	2.99
Intangible assets	4.09	0.29	3.05	0.24	2.13	0.14
Deferred tax assets	8.64	0.62	8.20	0.64	8.96	0.59
Other non-current financial assets	-	-	4.99	0.39	5.00	0.33
Other non-current assets	18.35	1.31	38.80	3.02	63.22	4.20
<b>Total non-current assets</b>	<b>469.35</b>	<b>33.51</b>	<b>601.54</b>	<b>46.81</b>	<b>730.73</b>	<b>48.50</b>
<b>Total assets</b>	<b>1,400.46</b>	<b>100.00</b>	<b>1,285.11</b>	<b>100.00</b>	<b>1,506.57</b>	<b>100.00</b>
<u>Liabilities and shareholders' equity</u>						
<i>Current liabilities</i>						
Short-term loans from financial institutions	92.32	6.59	27.43	2.13	52.73	3.50
Trade and other payables	300.51	21.46	284.97	22.17	294.88	19.57
Derivative liabilities	-	-	0.98	0.08	-	-
Current portion of long-term loans	32.20	2.30	-	-	54.25	3.60
Current portion of liabilities under finance lease agreements	10.91	0.78	-	-	-	-
Current portion of lease liabilities	-	-	21.10	1.64	13.56	0.90
Income tax payable	8.16	0.58	10.30	0.80	3.52	0.24
<b>Total current liabilities</b>	<b>444.10</b>	<b>31.71</b>	<b>344.78</b>	<b>26.82</b>	<b>418.94</b>	<b>27.81</b>

Statement of Financial Position	31 December 2019		31 December 2020		31 December 2021	
	THB million	Percent	THB million	Percent	THB million	Percent
<i>Non-current liabilities</i>						
Liabilities under finance lease agreements -Net of current portion	30.73	2.19	-	-	-	-
Lease liabilities - net of current portion	-	-	26.09	2.03	14.02	0.93
Provision for long-term employee benefits	29.13	2.08	33.65	2.62	42.93	2.85
Long-term loans - net of current portion	66.67	4.76	-	-	70.38	4.67
<b>Total non-current liabilities</b>	<b>126.53</b>	<b>9.03</b>	<b>59.74</b>	<b>4.65</b>	<b>127.33</b>	<b>8.45</b>
<b>Total liabilities</b>	<b>570.63</b>	<b>40.74</b>	<b>404.52</b>	<b>31.47</b>	<b>546.27</b>	<b>36.26</b>
<i>Shareholders' equity</i>						
<i>Share capital</i>						
Registered	410.00	29.28	410.00	31.90	502.25	33.34
Issued and fully paid-up	410.00	29.28	410.00	31.90	410.00	27.21
Share premium	302.99	21.64	302.99	23.58	302.99	20.11
<i>Retained earnings</i>						
Appropriated - statutory reserve	22.09	1.58	26.80	2.09	30.29	2.01
Unappropriated	94.75	6.77	140.79	10.96	217.02	14.41
<b>Total shareholders' equity</b>	<b>829.83</b>	<b>59.25</b>	<b>880.58</b>	<b>68.53</b>	<b>960.30</b>	<b>63.74</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,400.46</b>	<b>100.00</b>	<b>1,285.11</b>	<b>100.00</b>	<b>1,506.57</b>	<b>100.00</b>

Statement of Comprehensive Income For the year ended 31 December 2021	31 December 2019		31 December 2020		31 December 2021	
	THB million	Percent	THB million	Percent	THB million	Percent
Revenues						
Sales	1,255.64	98.61	1,398.05	98.80	1,677.15	97.10
Gain on exchange	1.42	0.11	1.63	0.12	-	-
Other income	16.29	1.28	15.34	1.08	50.16	2.90
<b>Total revenues</b>	<b>1,273.35</b>	<b>100.00</b>	<b>1,415.02</b>	<b>100.00</b>	<b>1,727.31</b>	<b>100.00</b>
Cost of sales	1,037.09	81.45	1,093.81	77.30	1,414.06	81.86
<b>Gross profit</b>	<b>218.55</b>	<b>17.16</b>	<b>304.24</b>	<b>21.50</b>	<b>263.09</b>	<b>15.23</b>
Loss on exchange	-	-	-	-	0.06	0.00
Selling expenses	28.64	2.25	29.52	2.09	34.14	1.97
Administrative expenses	98.57	7.74	116.41	8.23	118.25	6.85
<b>Earnings Before Interest, Income Tax and Depreciation (EBITDA)</b>	<b>149.95</b>	<b>11.78</b>	<b>233.87</b>	<b>16.53</b>	<b>222.49</b>	<b>12.88</b>
Depreciation	40.9	3.21	58.59	4.14	61.68	3.57
<b>Earnings Before Income Tax (EBIT)</b>	<b>109.05</b>	<b>8.57</b>	<b>175.28</b>	<b>12.39</b>	<b>160.81</b>	<b>9.31</b>
Finance cost	14.43	1.13	4.61	0.33	3.90	0.23
<b>Profit before income tax (EBT)</b>	<b>94.62</b>	<b>7.43</b>	<b>170.67</b>	<b>12.06</b>	<b>156.91</b>	<b>9.08</b>
Income tax expenses	16	1.26	27.87	1.97	7.49	0.43
<b>Net profit</b>	<b>78.62</b>	<b>6.17</b>	<b>142.80</b>	<b>10.09</b>	<b>149.42</b>	<b>8.65</b>
Other comprehensive income (loss) for the year	(2.02)	(0.16)	2.26	0.16	-	-
<b>Total comprehensive income for the year</b>	<b>76.60</b>	<b>6.01</b>	<b>145.06</b>	<b>10.25</b>	<b>149.42</b>	<b>8.65</b>

Cash flow statement	2019	2020	2021
<u>Cash flow from operating activities</u>			
Profit before tax	94.62	170.68	156.91
<i>Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities</i>			
Depreciation and amortisation	40.87	58.59	61.68
Allowance for for expected credit losses (reversal)	1.66	(0.09)	(0.13)
Allowance for reduction of inventory to net realisable value (reversal)	(4.90)	2.24	0.19
Loss (gain) on disposal/write-off of equipment ROU	-	-	(1.50)
Loss (gain) on disposal/write-off of equipment	0.15	(0.20)	(34.50)
Gain on write-off of right-of-use-assets from contract cancellation	-	(0.03)	-
Provision for long-term employee benefits	9.10	8.08	9.94
Unrealized Loss (gain) from exchange	(0.32)	0.12	(0.17)
Interest income	(0.61)	(1.52)	(0.34)
Interest expenses	14.43	4.61	3.90
<b>Profit from operating activities before change in operating assets and liabilities</b>	<b>155.00</b>	<b>242.48</b>	<b>195.98</b>
<i>Operating assets (increase) decrease</i>			
Trade and other receivables	(13.37)	(24.93)	(50.82)
Inventories	5.59	(27.04)	(105.76)
Other current financial assets	-	(0.24)	(1.43)
Other current assets	(4.63)	(5.06)	4.33
<i>Operating liabilities increase (decrease)</i>			
Trade and other payables	103.41	(3.56)	20.59
<b>Cash from operating activities</b>	<b>246.00</b>	<b>181.65</b>	<b>62.89</b>
Interest income	0.60	1.53	0.33
Cash paid for long-term employee benefits	(0.42)	(0.75)	(0.66)
Cash paid for interest expenses	(14.14)	(5.07)	(3.72)
Cash paid for income tax	(23.63)	(25.86)	(15.03)
<b>Net cash from operating activities</b>	<b>208.41</b>	<b>151.50</b>	<b>43.81</b>



Cash flow statement	2019	2020	2021
<u>Cash flows from investing activities</u>			
Decrease (increase) in restricted bank deposits	(0.10)	6.54	(0.06)
Acquisition of equipment	(45.86)	(152.48)	(174.43)
Proceeds from disposals of equipment	17.51	0.20	3.99
Acquisition of intangible assets	(0.02)	(0.71)	(0.86)
Decrease in other non-current financial assets	-	7.32	-
Increase in other non-current assets	(9.76)	(32.91)	(24.41)
<b>Net cash used in investing activities</b>	<b>(38.23)</b>	<b>(172.04)</b>	<b>(195.77)</b>
<u>Cash flows from financing activities</u>			
Decrease in short-term loans from financial institution	(20.18)	(64.08)	25.10
Cash paid for liabilities under finance lease agreements and lease liabilities	(7.21)	(24.88)	(21.74)
Dividend paid	(105.00)	(94.30)	(69.70)
Cash received from issuance of ordinary shares	426.80	-	-
Cash paid for direct costs related to share offering	(13.81)	-	-
Cash received from long-term loan	-	-	126.38
Repayment of long-term loan	(30.40)	(98.86)	(1.76)
<b>Net cash from (used in) financing activities</b>	<b>250.20</b>	<b>(282.12)</b>	<b>58.28</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>420.38</b>	<b>(302.66)</b>	<b>(93.68)</b>
Cash and cash equivalents at beginning of year	50.80	471.17	168.51
<b>Cash and cash equivalents at end of year</b>	<b>471.18</b>	<b>168.51</b>	<b>74.83</b>

Table of key financial ratios

Item	2019	2020	2021
<b><u>Liquidity ratio</u></b>			
Current ratio (times)	2.10	1.98	1.85
Quick ratio (times)	1.59	1.25	1.00
Cash flow liquidity ratio (times)	0.53	0.38	0.11
Account receivable turnover (times)	5.29	5.45	5.39
Collection period (days)	69.02	66.99	67.68
Finished goods turnover ratio (times)	12.64	15.21	13.58
Finished goods turnover ratio (days)	28.87	24.00	26.87
Inventory turnover (times)	5.09	5.07	5.03
Inventory turnover (days)	71.74	72.04	72.55
Accounts payable turnover (times)	4.36	3.74	4.88
Payment period (days)	83.71	97.68	74.84
Cash cycle (days)	14.18	-6.69	19.71
<b><u>Profitability ratio</u></b>			
EBITDA (%)	11.79	16.55	12.88
Gross profit margin (%)	17.41	21.76	15.69
Operating profit margin (%)	7.27	11.32	6.60
Net profit margin (%)	6.18	10.10	8.65
Return on equity (%)	12.33	16.70	16.23
Capacity utilization rate (%)	69.67	74.95	79.81
Fixed Asset Turnover (times)	3.03	2.97	2.91
Ratio of other income to total income (%)	1.39	1.20	2.90
Cash to Profitability Ratio (%)	228.16	95.70	39.59

Item	2019	2020	2021
<b><u>Financial ratio</u></b>			
Interest coverage ratio (times)	10.39	50.78	57.10
Debt service coverage ratio (times)	1.62	8.53	2.08
Debt to equity (times)	0.69	0.46	0.57
interest bearing debt to equity : IBD/E ratio (times)	0.11	0.03	0.18
Dividend per share (Baht per share)	0.09	0.09	0.09
Dividend payout ratio (%)	97.31	48.81	46.65
Dividend yield (%)	5.07	1.59	1.68
Ratio of loans from financial institutions to total liabilities (times)	0.82	0.37	0.87
Ratio of 1-year interest-bearing debt to total interest-bearing debt (times)	0.58	0.65	0.59
interest bearing debt to EBITDA ratio (times)	1.55	0.32	0.92
<b><u>Efficiency ratio</u></b>			
Asset turnover (times)	1.09	1.05	1.24
Return on assets (%)	6.76	10.63	10.70
Return on fixed assets (%)	29.56	45.02	39.48

### Total revenues

The total revenues in 2021 Baht 1,727.31 million compared to that of 2020 Baht 1,415.02 million showed a increase of 22.07 percent. Further details are as follows.

Revenues	Year 2020		Year 2021		Varied (%)
	THB milion	Percent	THB milion	Percent	
Revenue from sales	1,398.05	98.80	1,677.15	97.10	19.96
Profit from exchange rate	1.63	0.12	-	-	(100.00)
Other revenue	15.34	1.08	50.16	2.90	226.91
<b>Total revenues</b>	<b>1,415.02</b>	<b>100.00</b>	<b>1,727.31</b>	<b>100.00</b>	<b>22.07</b>

### Revenues from sales

Sales revenues in 2021 Baht 1,727.31 million compared to that of 2020 Baht 1,415.02 million showed a increase of 22.07 percent. Sales revenue is divided by 2 main categories of consumer products (1) non-food and (2) food. In 2021, income ratio from Non-Food and Food was 75.80:21.12, when compared to that from 2020, the ratio was approximately 76.79:21.78

Category	Year 2020		Year 2021		Varied (%)
	THB milion	Percent	THB milion	Percent	
Revenue from sales	1,398.05	98.80	1,677.15	97.10	19.96
Non-Food	1,086.61	76.79	1,309.26	75.80	20.13
Food	308.16	21.78	364.76	21.12	18.37
Other	3.28	0.23	3.13	0.18	(4.57)
Profit from exchange rate	1.63	0.12	-	-	(100.00)
Revenue from other sales	15.34	1.08	50.16	2.90	226.91
<b>Total income</b>	<b>1,415.02</b>	<b>100.00</b>	<b>1,727.31</b>	<b>100.00</b>	<b>22.07</b>

### Costs and expenses

Main expenses of the Company Group consisted of cost of sales, selling expense, administrative expense and financial expenses. Total expenses for 2021 and 2020 were Baht 1,577.90 and 1,272.22 million respectively, a increase by 24.03 percent. Further details are as follows.

Costs and expenses	Year 2020		Year 2021		Varied (%)
	THB million	Percent	THB million	Percent	
Cost of sales	1,093.81	85.98	1,414.06	89.62	29.28
Loss on exchange	-	-	0.06	0.00	100.00
Selling expenses	29.52	2.32	34.14	2.16	15.65
Administrative expenses	116.41	9.15	118.25	7.49	1.58
Financial expenses	4.61	0.36	3.90	0.25	(15.39)
Tax expenses	27.87	2.19	7.49	0.47	(73.11)
<b>Total costs</b>	<b>1,272.22</b>	<b>100.00</b>	<b>1,577.90</b>	<b>100.00</b>	<b>24.03</b>
Percent to total revenue	<b>89.91</b>		<b>91.35</b>		

### Cost of sales and gross profit

In 2021, the Company has cost of sales in the amount of Baht 1,414.06 million or 84.31 percent of the revenue from sales or accounted for the gross profit margin of 15.69 percent while in 2020 the Company had cost of sales of Baht 1,093.81 million, accounting for 78.24 percent of the revenue from sales. Or accounting for the gross profit margin equal to 21.76 percent, the main cause of the decrease in gross margin. This is due to increased raw material costs as a result of rising oil prices in consequence to the international rebound from COVID-19.

Cost of sales and gross profit	Year 2020		Year 2021		Varied (%)
	THB million	Percent	THB million	Percent	
Revenue from sales	1,398.05	100.00	1,677.15	100.00	19.96
Cost of sales	1,093.81	78.24	1,414.06	84.31	29.28
<b>Gross profit</b>	<b>304.24</b>	<b>21.76</b>	<b>263.09</b>	<b>15.69</b>	<b>(13.53)</b>
Revenue from product sales	1,394.77	100.00	1,674.02	100.00	20.02
Cost of product sales	1,090.53	78.19	1,410.95	84.29	29.38
<b>Gross profit from product sales</b>	<b>304.24</b>	<b>21.81</b>	<b>263.07</b>	<b>15.71</b>	<b>(13.53)</b>
Revenues - Trading	3.28	100.00	3.13	100.00	(4.57)
Cost - Trading	3.28	100.00	3.11	99.36	(5.18)
<b>Gross profit from revenues - trading</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.64</b>	<b>100.00</b>

#### Selling expenses

The Company's cost of sales of Baht 34.14 million in 2021 and Baht 29.52 million in 2020, An increase of 15.65 percent. The reason for the increase sales expenses in 2021 is due to employee salaries, compensation and benefits this includes the pallet rental, forklift rental fees and transportation costs to deliver products to customers with increasing volume and demand based on revenues.

#### Administrative expenses

The Company's administrative expenses amounting to Baht 118.25 million and Baht 116.41 million in 2021 and 2020, an increase of 1.58 percent, with significant administrative expenses including management and staff expenses such as salary, bonus and various benefits.

#### Financial expenses

Financial expense was at Baht 3.90 million in 2021 and Baht 4.61 million in 2020, a decrease by 15.39 percent. Because of the company's debt restructuring and improved liquidity management.

#### **Net profit**

From the above-mentioned operating results, in 2021 and in 2020, the Company has a net profit of Baht 149.42 million and Baht 142.80 million, which is 8.65 percent and 10.10 percent net profit, respectively. The decreased in net profit margin is due to an increase in raw material costs based on market prices. The Company has increased the selling price to meet the additional expense. The selling price has been gradually adjusted since July 2021.

#### **Return on equity**

The company's return on equity falls marginally, with a return on equity of 16.23 percent in 2021 and 16.70 percent in 2020. The reason for the decrease in return on equity is that the company paid dividends to shareholders in the amount of Baht 69.70 million in 2021, a decrease from the year 2020, when dividends were paid to shareholders in the amount of Baht 94.30 million, while net profit remained roughly the same.

## Financial status

### Assets

Total assets of the Company at ending of 2021 and 2020 amounted to Baht 1,506.57 million and Baht 1,285.12 million respectively. The important assets of the Company include account receivables and other receivables amounted to Baht 345.54 million, account receivables and other receivables amounted to Baht 261.60 million, Inventories amounted to Baht 333.85 million and property, plant and equipment amounted to Baht 594.11 million. As of ending 2021, ratio of the said important assets to assets were 22.94, 22.16 and 39.43 percent respectively. The total assets decreased from 2020 because of the property, plant and equipment increased by Baht 118.9 million, inventory increased by Baht 105.6 million, and account receivables and other receivables increased by Baht 50.5 million. Because the company has increased sales a lot. and also investing in the construction of new factory.

#### Trade account receivables

Overdue period	As of 31 Dec 2020		As of 31 Dec 2021	
	THB million	Percent	THB million	Percent
Undue	220.71	82.13	192.77	60.42
Overdue	48.01	17.87	126.27	39.58
Not over 3 months	40.58	15.10	118.71	37.21
3-6 months	-	-	-	-
6-12 months	0.04	0.01	0.14	0.04
More than 12 months	7.39	2.75	7.42	2.33
<b>Total trade account receivables</b>	<b>268.72</b>	<b>100.00</b>	<b>319.04</b>	<b>100.00</b>
Less: Allowance for doubtful accounts	(7.47)	(2.78)	(7.34)	(2.30)
<b>Trade accounts receivable, net</b>	<b>261.25</b>	<b>97.22</b>	<b>311.70</b>	<b>97.70</b>

According to the table above, most of account receivables are undue account. The ratio between account receivables and trade account receivables before deduction of allowance for doubtful accounts was 60.42 percent as at the end of 2021 and 82.13 percent as at the end of 2020. Overdue account represented 39.58 and 17.87 percent of trade account receivable before deduction of allowance for doubtful accounts as at end of 2021 and 2020 respectively. Most of outstanding debt are not past 3 month due while those past 6 month due amounted to Baht 7.56 million was Thai Neo Med Company Limited of which the Company is currently in the process of debt collection. However the Company has a policy to make a 100 percent allowance for doubtful accounts for 360 days of outstanding receivables.

As at ending of 2021, the Company set Baht 7.34 million as an allowance for doubtful account. Decrease from Baht 7.47 million in 2020 due to a debtor repayments every month.

### Inventory

Inventory	As of 31 Dec 2020		As of 31 Dec 2021	
	THB million	Percent	THB million	Percent
Inventory	239.79	100.00	345.55	100.00
Ready-made products	81.67	34.06	132.80	38.43
Work in process	29.57	12.33	36.60	10.59
Raw materials	122.51	51.09	171.08	49.51
Factory agenda	3.83	1.60	3.60	1.04
Goods in transit	2.21	0.92	1.47	0.43
Less: Allowance for diminution in value of inventory	(11.50)	(4.80)	(11.70)	(3.39)
Inventory - net	228.29	95.20	333.85	96.61

An inventory before deduction of allowance for diminution in inventory value as ending of 2021 and 2020 was Baht 345.55 and 239.79 million respectively. The Company's inventory included finished goods, work in process and raw materials, representing 38.43, 10.59 and 49.51 percent of total inventory as of ending 2021. From the table above, it can be seen that the quantity of finished products has steadily increased. Since the past the Company aware of the coronavirus 2019 (COVID-19) and plans to manage the stock of raw materials and finished goods inventories.

The Company set an allowance for diminution in inventory value by considering the life of inventory and net realizable value. For the inventory with life less than 300 days, the Company would compare cost and net realizable value (NRV) where the difference would be set as an allowance for diminution in inventory value.

In addition, allowance for diminution in value of work in process and finished good with life over 300 days, are based on their value. For raw materials, the allowance for diminution in value is based on shelf life or practical shelf life of each raw material type. When the life of material exceeds shelf life, the whole value of raw material is set as an allowance for diminution in value.

Allowance for diminution in value of inventory in 2021 and 2020 were Baht 11.70 and 11.50 million respectively, representing 3.39 percent and 4.80 percent of the inventory. The ratio of an allowance for diminution in inventory value for year 2021 decreased as a result of the inventory management implementation by eliminating unused finished goods and raw materials.



### Property, plant and equipment

The Company owns property, plant and equipment value Baht 594.11 million at ending of 2021 and Baht 475.21 million at ending of 2020, representing 39.43 percent and 36.98 percent of total assets respectively. In 2021 the Company purchased machinery and equipment Baht 42.86 million to increase production efficiency. Which can produce a wide variety of products according to customer requirements create new business opportunities generate new sales according to company policy and also invest more in the construction of a new factory amount of Baht 114.32 million.

### liquidity

#### Cash Flow

(Unit: THB million)	12 month period ending 31 December 2020	12 month period ending 31 December 2021
Net cash received from (used in) operating activities	151.50	43.81
Net cash used in investing activities	(172.04)	(195.77)
Net cash received from (used in) financing activities	(282.12)	58.28
Cash and cash equivalents increase (decrease)-net	(302.66)	(93.68)

Net cash received from operating activities was Baht 43.81 million in 2021 and Baht 151.50 million in 2020. The cash received was a result of decreasing operating activities, following the increase of inventory at Baht 105.76 million.

In 2021, net cash flow from financing activities decreased Baht 58.28 million due to receive loan amount of Baht 151.48 million, loan payment Baht 1.76 million, payment of lease liabilities Baht 21.74 million and dividend payment Interim Baht 69.70 million.

### Liquidity ratio

<u>Liquidity ratio</u>	Year 2020	Year 2021
Current ratio (times)	1.98	1.85
Quick ratio (times)	1.25	1.00
Collection period (days)	66.99	67.68
Payment period (days)	97.68	74.84
Cash cycle (days)	(6.69)	19.71

The liquidity ratio of the Company decreased to 1.85 times and 1.98 times at ending of 2021 and 2020 while quick ratio was 1.00 times and 1.25 times respectively. the reason that the liquidity ratio has decreased significantly due to cash and cash equivalents decreased due to investment in the purchase of equipment, machinery and investment in the construction of new factories.

Cash cycle of the Company significantly increased from (6.69) days in 2020 to 19.71 days in 2021 mainly payment period has decreased from 97.68 days in 2020 to 74.84 days in 2021, as a result of payment for the construction of a new factory.

#### **Source of fund**

##### Liabilities

At the end of 2021 and 2020, the Company had total liabilities of Baht 546.27 million and Baht 404.52 million respectively. The increase of liabilities at ending of 2021 mainly due to the Company's use of credit for its business operations, including factory construction. In 2021, the Company had short-term and long-term loans from financial institutions in the amount at Baht 177.36 million increase when compare with year 2020 amount of Baht 149.93 million.

##### Shareholders' equity

At the end of 2021 and 2020, shareholders' equity was Baht 960.30 million and Baht 880.59 million respectively an increase of 9.05 percent due to the increase in retained earnings from the operating results of 2021 of Baht 149.42 million and the Company pays an interim dividend of Baht 69.70 million.

##### The Optimal Capital Structure

At the end of 2021 and 2020, the debt to equity ratio was 0.57 times and 0.46 times respectively. The significant shrinkage increased debt from long-term and short-term borrowings then the debt-to-equity ratio has been increased.

## General information and other material facts

### Starflex Public Company Limited

Registrar	Thailand Securities Depository Company Limited 93 Ratchadaphisek Rd, Khwaeng Din Daeng, Khet Din Daeng, Bangkok 10400 Telephone: 0-2900-9000 Website: <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>
Auditor	EY Office Limited Lake Rajada Office Complex, 33 rd Floor, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone: 0-2264-0777 Website: <a href="http://www.ey.com/th">www.ey.com/th</a>
Internal Control Auditor	P&L Corporation Company Limited 281/157 Moo 8, The Fifth Avenue Condominium Tower B, 2nd Floor, Bangkok-Nonthaburi Road, Bangkhen, Nonthaburi 11000 Telephone: 0-2526-0777 Website: <a href="http://www.plcorporation.com">www.plcorporation.com</a>
Legal Advisor	PS Legal and Associate Company Limited 589/94 Central City Tower, 18th Floor, Debaratana Road Bangna Nuea, Bang Na, Bangkok 10260 Telephone: 082-502-3267

### Legal Disputes

As at 31 December 2021, SFLEX and its subsidiaries are not involved in any litigation or legal action, and are not a party in any dispute that is not yet resolved, that the Company believes could negatively impact the assets of the Company and its subsidiaries at an amount higher than 5% of shareholders' equity presented in the consolidated financial statements as at 31 December 2020, or that could significantly affect business operations of the Company or its subsidiaries but the amount cannot be determined; and they are not involved in any other cases that are outside normal business operations. However, they may occasionally be involved in legal proceedings or be a party in litigation related to normal business operations of the Company and its subsidiaries.

## Part 2 Corporate Governance

## Corporate governance policy

The Company recognizes the importance of good corporate governance as a crucial factor in promoting efficient business operation, transparency, competitiveness and sustainable growth. The good corporate governance contributes in building up trust among all related stakeholders that the Company conducts business with fairness, taking into account the highest benefits of all stakeholders including employees, investors, shareholders and other stakeholders. For this reason, the Board of Directors has considered preparing corporate governance policy by adhering to the practice and code of conduct of the good corporate governance for the listed companies year 2017 as established by the Securities and Exchange Commission and the Stock Exchange of Thailand. The good corporate governance is a guidance for corporate management in which help to create confidence toward corporate business operation for its fairness, transparency and consideration on the highest benefits of shareholders and all stakeholders.

### **Principle 1: Recognize the role and responsibility of the Board of Directors as organization leader who creates value to sustainable growth of the Company**

To acknowledge the Board of Directors of their roles and responsibilities as a corporate leader, the Company has determined scope of duty and responsibility of the Board of Directors other than as stipulated by law. With prudence, due diligence and integrity, the Board of Directors shall manage and ensure compliance with the law, objectives, articles of association, and resolution of shareholders' meeting. Additionally, the Company authorizes and assigns to the Board of Directors duty and responsibility in establishing vision, mission, target, policy and business direction, strategic plan, working plan and the annual budget of the Company, monitoring and supervising the compliance to the law, policy, work plan and the annual budget assigned, and reviewing performance and result of such the operation.

In addition, the Company has appointed the sub-committee and working group to support, audit and oversee work operation and management to ensure compliance with the law, policy, work plan and assigned budget. The sub-committee includes Executive Committee, Audit Committee, Risk Management Committee. Scope of duty and responsibility of the sub-committee is determined explicitly. The Company has established the charter for the Board of Directors, sub-committee and acknowledge them of the said charter. The charter is reviewed annually to adjust the content and conform to the business direction of the Company.

The Board of Directors has prepared business ethic and policy on corporate governance as a practice guideline for ethical business operation, to recognize the importance of shareholders with responsibility and stakeholders, as well as to conduct business that brings about benefits to the society and environment, and to adjust the strategy amid changing factors.

**Principle 2 : Determine key objectives and target of the business toward sustainability**

The Board of Directors has in place explicit corporate vision and mission suitable to the organization. The vision and mission are passed on to all stakeholders to facilitate the understanding in primary purpose and target of the Company and all personnel within should observe as a code of conduct to achieve the objective and target set forth.

The Company has in place a policy to review and consider the strategic plans and budgets on an annual basis to ensure the conformity to economic conditions and corporate potential. The Company also encourages the creation of innovation and the use of innovation and technology in the business.

Another duty of the Board of Directors is to supervise and monitor the business operations to ensure the accomplishment as specified in strategy and assigned budget, and to oversee allocation of necessary resources.

**Principle 3 : Cultivate Effectiveness of the Board of Directors**

The Structure of the Board of Directors is designed to be consistent with nature of business and corporation scale and in accordance with the law. The proportion between executive directors and non-executive directors must be at an appropriate rate to maintain an adequate balance. The Chairman of the Board and Chief Executive Officer are not the same person in order to magnify the responsibility between governance policy and routine management.

To enable the directors sufficient time in performing their duties in the Company, each director is permitted to hold positions in other listed companies not to exceed 5 companies, and must attend at least 75 percent of the total meetings of the Board of Directors held during the year. The Board of Directors' meeting is arranged at least 6 times a year.

The Board of Directors will be responsible for nominating personnel with appropriate expertise and experience to perform duties that are beneficial to the Company, and propose to the shareholders' meeting to consider the appointment of the Company's Directors. After being listed on the Stock Exchange of Thailand, the Company has disclosed information of Directors and Executives i.e., age, education background, experience, shareholding ratio, number of years in office, number of meetings attended, the remuneration of the Board of Directors (both monetary and non-monetary), directorship positions in other listed companies, roles, duties and responsibilities, and the report of the subcommittee's performance in the annual report of the Company.

The Company Secretary has a duty to assist and give advice to directors and executives regarding compliance to the law, regulations, rules and articles of association, follow up the accurate practice on a regular basis, and be responsible for arranging meeting of the Board of Directors and the meeting of shareholders, liaise to ensure compliance with the resolution to the said meeting, including any other duties as stipulated by law.

In supervision of a subsidiaries and/or associated companies, the Company will send directors or executives who having qualifications and experience suitable for business operations to manage the subsidiary's business and/or that associated company as well as to determine key policies and control the business operations of subsidiaries and/or the associated companies. The directors who representing the Company shall oversees the

subsidiaries and/or associated companies to ensure the management or operation are carried out in accordance to the policy set forth by the Company. The decision are made based on resolution of the Board of Directors and/or the shareholders' meeting passed to approve important matters of the subsidiary company and/or associated companies, in order to bring about highest benefits for the Company and a sustainable growth.

**Principle 4 : Nomination and development of senior management and personnel management**

The Company has set forth precise succession plans for key management positions, including the Chief Executive Officer to conduct business continuously. The compensation rate are reasonable to be incentive for the Chief Executive Officer and the key Executives to encourage the best effort for highest benefits of the Company and our shareholders.

With an intention to improve certain knowledge to Directors and important executives, the Company provides varied training programs organized by different departments to enhance knowledge and new perspectives, including providing executive development program to support implementation of succession plan.

The Board of Directors will conduct performance assessment of the Chief Executive Officer and key Executives annually as a consideration on compensation rate and to develop their performance and leveraging efficiency at work.

**Principle 5 : Promote innovation and business operation with responsibility**

The Board of Directors realizes the importance of creating corporate culture to build up an innovation that brings about mutual benefits for the Company, customers, business partners and related parties and being responsible to society and the environment. The Board of Directors also considers improvement of service quality, human resource development, environment matters, and social responsibility with an aim to create a balance between business profits and giving to society.

Realizing the rights of all groups of stakeholders including internal stakeholders or external stakeholders and to create a positive understanding and cooperation between the Company and stakeholders, which will be beneficial to the business and build confidence, building up the competitiveness of the Company in the long term, the Board of Directors has set policies and code of conduct as follows:

**Shareholders** : The Company is committed to conduct business taking into attention the best interest of the Company and shareholders as a whole, with knowledge and skills, effective management, honesty, and integrity to both major and minor shareholders. Our priority is to see good operating outcomes, robust growth and persistent competitiveness.

**Employees** : Comprehending the influence of every employee, who takes part in driving the Company toward business development, the Company then focuses on improvement potential, knowledge and skills of employees on continual basis, including cultivation of positive attitude and awareness. The compensation is provided based on knowledge and skill of each employee and the rate is comparable to the entities of the same industry.

- Customers** : To express the attention and take responsibility on our customers, STARFLEX puts the best effort in procuring good quality and standardized products and/or production that fully meet customers' demand. Customers' confidentiality is our concern. The Company carefully determines selling price and conditions to customers with fairness.
- Supplier** : The Company treats its The Company operates and deals business with its trade partners and creditors on principles of integrity, fairness and honesty, abstaining from taking advantages, maintain mutual benefits of trade partners and creditors, adhering to the code of conduct, strictly comply with trade condition and or the agreement to develop business relationship that return benefits on both sides.
- Competitors** : STARFLEX follows the rules of good competition and law provisions, adhering to proper manner and refraining from committing dishonest actions to destroy competitors.
- Community** : The Company cultivates awareness on taking responsibility to the community and society to the entire corporation on regular basis as well as supports activities that return benefits to the public domain and does not undertake any action that violates or against the law.
- Environment** : The Company complies with applicable laws and regulations related to the environment matters while continuously controls the impacts on environment. The Company has a policy to support various activities that enhances the quality of occupational health and the environment, preserves working environment for safety in lives and properties of employees at all times.

The Board of Directors establishes the framework on governing and managing corporate information technology which aligns with its demand, Information technology has been implemented to expand business opportunity and develop work, manage risk to accomplish objectives and prime target of the Company.

#### **Principle 6 : Risk Management System and Appropriate Internal Controls**

The Board of Directors issues the policy on having internal control system that covers all aspects including finance and compliance with the relevant law, regulation and rules. The effective audit mechanism and balance are implemented to safeguard the Company's assets at all times. Approval power and responsibility of the executive and employees must be proceeded in accordance to procedures set forth with auditing and balancing each other. Work requirement and regulations are determined in written form. Furthermore, the Company hires external auditor to review performance of every department to ensure consistence to the regulations set forth, as well as to assess performance and adequacy of the internal control of each department within.

The Company has appointed the Risk Management Unit to consider and analyze potential risks of the Company, and propose risk management to prevent against impact on the business, supervise the risk management to ensure consistence to the risk management policy set forth.

The Board of Directors values the importance in Ant-Corruption by preparing explicit policy and communicates to related parties for acknowledgment and compliance. In addition, the whistleblowing and



compliant report policy is implemented as a mechanism in overseeing compliance with policies set forth in relation to the corporate governance.

The Company has in place, measure for whistleblowing or reporting complaint related to an action against the law, ethics and code of conduct or an action that indicate corruption among directors, executives and employees. Through different communication channels, employees and stakeholders can report information or file a complaint to the Company at convenient and proper approach. However, the reporter or complainant must provide detail of the subject, name, address and telephone number to the channels as provided by the Company.

**Principle 7 : Maintain Financial Reliability and Information Disclosure**

The Board of Directors is committed to ensure the compliance with the law, regulation and the rules related to disclosure of information, placing attention on accurate, complete and fair disclosure of information which include corporate information, financial information and general non-financial information to acknowledge all related parties equally.

The Board of Directors is responsible for preparing Annual Report, Annual Registration Statement (Form 56-1), Financial Report and Financial Information as appeared in the Annual Report. The financial report is prepared in accordance with generally accepted accounting standard, based selection of appropriate accounting policy and regular practice, due discretion. The Board of Direction reviews to ensure the adequate information is shown in the note to financial statement. The Audit Committee is assigned to supervise quality of the financial report and provide opinions to the Board of Directors.

The Board of Directors recognizes the importance on liquidity of the business and afford ability ratio of the Company while the Management duty is to monitors and assess financial status and liquidity on a regular basis and report to the Board of Directors for acknowledgment on a quarterly basis.

After being listed in the Stock Exchange of Thailand, the Company has disclosed its information to shareholders and the public through channels and platform of the Stock Exchange of Thailand and on the Company's website. Mr. Somchai Wongrassamee, Chief of Accounting and Finance is assigned to contract and provide information to shareholders, investors, securities analyst or related agencies including any persons, and such information disclosed must be accurate, complete and true.

**Principle 8 : Encouraging engagement and communication with shareholders**

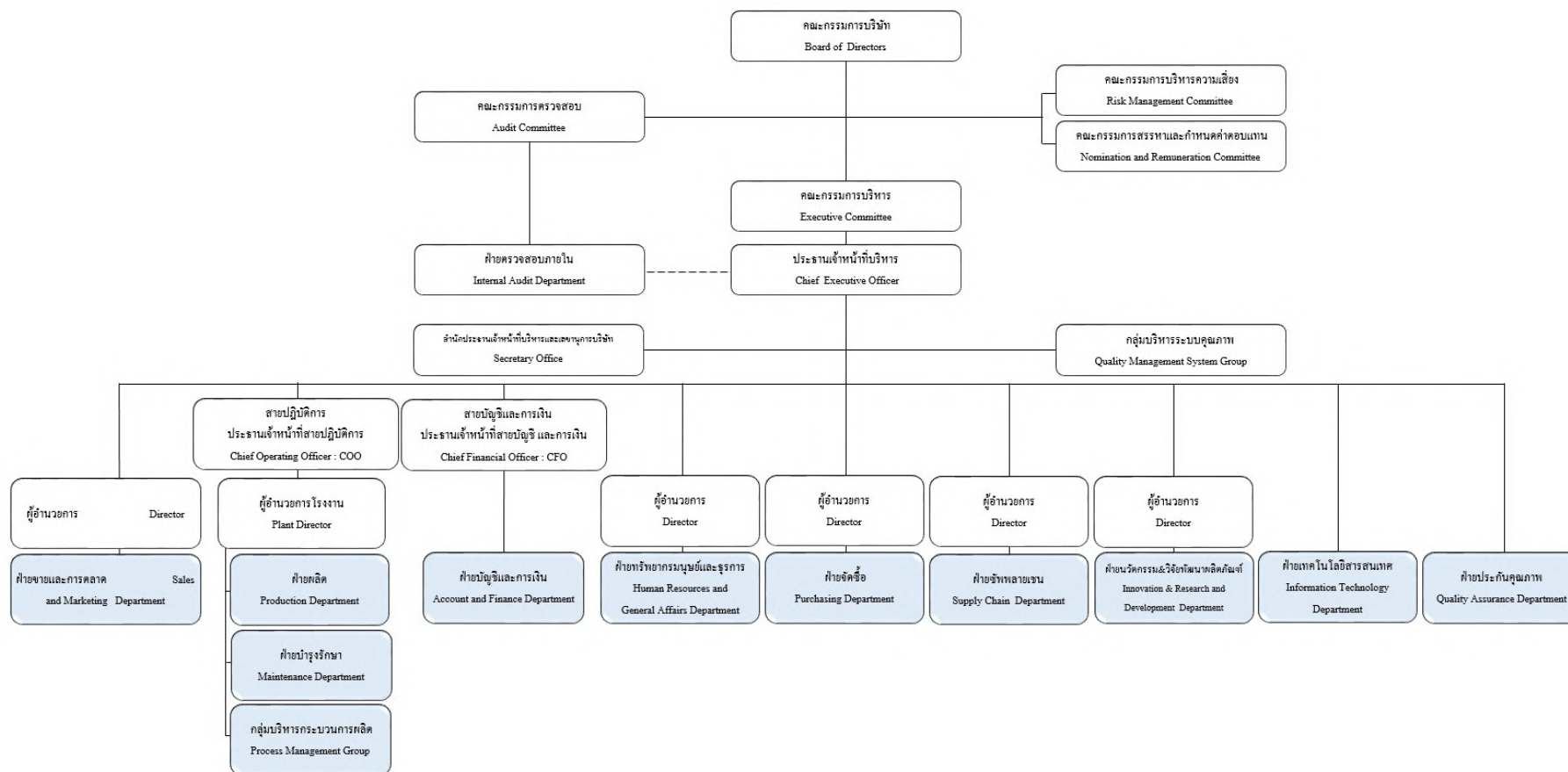
To express its priority on shareholders, the Company abstain from undertaking any action that infringe or deprives right of shareholders, other than basic right such as right to acquire, dispose or transfer their securities, right to receive profit share from the Company, right to attend the meeting of shareholders. Realizing the importance on the right of shareholders in receiving accurate, completed, adequate information in timely manner and equally to support their decision in any matters, the Board of Directors has determined the policy as follows.

1. The shareholders' meeting is arranged to enable shareholders consider important matters as stipulated by law, or the matter that may cause impact to business operation of the Company.

2. The invitation to the meeting which include supplementary information regarding the meeting is sent to shareholders in advance as stipulated by law, notification or related regulations to allow shareholders to study information fully prior the meeting date. Shareholders can send their inquiries before the meeting date. The criteria of sending inquiry is provided and disclosed on the Company's website and the Company will select important information and prepare for answer in the meeting.
3. It is clearly determined and disclosed to shareholders in advance that minor shareholders are allowed to propose a person for directorship or propose meeting agenda before the meeting started. The reason of not including proposal of shareholders as a meeting agenda will be clarified to shareholders in the same meeting.
4. To facilitate the shareholder who is unable to attend the meeting in person, the Company permits such shareholder to assign a person or at least 1 Independent Director as a proxy holder to attend the meeting and vote for the said shareholder. List of the Independent Director is provided in the invitation to the meeting.
5. For foreign shareholders, the Company will provide the invitation letter and supplementary information in English and send to them together with Thai version.
6. Establish news and updates for shareholders on the Company's website. The Company discloses the invitation letter to the meeting to shareholders at least 28 days prior to the meeting date to allow them to download meeting agenda conveniently and completely.
7. All shareholders will receive an equal facilities in the meeting in terms of proper place and time.
8. The shareholders' meeting will arrange the meeting in accordance with the law and articles of association. Each agenda is considered and voted in order set forth, without changing material information or adding meeting agenda without reasonable ground. All shareholders have equal right to inquire, express their opinions and suggestions.
9. The Company provides ballots for voting in important agenda and provide an independent person, such as independent auditor, legal advisor to count the vote in the meeting.
10. The Company encourages all directors and related executives to attend the meeting in order to answers the questions from shareholders.
11. The minutes of the meeting is recorded with complete, accurate, fast, transparent which contain list of directors and executives attending the meeting, voting procedures and voting count, meeting resolution, result of the vote, questions and important opinion provided, for a review by shareholders within 14 days from the meeting date. The Company will record a video of the meeting as a reference. After being listed in the Stock Exchange of Thailand, the Company will send the said minute of the meeting to the Stock Exchange of Thailand or relevant authority within prescribed period of time, as well as to disclose the minute of the meeting on the Company's website for consideration by shareholders.

## Corporate governance structure

Organizational structure as of 31 December 2021



## Management Structure

### 1. Board of Directors

The Board of Directors consists of 9 members as follows:

Name	Position
1. Mr. Pakorn Malakul Na Ayudhya	Chairman of the Board of Directors/ Independent Directors
2. Mr. Printhorn Apithanasriwong	Chairman of the Board of Executive Directors
3. Gen. Montee Sungkasap	Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Independent Directors
4. Mr. Ek Picharnchitra	Vice Chairman of the Executive Board of Directors
5. Mr. Kajhitphome Sudsok	Chairman of the Risk Committee/ Audit Committee/ Nomination and Remuneration Committee/ Independent Directors
6. Mr. Rong Hirunpanich	Audit Committee/ Risk Committee/ Independent Directors
7. Mr. Chairit Simaraj	Independent Directors
8. Mr. Sompote Valyasevi	Chief Executive Officer/ Executive Board of Directors/ Risk Management Committee/ Nomination and Remuneration Committee
9. Mr. Somchai Wongrassamee	Chief Financial Officer/ Executive Board of Directors/ Risk Management Committee/ Company Secretary

#### The Authorized Directors to Sign to Bind The Company

Mr. Printhorn Apithanasriwong o r Mr. Sompote Valyasevi o r Mr. Somchai Wongrassamee, two directors jointly sign and affix the Company's seal.

### 2. Audit Committee

The Audit Committee of the Company consists of 3 directors as follows:

Name	Position
1. Gen. Montee Sungkasap	Chairman of the Audit Committee
2. Mr. Kajhitphome Sudsok	Audit Committee
3. Mr. Rong Hirunpanich	Audit Committee

With Ms. Nongnaphas Toocharoen is the secretary of the Audit Committee.

### 3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company consists of 3 directors as follows:

Name	Position
1. Gen.Montee Sungkasap	Chairman of the Nomination and Remuneration Committee
2. Mr. Kajhitphome Sudsok	Nomination and Remuneration Committee
3. Mr. Sompote Valyasevi	Nomination and Remuneration Committee

With Mr. Pichetpong Sritapun is the secretary of the Nomination and Remuneration Committee.

### 4. Risk Management Committee

The Risk Committee of the Company consists of 7 directors as follows:

Name	Position
1. Mr. Kajhitphome Sudsok	Chairman of the Risk Management Committee
2. Mr. Rong Hirunpanich	Risk Management Committee
3. Mr. Sompote Valyasevi	Risk Management Committee
4. Mr. Somchai Wongrassamee	Risk Management Committee
5. Mr. Chirdpong Malatham	Risk Management Committee
6. Mr. Noppanut Manutsongthum	Risk Management Committee
7. Mr. Pichetpong Sritapun	Risk Management Committee

Note: The 5th committee started working on 4 May 2021.

With Mr. Anuwat Khuncharoen, Acting Secretary of the Risk Management Committee which was appointed by the Risk Management Committee Meeting No. 2/2021 on 29 April 2021

### 5. Executive Board of Directors

The Executive Board of Directors of the Company consists of 6 directors as follows:

Name	Position
1. Mr. Printhorn Apithanasriwong	Chairman of the Executive Board of Directors
2. Mr. Ek Picharnchitra	Vice Chairman of the Executive Board of Directors
3. Mr. Sompote Valyasevi	Executive Board of Directors
4. Mr. Somchai Wongrassamee	Executive Board of Directors
5. Mr. Noppanut Manutsongthum	Executive Board of Directors
6. Mr. Pichetpong Sritapun	Executive Board of Directors

## 6. Executive

The Executive of the Company consists of 7 person as follows:

Name	Position
1. Mr. Sompote Valyasevi	Chief Executive Officer
2. Mr. Somchai Wongrassamee	Chief Financial Officer
3. Mr. Chirdpong Malatham	Plant Director
4. Mr. Noppanut Manutsongthum	Sales and Marketing Director
5. Mr. Pichetpong Sritapun	Human Resources Director
6. Mr. Nopphadon Khanacharoen	Innovation and Product Director
7. Mr. Sompoj Techaboonako	Supply Chain Director
8. Mr. Charoon Sengdonprai	Accounting and Finance Manager

Note: The 3th committee started working on 4 May 2021.

## Employee

### Employee Numbers

As of 31 December 2021, the Company has a total of 590 employees (excluding 7 executives), divided by main line as follows:

Line of work	Number of employees (person)		
	Full-time employees	Daily employees	Total
1. Office of the Chief Executive Officer and Secretary	4	-	4
2. Internal Audit Department	2	-	2
3. Production Department and Process Management Group	361	-	361
4. Quality Assurance Department	61	-	61
5. Quality System Management Group	4	-	4
6. Product Innovation and Research and Development Department	13	-	13
7. Purchasing Department	8	-	8
8. Supply Chain	42	-	42
9. Maintenance Department	17	-	17
10. Accounting and Finance Department	16	-	16
11. Information Technology Department	8	-	8
12. Sales and Marketing	18	-	18
13. Human Resources and Administration Department	35	-	35
14. Safety Agency	1	-	1
<b>Total</b>	<b>590</b>	<b>-</b>	<b>590</b>

**Labor Disputes Year 2021 as of 31 December 2021**

-None-

**Employee Remuneration**

In 2021, the Company pays compensation to employees. (Excluding the Company's executives) in the amount of Baht 225.78 million as compensation in the form of salary, commissions, overtime, bonuses, contributions to the social security fund and contributions to the provident fund.

**Provident Fund**

To take care of employees for the long-term and to make sure they have a good quality of life after retiring, SFLEX has provided a provident fund for its employees. SFLEX and its subsidiaries have established provident funds under the management of UOB Asset Management (Thailand) Company Limited.

**The Company Secretary, Person Supervising Accounting, Head of Internal Audit and Head of Investor Relations.****The Company Secretary**

With Mr. Somchai Wongrasamee acting as the Company secretary, the duties and responsibilities of the Company secretary are as follows:

1. Supervise and advise directors and executives on compliance with laws, regulations, rules and regulations of the Company. and follow up to ensure proper and consistent practice.
2. Responsible for arranging meetings of the Board of Directors and shareholder meeting including overseeing and coordinating to ensure compliance with the resolutions of the meeting.
3. To ensure that the disclosure of information in the responsible part is in accordance with the regulations and requirements of the Stock Exchange of Thailand. and the Securities and Exchange Commission including relevant laws
4. Prepare and maintain the following documents
  - 4.1 Director registration
  - 4.2 Notice of Board of Directors Meeting and Minutes of Board of Directors Meeting
  - 4.3 Notice of the shareholders' meeting and minutes of the shareholders' meeting
  - 4.4 Company annual report
  - 4.5 Report on the interests of executive directors
5. Other actions as prescribed by law or notification of the Capital Market Supervisory Board.

**Person Supervising Accounting**

Mr. Charoon Sengdonprai, Accounting and Finance Manager. He is the person who is assigned to be directly responsible for the supervision of the Company's accounting by Mr. Charoon joining the Company's accounting work from 1 June 2017.

**Head of Internal Audit**

M s.Nongnaphas Toocharoen, who is the Head of Internal Audit, is assigned to be responsible for the performance of the Company's internal auditors. Prepare reports and suggestions to improve in accordance with the Company's internal control plans and policies.

**Head of Investor Relations and contact information**

Investor Relations:

Name : Mr. Somchai Wongrassamee  
Address : 189/48-49 Moo 3, Bangprieng, Bang Bo, Samut Prakarn 10560  
Telephone : 0-2708-2555  
Fax number : 0-2708-2355  
Email : contactus@starflex.co.th

**Audit Fee**

The 2021 Annual General Meeting of Shareholders held on 8 April 2021 appointed EY Office Company Limited, which is an auditor licensed by the SEC Office, to be the auditor of the Company and its subsidiaries for Year 2021 and approve the remuneration from the Company's audit and acknowledge the audit fee of the Company and its subsidiaries in the amount of Baht 1.70 million.

**Non-audit Fee**

For the fiscal year ended 31 December 2021, the Company and its subsidiaries had expenses for other service fees (Non-audit fees) from EY Office Company Limited, which were compensation for checking compliance with the conditions of BOI promotion certificates, amount 0.10 million baht

However, the person or company related to the auditor and the audit firm that the auditor is affiliated with above is not a person or company related to the Company. or subsidiaries according to the accounting standard on disclosure of related persons or companies



## Report on key operating results related to corporate governance

### Board of Directors and Sub-Committees

The Company has 5 boards of directors comprising of the Board of Directors, Audit Committee, the Nomination and Remuneration Committee, Risk Committee and Executive Committee. All members of the boards are fully qualified pursuant to the Public Company Act B.E. 1992 and according to the announcement of the relevant capital market committee. Scope of duty and responsibility of each board are as follow.

### Board of Directors

#### Scope of duty of the Board of Directors

1. The Board of Directors has the power, duty and responsibility in managing and conducting business operation of the Company in accordance with the law, objectives and articles of association, including resolution of the shareholders' meeting with honesty, integrity and to safeguard the corporate benefits.
2. Prepare balance sheet and income statement of the Company as of ending date of accounting period which has been audited by the auditor, then propose to the meeting of shareholders for consideration and approval.
3. Determine target, direction, policy, business operation plan, budget of the Company. Monitor and supervise the management and administration of the Management to ensure compliance with policy, work plan and the assigned budget efficiently and effectively.
4. Consider, review, and approve the policies, directions, strategies, and business plans of the Company as proposed by the Management.
5. Follow up business operation to ensure conformity to the work plan and budget assign on a regular basis.
6. Arrange to have appropriate and effective accounting system, prepare reliable financial report and auditing provide, arrange to have adequate and appropriate internal control and internal audit system.
7. Determine risk management policy that cover the entire organization. Supervise to have control system or procedures in the risk management with supporting measures and control procedures to mitigate impacts on business operation properly.
8. The Board of Directors duty is to consider administrative structure, has the power to appoint sub-committee, Chief Executive Officer, and other committee as necessary, and to determine scope of duty for them. The authorization under scope of duty determined must not allow the sub-committee, Chief Executive Officer and committee to consider and approve the transaction that may have conflict of interest or any other conflict of benefits with the Company or a subsidiary (if any) except the approval on a transaction which is under policy and criteria as considered and approved by the Board of Directors.
9. Prepare annual report of the boards and arrange and disclose financial statement to demonstrate financial status and operating result of the previous year and propose to the shareholders' meeting for consider and approval.

10. The boards may authorize one or more directors to perform any action for them to the extend of the board's supervision. The boards may authorize such person as considered appropriate by them and within the reasonable period of time. The said authorization is subject to the revocation, cancellation, amendment or adjustment by the board as considered appropriate.

The authorization must not allow such person to consider and approve the transaction in which he or the person who may have a conflict of interest or may have a conflict, interest or a conflict of interest in any other matter, to be made with the Company and or a subsidiary (if any) as defined in the notification of the Capital Market Supervisory Board (CMSB) and/or The Stock Exchange of Thailand and/or any other notifications of relevant authority except such transaction is proceeded under policy and criteria as considered and approved by the board.

#### **Self-Assessment of Directors**

the Company arranges performance assessment and review for the Board of Directors and sub-committee on an annual basis, at least once a year to enable the directors to consider their work, problems and obstacles occurred during the previous year. The assessment will enhance improved efficiency at work since they will realize more of their responsibility, and improve relationship between the Board of Directors and the Management. The performance assessment of the Board of Directors is divided in 2 types which are board assessment and self-assessment.

#### **Procedures and criteria for performance assessment**

The Company Secretary will submit the performance assessment form of the Board of Directors and sub-committee. After receiving all assessment form, the Company Secretary will summarize and present assessment result to the sub-committees for consideration on work performance during the previous year and report such to the said sub-committee, including performance of the Board of Directors to the Company for consider.

#### **The Board performance assessment include:**

1. Structure and qualifications of the Board that enhance efficiency of their work which are whether number of directors is suitable to the nature of business, knowledge and experience of the board, definition of independent directors, number of independent directors, qualifications and appointment of the secretary.
2. Proceed to enable effective performance of the Board during the meeting, which include the suitable time frame of the Board's meeting, the receipt of meeting documents and sufficient time for studying details, environment in the meeting room.
3. The Board of Directors shall prioritize, pays attention to consider, review and proceed any important matters of the Company adequately. This includes corporate governance, business direction, strategy and operation plan, the transaction with conflict of interest, related transactions, risk management, whistle-blowing policy, Preparation of financial statement in accordance with accounting standards.
4. Other matters include self-development of directors and executives, relationship between the Board of Directors and the Management.

The performance assessment form of the individual director comprises of:

1. Structure and qualifications of the Board that enhances performance efficiency are qualifications, knowledge and experience that consistent to business nature and well understanding of good corporate governance.
2. Proceed to enable the boards efficiently perform their duties during the meeting which include to study documents and information prior to the meeting, to provide opinions which are useful in the meeting at appropriate extend, to abstain attending the meeting and voting in the transaction that their have interest.
3. The roles and responsibilities of the Board of Directors are to efficiently perform the duties in accordance with the law, rules, and charter, put the best effort when working for the Company, refrain from interfering operation of the Management, control and monitor operation of the Management at appropriate extend.

Self-assessment for the entire board and individual contain 5 levels of opinions as described below:

- |   |   |  |
|---|---|--|
| 0 | = | Strongly disagree or no action is taken on the matter      |
| 1 | = | Disagree or slightly proceed the matter                    |
| 2 | = | Agree or have proceeded in that matter at certain level    |
| 3 | = | Agree to an extent or actions are well taken on the matter |
| 4 | = | Strongly agree or well proceed or the matter               |

The bank left for additional opinions:

Performance assessment	Results (percent)
Board of Directors	
1. Board of Directors (Entire board)	95.00
2. Board of Directors (Individual)	97.00

## Audit Committee

### Scope of Duty and Responsibility of the Audit Committee

1. Review to ensure the accuracy and adequacy of the financial report always
2. Review to ensure proper and effective internal control system and internal audit system of the Company, consider the independence of the Internal Audit Unit, approve on the appointment, relocation, dismissal of the Head of Internal Audit Unit or any other agencies being responsible for internal control.
3. Review to ensure the Company's compliance with the laws related to securities and stock exchange, SET's regulations or other laws related to the Company's business.
4. Consider, select, propose an independent person as an auditor of the Company and propose compensation rate for the auditor. Attend the meeting with the auditor without attendance of the Management at least once a year.
5. Consider related transactions or the transaction that may cause conflict of interest to be in conformity with the law and SET's regulations to ensure that such transaction is reasonable and return highest benefit to the Company.
6. Prepare report of the Audit Committee and disclose in the Annual Report of the Company, where such report must be signed by Chairman of the Audit Committee and must comprise the followings information.
  - (1) Opinions on accuracy, adequacy, reliability of the financial report;
  - (2) Opinions on adequacy of internal control system;
  - (3) Opinion on compliance with the securities and stock exchange law, SET's regulation or the law related to business of the Company;
  - (4) Opinions on the suitability of the auditor;
  - (5) Opinions on the transaction that may contain a conflict of interest;
  - (6) The number of the Audit Committee's meeting and attendance of each member of the Audit Committee;
  - (7) Opinions or overall observation which the Audit Committee received from performing their duty in accordance with the Charter;
  - (8) Any other transactions that shareholders and general investors should know under the scope of duty and responsibility assigned by the Board of Directors;
7. Perform any other duty as assigned by the Board of Directors upon approval of the Audit Committee;

The self-assessment form of the Audit Committee comprises consist of:

1. The structure and qualifications of the Audit Committee is appropriate enhancing effectiveness of the Audit Committee. For instance, the number of the Audit Committee members is suitable and they possess knowledge, experience which consistent to the duty. The number of Independent Directors in the Audit Committee is proper. Nomination procedures for the Audit Committee is transparent, fair independent from an influence of any person.
2. The meeting of the Audit Committee is organized to enhance their performance effectively during the meeting. For instance, to acknowledge the schedule of the Audit Committee of each year in advance, the number of the meeting is appropriate, each meeting is conducted within appropriate duration, attendant receive meeting document in advance, allowing them to study the details, environment of the meeting encourages attendant to express their opinion in positive way, a director with an interest is not allowed to making a decision on the related transaction.
3. The Audit Committee concentrates on consideration, review, and compliance adequately. In other word, the Audit Committee reviews to ensure the financial statement is accurate and reliable, ensures the Company's compliance to the law and regulations, ensures the correct internal audit system, considers related transactions and the transaction with a conflict of interest to assure the consistent to criteria, provides opinions in appointment or removal of the Internal Audit Unit, considers, selects, propose for appointment or removal and propose compensation for the auditor, proceed to enable the Management has in place complaint receipt channel appropriately.

Self-assessment for the entire board and individual contain 5 levels of opinions as described below:

- |   |   |  |
|---|---|--|
| 0 | = | Strongly disagree or no action is taken on the matter      |
| 1 | = | Disagree or slightly proceed the matter                    |
| 2 | = | Agree or have proceeded in that matter at certain level    |
| 3 | = | Agree to an extent or actions are well taken on the matter |
| 4 | = | Strongly agree or well proceed or the matter               |

The bank left for additional opinions:

Performance assessment	Results (percent)
Audit Committee	98.00

## Nomination and Remuneration Committee

### Scope of Duty and Responsibility of Nomination and Remuneration Committee

#### Recruitment

1. Consider the structure, size, composition including qualifications of the Company's directors, sub-committees and high-level executives according to the necessity and appropriateness of the Company
2. Determine the policies, rules and procedures for recruiting and selecting the Company's directors, sub-committees and senior management to propose to the Board of Directors and/or propose for approval to the shareholders' meeting.
3. Consider the nomination and selection of qualified persons for the position company director, sub-committees, Chief Executive Officer and senior executives who have completed their terms and/or have vacant positions and/or appoint more by specifying the method of recruiting with rules and transparency in accordance with relevant regulations and laws.
4. Appeal to the qualified person according to the specified qualifications criteria to ensure that such person is willing to take the position of the Company's director. If appointed by the shareholders.
5. Propose a list of selected persons to the Board of Directors. to consider appointing a director of the Company in place of the directors who vacate office.
6. Prepare a succession plan and appropriate management continuity for the position of Chief Executive Officer to be presented to the Board of Directors' meeting for approval.
7. To perform any other tasks related to the nomination and remuneration as assigned by the Board of Directors.

#### Remuneration

1. Prepare rules and policies for determining the remuneration of the Board of Directors and sub-committees to propose to the Board of Directors and/or propose for approval to the shareholders' meeting.
2. Determine necessary and appropriate remuneration, both monetary and non-monetary, of the Board of Directors individually each year by considering the suitability of the duties responsibility, performance and comparison with the Company in a similar business and expected benefits from directors to propose to the Board of Directors for consideration and to propose to the shareholders' meeting for approval.
3. Responsible for the Board of Directors and has a duty to give explanations answering questions about the remuneration of directors at the shareholders' meeting.
4. Consider the evaluation criteria for the Chief Executive Officer and chief officers of various departments as assigned by the Board of Directors.
5. Report on principles/rationale for the determination of remuneration for directors and executives. according to the regulations of the stock exchange. This will be disclosed in the annual registration statement (Form 56 -1 one report).

6. Determine the annual remuneration of the Chief Executive Officer and other Chief Executive Officers according to the payment criteria have been considered and present to the Board of Directors to approve.
7. Consider the salary increase budget, change in wages, compensation and annual reward of the Company before being presented for approval by the Board of Directors every year.
8. Consider the suitability and give approval in the case of offering for sale of new securities to directors and employees based on the principles of fairness to shareholders and to incentivize directors and employees to perform their duties in order to create long-term added value for shareholders and be able to retain quality personnel.
9. To perform any other tasks related to the determination of remuneration as assigned by the Board of Directors.

**The self-assessment form of the Nomination and Remuneration Committee comprises consist of:**

1. The structure and qualifications of the Nomination and Remuneration Committee is appropriate enhancing effectiveness of the Nomination and Remuneration Committee. For instance, the number of the Nomination and Remuneration Committee members is suitable and they possess knowledge, experience which consistent to the duty. The number of Independent Directors in the Nomination and Remuneration Committee is proper. Nomination procedures for the Nomination and Remuneration Committee is transparent, fair independent from an influence of any person.
2. The meeting of the Nomination and Remuneration Committee is organized to enhance their performance effectively during the meeting. For instance, to acknowledge the schedule of the Nomination and Remuneration Committee of each year in advance, the number of the meeting is appropriate, each meeting is conducted within appropriate duration, attendant receive meeting document in advance, allowing them to study the details, environment of the meeting encourages attendant to express their opinion in positive way, a director with an interest is not allowed to making a decision on the related transaction.
3. The Nomination and Remuneration Committee concentrates on consideration, review, and compliance adequately. In other word, determine the qualifications of directors or senior executives. Arrange for development and succession projects for directors and executives. Continuous planning and development of directors. Consider the guidelines for determining the remuneration of directors and high-level executives and determine methods and criteria for determining remuneration, etc.

Self-assessment for the entire board and individual contain 5 levels of opinions as described below:

- |   |   |  |
|---|---|--|
| 0 | = | Strongly disagree or no action is taken on the matter      |
| 1 | = | Disagree or slightly proceed the matter                    |
| 2 | = | Agree or have proceeded in that matter at certain level    |
| 3 | = | Agree to an extent or actions are well taken on the matter |
| 4 | = | Strongly agree or well proceed or the matter               |

The bank left for additional opinions:

Performance assessment	Results (percent)
Nomination and Remuneration Committee	97.00

## Risk Management Committee

### Scope of Duty and Responsibility of the Risk Management Committee

1. Determine policies, guidelines and overall risk management framework of the Company. This covers important types of risks such as strategic risk, operational risk, financial risk, regulatory risk and other risks that affect the organization to present to the Board of Directors for approval.
2. Determine strategies and methods for managing risks of the Company in each matter in accordance with the risk management policy. Which can assess, monitor and prevent risks to an appropriate level and have guidelines to be able to handle with events when they occur.
3. Assess and review potential risks including the trend of impacts that may have on the Company both external and internal risks on issues such as strategic risk, operational risk, financial risk regulatory risk and other risks that affect the organization.
4. Monitor and review the risk management policy, including the plan and how to respond in the event of an emergency. At least once a year to confirm that the risk management approach is appropriate for the event and that it has been adequately implemented.
5. Every quarter, the Board of Directors or the Audit Committee should receive a progress report on risk management and what needs to be done to improve compliance with the policy and strategy, if appropriate.
6. In the area of corporate risk management, provide advice and support to the Company's management committee, including encouraging and supporting the continual and regular improvement and development of the internal risk management system.
7. Promoting an appropriate culture of risk management and internal control.
8. Review the Charter of the Risk Management Committee and to be presented to the Board of Directors for approval at least once a year.
9. Perform any other duties as assigned by the Board of Directors.



The self-assessment form of the Risk Management Committee comprises consist of:

1. The structure and qualifications of the Risk Management Committee are appropriate. This makes the work of the Risk Management Committee more efficient, i.e. the number of Risk Management Committee members is appropriate, knowledgeable, experienced and appropriate for the performance of their duties. The number of independent directors in the Risk Management Committee is appropriate. The process of nominating qualified persons to be the risk management committee. Be transparent, fair, not under the influence of any person.
2. The risk management committee meeting has been conducted to enable the risk management committee to perform the meetings effectively. The number of meetings is appropriate. Each meeting agenda is of sufficient duration. receive meeting documents in advance have time to study The atmosphere in the meeting encourages constructive opinions. Stakeholder Directors do not participate in the decision making of the transaction.
3. Roles, duties and responsibilities of the Risk Management Committee has given importance Take the time to consider, review and implement adequately, namely, supervising and implementing the organization's risk management in accordance with the strategic plans and business goals. as well as changing circumstances. Recommend, monitor and assess risk management results to the organization's risk management working group. consider the potential risks including establishing effective risk control measures.

Self-assessment for the entire board and individual contain 5 levels of opinions as described below:

- |   |   |  |
|---|---|--|
| 0 | = | Strongly disagree or no action is taken on the matter      |
| 1 | = | Disagree or slightly proceed the matter                    |
| 2 | = | Agree or have proceeded in that matter at certain level    |
| 3 | = | Agree to an extent or actions are well taken on the matter |
| 4 | = | Strongly agree or well proceed or the matter               |

The bank left for additional opinions:

Performance assessment	Results (percent)
Risk Management Committee	94.00

## Executive Board of Directors

### Scope of duty of the Executive Board of Directors

1. Consider and scrutinize proposal of the Management and propose business goals, policies, and business plans, including the Company's annual budget to the Board of Directors for approval.
2. Control, supervise and monitor operation result of the Company to ensure the coherence to policy, target, business plan, business strategy and assigned budget, management authority as approved by the Board of Directors effectively and in support of the business condition.
3. Consider and approve normal business operations of the Company. For instance, the investment is proceeded within the budget assigned or approved by the Board of Directors. Budget limit for each transaction is in accordance with the list of approval by the Board of Directors.
4. Review profits and loss of the Company, propose the interim or annual dividend payment and propose to the Board of Directors for approval.
5. Present organizational structure that is suitable to business operation of the Company to the Board of Directors for approval.
6. Having an authority to authorize one or more person to perform any action under supervision of the Executive Committee or to authorize to enable such person having the authority as considered appropriate by the Executive Committee and within the time as approved by the Executive Committee. The Executive Committee may revoke, cancel, amend or adjust the authorized person or the authorization as considered reasonable.
7. Perform other duties as assigned by the Board of Directors from time to time.

The assignment of authority, duty and responsibility of the Executive Committee must not be in the manner that allow the authorized person to approve the transaction that him or the person who may have a conflict of interest (as per definition prescribed in the notification of the Capital Market Supervisory Board (CMSB) and/or the Stock Exchange of Thailand and/or relevant agency), benefit or that may have any other conflict of interest with the Company, subsidiary company and/or related company (if any). The Executive Committee has no power to approve for such matter. Instead, the matter must be forwarded to the Board of Directors' meeting and/or shareholders' meeting (as the case may be) for approval, except the approval is for the transaction which is proceeded to the extend of usual business and trading course as per notification of the Capital Market Supervisory Board (CMSB) and/or the Stock Exchange of Thailand and/or relevant agency.

## Chief Executive Officer

### Scope of duty of the Chief Executive Officer

1. Supervise and control daily affairs and/or management of the Company
2. Prepare policy, business plan, business strategy and annual budget of the Company and propose to the Executive Committee and the Board of Directors for consideration and approval.
3. Supervise and control daily affairs of the Company according to policies and budget approved by the Board of Directors. Review, monitor and evaluate operation result of the Company to ensure conformity to the policy set forth and the good corporate governance. Report the management result and progress of work to the Executive Committee, Audit Committee and the Board of Directors.
4. Consider and approve normal business operations of the Company as per budget assigned for investment approved by the Board of Directors. Budget limit for each transaction is in accordance with the list of approval by the Board of Directors, but shall not exceed the annual budget approved by the Board of Directors. Enter into any contracts related to such matter.
5. Authorized to consider and approve the expenses for the normal business operations of the Company according to the budget approved by the Board of Directors and according to the approval authority as granted by the Board of Directors.
6. Authorized to approve manpower rate, employment rates, compensation, bonuses, performance assessment, and appointment/relocating employees as per approval from the Board of Directors.
7. Authorized to issue orders, regulations, announcements and records to ensure the Company's operations is in accordance with the policy and for the benefit of the Company and to maintain discipline within the Company.
8. Authorized to appoint a board or working group for benefit and efficiency of the good and transparent management. Authorized to delegate one or more person to perform any action under supervision of the Chief Executive Officer to authorize to enable such person having the authority as considered appropriate by the Chief Executive Officer and within the time as approved by the Chief Executive Officer. The Chief Executive Officer may revoke, cancel, amend or adjust the authorized person or the authorization as considered reasonable.
9. Perform other duties as assigned by the Executive Committee or the Board of Directors.

The proceed on any matter in which the Chief Executive Officer or the person authorized by the Chief Executive Officer or the person who may have a conflict (as per definition described in notification of the Capital Market Supervisory Board (CMSB) and/or Stock Exchange of Thailand and/or relevant agency), interest or a conflict of interest with the Company and/or a subsidiary and/or related company (if any), the Chief Executive Officer has no authority to approve on such matter. Instead, the matter must be proposed in the Board of Directors' meeting and/or shareholders' meeting (as the case may be) for approval except the approval is to the extend of usual course of business and trading condition as per notification of the Capital Market Supervisory Board (CMSB) and/or the Stock Exchange of Thailand and/or relevant agency.

**Nomination and Appointment of Directors and Top Executives**

Selection of the person for directorship is proceeded in the shareholders' meeting in which the Board of Directors will consider taking into account experience, knowledge, skill and qualification as required by law. Since the Company has no Nomination Committee to select a person for such position, the shareholders' meeting will select the directors according to the criteria and procedures as defined in the articles of association.

**Composition and Appointment of the Board of Directors**

The composition, nomination, appointment, removal or dismissal of the Company's directors are stipulated in the articles of association which summarized as follows:

1. The members of the Board of Directors is appointed by shareholders.
2. The Board of Directors comprises of at least 5 members and not less than half of total directors must have domicile in the Kingdom and must possess the qualifications as stipulated by law.
3. It is the Company policy that the Chairman of the Board of Directors and Chief Executive Officer is not the same person to magnify the responsibility between determining corporate governance and daily management.
4. The Board of Directors consists of proper proportion of Independent Directors suitable for corporate governance which should not be less than one third of total board, and not less than 3 members according to the requirement of the Securities and Exchange Commission, Thailand.
5. Appointment of directors is subject to the articles of association, and relevant law. The nomination process must be transparent and precise. The consideration on each candidate should include educational background and experience in one's profession with adequate information to support judgment of the Board of Directors and shareholders.
6. Retiring directors are eligible for re-election

**Composition and appointment of Independent Directors**

The Board of Directors will initially consider qualifications of the person to undertake Independent Directors as per qualifications and prohibited characteristics of directors of the Public Company Act, the law of securities and stock exchange, notification of the Capital Market Supervisory Board (CMSB) including notification, regulation and/or related rules. In addition, the Board of directors will select the member of the Independent Directors from a person with competent knowledge, experience and other factors, and propose to the shareholders' meeting for consideration and appointment. the Company has the policy to appoint the Independent Directors at least one-third of total directors, and must not be less than 3 persons to fill the board.

**Qualifications of Independent Directors**

1. Holds shares not exceeding one percent of total voting shares of the Company, its parent company, subsidiaries, associates, or a juristic person of the person who may have a conflict of interest, provided that shares held by related parties of an independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling party of the Company, its parent company, subsidiaries, associates, same-level subsidiaries,

or a juristic person that may have a conflict unless the position has been terminated for over two years prior submitting application to the SEC.

3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, sibling, and children. The prohibitive persons also include spouses of daughters and sons of the management, major shareholders, controlling party or the person who is in the process of nomination as the management or controlling party of the Company or its subsidiaries.
4. Does not have or never had business relationship with the Company, its parent company, subsidiaries, associates, or a juristic person that may be in conflict which may harm an independent decision-making, including not being or never been a significant shareholder, non-independent director or executive of the person who has business relation with the Company, unless having exempted from the aforementioned nature for not less than 2 years before the date of submitting the application to the SEC.
5. Is not or has never been an auditor of the Company, its parent company, subsidiaries, associates, major shareholders, non-independent director, executive or managing partner of the auditing firm which employs an auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or a juristic person that may have a conflict unless having exempted from the aforementioned nature for not less than 2 years before the date of submitting the application to the SEC.
6. Is not or has never been the professional service provider, including but not limited to legal consultant or financial advisor who received the service fee more than Baht 2 million per year from the Company, its parent company, subsidiaries, associates, major shareholders, or a juristic person that may have a conflict or in case professional service provider is a juristic person, this shall include the major shareholder, non-independent director, executives or managing partner or such professional service provider, unless the position has been terminated for at least two years prior to submission of the application to the SEC.
7. Is not a director who is nominated as the representative of directors of the Company, major shareholders, or any other shareholders related to major shareholders.
8. Does not operate the same and competitive business with the business of the Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an Executive Director, employee, staff, advisor who receives salary, nor holds shares exceeding 1% of total voting shares of any other companies which operate the same and competitive business with the business of the Company, or its subsidiaries.
9. Does not have any quality causing the disability to give an independent opinion regarding the business operation of the Company.

**Composition and Appointment of the Audit Committee**

The Audit Committee is appointed by the Board of Directors, consisting of at least 3 Audit Committee members appointed by Independent Directors. The committee members must have the required knowledge and qualifications as according to the Securities and Exchange Act, including regulatory announcements and/or the regulations of the Stock Exchange of Thailand. In addition, Independent Directors who are members of the Audit Committee must have additional qualifications as follows:

1. Is not or has never been an a director assigned by the Board of Directors to make a decision on business operation of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, or juristic persons that may have conflicts.
2. Is not a Director of the parent company, subsidiaries, or same-level subsidiary company, which is a listed company.
3. Have sufficient knowledge and experience to be able to perform duties as the audit committee; at least one Audit Committee member must have sufficient knowledge and experience to review the credibility of the financial statements.

Each Audit Committee has a service term of 3 years or equal to the tenure of a Director of the Company.

**Composition and Appointment of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee must be appointed by the Board of Directors. It consists of not less than 3 directors, of which more than half of the total number of directors should be independent directors. And Chairman of the Nomination and Remuneration Committee Should be an independent director for transparency and true independence in the performance of duties. The director should not be an executive (Non-executive director) is in the Nomination and Remuneration Committee. The Nomination and Remuneration Committee can appoint 1 employee of the Company to act as the secretary of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee must have additional qualifications as follows:

1. The Chairman of the Board of Directors should not be the chairman or a member of the Nomination and Remuneration Committee so that the duties of the Nomination and Remuneration Committee are truly independent.
2. Have Knowledge, ability, honesty and ethics in business operations. Has a vision to monitor changes related to compensation and recruitment of directors and senior management internationally. to improve the recruiting policy and determine the Company's remuneration.
3. Have maturity and stability and dare to express different opinions and be independent.
4. Able to devote enough time to perform duties to ensure the success of the Nomination and Remuneration Committee according to the objectives.

5. Be independent and impartial in the selection and selection of persons who deserve to be nominated for the position of the Company's director in replacement of the Company's director who has retired. or other cases.

**Composition and Appointment of the Risk Management Committee**

The Risk Management Committee must be appointed by the Board of Directors, which consists of the Company's directors and/or executives of not less than 3 persons, with at least 1 independent director. The Chairman of the Risk Management Committee must also be appointed by the Board of Directors and can also appoint a Secretary of the Risk Management Committee to assist in the operation. And coordinate with the Risk Management Committee for meeting appointments to prepare meeting agendas deliver meeting documents and record the meeting as well as perform any other duties as assigned by the Chairman of the Risk Management Committee. The Risk Management Committee must have additional qualifications as follows:

1. Have knowledge of risk management and have good organizational management skills.
2. A person who is trusted and generally accepted.
3. Knowledge and understanding of business products and services of the Company as well.
4. Have a good understanding of management principles. Have judgment and decision-making skills can analyze problems and give suggestions appropriately.
5. Be creative able to express opinions and listen to the opinions of others.
6. Able to dedicate time to work as the risk management committee of the Company enough.

## Meeting Attendance and Remuneration of Individual Committees

### Board of Directors Meeting

In 2021, the Company held 6 Board of Directors' meetings with details of meeting attendance of each director as follows:

Name	Position	Number of times attending the meeting / total number of meetings
		Year 2021
1. Mr. Pakorn Malakul Na Ayudhya	Chairman of the Board of Directors	6/6
2. Mr. Printhorn Apithanasriwong	Chairman of the Board of Executive Directors	6/6
3. Gen. Montee Sungkasap	Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Independent Directors	6/6
4. Mr. Ek Picharnchitra	Vice Chairman of the Executive Board of Directors	6/6
5. Mr. Kajhitphome Sudsok	Chairman of the Risk Management Committee / Audit Committee/ Nomination and Remuneration Committee/ Independent Directors	6/6
6. Mr. Rong Hirunpanich	Audit Committee/ Risk Management Committee / Independent Directors,	6/6
7. Mr. Chairit Simaroj	Independent Directors	6/6
8. Mr. Sompote Valyasevi	Chief Executive Officer/ Executive Board of Directors/ Risk Management Committee / Nomination and Remuneration Committee	6/6
9. Mr. Somchai Wongrassamee	Chief Financial Officer/ Executive Board of Directors / Risk Management Committee / Company Secretary	6/6

### Audit Committee Meeting

In 2021, the Company held 7 Audit Committee meetings with details of attendance of each director as follows:

Name	Position	Number of times attending the meeting / total number of meetings
		Year 2021
1. Gen. Montee Sungkasap	Chairman of the Audit Committee	7/7
2. Mr. Kajhitphome Sudsok	Audit Committee	7/7
3. Mr. Rong Hirunpanich	Audit Committee	7/7



### Nomination and Remuneration Committee Meeting

In 2021, the Company has held 3 meetings of the Nomination and Remuneration Committee, details of the meeting attendance of each director are as follows:

Name	Position	Number of times attending the meeting / total number of meetings
		Year 2021
1. Gen. Montee Sungkasap	Chairman of the Nomination and Remuneration Committee	3/3
2. Mr. Kajhitphome Sudsok	Nomination and Remuneration Committee	3/3
3. Mr. Sompote Valyasevi	Nomination and Remuneration Committee	3/3

### Risk Management Committee Meeting

In 2021, the Company held 4 meetings of the Risk Management Committee, with details of meeting attendance of each director as follows:

Name	Position	Number of times attending the meeting / total number of meetings
		Year 2021
1. Mr. Kajhitphome Sudsok	Chairman of the Risk Management Committee	4/4
2. Mr. Rong Hirunpanich	Risk Management Committee	4/4
3. Mr. Sompote Valyasevi	Risk Management Committee	4/4
4. Mr. Somchai Wongrassamee	Risk Management Committee	4/4
5. Mr. Chirdpong Malatham	Risk Management Committee	2/4
6. Mr. Noppanut Manutsongthum	Risk Management Committee	4/4
7. Mr. Pichetpong Sritapun	Risk Management Committee	4/4

Note: The 5th committee started working on 4 May 2021

## Directors and Executives Remuneration

### Board of Directors' remuneration

In 2021, the Company has paid remuneration to the Board of Directors in the amount of 5,670,000 Baht, consisting of meeting allowances, monthly remuneration for the chairman and director's gratuity. The remuneration that each director receives is as follows:

Name	Position	2020	2021
1. Mr. Pakorn Malakul Na Ayudhya	Chairman of the Board of Directors/ Independent Directors	1,305,000	1,215,000
2. Mr. Printhorn Apithanasriwong	Chairman of the Board of Executive Directors	825,000	740,000
3. Gen. Montee Sungkasap	Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Independent Directors	1,174,000	1,114,000
4. Mr. Ek Picharnchitra	Vice Chairman of the Executive Board of Directors	717,000	656,000
5. Mr. Kajhitphome Sudsok	Chairman of the Risk Committee/ Audit Committee/ Nomination and Remuneration Committee/ Independent Directors	825,000	805,000
6. Mr. Rong Hirunpanich	Audit Committee/ Risk Committee/ Independent Directors,	452,000	670,000
7. Mr. Chairit Simaroj	Independent Directors	262,000	470,000
8. Mr. Sompote Valyasevi	Chief Executive Officer/ Executive Board of Directors/ Risk Management Committee / Nomination and Remuneration Committee	95,000	-
9. Mr. Somchai Wongrassamee	Chief Financial Officer/ Executive Board of Directors / Risk Management Committee / Company Secretary	75,000	-
<b>Total</b>		<b>5,730,000</b>	<b>5,670,000</b>

The 2021 Annual General Meeting of Shareholders held on April 8, 2021 resolved to determine the directors' remuneration for the year 2021 as follows:

Position	Meeting Allowance (THB/ Person/ Time)	Monthly Remuneration (THB)	Reward
Chairman of the Board of Directors	30,000	30,000	The Board of Directors considers allocating the directors as appropriate in the amount not exceeding Baht 3 million.
Board of Directors	25,000	-	
Chairman of the Executive Board of Directors	20,000	-	
Vice Chairman of the Executive Board of Directors	15,000	-	
Chairman of the Audit Committee	25,000	20,000	
Audit Committee	20,000	-	
Chairman of the Nomination and Remuneration Committee	15,000	-	
Nomination and Remuneration Committee	10,000	-	
Chairman of the Risk Management Committee	20,000	-	
Risk Management Committee	15,000	-	

#### Executive Compensation

In 2021, the Company paid remuneration to management in the amount of Baht 29.06 million. Such compensation includes salary, bonus, contributions to the provident fund.

Year	Number of Executives (persons)	Compensation (THB)
2019	6	28,446,300
2020	7	29,320,820
2021	8	28,654,011

#### Remuneration Policy and Methods

The Board of Directors determines the remuneration policy for directors and executives such as the Chief Executive Officer, Chief Accounting and Finance Officer, Chief Operating Officer. Directors' remuneration must be presented to the shareholders' meeting for approval.

The Board of Directors will receive a remuneration as meeting allowance based on the number of meetings attended. and gratuity which must not exceed the limit approved by the shareholders' meeting. And the chairman of the audit committee will receive additional remuneration as monthly remuneration. In determining the director's remuneration, consideration is given to the duties, responsibilities, and performance of duties of the directors that benefit the Company. Directors who are assigned more responsibilities will receive additional compensation that is appropriate for their duties and responsibilities.

In terms of Executive Compensation, Board of Directors to consider and approve the remuneration of senior management 3 positions comprising Chief Executive Officer, Chief Accounting and Finance Officer and Chief Operation Officer which considers the duties and responsibilities and performance according to the set

goals including the overall performance of the Company. Such compensation must be comparable to companies operating in the same industry. And is at a level sufficient to retain executives who meet the qualifications required by the Company, as well as incentivize them to perform quality work and good standards.

### **Governance of Subsidiaries and Associated Companies**

The Company has delegated representatives possess qualifications and experience fit to the business direction of each company according to proportion of shareholding to determine key policies and oversee business operation. The directors who represents the Company shall perform their duties in governing subsidiaries and/or associated companies, proceed to accomplish the matters or operations as set forth by the Company, using their discretion based on resolution of the Board of Directors' meeting and/or shareholders' meeting which passed on important matters for the subsidiaries and/or associated companies for the highest benefits and sustainable growth of the Company. The Company's representatives are those approved by the meeting of the Board of

### **Policies on Insider Information**

1. No directors, executives, staff, and employees of the Company shall disclose confidentiality and/or resort to inside information of the Company for the benefit of oneself or other persons whether directly or indirectly, with or without benefit in return.
2. No directors, executives, staff and employees of the Company including their spouse or a person who cohabit as a husband and wife, minor child(ren) and a related juristic person shall use inside information of the Company which affects or may affect the securities price of the Company which has not yet been disclosed to the public, for the purchase, sales, offering for purchase, offering for sales or invite another person for purchase, sales, offering for purchase, offering for sales the Company's securities whether directly or indirectly prior disclosure to the public notwithstanding such action is for benefits of oneself or other or to allow other person such action in return of one's benefit. Violator is subject to penalty as per discipline measure of the Company.
3. The executives has acknowledged and accepted their duty in reporting their holdings of the securities, including their spouse or a person who cohabits as a husband and wife, minor child(ren) including related juristic person, as well as any change to their holding to the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand pursuant to Section 59 and the penalty of the Securities and Stock Exchange Act (No. 5) B.E. 2559.

4. No directors and executives of the Company including their spouse or a person who cohabits as a husband and wife, minor child(ren) including related juristic person trade the Company's securities during a 1 month period prior to disclosure of the financial statement to the public.

The Company will notify directors, executives, staff and employees of the above accordingly.

#### **Monitoring to Ensure Compliance with Corporate Governance Policies and Practices**

The Company focuses on corporate governance by stipulating relevant policies and guidelines in the Company's Corporate Governance Policy and Code of Conduct. As well as to promote the practice to build trust with stakeholders. The Group has followed up to ensure compliance with good corporate governance covering the following matters 1) Caring for employees and non-discrimination 2) Anti-unfair competition 3) Caring for the environment Hygiene and safety in the organization. 4) Information security. The follow-up results showed that the Company has fully implemented the guidelines for each issue.

In addition, the Company has also followed up to ensure compliance with good corporate governance in 4 areas as follows:

##### **(1) Prevention of Conflicts of Interest**

The Company has established a policy that requires the Board of Directors, executives, and employees to follow orders in the Company's best interests. If someone has a stake in or is engaged with the issue under review, they must notify the secretary's office or director of operations. Those in charge of such affairs are aware of the situation and do not engage in the decision-making process. In 2021, the Company found no situations that could lead to conflicts of interest.

##### **(2) Using Inside Information for Exploitation**

- The Company has notified directors and executives of the duty to report changes in securities holdings to the SEC in accordance with Section 59 of the Securities and Exchange Act B.E. Record changes and summarize the number of securities of individual directors and executives.

- The Company has regulations prohibiting the use of financial statements or other information that affects the price of the Company's securities to disclosure to third parties or those who are not involved. Prohibited trading in securities during 1 month before the financial statements or other information that affect the Company's stock price will be published to the public. And must not trade in the Company's securities until a period of 24 hours has elapsed since all such information has been disclosed to the public. In 2021, no director or executive was found to disseminate the financial statements or other information to third parties or people who are not involved in any way.

### (3) Anti-Corruption

The Company published the anti-corruption policy on May 11, 2021, informing directors, executives, employees, business partners, business representatives, and the general public. Committed about being involved in the anti - corruption in all forms. Demanding transparency and clarity in the direction and structure of anti-corruption operations, based on principles and best practices, and awareness of the major hazards and damage caused by corruption.

In addition, the Company has published the anti-corruption policy on the Company's website. The Company provides internal communication training for all employees to acknowledge anti-corruption matters. It has also created a channel for reporting corruption clues in 4 channels, such as the notification through the receiving box which is distributed at important points within the Company area, notify the Company secretary, notify the Audit Committee and direct email contact to the Audit Committee [auditcom@starflex.co.th](mailto:auditcom@starflex.co.th)

### (4) Whistleblowing

The Company has established a mechanism to receive complaints and for whistleblowing with regards to personnel not complying with the law, rules, regulations or Code of Conduct, or for behavior that may imply corruption. The mechanism includes appropriate protection measures for whistleblowers in accordance with the Whistleblowing Policy. The Company provides multiple channels for complaints: they can be made through a website, by phone, e-mail and in writing.

## Internal control and related party transactions

### Internal Control

#### Opinions of the Board of Directors on the corporate internal control

STARFLEX realizes the importance of internal control system for executives and operative officers which could prevent against damages that occurring to the Company. According to the assessment of the Board of Directors together with the Audit Committee in 2021, the adequacy of the internal control on 5 aspects comprises of:

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

The Board of Directors has given their opinion that the Company's internal control system is adequate and appropriate. A sufficient number of personnel are allocated to proceed the system effectively, enabling compliance with the Good Corporate Governance and transparency. In addition, the Company has implemented monitoring system to follow up work processes within the Company to assure the prevention against misuse or unauthorized use of the Company's asset by a directors or executive. The control system is comprehensive to manage transaction with a person with possible conflict of interest or related person.

The Company has conducted the internal audited by following the practice of the Committee of Sponsoring Organizations of the Tread way Commission (COSO), which is generally accepted in accordance with principle and materiality of the assessment in 2021.

#### Actions Concerning the Internal Control System of the Company

The Audit Committee's duty is to review to ensure the internal control and internal audit are appropriate and effective, to audit business operation of the Company to ensure the compliance with the law of securities and stock exchange, and the law related to business operation of the Company. The Audit Committee's meeting is held at least every quarter to consider and proceed accurate financial statement with adequate and sufficient information disclosure, to consider related transactions or the transaction that may have a conflict of interest and supervise for compliance with the law and regulations of the Capital Market Supervisory Board and Stock Exchange. In the meeting, the auditor will attend to observe auditing of the Company.

To ensure the internal control of the Company is effective, the Company hires P&L Corporation Company Limited to perform an audit on the internal control system in 2021. The internal auditor has prepared the assessment and audit report and submitted to the Audit Committee for acknowledgment on a quarterly basis. Accordingly, the Company has always improved and edited work operation system of various departments as per suggestions by the internal auditor.

**Opinion of the internal auditor on the Company's internal control system**

Internal auditors have inspected and monitored the Company's various management systems and made recommendations for the Company to improve check and balance in every work system. This will continually improve the quality of the internal control system. and will result in the company. There is a good corporate governance system. The internal auditors have reported the audit results to the Audit Committee for acknowledgment.

**Related transaction****Policies and procedures for related-party transaction approval**

In the event that there is a related transaction of the Company With a person who may have a conflict of interest, which is a transaction that is a commercial agreement in the same way that a sensible person would do with a normal counterparty in the same situation. With the bargaining power without influence of being a director, executive or related person, the Company can operate normally under the principles that the Board of Directors has considered, approved and prepared a summary report to report to the Board. The Audit Committee and the Board of Directors are informed every quarter.

Policy and procedures for approving related transactions that are not normal commercial transactions The Company will provide an opinion by the Audit Committee on the necessity and appropriateness of the transaction. In the event that the Audit Committee does not have expertise in considering related transactions that may occur, the Company will consider a person with special expertise, such as a property appraiser, auditor, law firm, etc., to give an opinion on the matter. Such connected transactions to the Audit Committee for the Audit Committee to use in making decisions and giving opinions to the Board of Directors or shareholders, as the case may be, to approve such transactions before entering into the transaction.

addition, the Company has set measures to prevent executives or stakeholders from participating in approving transactions that they have direct and indirect interests, and the Board of Directors ensures that the Company comply with the law on securities and exchange and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Including compliance with the disclosure requirements of connected transactions and the acquisition or disposition of important assets of the Company as well as complying with the accounting standards prescribed by the Federation of Accounting Professions and the Certified Public Accountant of Thailand. And will disclose the connected transactions in the notes to the financial statements that have been audited or reviewed by the Company's auditors.



**Policy and trend of future related party transactions**

In the future, the Company may perform related transactions. The related transactions will follow in order to support the Company's business operations, as well as for the benefit of the Company such as guarantees made by major shareholders and/or directors. Such guarantees are in accordance with the conditions stipulated by commercial banks and/or financial institutions. The major shareholders and/or directors do not charge any guarantee fees for such loans from the Company. The Audit Committee will review the compliance with the rules and give opinions on the reasonableness of the transactions every quarter.

However, if the Company is required to do related transactions with entities whom may have a conflict in the future. The Company will establish various criteria in accordance with normal trading and a market price that can be referenced and compared to the same type of transaction that the Company does with third parties. For related transactions are not in normal business that may occur in the future, the Company will arrange an audit committee to review the compliance with the rules and give reasons for doing such transactions before the Company will enter into that transaction. It will proceed according to the measures and procedures for approval of related transactions as stated above. However, in order to avoid future conflicts of interest, the Board of Directors must follow the Securities and Exchange Act, the regulations of the Capital Market Committee and the Stock Exchange of Thailand, as well as the requirements for disclosure of related transactions and the acquisition or disposition of the Company's assets, as well as accounting standards established by the Federation of Accountants.

## Details of Related transactions

Related transactions of the Company with a person who may have conflicts in the ending period as at 31 December 2020 and 2021 are summarized as follows:

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
Star Print Public Company Limited or "STRAP"  Business type : manufacture of packaging boxes	Mr. Printhorn Apithanasriwong is authorized director and holds 332,999,500 shares in STARP, representing 66.60% of the total shares subscribed as of 24 April 2020	1. Machine rental	0.72	None	The Company had rented a machine to laminate paper (S-Board), due to receive a new sales order from its customer. The Company ordered the machine from overseas, but the machine could not come in time. SFLEX rented the laminate machine from STARP for temporary (only 36 days contract).  <u>The Audit Committee</u> has considered and is of the opinion that the transaction proceeded in the normal business, under the fair price.	Audit Committee Meeting No. 1/21, 22 Jan. 2021	Board of Directors Meeting No. 1/21, 25 Feb. 2021

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
		2. Service	2.88	none	As mentioned before, the Company has new order to fulfill, and has rented a machine from STARP, thus the Company needed to hire STARP to operate on the machine for temporary (only 36 days contract).  <u>The Audit Committee</u> has considered and is of the opinion that the transaction proceeded in the normal business, under the fair price.	Audit Committee Meeting No. 1/21, 22 Jan. 2021	Board of Directors Meeting No. 1/21, 25 Feb. 2021
		3. Purchase Raw materials	1.21	none	The Company has bought MPET from STARP to fulfill a new sales order.  <u>The Audit Committee</u> has considered and is of the opinion that the transaction proceeded in the normal business, under the fair price.	Audit Committee Meeting No. 1/21, 22 Jan. 2021	Board of Directors Meeting No. 1/21, 25 Feb. 2021

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
		4. Sell Raw material	3.29	none	There were some raw materials left from the hire contract, in which, under the contract, STARP will buy the rest of raw materials back.  <u>The Audit Committee</u> has considered and is of the opinion that the transaction proceeded in the normal business, under the fair price.	Audit Committee Meeting No. 1/21, 22 Jan. 2021	Board of Directors Meeting No. 1/21, 25 Feb. 2021
Mr. Printhorn Apithanasriwong	As Chairman of the Board of Executive Directors, holding 188,203,000 shares in the Company, or to 22.95% of the total shares subscribed as of 31 December 2021.	1. Guarantee for financial lease agreement Contract Limit Remaining Balance	19.45 15.42	19.46 7.87	Mr. Printhorn Apithanasriwong has entered into a personal guarantee for the machinery and car leasing agreements for the Company, without charging compensation for a guarantee from the Company.  <u>The Audit Committee</u> has considered and is of the opinion that Mr. Printhorn Apithanasriwong guarantees is based on the necessity for the benefit of the Company. The hire-purchase contract of machinery and automobiles are for use in	Audit Committee Meeting No. 1/22, 18 Jan. 2022	Board of Directors Meeting No. 1/22, 25 Feb. 2022

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
					the Company's business operations. There is no payment for the guarantee of the financial lease. Therefore this transaction is appropriate.		
		2. Revenue from vehicle sales	none	3.05	<p>The Company has a vehicle that is used to support executives. The vehicle perform well and provide the image of being in use, thus it is sold to Mr. Parinthorn at a price can be comparable to the price of a purchase from a third party.</p> <p><u>The Audit Committee</u> has evaluated and acknowledged the issue, which will be brought to the Board of Directors for further consideration.</p>	Audit Committee Meeting No. 1/22, 18 Jan. 2022	Board of Directors Meeting No. 1/22, 25 Feb. 2022

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
Mr. Ek Pichamchitra	As Vice Chairman of the Executive Board of Directors, holding 81,710,000 shares in the Company, equivalent to 9.96% of the total number of shares subscribed as of 31 December 2021	. Guarantee for financial lease agreement Contract Limit Remaining Balance	14.49 9.52	11.29 5.35	Mr. Ek Picharnchitra has entered into a personal guarantee for the machinery and car leasing agreements for the Company, without charging compensation for a guarantee from the Company.  <u>The Audit Committee</u> has considered and is of the opinion that M r. E k P i c h a r n c h i t r a guarantees is based on the necessity for the benefit of the Company. The hire-purchase contract of machinery and automobiles are for use in the Company's business operations. There is no payment for the guarantee of the financial lease. Therefore this transaction is appropriate.	Audit Committee Meeting No. 1/22, 18 Jan. 2022	Board of Directors Meeting No. 1/22, 25 Feb. 2022

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
A2 Technologies Co.,Ltd.	Mr. Sompote Valyasevi Chief Executive Officer, holding 2,894,200 shares in the SFLEX Company, equivalent to 0.35% of the total number of shares subscribed as of 31 December 2021. Independent Director and Director of A2 Technologies Co.,Ltd.	Purchase equipment (solar panels) for use of renewable energy.	17.84	2.69	It is a project that will take advantage of investment promotion measures to encourage use of renewable energy or reduce environmental impact (BOI) and save money on electricity. The whole project value is Baht 20 million, which is the agreed-upon price when compared to the market pricing. (Paid 15 percent for a deposit, 75 percent dependent on percentage of completion, and 10% upon job acceptance)  <u>The Audit Committee</u> has considered and is of the opinion that the transaction proceeded in the normal business, under the fair price.	Audit Committee Meeting No. 3/21, 10 May. 2021	Board of Directors Meeting No. 2/21, 11 May. 2021

A person who may have conflict of interest	Relationship	Transaction Type	Transaction Amount (THB million)		Necessity and Reasonableness of the Transaction	Attend the meeting to consider	
			2020	2021		Audit Committee	Board of Directors
PS Plus Consulting Company limited	A subsidiary which has a registered capital of Baht 20 million, with SFLEX holding 200,000 shares, representing 100 percent of the shares sold.	1. Rental income	none	0.06	There is a building lease agreement at 188/1 Moo 3 Soi Bang Phiang Phatthana Project. Kheha-Ladwai Road, Bang Phiang Subdistrict, Bang Bo District, Samut Prakan Province Usable area of 132 square meters, amounting to 12,540 Baht/month and contract service of 10,000 Baht/month, effective from August 1, 2021 - December 31, 2021.  <u>The Audit Committee</u> has evaluated and acknowledged the issue, which will be brought to the Board of Directors for further consideration.	Audit Committee Meeting No. 1/22, 18 Jan. 2022	Board of Directors Meeting No. 1/22, 25 Feb. 2022
		2. Service income	none	0.05			



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

The Board of Directors gives priority to discharging its supervisory duties and responsibilities in accordance with the Company's Good Corporate Governance Policy. Financial reports and information disclosed in the 2021 Annual Report contain accurate, complete, adequate details, and are prepared in compliance with the generally – accepted accounting Standards using appropriate accounting policies that are consistently applied based on prudent consideration. The Board has assigned the Audit Committee to review the Company's latest financial statements. Said financial reports have been reported to be carefully prepared in accordance with the generally-accepted accounting principles using appropriate accounting policies, and been assessed for their appropriateness of overall items presented in the statements, with adequate information disclosed in the notes to the financial statements. The Audit Committee's opinions regarding such matters are stated in the Company's Annual Report and also the Annual Registration Statement for the year 2021.

Additionally, the Board has set up an efficient and effective internal control system to ensure complete and accurate recording of accounting transactions, as well as an asset control system to prevent frauds or material damages.

In summary, the Board is of an opinion that the Company's overall internal control systems are at a satisfactory level to establish reasonable confidence in the reliability of the Company's financial statements of 31 December 2021. The external auditor has audited the aforementioned statements according to the generally – accepted auditing standards and viewed that the financial statements present fairly, in all material respects, the financial position and financial performance in accordance with generally-accepted accounting principles.

Mr. Pakorn Malakul Na Ayudhya  
Chairman of the Board of Director  
Starflex Public Company Limited

## Part 3 Financial Statements

Starflex Public Company Limited and its subsidiary  
Report and consolidated financial statements  
31 December 2021

**Independent Auditor's Report**

To the Shareholders of Starflex Public Company Limited

**Opinion**

I have audited the accompanying consolidated financial statements of Starflex Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Starflex Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Starflex Public Company Limited and its subsidiary and of Starflex Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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

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

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

#### *Revenue recognition*

Revenue from sales is a significant account because the amount of revenue from sales is material and directly affects the Group's profit or loss. The Group has major revenues from production and distribution of flexible packaging which are prone to fluctuations in price, market competition, and demand.

I examined the Group's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I selected representative samples of sales agreements to determine whether the revenue recognition was in accordance with the conditions set forth in the sales agreements, and in line it with the Group's revenue recognition policy. On a sampling basis, I also examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period. I sent confirmation requested for the balances of accounts receivables as at the end of the year and reviewed credit notes that the Group issued after the period-end date. Moreover, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

#### **Other Information**

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

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

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

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

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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

*S. Ratananurak*

Satida Ratananurak  
Certified Public Accountant (Thailand) No. 4753

EY Office Limited  
Bangkok: 25 February 2022



**Starflex Public Company Limited and its subsidiary**
**Statement of financial position**
**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements	Separate financial statements	
	Note	2021	2021	2020
Assets				
Current assets				
Cash and cash equivalents	7	74,830,394	72,439,348	168,512,110
Trade and other receivables	8	345,544,372	342,357,497	261,599,614
Inventories	9	333,852,238	327,566,603	228,281,668
Derivative assets	32	315,599	315,599	-
Other current financial assets		688,579	688,579	240,158
Other current assets		20,611,441	20,611,432	24,939,385
Total current assets		775,842,623	763,979,058	683,572,935
Non-current assets				
Restricted bank deposits	10	12,290,770	12,290,770	12,230,156
Investment in subsidiary	11	-	6,500,000	-
Property, plant and equipment	12	594,108,739	594,094,196	475,205,658
Right-of-use assets	13	45,025,414	45,025,414	59,063,083
Intangible assets	14	2,130,933	2,100,764	3,046,641
Deferred tax assets	24	8,958,872	8,958,872	8,197,855
Other non-current financial assets		4,997,766	4,997,766	4,997,766
Other non-current assets	15	63,217,676	63,217,676	38,801,850
Total non-current assets		730,730,170	737,185,458	601,543,009
Total assets		1,506,572,793	1,501,164,516	1,285,115,944

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

**Starflex Public Company Limited and its subsidiary**
**Statement of financial position (continued)**
**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements	Separate financial statements	
	Note	2021	2021	2020
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Short-term loans from financial institutions	16	52,730,688	52,730,688	27,427,652
Trade and other payables	17	294,885,333	289,064,359	284,967,062
Derivative liabilities	32	-	-	984,075
Current portion of long-term loans from financial institutions	18	54,248,404	54,248,404	-
Current portion of lease liabilities	13	13,558,322	13,558,322	21,102,600
Income tax payable		3,517,350	3,517,350	10,298,415
<b>Total current liabilities</b>		<b>418,940,097</b>	<b>413,119,123</b>	<b>344,779,804</b>
<b>Non-current liabilities</b>				
Long-term loans from financial institutions - net of current portion	18	70,377,419	70,377,419	-
Lease liabilities - net of current portion	13	14,017,499	14,017,499	26,095,387
Provision for long-term employee benefits	19	42,936,431	42,936,431	33,654,621
<b>Total non-current liabilities</b>		<b>127,331,349</b>	<b>127,331,349</b>	<b>59,750,008</b>
<b>Total liabilities</b>		<b>546,271,446</b>	<b>540,450,472</b>	<b>404,529,812</b>

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

**Starflex Public Company Limited and its subsidiary**
**Statement of financial position (continued)**
**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements	Separate financial statements	
	Note	2021	2021	2020
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered	20			
1,004,500,000 ordinary shares of Baht 0.5 each				
(2020: 820,000,000 ordinary shares of Baht 0.5 each)		502,250,000	502,250,000	410,000,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 0.5 each		410,000,000	410,000,000	410,000,000
Share premium		302,988,161	302,988,161	302,988,161
Retained earnings				
Appropriated - statutory reserve	21	30,287,399	30,287,399	26,802,399
Unappropriated		217,025,787	217,438,484	140,795,572
Total shareholders' equity		960,301,347	960,714,044	880,586,132
Total liabilities and shareholders' equity		1,506,572,793	1,501,164,516	1,285,115,944

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

**Starflex Public Company Limited and its subsidiary**  
**Statement of comprehensive income**  
**For the year ended 31 December 2021**

(Unit: Baht)

	Note	Consolidated financial statements	Separate financial statements	
		2021	2021	2020
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	25	1,677,153,812	1,674,027,898	1,398,054,095
Gain on exchange		-	-	1,630,079
Other income		50,160,047	50,271,854	15,343,563
<b>Total revenues</b>		<u>1,727,313,859</u>	<u>1,724,299,752</u>	<u>1,415,027,737</u>
<b>Expenses</b>				
Cost of sales		1,414,056,176	1,410,953,957	1,093,808,004
Selling and distribution expenses		34,143,283	34,143,283	29,522,924
Administrative expenses		118,251,386	117,926,801	116,414,508
Loss on exchange		57,638	57,638	-
<b>Total expenses</b>	22	<u>1,566,508,483</u>	<u>1,563,081,679</u>	<u>1,239,745,436</u>
<b>Profit from operating activities</b>		<u>160,805,376</u>	<u>161,218,073</u>	<u>175,282,301</u>
Finance cost	23	<u>(3,896,529)</u>	<u>(3,896,529)</u>	<u>(4,605,117)</u>
<b>Profit before income tax expenses</b>		<u>156,908,847</u>	<u>157,321,544</u>	<u>170,677,184</u>
Income tax expenses	24	<u>(7,493,672)</u>	<u>(7,493,672)</u>	<u>(27,872,582)</u>
<b>Profit for the year</b>		<u>149,415,175</u>	<u>149,827,872</u>	<u>142,804,602</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods</i>				
Actuarial gain	19	-	-	2,817,700
Less: Income tax effect	24	-	-	(563,540)
Other comprehensive income not to be reclassified to income statement in subsequent periods - net of income tax		-	-	2,254,160
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>	<u>2,254,160</u>
<b>Total comprehensive income for the year</b>		<u>149,415,175</u>	<u>149,827,872</u>	<u>145,058,762</u>
<b>Basic earnings per share</b>	26			
Profit		<u>0.18</u>	<u>0.18</u>	<u>0.17</u>
Weighted average number of ordinary shares (shares)		<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>

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

**Starflex Public Company Limited and its subsidiary**
**Statement of changes in shareholders' equity**
**For the year ended 31 December 2021**

(Unit: Baht)

Consolidated financial statements					
	Note	Issued and fully paid-up		Retained earnings	
		share capital	Share premium	Appropriated	Unappropriated
					Total
<b>Balance as at 1 January 2021</b>		410,000,000	302,988,161	26,802,399	140,795,572
Profit for the year		-	-	-	149,415,175
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	-	149,415,175
Dividend paid	27	-	-	-	(69,699,960)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	3,485,000	(3,485,000)
<b>Balance as at 31 December 2021</b>		<u>410,000,000</u>	<u>302,988,161</u>	<u>30,287,399</u>	<u>217,025,787</u>

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

Starflex Public Company Limited and its subsidiary  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2021

(Unit: Baht)

	Note	Separate financial statements			
		Issued and fully paid-up share capital	Share premium	Retained earnings	
				Appropriated	Unappropriated
					Total
Balance as at 1 January 2020		410,000,000	302,988,161	22,087,399	94,751,810
Profit for the year		-	-	-	142,804,602
Other comprehensive income for the year		-	-	-	2,254,160
Total comprehensive income for the year		-	-	-	145,058,762
Dividend paid	27	-	-	-	(94,300,000)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	4,715,000	(4,715,000)
Balance as at 31 December 2020		410,000,000	302,988,161	26,802,399	140,795,572
Balance as at 1 January 2021		410,000,000	302,988,161	26,802,399	140,795,572
Profit for the year		-	-	-	149,827,872
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	-	149,827,872
Dividend paid	27	-	-	-	(69,699,960)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	3,485,000	(3,485,000)
Balance as at 31 December 2021		410,000,000	302,988,161	30,287,399	217,438,484

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

**Starflex Public Company Limited and its subsidiary**
**Statements of cash flows**
**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2021</u>	<u>2021</u>	<u>2020</u>	
<b>Cash flows from operating activities</b>				
Profit before tax	156,908,847	157,321,544	170,677,184	
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	61,676,653	61,663,542	58,587,261	
Reversal of allowance for expected credit losses	(126,423)	(126,423)	(98,069)	
Allowance for reduction of inventory to net realisable value	191,627	191,627	2,241,316	
Gain on disposal/write-off of equipment	(34,507,500)	(34,507,500)	(196,260)	
Gain on disposal of right-of-use assets	(1,497,999)	(1,497,999)	-	
Gain on write-off of right-of-use assets from contract cancellation	-	-	(28,774)	
Provision for long-term employee benefits	9,942,850	9,942,850	8,084,507	
Unrealised loss (gain) on exchange	(168,443)	(168,443)	120,310	
Interest income	(340,442)	(340,442)	(1,516,462)	
Interest expenses	3,896,529	3,896,529	4,605,117	
Profit from operating activities before change in operating assets and liabilities	195,975,699	196,375,285	242,476,130	
Operating assets (increase) decrease				
Trade and other receivables	(50,812,836)	(47,625,961)	(24,933,256)	
Inventories	(105,762,197)	(99,476,562)	(27,038,402)	
Other current financial assets	(1,432,496)	(1,432,496)	(240,158)	
Other current assets	4,336,432	4,336,441	(5,055,129)	
Operating liabilities increase (decrease)				
Trade and other payables	20,589,671	14,768,698	(3,552,720)	
Cash from operating activities	62,894,273	66,945,405	181,656,465	
Interest income	331,954	331,954	1,527,558	
Cash paid for long-term employee benefits	(661,040)	(661,040)	(746,000)	
Cash paid for interest expenses	(3,719,846)	(3,719,846)	(5,073,472)	
Cash paid for income tax	(15,035,754)	(15,035,754)	(25,859,648)	
<b>Net cash from operating activities</b>	<b>43,809,587</b>	<b>47,860,719</b>	<b>151,504,903</b>	

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



**Starflex Public Company Limited and its subsidiary**
**Statements of cash flows (continued)**
**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated</b>	
	<b>financial</b>	<b>Separate financial statements</b>
	<b>statements</b>	
	<b>2021</b>	<b>2021</b>
		<b>2020</b>
<b>Cash flows from investing activities</b>		
Increase in investment in subsidiary	-	(6,500,000)
Decrease (increase) in restricted bank deposits	(60,614)	(60,614)
Acquisition of equipment	(174,429,907)	(174,411,085)
Proceeds from disposals of equipment	3,987,545	3,987,545
Acquisition of intangible assets	(855,237)	(816,237)
Decrease in other non-current financial assets	-	-
Increase in other non-current assets	(24,415,826)	(24,415,826)
<b>Net cash used in investing activities</b>	<b>(195,774,039)</b>	<b>(202,216,217)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans from financial institutions	25,099,413	25,099,413
Cash paid for lease liabilities	(21,742,540)	(21,742,540)
Dividend paid	(69,699,960)	(69,699,960)
Cash received from long-term loan	126,381,200	126,381,200
Repayment of long-term loan	(1,755,377)	(1,755,377)
<b>Net cash from (used in) financing activities</b>	<b>58,282,736</b>	<b>58,282,736</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(93,681,716)</b>	<b>(96,072,762)</b>
Cash and cash equivalents at beginning of year	168,512,110	168,512,110
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>74,830,394</b>	<b>168,512,110</b>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transactions from investing activities		
Accounts payable from purchasing equipment	1,139,429	1,139,429
Right-of-use assets increased during the year	2,120,373	2,120,373

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



**Starflex Public Company Limited and its subsidiary****Notes to consolidated financial statements****For the year ended 31 December 2021****1. General information****1.1 Corporate information**

Starflex Public Company Limited ("the Company") was incorporated as a limited company under Thai laws and registered the transformation to a public company under the Public Limited Companies Act on 28 March 2019 and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of flexible packaging. The registered head office of the Company is at 189/48-49 Moo.3 Theparak Road, T. Bangpreang, A. Bangbor, Samutprakan, and a branch in Samutprakan.

**1.2 Coronavirus disease 2019 Pandemic**

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

**2. Basis of preparation**

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Starflex Public Company Limited ("the Company") and the following subsidiary company ("the subsidiary") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u>	<u>2019</u>
			Percent	Percent
<u>Held by the Company</u>				
P S Plus Consulting Company Limited	Purchasing and Trading of flexible packaging	Thailand	100	-

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investment in subsidiary under the cost method.

## 3. New financial reporting standards

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

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

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

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

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

## **4. Significant accounting policies**

### **4.1 Revenue and expense recognition**

#### *Sales of goods*

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

#### *Interest income*

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

#### *Finance cost*

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

### **4.2 Cash and cash equivalents**

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

#### 4.3 Inventories

Finished goods are valued at the lower of cost (first in, first out basis) and net realisable value. Costs of finished goods include all production costs and attributable factory overheads.

Raw materials and supplies are valued at the lower of cost (first in, first out basis) and net realisable value and are charged to production costs whenever consumed.

#### 4.4 Investment in subsidiary

Investment in subsidiary is accounted for in the separate financial statements using the cost method.

#### 4.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any).

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

Plant	-	20 years
Plant improvement	-	10 - 20 years
Machinery and equipment	-	5 - 20 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

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

#### 4.6 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets are amortised as expenses in profit or loss on a straight-line basis over the economic useful life. A summary of the intangible assets are as follows

	<u>Useful lives</u>
Computer software	3 - 10 years



#### 4.7 Leases

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

##### **The Group as a lessee**

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

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

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

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

Plant, plant improvement	-	2 - 3 years
Machinery and equipment	-	5 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	2 - 5 years

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

***Lease liabilities***

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

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

***Short-term leases and leases of low-value assets***

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

**4.8 Related party transactions**

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

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

**4.9 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

#### **4.10 Impairment of non-financial assets**

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

An impairment loss is recognised in profit or loss.

#### **4.11 Employee benefits**

##### ***Short-term employee benefits***

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

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

###### ***Defined contribution plans***

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

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

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by professionally qualified independent actuaries based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefit 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 Group recognises restructuring-related costs.

#### **4.12 Provisions**

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

#### **4.13 Income tax**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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

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



#### 4.14 Financial instruments

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

##### **Classification and measurement of financial assets**

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

##### ***Financial assets at amortised cost***

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

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

##### ***Financial assets at FVOCI (debt instruments)***

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and to sell the financial asset 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.

##### ***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.

**Classification and measurement of financial liabilities**

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

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

**Impairment of financial assets**

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

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

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

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

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **4.15 Derivatives**

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

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

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

#### 4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

#### 5. Significant accounting judgements and estimates

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



## **Leases**

### ***Determining the lease term with extension and termination options - the Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

### ***Estimating the incremental borrowing rate - the Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### **Allowance for diminution in inventory value**

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

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

	(Unit: Thousand Baht)		
	For the year ended 31 December		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<u>Transactions with subsidiary company</u>			
(eliminated from the consolidated financial statements)			
Warehouse rental income	-	63	-
Service fees income	-	50	-
<u>Transactions with related parties</u>			
Sales of raw materials	-	-	3,285
Purchases of equipment	2,693	2,693	17,838
Purchases of raw materials	-	-	1,212
Rental of machinery	-	-	720
Service expenses	-	-	2,880
<u>Transactions with related person</u>			
Sales of assets	3,050	3,050	-
<u>Transfer pricing policy</u>			
Sales of raw materials	At the agreeable rate		
Sales of assets	At the contractual price		
Warehouse rental income	At the contractual price		
Service fees income	At the contractual price		
Purchases of equipment	At the contractual price		
Purchases of raw materials	At the agreeable rate		
Rental of machinery	At the agreeable rate		
Service expenses	At the agreeable rate		

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)			
For the year ended 31 December			
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<b>Other receivables (Note 8)</b>			
<b>Other receivables - related person</b>			
Directors	3,264	3,264	-
<b>Total other receivables - related person</b>	<u>3,264</u>	<u>3,264</u>	<u>-</u>

#### Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)			
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	29,593	29,593	32,158
Post-employment benefits and other long-term benefits	2,387	2,387	2,113
<b>Total</b>	<u>31,980</u>	<u>31,980</u>	<u>34,271</u>

## **7. Cash and cash equivalents**

(Unit: Thousand Baht)			
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Cash	145	110	110
Bank deposits - saving accounts	67,819	65,493	163,589
Bank deposits - fixed deposit accounts	622	622	621
Bank deposits - current accounts	6,244	6,214	4,192
<b>Total</b>	<u>74,830</u>	<u>72,439</u>	<u>168,512</u>

As at 31 December 2021, bank deposits in saving and fixed deposit accounts carried interests between 0.05 - 0.25 percent per annum (2020: between 0.05 - 0.30 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<u>Trade accounts receivable - unrelated parties</u>			
Aged on the basis of due dates			
Not yet due	192,774	191,137	220,714
Past due			
Up to 3 months	118,709	117,599	40,580
6 - 12 months	140	140	38
Over 12 months	7,419	7,419	7,386
Total trade accounts receivable - unrelated parties	319,042	316,295	268,718
Less: Allowance for expected credit losses	(7,345)	(7,345)	(7,471)
Total trade accounts receivable - unrelated parties, net	311,697	308,950	261,247
<u>Other receivables</u>			
Other receivables - related parties (Note 6)	3,264	3,264	-
Other receivables - unrelated parties	30,143	30,143	353
Other receivables - revenue department	440	-	-
Total other receivables	33,847	33,407	353
Trade and other receivables, net	345,544	342,357	261,600

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

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Beginning balance	7,471	7,471	7,569
Provision for expected credit losses	(126)	(126)	(98)
Ending balance	7,345	7,345	7,471



## 9. Inventories

Inventories as at 31 December 2021 and 2020 are presented below:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Cost	Reduce cost to net	
		realisable value	Inventories - net
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Finished goods	132,803	(6,667)	126,136
Work in process	36,602	(1,298)	35,304
Raw materials	171,078	(3,730)	167,348
Supplies	3,598	-	3,598
Goods in transit	1,466	-	1,466
Total	<u>345,547</u>	<u>(11,695)</u>	<u>333,852</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	126,518	81,665	(6,667)	(6,515)	119,851	75,150
Work in process	36,602	29,571	(1,298)	(1,090)	35,304	28,481
Raw materials	171,078	122,512	(3,730)	(3,899)	167,348	118,613
Supplies	3,598	3,828	-	-	3,598	3,828
Goods in transit	1,466	2,210	-	-	1,466	2,210
Total	<u>339,262</u>	<u>239,786</u>	<u>(11,695)</u>	<u>(11,504)</u>	<u>327,567</u>	<u>228,282</u>

During the current year, the Group reduced cost of inventories by Baht 0.2 million and for the Company by Baht 0.2 million (2020: Baht 2.2 million), to reflect the net realisable value. This was included in cost of sales.

#### 10. Restricted bank deposits

As at 31 December 2021, the Company pledged the fixed deposit account amount of Baht 12.3 million (2020: Baht 12.2 million) to secure its credit facilities of short-term loans as described in Note 16.

#### 11. Investment in subsidiary

Details of investment in subsidiary as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)			
Company	Paid-up capital	Shareholding percentage	Cost
		%	
P S Plus Consulting Co., Ltd.	6,500	100	6,500
Total			6,500

On 17 December 2020, the Company's Board of Directors passed a resolution approving the new subsidiary with the registered capital of Baht 2 million (20,000 ordinary shares of Baht 100 each), in which the Company holds 99.99% interest. This company registered its establishment with the Ministry of Commerce on 23 February 2021.

On 29 September 2021, the Company's Board of Directors passed a resolution to increase the registered share capital of subsidiary by Baht 18 million (180,000 ordinary shares of Baht 100 each), from Baht 2 million (20,000 ordinary shares of Baht 100 each) to Baht 20 million (200,000 ordinary shares of Baht 100 each). Such subsidiary company registered the increase in share capital with the Ministry of Commerce on 27 October 2021 and the Company paid for 25% of newly registered share capital amounted to Baht 4.5 million in October 2021.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Plant	Plant improvement	Machinery and equipment	Furniture and office equipments	Motor vehicles	Assets under installation
<b>Cost</b>							<b>Total</b>
1 January 2021	152,820	101,382	77,647	376,984	27,212	10,926	59,390
Additions	-	-	242	42,858	3,993	2,228	114,317
Disposals/write-off	-	-	(320)	(102,629)	(877)	(7,023)	-
Transfers in (out)	-	-	20,154	15,374	-	-	(35,528)
31 December 2021	152,820	101,382	97,723	332,587	30,328	6,131	138,179
<b>Accumulated depreciation:</b>							
1 January 2021	-	27,132	41,228	236,877	18,116	7,802	-
Depreciation for the year	-	5,066	5,503	28,310	4,065	803	-
Depreciation on disposals/write-off	-	-	(149)	(101,815)	(874)	(7,023)	-
31 December 2021	-	32,198	46,582	163,372	21,307	1,582	-
<b>Net book value:</b>							
31 December 2021	152,820	69,184	51,141	169,215	9,021	4,549	138,179
<b>Depreciation for the year</b>							<b>43,747</b>
2021 (Baht 39 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Plant	Plant improvement	Machinery and equipment	Furniture and office equipments	Motor vehicles	Assets under installation	
<b>Cost</b>								
1 January 2020	152,820	101,382	76,281	299,478	20,257	9,310	7,409	666,937
Additions	-	-	439	66,424	4,476	3,374	66,469	141,182
Disposals/write-off	-	-	-	-	-	(1,758)	-	(1,758)
Transfers in (out)	-	-	927	11,082	2,479	-	(14,488)	-
31 December 2020	152,820	101,382	77,647	376,984	27,212	10,926	59,390	806,361
Additions	-	-	242	42,858	3,974	2,228	114,317	163,619
Disposals/write-off	-	-	(320)	(102,629)	(877)	(7,023)	-	(110,849)
Transfers in (out)	-	-	20,154	15,374	-	-	(35,528)	-
31 December 2021	152,820	101,382	97,723	332,587	30,309	6,131	138,179	859,131
<b>Accumulated depreciation:</b>								
1 January 2020	-	22,053	36,918	214,043	14,327	9,022	-	296,363
Depreciation for the year	-	5,079	4,310	22,834	3,789	538	-	36,550
Depreciation on disposals/write-off	-	-	-	-	-	(1,758)	-	(1,758)
31 December 2020	-	27,132	41,228	236,877	18,116	7,802	-	331,155
Depreciation for the year	-	5,066	5,503	28,310	4,061	803	-	43,743
Depreciation on disposals/write-off	-	-	(149)	(101,815)	(874)	(7,023)	-	(109,861)
31 December 2021	-	32,198	46,582	163,372	21,303	1,582	-	265,037
<b>Net book value:</b>								
31 December 2020	152,820	74,250	36,419	140,107	9,096	3,124	59,390	475,206
31 December 2021	152,820	69,184	51,141	169,215	9,006	4,549	138,179	594,094
<b>Depreciation for the year</b>								
2020 (Baht 32 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								36,550
2021 (Baht 39 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								43,743

As at 31 December 2021, the Group had certain equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 100 million and for the Company amounted to Baht 100 million (2020: Baht 172 million).

As at 31 December 2021, the Group has mortgaged their property, plant and equipment amounting to approximately Baht 303 million as collateral against credit facilities received from financial institutions (the Company only: Baht 303 million).

### 13. Leases

The Group as a lessee, has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 5 years.

#### 13.1 Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)					
Consolidated financial statements					
	Plant and plant improvement	Machinery and equipment	Motor vehicles	Furniture and office equipment	Total
1 January 2021	12,107	41,854	3,787	1,315	59,063
Additions	-	915	1,205	-	2,120
Depreciation for the year	(8,327)	(5,285)	(2,168)	(378)	(16,158)
31 December 2021	3,780	37,484	2,824	937	45,025

(Unit: Thousand Baht)					
Separate financial statements					
	Plant and plant improvement	Machinery and equipment	Motor vehicles	Furniture and office equipment	Total
1 January 2020	23,917	48,692	5,834	1,695	80,138
Additions	-	-	539	-	539
Adjustment from lease modification	(159)	405	-	-	246
Write-off from contract cancellation	-	(1,579)	-	-	(1,579)
Depreciation for the year	(11,651)	(5,664)	(2,586)	(380)	(20,281)
31 December 2020	12,107	41,854	3,787	1,315	59,063
Additions	-	915	1,205	-	2,120
Depreciation for the year	(8,327)	(5,285)	(2,168)	(378)	(16,158)
31 December 2021	3,780	37,484	2,824	937	45,025

### 13.2 Lease liabilities

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Lease liabilities	28,702	28,702	49,729
Less: Deferred interest expenses	(1,126)	(1,126)	(2,531)
Total	27,576	27,576	47,198
Less: Portion due within one year	(13,558)	(13,558)	(21,103)
Lease liabilities - net of current portion	14,018	14,018	26,095

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	47,198	47,198	72,877
Additions	2,120	2,120	404
Accretion of interest	1,608	1,608	2,844
Adjustment form lease modification and contract cancellation	-	-	(1,202)
Repayments	(23,350)	(23,350)	(27,725)
Balance at end of year	27,576	27,576	47,198

A maturity analysis of lease payments is disclosed in Note 32.2 under the liquidity risk.



### 13.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	16,158	16,158	20,281
Interest expense on lease liabilities	1,608	1,608	2,844
Expense relating to short-term leases	2,502	2,502	824
Expense relating to leases of low-value assets	853	853	194

### 13.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 26.7 million (the Company only: Baht 26.7 million, 2020: Baht 28.7 million), including the cash outflow related to short-term leases and leases of low-value assets.

### 14. Intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Cost - Computer software	15,567	15,528	14,712
Less: Accumulated amortisation	(13,436)	(13,427)	(11,665)
Net book value	<u>2,131</u>	<u>2,101</u>	<u>3,047</u>

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Net book value as at 1 January	3,047	3,047	4,091
Acquisition during the year - cost	856	817	711
Amortisation during the year	(1,772)	(1,763)	(1,755)
Net book value as at 31 December	<u>2,131</u>	<u>2,101</u>	<u>3,047</u>

#### 15. Other non-current assets

As at 31 December 2021, other non-current assets consist of deposits on construction of plant and machinery, amounting to Baht 63.2 million (2020: Baht 38.8 million).

#### 16. Short-term loans from financial institutions

	(Unit: Thousand Baht)				
	(Percent per annum)		Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
Short-term loans from financial institutions	2.10	2.10 - 2.30	32,731	32,731	27,428
Promissory notes	2.50	-	20,000	20,000	-
Total			<u>52,731</u>	<u>52,731</u>	<u>27,428</u>

Movements of the short-term loans during the year ended 31 December 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	27,428	27,428
Add: Increase during the year	288,242	288,242
Less: Repayment during the year	(263,143)	(263,143)
Unrealised gain on exchange	204	204
Balance as at 31 December 2021	<u>52,731</u>	<u>52,731</u>

As at 31 December 2021, bank overdraft, and short-term loan from a financial institution are secured by the pledge of fixed deposits.



As at 31 December 2021, the Group has short-term credit facilities which have not yet been drawn down amounted to Baht 422 million (the Company only: Baht 422 million, 2020: Baht 248 million).

#### 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Trade payables - unrelated companies	235,602	229,933	209,368
Other payables - unrelated companies	29,226	29,226	43,300
Accrued expenses	24,877	24,727	28,293
Payable - Revenue department	5,180	5,178	4,006
Total trade and other payables	<u>294,885</u>	<u>289,064</u>	<u>284,967</u>

#### 18. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Long-term loans from financial institutions	124,626	124,626	-
Less: Current portion	<u>(54,248)</u>	<u>(54,248)</u>	-
Long-term loans, net	<u>70,378</u>	<u>70,378</u>	-

Movements of the long-term loans during the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Beginning balance	-	-	98,865
Additional borrowings	126,381	126,381	-
Repayments	<u>(1,755)</u>	<u>(1,755)</u>	<u>(98,865)</u>
Ending balance	<u>124,626</u>	<u>124,626</u>	-

As at 31 December 2021, the Group has long-term credit facilities which have not yet been drawn down amounted to Baht 243 million (the Company only: Baht 243 million).

**Long-term loans of the Company**

- a) In September 2021, the Company entered into a long-term loan agreement with a local financial institution, granting credit facilities of Baht 30 million on which interest is charged at annual rates based on specified rate in the agreement. The term of long-term loan agreement is 4 years and due within September 2025. Repayment of principal and interest is to be made on a monthly basis for 48 consecutive months, with the Company to pay Baht 0.7 million of principal and interest for the 1st - 47th month and the remaining principal and interest to be paid in the 48th month. This loan is an unsecured loan. As at 31 December 2021, the outstanding balance of the aforesaid loan is Baht 28.2 million.
- b) In December 2021, the Company entered into a long-term loan agreement with a local financial institution, granting credit facilities of Baht 39.5 million on which interest is charged at annual rates based on specified rate in the agreement. The term of long-term loan agreement is 5 years and due within August 2026. Repayment of principal and interest is to be made on a monthly basis for 57 consecutive months, with the Company to pay only interest for 1st - 3rd month and Baht 0.7 million of principal and interest for the 4th - 56th month and the remaining principal and interest to be paid in the 57th month. This loan is a secured loan consists of equipment with a carrying value of Baht 49 million and requires the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreement. As at 31 December 2021, the outstanding balance of the aforesaid loan is Baht 30.1 million.
- c) In December 2021, the Company entered into a long-term loan agreement with a local financial institution, granting credit facilities of Baht 190 million on which interest is charged at annual rates based on specified rate in the agreement. The term of long-term loan agreement is 5 years and due within November 2026. Repayment of principal and interest is to be made on a monthly basis for 59 consecutive months, with the Company to pay Baht 3.5 million of principal and interest for the 1st - 58th month and the remaining principal and interest to be paid in the 59th month. As at 31 December 2021, the outstanding balance of the aforesaid loan is Baht 66.8 million.
- d) In December 2021, the Company entered into a long-term loan agreement with a local financial institution, granting credit facilities of Baht 110 million on which interest is charged at annual rates based on specified rate in the agreement. The term of long-term loan agreement is 5 years. Repayment of principal and interest is to be made on a monthly basis in amount of Baht 2.1 million. As at 31 December 2021, the stated loan has not yet been drawn down.

The c) and d) loans are secured loan by mortgaged of property and plant with a carrying value of Baht 254 million.

**19. Provision for long-term employee benefits**

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements			Separate financial statements		
	2021			2020		
	Post- employment benefits	Other long-term employee benefits	Total	Post- employment benefits	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits at beginning of year</b>	31,424	2,230	33,654	26,956	2,178	29,134
Included in profit or loss:						
Current service cost	8,758	695	9,453	7,524	595	8,119
Interest cost	459	31	490	352	25	377
Actuarial loss arising from financial assumptions changes	-	-	-	-	(412)	(412)
Included in other comprehensives income:						
Actuarial loss arising from Financial assumptions changes	-	-	-	2,496	-	2,496
Demographic assumptions changes	-	-	-	(7,568)	-	(7,568)
Experience adjustments	-	-	-	2,254	-	2,254
Benefits paid during the year	(343)	(318)	(661)	(590)	(156)	(746)
<b>Provision for long-term employee benefits at end of year</b>	<b>40,298</b>	<b>2,638</b>	<b>42,936</b>	<b>31,424</b>	<b>2,230</b>	<b>33,654</b>

The Group expects to pay Baht 9.4 million of long-term employee benefits during the next year (the Company only: Baht 9.4 million, 2020: Baht 0.7 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 19 years (the Company only: 19 years, 2020: 19 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated/ Separate financial statements	Separate financial statements
	<u>2021</u>	<u>2020</u>
Discount rate	1.46	1.46
Salary increase rate	6.00	6.00
Turnover rate	0.00 - 34.00	0.00 - 34.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(Unit: Million Baht)			
	Consolidated/ Separate financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3.08)	3.50	(2.64)	3.00
Salary increase rate	3.58	(3.21)	2.72	(2.44)
Turnover rate	(3.34)	2.20	(2.86)	2.19



## 20. Share capital

On 11 September 2020, the Extraordinary General Meeting of shareholders passed a resolution on the change in the par value of the ordinary shares of the Group from Baht 1.0 per share to Baht 0.5 per share. As a result, the Group's registered ordinary shares increased by 410 million shares, from former registered ordinary share of 410 million shares to new registered ordinary shares of 820 million shares. The Group registered the change in the par value with Ministry of Commerce on 16 September 2020.

On 3 November 2021, the Extraordinary General Meeting of Shareholders for the year 2021 of the Company passed a resolution on the following matters.

1. Issuance of up to 184,500,000 warrants to the Company's existing shareholders by way of a rights issue are presented below.
  - The first warrants (SFLEX-W1) up to 82,000,000 warrants at the rate of 1 warrant for every 10 ordinary shares without offering price. The warrants have a term of 18 months, an exercise ratio of 1 warrant per 1 new ordinary share and an exercise price of Baht 4.50 per share.
  - The second warrants (SFLEX-W2) up to 102,500,000 warrants at the rate of 1 warrant for every 8 ordinary shares without offering price. The warrants have a term of 4 years, an exercise ratio of 1 warrant per 1 new ordinary share and an exercise price of Baht 10.00 per share.
2. An increase of the Company's registered share capital not exceeding 184,500,000 shares at par value of Baht 0.50 by allocating additional ordinary shares of 82,000,000 shares and 102,500,000 shares to support the exercise of warrant to purchase the ordinary shares of the Company for SFLEX-W1 and SFLEX-W2, respectively. The Company registered the increase in share capital with the Ministry of Commerce on 16 November 2021.

## 21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. During current year, the Company has set aside the statutory reserve of Baht 3.5 million (2020: Baht 4.7 million).

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	1,032,184	1,032,184	824,907
Changes in inventories of finished goods and work in process increase	57,809	51,524	17,734
Salaries, wages and other employee benefits	263,819	263,819	216,903
Depreciation and amortisation expenses	61,677	61,664	58,587
Freight and transportation of goods expenses	17,107	17,026	12,525
Loss on exchange	58	58	-

## 23. Finance cost

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Interest expenses on borrowings	2,289	2,289	1,761
Interest expenses on lease liabilities	1,608	1,608	2,844
<b>Total finance cost</b>	<b>3,897</b>	<b>3,897</b>	<b>4,605</b>

## 24. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>			
Current income tax charge	8,289	8,289	27,997
Adjustment in respect of income tax of previous year	(34)	(34)	-
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	(761)	(761)	(124)
<b>Income tax expenses reported in profit or loss</b>	<u>7,494</u>	<u>7,494</u>	<u>27,873</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follow:

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to actuarial gains	-	-	(563)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)			
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	156,909	157,322	170,677
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	31,382	31,464	34,135
Adjustment in respect of income tax of previous year	(34)	(34)	-
Effects of:			
Promotional privileges (Note 25)	(23,724)	(23,724)	(8,728)
Non-deductible expenses	795	795	2,773
Additional expense deductions allowed	(281)	(281)	(184)
Others	(644)	(726)	(123)
Total	(23,854)	(23,936)	(6,262)
Income tax expenses reported in profit or loss	7,494	7,494	27,873

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)			
Statements of financial position			
	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<b>Deferred tax assets</b>			
Allowance for expected credit losses	1,469	1,469	1,494
Allowance for diminution in value of inventories	2,339	2,339	2,301
Accumulated depreciation - equipment	(3,486)	(3,486)	(2,402)
Other payable - deferred revenue	50	50	74
Provision for long-term employee benefits	8,587	8,587	6,731
Total	8,959	8,959	8,198



## 25. Promotional privileges

The Company has received the promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment as follows:

Certificate No.	63-0658-1-04-1-0
Date	22 June 2020
1. Promotional privileges for	Manufacture of multilayer plastics packaging
2. Significant privileges	
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income after receiving the promotional privileges) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	3 years and not exceed 50 percent of the investment or Baht 39.17 million (will expire on 22 June 2023)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years
2.3 Exemption from import duty on machines which are approved by Board of Investment commencing from the first import date.	3 years
3. Date of first earning operating income	1 July 2020

The Company has to comply with certain conditions and restrictions specified under the promotional certificate.

The Company's operating revenues for the years ended 31 December 2021 and 2020, divided between promoted and non-promoted operations, are summarised below.

	Promoted operations		Non-promoted operations		(Unit: Thousand Baht)	
	2021	2020	2021	2020	2021	2020
Sales						
Domestic sales	1,369,200	652,213	304,828	744,551	1,674,028	1,396,764
Export sales	-	1,290	-	-	-	1,290
Total sales	1,369,200	653,503	304,828	744,551	1,674,028	1,398,054

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 27. Dividend

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
<u>For the year 2021</u>			
Dividends for 2020	Annual General Meeting of the shareholders on 8 April 2021	36,900	0.045
Interim dividends No. 1	Board of Directors' meeting on 10 August 2021	32,800	0.040
Total dividends paid		69,700	0.085
<u>For the year 2020</u>			
Interim dividends No. 1	Board of Directors' meeting on 7 April 2020	61,500	0.150
Interim dividends No. 2	Board of Directors' meeting on 10 August 2020	32,800	0.080
Total dividends paid		94,300	0.230

## 28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and have three reportable segments as follows:

- The packaging products for food
- The packaging products for non-food
- Other

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating revenue and on a basis consistent with that used to measure operating revenue in the financial statements.

The following tables present revenue information regarding the Group's operating segments for the years ended 31 December 2021 (2020: the Company only).

(Unit: Thousand Baht)

	Food packaging		Non-food packaging		Other		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenue</b>								
Revenue from external customers	364,765	308,156	1,309,263	1,089,898	3,126	-	1,677,154	1,398,054
<b>Total revenue</b>	<u>364,765</u>	<u>308,156</u>	<u>1,309,263</u>	<u>1,089,898</u>	<u>3,126</u>	<u>-</u>	<u>1,677,154</u>	<u>1,398,054</u>
<b>Operating information</b>								
<b>Segment gross profit</b>	802	18,621	262,272	285,625	24	-	263,098	304,246
Other income							50,160	15,344
Gain (loss) on exchange							(58)	1,630
Selling and distribution expenses							(34,143)	(29,523)
Administrative expenses							(118,251)	(116,415)
Finance cost							(3,897)	(4,605)
<b>Profit before income tax expenses</b>							156,909	170,677
Income tax expenses							(7,494)	(27,872)
<b>Profit for the year</b>							<u>149,415</u>	<u>142,805</u>

### Geographic information

The Group mainly operates in Thailand. As a result, all the revenues as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2021, the Group has revenue from 4 major customers in amount of Baht 1,130 million (2020: Baht 962 million derived from 4 major customers).

## 29. Provident fund

The Company and its employees have established a provident fund under the Provident Fund Act BE 2530. The Company and its employees will contribute to the fund monthly at the rate of 2 to 5 of basic salary. The provident fund is managed by UOB Asset Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to Baht 5.8 million (2020: Baht 4.8 million) were recognised as expenses.

## 30. Commitments and contingent liabilities

### 30.1 Capital commitments

As at 31 December 2021, the Group had capital commitments relating to the acquisition of machinery and equipment of approximately Baht 98.0 million and the Company only of approximately Baht 98.0 million (2020: the Company only: Baht 28.3 million).

### 30.2 Lease commitments

As at 31 December 2021 and 2020, the Group has future lease payments of low-value assets required under these leases contracts that have not yet commenced as follows:

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
In up to 1 year	2.5	2.5	3.1
In over 1 and up to 5 years	0.4	0.4	0.9

### 30.3 Long-term service commitments

- a) The Company has commitments under several service agreements in respect of the security service, maintenance service of computer software and other services. The terms of the agreements are averagely 1 year. As at 31 December 2021, future minimum payments under these agreements were Baht 3.8 million (2020: Baht 0.6 million).
- b) The Company has commitments under service agreements regarding the consulting of Baht 4.2 million (2020: Baht 0.1 million).

### 30.4 Guarantees

As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 3.5 million (2020: Baht 3.5 million) issued by banks in respect of certain performance bonds as required in the normal course of business to guarantee electricity use.

### 30.5 Other commitment

- a) On 29 September 2021, the Company's Board of Directors passed a resolution to establish joint venture between the Company and Thai Union Graphic Company Limited with the registered capital of Baht 250 million (2,450,000 ordinary shares and 50,000 preferred shares of Baht 100 each). The Company signed memorandum of understanding to establish its joint venture on 30 September 2021. The Company will invest in the ordinary shares of 1,250,000 shares at par value of Baht 100 each totaling Baht 125 million and shareholding percentage in such company will be 51 percent.
- b) As at 31 December 2021, the Company has outstanding commitment in respect of uncalled portion of investment in a subsidiary of approximately Baht 13.5 million.

### 31. Fair value hierarchy

As at 31 December 2021 and 2020, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	As at 31 December 2021	
	Level 2	Total
<b>Financial assets measured at fair value</b>		
<b>Derivatives</b>		
Forward exchange contracts	0.3	0.3



(Unit: Million Baht)

As at 31 December 2020

	Level 2	Total
<b>Financial liabilities measured at fair value</b>		
<b>Derivatives</b>		
Forward exchange contracts	1.0	1.0

During the current year, there were no transfers within the fair value hierarchy.

## 32. Financial instruments

### 32.1 Derivatives

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2021</u>	<u>2021</u>	<u>2020</u>
<b>Derivative assets</b>			
Derivatives assets not designated as hedging instruments			
Foreign exchange forward contracts	316	316	-
<b>Total derivative assets</b>	<u>316</u>	<u>316</u>	<u>-</u>
<b>Derivative liabilities</b>			
Derivatives liabilities not designated as hedging instruments			
Foreign exchange forward contracts	-	-	984
<b>Total derivative liabilities</b>	<u>-</u>	<u>-</u>	<u>984</u>

#### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally not over 6 months.

## 32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, short-term and long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade and other receivables, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for Companyings of various customer segments with similar credit risks. The Group classifies customer segments by customer rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 360 days and not subject to enforcement activity.

#### Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The Group had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2021				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 December 2021 (Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	-	1.1	33.2469	33.5929

As at 31 December 2020				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 December 2020 (Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	-	1.1	29.8674	30.2068

As at 31 December 2021 and 2020, the Group had the outstanding foreign exchange contracts outstanding as summarised below.

As at 31 December 2021			
Foreign currency	Bought amount (Million)	Contractual exchange rate from amount brought (Baht per 1 foreign currency unit)	Contractual maturity rate
US dollar	1.1	32.8500 - 33.4600	January - June 2022

As at 31 December 2020			
Foreign currency	Bought amount (Million)	Contractual exchange rate from amount brought (Baht per 1 foreign currency unit)	Contractual maturity rate
US dollar	1.0	30.0800 - 31.2800	March - June 2021



#### *Foreign currency sensitivity*

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020.

Currency	2021		2020	
	Change in FX rate	Effect on profit before tax	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US dollar	+ 6	(2,395)	+ 4	(1,338)
US dollar	- 6	2,395	- 4	1,338

#### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, restricted bank deposits, short-term borrowings, and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2021						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (percent per annum)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	69	6	75	0.05 - 0.25
Trade and other receivables	-	-	-	346	346	-
Restricted bank deposits	-	-	12	-	12	0.50
Other non-current financial assets	-	-	-	5	5	-
	-	-	81	357	438	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	53	-	-	-	53	2.10 - 2.50
Trade and other payables	-	-	-	295	295	-
Long-term loans from financial institutions	-	-	125	-	125	MLR - 1% and 2.00 - 3.75
Liabilities under lease agreements	14	14	-	-	28	1.31 - 6.00
	67	14	125	295	501	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2021						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (percent per annum)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	66	6	72	0.05 - 0.25
Trade and other receivables	-	-	-	342	342	-
Restricted bank deposits	-	-	12	-	12	0.50
Other non-current financial assets	-	-	-	5	5	-
	-	-	78	353	431	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	53	-	-	-	53	2.10 - 2.50
Trade and other payables	-	-	-	289	289	-
Long-term loans from financial institutions	-	-	125	-	125	MLR - 1% and 2.00 - 3.75
Liabilities under lease agreements	14	14	-	-	28	1.31 - 6.00
	67	14	125	289	495	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2020						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (percent per annum)	
Within 1 year	1 - 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	164	4	168	0.05 - 0.30
Trade and other receivables	-	-	-	262	262	-
Restricted bank deposits	-	-	12	-	12	0.50
Other non-current financial assets	-	-	-	5	5	-
	-	-	176	271	447	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	27	-	-	-	27	2.10 - 2.30
Trade and other payables	-	-	-	285	285	-
Liabilities under lease agreements	21	26	-	-	47	1.31 - 8.66
	48	26	-	285	359	

#### Interest rate sensitivity

As at 31 December 2021 and 2020, the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of interest-bearing bank accounts and restricted bank deposits affected insignificantly.

#### Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank loans and lease contracts. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows.

(Unit: Thousand Baht)

	As at 31 December 2021					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>						
Short-term loans from financial institutions	52,731	-	52,731	52,731	-	52,731
Trade and other payables	294,885	-	294,885	289,064	-	289,064
Lease liabilities	14,242	14,460	28,702	14,242	14,460	28,702
<b>Total non-derivatives</b>	<b>361,858</b>	<b>14,460</b>	<b>376,318</b>	<b>356,037</b>	<b>14,460</b>	<b>370,497</b>
<b>Derivatives</b>						
Derivative assets: net settled	316	-	316	316	-	316

(Unit: Thousand Baht)

	As at 31 December 2020		
	Separate financial statements		
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Short-term loans from financial institutions	27,428	-	27,428
Trade and other payables	284,967	-	284,967
Lease liabilities	22,633	27,096	49,729
<b>Total non-derivatives</b>	<b>335,028</b>	<b>27,096</b>	<b>362,124</b>
<b>Derivatives</b>			
Derivative liabilities: net settled	984	-	984

### 32.3 Fair values of financial instruments

Since the majority of the Group'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.

As at 31 December 2021 and 2020, the fair value of derivatives are as follow:

	(Unit: Million Baht)	
	31 December	
	2021	2020
	Profit	Loss
<b>Derivatives</b>		
Buying foreign exchange contracts	0.3	1.0

### 33. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 0.6:1 and the Company's was 0.6:1 (2020: 0.5:1).

### 34. Events after the reporting period

#### 34.1 Warrants

On 14 January 2022 and 21 January 2022, the Company issued and allocated warrants for rights to purchase the Company's ordinary shares No. 1 (SFLEX-W1) and No. 2 (SFLEX-W2), respectively, totaling 184,499,354 units to the existing shareholders of the Company (Note 20). Details are as follows:

##### Warrants SFLEX-W1

Type	Name registered and transferrable
Number of issue warrants	81,999,956 units
Offering price per unit	Baht 0 per unit
Maturity of warrants	1 year 6 months from the date of issuance and allocation
Conversion ratio	1 ordinary share per 1 unit of warrant
Exercise price	Baht 4.50 per share, subject to change in accordance with the conditions of rights adjustments
Expiry date	13 July 2023
Conditions and period of exercise	Every 6 months, with the first exercise date on 12 July 2022, and final exercise date on 13 July 2023

#### Warrants SFLEX-W2

Type	Name registered and transferrable
Number of issue warrants	102,499,398 units
Offering price per unit	Baht 0 per unit
Maturity of warrants	4 years from the date of issuance and allocation
Conversion ratio	1 ordinary share per 1 unit of warrant
Exercise price	Baht 10.00 per share, subject to change in accordance with the conditions of rights adjustments
Expiry date	20 January 2026
Conditions and period of exercise	One time, on the last business day on 20 January 2026

34.2 On 25 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.045 per shares or a total of Baht 36.9 million from the Company's 2021 operating result. The Company will set aside a statutory reserve of Baht 1.85 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

#### **35. Approval of financial statements**

These financial statements were authorised for issue by the Board of directors on 25 February 2022.

## Part 4 Certification of Information



**Certification of Information**

The Company has carefully reviewed the information in this annual report. The Company hereby certifies that such information is correct, complete, not false and not misleading or lack of information that should be notified in material matters.

1. Financial statements and financial information that summarized in the annual report present fairly, in all material respects, the financial position of Starflex Public Company Limited and its subsidiary, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
2. The Company has established a good information disclosure system to ensure that the Company has disclosed the information in the important parts both of the Company and its subsidiary correctly and completely as well as to control and supervise the implementation of the system.
3. The Company has set up a good internal control system and supervise to ensure compliance with the system and the Company has informed the internal control system assessment information as of the latest available date to the auditor and the Audit Committee of the Company. This covers deficiencies and significant changes in the internal control system including unlawful conduct that may affect the preparation of the Company's financial reports and subsidiary.

In this regard, as evidence that all documents are the same set of documents that the Company has been verified. The Company has assigned Mr. Somchai Wongrassamee to sign this document on every page. If any document does not have the signature of Mr. Somchai Wongrassamee, the Company shall be deemed not to be the information that the Company certifies the accuracy of the above information.

Name	Position	Signature
Mr. Somchai Wongrassamee	Chief Financial Officer/ Executive Board of Directors / Risk Management Committee / Company Secretary	<hr/> (Mr.Somchai Wongrassamee)

## Attachment 1: Details of directors, executives and controlling persons



## Board of Directors

Mr. Pakorn Malakul Na Ayudhya

Chairman of the Board of Directors, and Independent Director

Date of Appointment 11 May 2018

### Education:

- Bachelor Degree in Economic Queen's University

### Diploma:

- National Defense College, Class 8

### Work Experience:

2018 – Present

- Chairman of the Board of Director,  
Starflex Public Company Limited

2017 – Present

- The Subcommittee Screening of Director of State  
Enterprises  
Prime Minister's Office

2014 – Present

- Chairman of the Board of Director, and  
Indepent Director  
Interlink Telecom Public Company Limited

2012 – Present

- Vice Chairman  
Institute of research and Development for  
Public Enterprise

2007 – Present

- Chairman  
Associate of Capital Market Academy

2007 – Present

- Deputy Chairman, Chairman of the  
Nomination and Remuneration Committee,  
Member of the Audit Committee  
Standard Charter Bank (Thai) Public  
Company Limited

### IOD Training:

- The Role of Chairman Program (RCP)      2002

The Company's Shareholding (as at 31 December 2021) : 2,000,000 Shares (0.24%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

**Mr. Printhorn Apithanasriwong**

**Chairman of the Board of Executive Directors**

Date of Appointment: 20 August 2003

### Education:

- Bachelor Degree in Commerce and Accountancy  
Chulalongkorn University
- Master of International Business  
St. Louis University

### Work Experience:

*2003 – Present*

- Chairman of the Board of Executive Directors  
**Starflex Public Company Limited**

*2019 – Present*

- Chairman of the Board of Directors  
**PKN Holding Company Limited**

*2016 – 2019*

- Chairman of the Board of Directors and Chief Executive Officer  
**PKN Holding Company Limited**

*1991 – Present*

- Board of director and Chief Executive Officer  
**Starprint Public Company Limited**

*2021 – Present*

- Board of director  
**PS Plus Consulting Company limited**

### IOD Training:

- Finance for Non-Finance Director (FND) 2004
- Director Accreditation Program (DAP) 2004
- Director Certification Program (DCP) 2005

The Company's Shareholding (as at 31 December 2021) : 188,203,000 Shares (22.95%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

Gen. Montee Sungkasap

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

Date of Appointment: 11 May 2018

### Education:

- Bachelor Degree  
Chulachomklao Royal Military Academy
- Master of Arts  
Military

### Diploma:

- National Defense College (English), Year 1998
- National Defense College (Thailand), Class 44

### Work Experience:

*2018 – Present*

- Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and Independent Directors  
**Starflex Public Company Limited**

*2018 – Present*

- Chairman of the Board of Director, Chairman of the Risk Committee and Independent Directors  
**NFC Public Company Limited**

*2011 – Present*

- Advisory Board of Broadcasting Committee  
**Television Business and the National Telecommunications Commission (NBTC)**

### IOD Training:

- |   |      |
|---|------|
| ➤ Board Nomination and Compensation Program | 2020 |
| ➤ Advance Audit Committee Program (AACP)    | 2018 |
| ➤ Director Certification Program (DCP)      | 2018 |
| ➤ The Role of Chairman Program (RCP)        | 2007 |

The Company's Shareholding (as at 31 December 2021) : 100,000 Shares (0.01%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

Mr. Ek Picharnchitra

Vice Chairman of the Executive Board of Directors

Date of Appointment: 26 May 2010

### Education:

- Bachelor Degree in Economics  
Thammasat University
- Master of Monetary Policy  
Middle Tennessee State University (honor)

2017 – 2020

- Chief Executive Officer  
Starflex Public Company Limited

2004 – 2016

- Managing Director  
Starflex Company Limited

2002 – 2019

- Board of Director  
Starprint Public Company Limited

### Work Experience:

2020 – Present

- Vice Chairman of the Executive Board of Directors  
Starflex Public Company Limited

### IOD Training:

- Director Certification Program (DCP) 2017

The Company's Shareholding (as at 31 December 2021) : 81,710,000 Shares (9.96%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

Mr. Kajhitphome Sudsok

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

Date of Appointment: 11 May 2018

### Education:

- Bachelor of Marketing, Faculty of Commerce and Accountancy  
Chulalongkorn University
- Master of International Marketing (MBA)  
Certificate of Financial Management  
City University, U.S.A.

2011 – 2016

- Assistant Managing Director Business credit  
Thai Credit Bank Public Company Limited

2009 – 2010

- Senior Vice President Credit Risk Department  
Thai Credit Bank Public Company Limited

### Work Experience:

2018 – Present

- Chairman of the Risk Committee, Audit Committee, Nomination and Remuneration Committee and Independent Directors  
Starflex Public Company Limited

### IOD Training:

- |  |      |
|--|------|
| ➤ Role of the Chairman Program (RCP)           | 2020 |
| ➤ Strategic Board Master Class (SBM)           | 2020 |
| ➤ Risk Management Program for Corporate Leader | 2019 |
| ➤ Advanced Audit Committee Program (AAP)       | 2018 |
| ➤ Director Certification Program (DCP)         | 2018 |
| ➤ Ethical Leadership Program (ELP)             | 2015 |

The Company's Shareholding (as at 31 December 2021) : 400,000 Shares (0.05%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -





## Board of Directors

Mr. Rong Hirunpanich

Audit Committee, Risk Committee, and Independent Director

Date of Appointment: 24 June 2020

### Education:

- Bachelor of Business Administration  
(Business Computer)  
Assumption University of Thailand
- Master of Business Administration  
(Finance & Marketing Management)  
Sripatum University

*2020 – Present*

- Executive Vice President Head of Internal Audit  
Thai Credit Bank Public Company Limited

*2013 – 2020*

- Senior Director of Internal Audit Group  
Thai Credit Bank Public Company Limited

### Work Experience:

*2020 – Present*

- Audit Committee, Risk Committee and  
Independent Directors  
Starflex Public Company Limited

### IOD Training:

- Director Certification Program (DCP) 2020
- Corporate Governance for Executives (CGE) 2020

The Company's Shareholding (as at 31 December 2021) : -

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

Mr. Chairit Simaroj

Independent Director

Date of Appointment: 24 June 2020

### Education:

- Bachelor of Engineering (Mechanical)  
Kasetsart University
- Master of Business  
University of Indianapolis, U.S.A.

*2018 – Present*

- Audit Committee and Independent Director  
**Buriram United Company Limited**

*2002 – Present*

- Managing Director  
**Susco Public Company Limited**

### Work Experience:

*2020 – Present*

- Independent Director  
**Starflex Public Company Limited**

### IOD Training:

- Director Certification Program (DCP)      2003

The Company's Shareholding (as at 31 December 2021) : -

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

**Mr. Sompote Valyasevi**

Chief Executive Officer, Executive Board of Directors, Risk Management Committee, and Nomination and Remuneration Committee

Date of Appointment: 11 May 2018

### Education:

- Bachelor of Engineering  
Kasetsart University
- Master of Business Administration  
University of Dallas, USA
- Doctor of Business Administration,  
The Joint Doctoral Program in Business  
Administration (JDBA) cooperated by  
Chulalongkorn University, Thammasat University  
and National Institute of Development  
Administration

### Work Experience:

*2020 – Present*

- Chief Executive Officer, Executive Board of  
Directors, Risk Management Committee and  
Nomination and Remuneration Committee  
**Starflex Public Company Limited**

*2018 – 2020*

- Audit Committee and Independent Director  
**Starflex Public Company Limited**

*2020 – Present*

- Board of Executive Directors  
**Asia Precision Public Company Limited**  
**A2 Technologies Company Limited**  
**APCS Technologies Company Limited**  
**A2 Teeravat Joint Venture Company Limited**

*2013 – 2020*

- Chairman of the Risk Committee and Nomination  
and Remuneration Committee  
**Asia Precision Public Company Limited**

*2005 – 2020*

- Audit Committee and Independent Director  
**Asia Precision Public Company Limited**

*2018 – 2020*

- Independent Director  
**A2 Technologies Company Limited**  
**APCS Technologies Company Limited**  
**A2 Teeravat Joint Venture Company Limited**

*2014 – Present*

- Board of Executive Directors  
**Indoguna (Thailand) Company Limited**  
**Travel Creation Company Limited**

*2012 – Present*

- Managing Director  
**Agri Active Company Limited**

*2010 – Present*

- Managing Director  
**VIA 564 Company Limited**

*2007 – Present*

- Managing Director  
**Valvi Company Limited**

*2019 – Present*

- Advisor Chairman of Committee prepare and monitor  
budget management  
**The House of Representatives**

*2018 – 2019*

- Secretary of The Committee on Legal Affairs, Justice,  
and Police Affairs  
**National Legislative Assembly of Thailand**

2018 – 2019

- Member of The Ad-hoc Committee on Study  
of Establishment of an Agency to Manage The  
Promotion of Small and Medium Enterprise  
**National Legislative Assembly of Thailand**

2017 – 2019

- Advisor to The sub-committee on Human Rights  
and Human Rights  
**National Legislative Assembly of Thailand**

2020 – Present

- Board of Director  
**PS Plus Consulting Company limited**

IOD Training:

- Director Certification Program (DCP) 2020
- Advanced Audit Committee Program (AACP) 2018
- Director Accreditation Program (DAP) 2010

The Company's Shareholding (as at 31 December 2021) : 2,894,200 Shares (0.35%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Board of Directors

**Mr. Somchai Wongrassamee**

Chief Financial Officer, Executive Board of Directors, Risk Management Committee, and Company Secretary

Date of Appointment: 8 May 2017

### Education:

- Bachelor Degree in Electronics of Engineering King Mongkut's Institute of Technology Ladkrabang
- Master of Finance (MBA) University of Dallas
- Doctoral Degree in Engineering Management Heriot-Watt University

### Work Experience:

*2021 – Present*

- Company Secretary  
Starflex Public Company Limited

*2017 – Present*

- Chief Financial Officer, Executive Board of Directors and Risk Management Committee  
Starflex Public Company Limited

### IOD Training:

- Director Certification Program (DCP) 2017
- Director Accreditation Program (DAP) 2012

The Company's Shareholding (as at 31 December 2021) : 500,000 Shares (0.06%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -

*2016 – 2016*

- Chief Financial Officer  
Smart Traffic Company Limited

*2015 – 2016*

- Director, Chief Financial Officer  
T.K.S. Technology Public Company Limited

*2012 – 2015*

- Corporate Strategy and Planning Director  
Siam Piwat Company Limited

*2020 – Present*

- Board of Director  
PS Plus Consulting Company limited



## Executives

Mr. Chirdpong Malatham

Plant Director, and Risk Management Committee

### Education:

- Bachelor Degree in Printing Technology  
Ragamangala Institute of Technology
- Master Degree of Science (Information  
Technology Management)  
King Mongkut's Institute of Technology  
Ladkrabang

### Work Experience:

2021 – Present

- Risk Management Committee and Plant Director  
**Starflex Public Company Limited**

2006 – 2021

- Assistant Plant Manager  
**Inteccard Technology Co.,Ltd**

### IOD Training:

- None -

The Company's Shareholding (as at 31 December 2021) : -

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Executives

Mr. Noppanut Manutsongthum

Sales and Marketing Director, Executive Committee, and Risk Management Committee

### Education:

- Bachelor of Business Administration  
(Finance and Banking)  
Siam University

2012 – 2017

- Sales and Marketing Manager  
Starflex Company Limited

### Work Experience:

2018 – Present

- Board of the Executive, Risk Committee and  
Sales and Marketing Director  
Starflex Public Company Limited

### IOD Training:

- None -

The Company's Shareholding (as at 31 December 2021) : -

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Executives

Mr. Pichetpong Sritapun

Human Resources Director, Executive Committee, and Risk Management Committee

### Education:

- Bachelor of Engineering (Civil Engineering)  
Rajamangala Institute of Technology
- Master of Business Administration (Finance)  
Oklahoma City University, U.S.A.

2008 – 2017

- Resources Assistant Manager  
Starflex Company Limited

### Work Experience:

2018 – Present

- Board of the Executive, Risk Committee and  
Human Resources Director  
Starflex Public Company Limited

### IOD Training:

- Corporate Reporting Program (CRP)      2017
- Board Reporting Program (BRP)      2017

The Company's Shareholding (as at 31 December 2021) : 100,000 Shares (0.01%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -





## Executives

Mr. Nopphadon Khanacharoen  
Innovation and Product Director

### Education:

- Bachelor of Science (Chemistry)  
Ramkhamhaeng University

2014 – 2015

- EHS Country Manager  
Amcort Flexible Thailand

### Work Experience:

2020 – Present

- Innovation and Product Director  
Starflex Public Company Limited

### IOD Training:

- None -

The Company's Shareholding (as at 31 December 2021) : 7,129 Shares (0.001%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Executives

Mr. Sompoj Techaboonako  
Supply Chain Director

### Education:

- Bachelor of Engineering, Electrical  
Royal Melbourne Institute of Technology

2018 – 2020

- Managing Director  
Blueoceaners Consultants Company Limited

### Work Experience:

2021 – Present

- Supply Chain Director  
Starflex Public Company Limited

### IOD Training:

- None -

The Company's Shareholding (as at 31 December 2021) : 873,100 Shares (0.11%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -



## Executives

Mr. Charoon Sengdonprai  
Accounting and Finance Manager

### Education:

- Bachelor of Business Administration  
(Accounting)  
Ramkhamhaeng University

### Work Experience:

*2021 – Present*

- Accounting and Finance Senior Manager  
Starflex Public Company Limited

*2018 – 2021*

- Accounting and Finance Manager  
Starflex Public Company Limited

*2005 – Present*

- Director  
Accounting Perfect Company Limited

*2012 – 2016*

- Accounting and Finance Manager  
Ecots Company Limited

### IOD Training:

- None -

The Company's Shareholding (as at 31 December 2021) : 300,000 Shares (0.04%)

Family Relationship among Directors and Executives : -

Illegal record in the last 10 year : -

Details of the position of management and controlling person of the Company in related companies as of 31 December 2021

Name	Position in SFLEX	Position																		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Mr. Pakorn Malakul Na Ayudhya	C	/, C	/, AC, N																	
Mr. Printhorn Apithanasriwong	/, //			/, M	/, C	//														
Gen. Montee Sungkasap	/, AC, N						/, C, R													
Mr. Ek Picharnchitra	/, //, M																			
Mr. Somchai Wongrassamee	/, //, M, R					//														
Mr. Sompote Valyasevi	/, //, M, N, R					//					//	//	//	//	//	//	M	M	M	
Mr. Kajhitphome Sudsok	/, AC, N, R																			
Mr. Rong Hirunpanich	/, AC, R							M												
Mr. Chairit Simaroj	/								/, AC	/										
Mr. Noppanut Manutsongthum	//, M, R																			
Mr. Pichetpong Sritapun	//, M, R																			
Mr. Chirdpong Malatham	M, R																			
Mr. Nopphadon Khanacharoen	M																			
Mr. Sompote Techaboonako	M																			
Mr. Charoon Sengdonprai	M																			//

Note : C = Chairman of the Board of Directors / = Board of Directors AC = Audit Committee  
// = Executive Board of Directors M = Executive N = Nomination and Remuneration Committee  
R = Risk Management Committee

**Related Company :**

1. Interlink Telecom Public Company Limited
2. Standard Charter Bank (Thai) Public Company Limited
3. Starprint Public Company Limited
4. PKN Holding Company Limited
5. PS Plus Consulting Company limited
6. NFC Public Company Limited
7. Thai Credit Bank Public Company Limitd
8. Buriram United Company Limited
9. Susco Public Company Limited
10. Asia Precision Public Company Limited
11. A2 Technologies Company Limited
12. APCS Technologies Company Limited
13. A2 Teeravat Joint Venture Company Limited
14. Indoguna (Thailand) Company Limited
15. Travel Creation Company Limited
16. Agri Active Company Limited
17. VIA 564 Company Limited
18. Valvi Company Limited
19. PS Plus Consulting Company limited

## Attachment 2: Details of the directors of subsidiaries

**PS Plus Consulting Company limited**

Information of the Board of Directors and the person with the authority to control the Company as of 31 December 2021 is as follows:

	Name	Position
1	Mr. Printhorn Apithanasriwong	Board of Directors
2	Mr. Sompote Valyasevi	Board of Directors
3	Mr. Somchai Wongrassamee	Board of Directors

## Attachment 3: Details of the Heads of the Internal Audit and Compliance Units



### Details of the Head of Internal Audit

The Company has assigned Ms. Nongnaphas Toocharoen to be the head of the Company's internal audit department. The details following:

Name/ Position	Education / Certificate/ Training	Work Experience	
		Period	Position
Ms. Nongnaphas Toocharoen Head of Internal Audit	<b>Education / Certificate:</b>	2018 - Present	Section Head of Internal Audit, Starflex
	- Bachelor of Business Administration (Accounting) Rajamangala University of Technology Tawan-ok(Chakrabongse Bhuvanath)	2017 - 2018	Supervisor, Summit
	<b>Training:</b>	2012 - 2017	Internal Auditor, NHK Sp
	- Certified Professional Internal Audit of Thailand (CPIAT) from Institute of Internal Auditors (Thailand) - Fraud Audit from Institute of Internal Auditors (Thailand) - IT Governance and IT Risk Management 4.0 (1/20) Federation of Accounting Professions Under The Royal Patronage of His Majesty The King - Develop a Modern Internal Audit Plan by List of Audit Objectives from Institute of Internal Auditors (Thailand) - Financial Auditing for Internal Auditors or Non Accountants from Institute of Internal Auditors (Thailand)	2009 - 2012	Internal Auditor, Kim Yoo

The Company hired P&L Corporation Company Limited to be auditor the Company's internal control system. The details of the head of internal Audit that assigned by P&L Corporation Company Limited are as following:

Name/ Position	Education / Certificate/ Training	Work experience	
		Period	Position/ Company
P&L Corporation Company Limited Ms. Wanwimol Chongsuriyaphas Head of Internal Audit	<b>Education / Certificate:</b> - Master of Business Administration for Executives National Institute of Development Administration - Bachelor of Accounting (2nd Class Honors) Dhurakij Pundit University - Internal Auditing Certificate Program – IACP from TFAC - Certified Professional Internal Audit of Thailand (CPIAT) from Institute of Internal Auditors (Thailand)  <b>Training:</b> - Certifie of Business Management for Internal Audit in Digital 4.0 from TFAC - Certifie of “How to Setting Modern Audit Plan By Audit Criteria” from Institute of Internal Auditors (Thailand)	2013 – Present	Board of Executive Directors P&L IT Audit Company Limited
		2006 – Present	Director P&L Corporation Company Limited

Name/ Position	Education / Certificate/ Training	Work experience	
		Period	Position/ Company
	<ul style="list-style-type: none"> <li>- Clinic IA : Topic “Fraud Audit and Caution for Auditor” from Institute of Internal Auditors (Thailand)</li> <li>- Clinic IA : Topic “COSO 2014” from Institute of Internal Auditors (Thailand)</li> <li>- Audits and Audit Considerations When Entities Use Computers to Process Information (2/2018) from TFAC</li> <li>- Integrated Audit) 1/2018 from TFAC</li> <li>- COSO 2013 (ADVANCED COURSE 2/18) from TFAC</li> <li>- Training program for obtaining a certificate in internal auditing (17) from TFAC</li> <li>- Workshop : Cost Management for Adding Value and Sustainability (4/18) from TFAC</li> <li>- Data Analytics for Internal Auditor (2/17) from TFAC</li> </ul>		

## Attachment 4: Assets for business undertaking and details of asset appraisal

**Property appraisal data during the fiscal year 2021**

1. Building construction plan where the Company is located Bang Phriang Phatthana Project, Bang Phriang-Lad Wai Road, Tambon Bang Phriang, Amphoe Bang Bo, Samut Prakan

Usable area	13,548.73 square meters
Valuer Company	Kasikorn Bank Public Company Limited
Valuer	Mr. Jaroonsak Fongthong, No. Wor.Tor. 197, signed his name. in the property appraisal report No. 64-FSCR-KBANK-259
Date	2 June 2021
Objectives	For credit consideration
Appraisal priceas of the survey date	31,746,785.09 Baht
Appraisal priceas when completed	195,204,921.00 Baht

2. Land with buildings where the Company is located Bang Phriang Phatthana Project, Bang Phriang-Lad Wai Road, Tabon Bang Phriang, Amphoe Bang Bo, Samut Prakan

Total area	18-3-86 rai or 7,586 square wah
Valuer Company	Land and Houses Bank Public Company Limited
Valuer	Mr. Raphon Chanthavee, No. Wor.Tor. 407, signed his name. in the property appraisal report No. KT-64/01460
Date	12 October 2021
Objectives	For credit consideration
Appraisal price	211,557,000 Baht

## Summary of important contracts in doing business

### 1 Office Rental

Contracting party	Mr. Somchai Mepremwattana as the “lessor” Starflex Public Company Limited as the “lessee”
Contract date	: 1 March 2020
Relationship with the Company	: None
Property	: Condominiums according to government documents, Title Deed No. 243044, Unit No. 1093/147 (new number is 589/147), 27th floor (buttons in elevator and floor number is 2 6 th floor), Central City Tower, condominium registration no. 24/2537. Khwaeng Bangna, Khet Phra Khanong, Bangkok Total area of approximately 355.34 square meters
objectives	: Used as the Company's office
Term	: 3 years starting from 1 March 2020 to 28 February 2023.
Terms of Termination	: If the lessee defaults on the rent payment or breaches the contract or fails to comply with the lessee's legal obligations or the lessee is sequestered by the court order or the lessee is sued in bankruptcy The lessor has the right to terminate the lease immediately.

### 2 Warehouse Rental

Contracting party	KRC Development Company Limited as a “lessor” Starflex Public Company Limited as the “lessee”
Contract date	: 1 May 2021
Relationship with the Company	: None
Property	: Building No. 188/1, Moo 3, Soi Bang Phliang Phatthana Project, Kheha-Lad Wai Road, Tambon Bang Phriang, Amphoe Bang Bo, Samut Prakan. Usable area 4,750 square meters
objectives	: Used as the Company's warehouse
Term	: 1 year 8 months starting from 1 May 2021 to 31 December 2022
Terms of Termination	: If the lessee desires to cancel the lease of the building before the rental period mentioned in this contract expires, the lessee must notify the lessor in writing at least 60 days before the lease expires.

Contracting party	Firm Estate and Letting Service Co., Ltd. as a "lessor" Starflex Public Company Limited as the "lessee"
Contract date	: 20 May 2021
Relationship with the Company	: None
Property	: Building No. 188/189, Moo 4, Tambon Bang Phriang, Amphoe Bang Bo, Samut Prakan. Usable area 2,400 square meters
objectives	: Used as the Company's warehouse
Term	: 1 year starting from 1 June 2021 to 31 May 2022
Terms of Termination	: If the lessee desires to cancel the lease of the building before the rental period mentioned in this contract expires, the lessee must notify the lessor in writing at least 3 months before the lease expires.

### 3 Factory and Office Building Rental

Contracting party	N.S.P.K. Co., Ltd. as the "lessor" Starflex Public Company Limited as the "lessee"
Contract date	: 1 April 2019
Relationship with the Company	: None
Property	: Factory Building, Office Building and Building Improvement, No. 470/3-4 Moo. 5, Tambon Prakasa Mai, Amphoe Mueang Samut Prakan, Samut Prakan 10280. total area 5,300 square meters
objectives	: Used as a place for the production of the Company's products
Term	: 3 years starting from 1 April 2019 to 31 March 2022
Terms to renewal contract	: The lessee has the right to renew the contract for a period of three years. with a letter of intent to renew the contract to the lessor at least 30 days in advance before the expiration of the original contract and the lessor agrees to extend the contract to the lessee according to the original conditions in all respects Except for the rent which the parties will agree on the price up and down according to the economic conditions at that time.
Terms of Termination (lessee)	: If the lessee desires to cancel the lease of the building before the rental period mentioned in this contract expires, the lessee must notify the lessor in writing at least 90 days before the lease expires.
Terms of Termination (lessor)	: In the event that the lessee does not pay the rent for three months in a row. The lessor has the authority to promptly terminate the lease. or if one party misbehaves in ways that are not specified in the contract The other party has the right to inform the amendment to the other party by designating a reasonable time period in each circumstance. The non-defaulting party has the right to promptly terminate the contract if it cannot be repaired as indicated.

#### 4 Utilities Lease Agreement

Contracting party	N.S.P.K. Co., Ltd. as the “lessor” Starflex Public Company Limited as the “lessee”
Contract date	: 1 April 2019
Relationship with the Company	: None
Property	: Factory Building, Office Building and Building Improvement, No. 470/3-4 Moo. 5, Tambon Prakasa Mai, Amphoe Mueang Samut Prakan, Samut Prakan 10280.
objectives	: Used as a place for the production of the Company's products
Term	: 3 years starting from 1 April 2019 to 31 March 2022
Terms to renewal contract	: The lessee has the right to renew the contract for a period of three years. with a letter of intent to renew the contract to the lessor at least 30 days in advance before the expiration of the original contract and the lessor agrees to extend the contract to the lessee according to the original conditions in all respects Except for the rent which the parties will agree on the price up and down according to the economic conditions at that time.
Terms of Termination (lessee)	: If the lessee desires to cancel the lease of the building before the rental period mentioned in this contract expires, the lessee must notify the lessor in writing at least 90 days before the lease expires.
Terms of Termination (lessor)	: In the event that the lessee does not pay the rent for three months in a row. The lessor has the authority to promptly terminate the lease. or if one party misbehaves in ways that are not specified in the contract The other party has the right to inform the amendment to the other party by designating a reasonable time period in each circumstance. The non-defaulting party has the right to promptly terminate the contract if it cannot be repaired as indicated.



## 5 Insurance Contract

### 5.1 All Risk Insurance

#### 1. Factory and Warehouse

Insurance Company	: Tokio Marine Safety Insurance (Thailand) PCL and Joint Insurance Company
The Insured Name	: Starflex Public Company Limited
Insurance Type	: All Risk Insurance
Location of Property Insured	: (1) Starflex Factory and (2) Bang Phriang Warehouse
Property Insured	: Building (excluding foundation) including all additions and improvements to the building that is a common property, parking lot, gates, fences, permanent signs, guard towers, shrines, gardens, swimming pools (excluding pool water), restaurants, fitness centers, carpets Chandeliers, ceiling fans and stand Other decoration materials electrical appliance Factory equipment, office, office equipment, computers, computer systems, notebook computers and various setting equipment coin washing machine vending machine Train or tuk-tuk that is used to deliver in the business of forklifts, including various utilities such as electrical systems, generators, electric boilers, water supply systems and pipes Shared and split air conditioning systems air conditioner Cooling system, telephone system, elevator-escalator system and control system Security system, CCTV, alarm system, fire suppression system, sanitation system wastewater treatment system Water pump system with water pressure regulator, TV antenna, satellite system, lightning rod and all assets used in business and under the care of the Insured.
Amount Insured	: 886,909,293.42 Baht
Period of Insurance	: 31 January 2021 to 31 January 2022
Policy coverage	: Physical loss or damage to insured property from perils such as fire, lightning, explosion, collision by vehicle, hail, water damage, windstorm, earthquake, aircraft smoke, wildfire, riot and strike. Danger due to acts of vandalism and malicious intent and accidental damage from other external causes which is not excluded under the property insurance policy.

## 2. New warehouse, Bang Phriang

Insurance Company	: Allianz Ayudhya General Insurance PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: All Risk Insurance
Location of Property Insured	: New warehouse, Bang Phriang
Property Insured	: 1. Office equipment 2. Stock various products including products that are in production finished goods various raw materials various packing materials including promotional products Sample products and all kinds of products for sale
Amount Insured	: 50,450,000.00 Baht
Period of Insurance	: 1 August 2021 to 31 May 2022
Policy coverage	: Loss or damage of insured property from perils caused by fire, lightning, explosion, flood, earthquake or volcanic eruption or underwater wave or tsunami, wind storm, aircraft disaster, vehicle disaster, smoke, hail, forest fire The dangers of protests strike Riots or acts of malicious intent (except for acts of political, religious or ideological motives), burglary in which traces of tampering appear from a building by entering or Leaving the building, theft, gang robbery and including all types of accidents caused by external factors that are not specified in the standard property risk insurance policy.

### 3. Factory 2 (Prakasa Mai)

Insurance Company	: Allianz Ayudhya General Insurance PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: All Risk Insurance
Location of Property Insured	: Factory 2 (Prakasa Mai)
Property Insured	: 1. Buildings (including foundations), including improvements, additions to buildings, fences, walls, gates, guard towers, garages, shrines, furniture, fixtures and fixtures. Appliances and electrical equipment office equipment Computer and transformer accessories generator Utilities such as electrical systems, water systems, telephone systems, air conditioning systems, fire extinguishing systems, and other assets within the care of the Company as a keeper 2. Various machines used in production including spare parts and accessories 3. Stock of various products including products that are in production finished goods various raw materials various packing materials including promotional products Sample products and all kinds of products for sale
Amount Insured	: 73,487,156.79 Baht
Period of Insurance	: 11 June 2021 to 31 March 2022
Policy coverage	: Loss or damage of insured property from perils caused by fire, lightning, explosion, flood, earthquake or volcanic eruption or underwater wave or tsunami, wind storm, aircraft disaster, vehicle disaster, smoke, hail, forest fire The dangers of protests strike Riots or acts of malicious intent (except for acts of political, religious or ideological motives), burglary in which traces of tampering appear from a building by entering or Leaving the building, theft, gang robbery and including all types of accidents caused by external factors that are not specified in the standard property risk insurance policy.

#### 4. Blown film

Insurance Company	: Allianz Ayudhya General Insurance PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: All Risk Insurance
Property Insured	: Blown film (Alpine)
Amount Insured	: 35,200,000.00 Baht
Period of Insurance	: 31 January 2021 to 31 December 2021
Policy coverage	: Loss or damage of insured property caused by fire, lightning, explosion, flood, aircraft disaster, vehicle disaster, smoke, hail, wildfire, protest strikes, riots or acts with malicious intent (except acts of political, religious or ideological motives), theft with visible signs of tampering from a building by entering or Leaving the building, theft, gang robbery and including all types of accidents caused by external factors that are not specified in the standard property risk insurance policy.

#### 5. Central City Tower

Insurance Company	: Tokio Marine Safety Insurance (Thailand) PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: All Risk Insurance
Location of Property Insured	: Condominiums according to government documents, Title Deed No. 243044, Unit No. 1093/147 (new number is 589/147), 27th floor (push button in elevator and floor number is 26th floor), Central City Tower, condominium registration no. 24/2537. Bangna Subdistrict, Phra Khanong District, Bangkok.
Property Insured	: Building (excluding foundation) including all additions and improvements to the building that is the property of the Insured Fixing fixtures, ceilings, ceilings, floor coverings, building mirrors, other mirrors, furniture, carpets, pictures and other decorative materials. electrical appliance generator Transformer Plumbing and plumbing systems Shared and split air conditioning systems air conditioner Refrigeration system, telephone system, security system, CCTV, alarm system, fire suppression system, sanitation system, antenna, TV, satellite receiver system, lightning rod and Thaksin are all used in the business and are under the care of the Insured.
Amount Insured	: 14,500,000.00 Baht
Period of Insurance	: 29 January 2021 to 29 January 2022
Policy coverage	: Physical loss or damage to insured property from perils such as fire, lightning, explosion, collision by motor vehicle, hail, water damage, windstorm, earthquake, aircraft smoke, wildfire, riot and strike. Danger due to acts of vandalism and malicious intent and accidental damage from other external causes which is not excluded under the property insurance policy.

## 5.2 Business Interruption Insurance

### 1. Starflex Factory and Warehouse

Insurance Company	: Tokio Marine Safety Insurance (Thailand) PCL and Joint Insurance Company
The Insured Name	: Starflex Public Company Limited
Insurance Type	: Business Interruption Insurance
Location of Property Insured	: (1)Starflex Factory and (2) Bangpieng Warehouse
Property Insured	: Gross Profit
Maximum Indemnity Period	: 12 months
Amount Insured	: 100,000,000.00 Baht
Period of Insurance	: 31 January 2021 to 31 January 2022
Policy coverage	: Loss or damage of gross profit and/or increased operating expenses due to business interruption which is a direct consequence of damage incurred to property used by the insured to conduct business.

### 2. Factory 2 (Prakasa Mai)

Insurance Company	: Allianz Ayudhya General Insurance PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: Business Interruption Insurance
Location of Property Insured	: Factory 2 (Prakasa Mai)
Property Insured	: Gross Profit
Maximum Indemnity Period	: 12 months
Amount Insured	: 10,000,000.00 Baht
Period of Insurance	: 11 June 2021 to 31 March 2022
Policy coverage	: Loss or damage of gross profit and/or increased operating expenses due to business interruption which is a direct consequence of damage incurred to property used by the insured to conduct business at the insured place and are covered under an asset insurance policy.

### 5.3 Public Liability Insurance

#### 1. Starflex Factory and Warehouse

Insurance Company	: Tokio Marine Safety Insurance (Thailand) PCL and Joint Insurance Company
The Insured Name	: Starflex Public Company Limited
Insurance Type	: Public Liability Insurance
Location of Property Insured	: (1)Starflex Factory and (2) Bangpieng Warehouse
Amount Insured	: 20,000,000.00 Baht
Period of Insurance	: 31 January 2021 to 31 January 2022
Policy coverage	: Covering the legal liability of the insured to death or injury to the body or illness or damage to the property of third parties The above statutory liability must be incurred by accident. relating to the business or business of the insured within the scope of the risks insured and occurs during the insurance period at the insured territory specified in the insurance policy schedule. according to the conditions of the third party liability insurance policy.

#### 2. Factory 2 (Prakasa Mai)

Insurance Company	: Tokio Marine Safety Insurance (Thailand) PCL
The Insured Name	: Starflex Public Company Limited
Insurance Type	: Public Liability Insurance
Location of Property Insured	: Condominiums according to government documents, Title Deed No. 243044, Unit No. 1093/147 (new number is 589/147), 27th floor (push button in elevator and floor number is 26th floor), Central City Tower, condominium registration no. 24/2537. Bangna Subdistrict, Phra Khanong District, Bangkok.
Amount Insured	: 3,000,000.00 Baht
Period of Insurance	: 29 January 2021 to 29 January 2022
Policy coverage	: Covering the legal liability of the insured to death or injury to the body or illness or damage to the property of third parties The above statutory liability must be incurred by accident. relating to the business or business of the insured within the scope of the risks insured and occurs during the insurance period at the insured territory specified in the insurance policy schedule. according to the conditions of the third party liability insurance policy

Attachment 5: Unabridged policy and guidelines on corporate governance and unabridged code of business conduct prepared by the Company



Unabridged policy and guidelines on corporate governance and unabridged code of business conduct prepared by the Company are disclosed at the Company's website

(<https://www.starflex.co.th/storage/content/corporate-governance/sflex-cods-of-conduct-th.pdf>)

## Attachment 6: Report of the Sub Committee

### Report of the Audit Committee

The Audit Committee of Starflex Public Company Limited is appointed by the Board of Directors and consists of 3 independent directors, which have all the qualifications as stipulated in the Audit Committee Charter as follows:

- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Gen. Montee Sungkasap  | Chairman of the Audit Committee |
| 2. Mr. Kajhitphome Sudsok | Audit Committee                 |
| 3. Mr. Rong Hirunpanich   | Audit Committee                 |

With Ms. Nongnaphas Toocharoen (Section Manager Internal Audit) is the secretary of the Audit Committee.

The Audit Committee has carefully and independently performed duties in accordance with the scope of roles and responsibilities approved by the Board of Directors and in accordance with applicable laws, rules of the Stock Exchange of Thailand and relevant instructions. The Audit Committee members have effectively harnessed knowledge and competencies in such duty performance and received full access to relevant information and good cooperation from executives, internal auditors and auditors.

In the year 2021 the Audi Committee held 7 meetings and executives, internal auditors and external auditors were invited to the meetings to provide relevant information as summarized below:

#### 1. Financial reports

The Audit Committee reviewed the quarterly and the yearly financial statements 2021 by asking and listening to management's clarifications and the auditor on the accuracy and completeness of the financial statements, and the adequacy of information disclosure. The Audit Committee has an opinion consistent with the auditor that the financial reports are materially accurate and reliable in accordance with generally accepted accounting standards.

#### 2. Internal control system

The Audit Committee has reviewed the operating information and internal control system.to assess the adequacy and effectiveness of internal audits which have been carried out in accordance to approved audit plans and covered key systems of the Company.No material issues are found. The Company has appropriately managed the properties and assets and complied with the Securities and Exchange Act, requirements stipulated by the Stock Exchange of Thailand and applicable laws and regulations. Authority delegation and approval have conformed to applicable procedures and effective internal control principles. The Company has also adhered to and updated the principles of good corporate governance to promote transparency and adapt changes.

**3. Internal Audit**

The Audit Committee has reviewed the scope of work, roles, responsibilities and independence of internal auditors based on the internal audit guidelines stipulated by the Stock Exchange of Thailand, and has considered and approved the internal audit plan, expenditure budget and manpower rate every year. The Audit Committee is of the opinion that the Company's internal controls are adequate, appropriate and effective, and meet good standards.

**4. Related transactions or may have conflicts of interest**

The Audit Committee has evaluated and commented on the related transaction or items that could result in a conflict of interest. The Audit Committee has evaluated, governed, and provided opinions on quarterly transactions with following to the principles of fairness, transparency, and adequate disclosure. The Audit Committee considers that the transaction is a regular business transaction and that it is in the benefit of the Company.

**5. Auditor**

The Audit Committee has reviewed and rendered opinions on the nomination of auditors to the Board of Directors which will be proposed to the shareholders' meeting for approval. The Audit Committee has considered the qualifications of the auditors such as skills, knowledge, credibility, independence including the quality of audit work in the past year and the appropriateness of the remuneration. The remuneration rate was compared with other comparable office auditors. The nominated auditors for 2021 are Ms. Satida Ratananurak, CPA license number 4753 or Ms. Sarinda Hirunprasurtwutti, CPA license number 4799 or Ms. Siriwan Nitdamrong, CPA license number 5906 of EY Office Company Limited.

**6. Audit Committee Self-Assessment**

The Audit Committee view that they has fully complied with the Charter and has reported the performance including offering suggestions by reporting to the Board of Directors regularly.

The Audit Committee has dutifully undertaken its responsibilities as assigned by the Board of Directors and is of the opinion that the Company's financial report and operations are accurate. The Company has implemented internal control audits, complied with legal and regulatory requirements and correctly disclosed related-party transactions. In addition, the Company has adhered to the principles of good corporate governance to promote transparency and reliability as well as continuously developed its systems and operations to meet the quality standards and meet the business environment.

(Gen. Montee Sungkasap)  
Chairman of the Audit Committee

## Report of the Nomination and Remuneration Committee

The Board of Directors of Starflex Public Company Limited ("the Company") has appointed the Nomination and Remuneration Committee comprising 3 directors and the Chairman of the Nomination and Remuneration Committee is an independent director. The Nomination and Remuneration Committee has performed duties as assigned by the Board of Directors, which is stipulated in the Nomination and Remuneration Committee Charter.

In 2021, the Remuneration Committee holds 3 meetings to perform duties as assigned by the Board of Directors and reports the results of each meeting to the Board of Directors, which can be summarized as follows:

1. Consider the structure, size, composition and qualifications of the Company's directors, sub-committees and senior management according to the necessity and appropriateness of the Company.
2. Determine the policies, rules and procedures for recruiting and selecting the Company's directors, sub-committees and senior management to propose to the Board of Directors and/or propose for approval to the shareholders' meeting depending on the case.
3. Consider the nomination and selection of qualified persons for the position company director, sub-committees, chief executive officer and senior executives who complete their terms and/or have vacant positions and/or appoint more by specifying the method of recruiting with rules and transparency in accordance with relevant regulations and laws
4. Propose a list of selected persons to the Board of Directors. to consider appointing a director of the Company instead of the directors who retired.
5. Prepare an appropriate succession and management continuity plan for the position of chief executive officer to be presented to the Board of Directors' meeting for approval.
6. Prepare policies for determining the remuneration of the Board of Directors and sub-committees to propose to the Board of Directors and/or propose for approval to the shareholders' meeting depending on the case.
7. Determine necessary and appropriate remuneration both monetary and non-monetary of the Board of Directors individually each year. Considering the suitability of the duties responsibility, performance and comparison with the Company in a similar business and expected benefits from directors to propose to the Board of Directors for consideration and to propose to the shareholders' meeting for approval.
8. Consider the evaluation criteria for the chief executive officer and other chief officers as assigned by the Board of Directors.

9. Determine the annual remuneration of the chief executive officer and other chief officers according to the payment criteria have been considered and present to the Board of Directors for approval of the chief executive officer's remuneration and other chief officers.
10. Consider the salary increase, budget change in wages and compensation annual reward of the Company's employees before presenting for approval from the Board of Directors annually.
11. Consider the suitability and give approval In the case of offering for sale of new securities to directors and employees based on the principles of fairness to shareholders and create incentives for directors and employees to perform their duties in order to create long-term added value for shareholders and able to retain quality personnel.
12. Perform any other tasks related to the determination of remuneration as assigned by the Board of Directors.

Performing the duties and responsibilities set out in the Nomination and Remuneration Committee Charter. The Nomination and Remuneration Committee has performed its duties with meticulousness, prudence, transparency and taking into account the best interests of the Company and its shareholders.

(Gen. Montee Sungkasap)  
Chairman of the Nomination and Remuneration Committee

## Report of the Risk Management Committee

Dear Shareholders, Starflex Public Company Limited

Starflex Public Company Limited ("the Company") realizes the importance of risk management and has appointed the Risk Management Committee To help manage the Company's major risks includes strategic risks and operational risks as well as set guidelines, processes, policies, follow-up results and managing such critical risks to an acceptable level.

Risk Management Committee consists of 7 members of the Board of Directors, comprising 2 independent directors and 5 Company executives, with Mr. Kajhitphome Sudsok, an independent director, as the Chairman of the Risk Management Committee. 4 meetings of the Risk Management Committee during the month January to December in accordance with the scope of duties and responsibilities set out in the Charter Risk Management Committee. The Chairman of the Risk Management Committee reported on the progress and operations on the control and supervision of various risk management that important to Audit Committee and Board of Directors in order to acknowledge.

The key performance of the Risk Management Committee are as follows:

- Monitor the impact of the Coronavirus 2019 (COVID-19) epidemic on operations and the Company's business closely including the Company's continuous risk management plan and disease control guidelines by "Bubble and Sealed" principles of the Department of Disease Control Ministry of Health by adapting it to suit the business and operation.
- Provide advice and review the Company's corporate risk management. including risk information and reporting to ensure that corporate risk management follow the correct and complete guidelines, and be able to manage risks and the likelihood of risks.
- Review and consider the Company's risk governance structure, risk assessment guidelines, risk management policies and procedures together with the management and the person responsible for each such risk.
- Receive a quarterly risk management report including consideration, comment on the overall acceptable risks of the Company and the Company's strategy regarding various risks such as strategic risk, financial risk, operational risk, regulatory risk, health and safety risks, technology risk, corporate risk, external risks as well as a risk management action plan.
- Review the disclosure of risk management information that will be included in the Annual Report (56-1 One Report).

In summary, the Risk Management Committee is of the opinion that in 2021 the Company has an appropriate risk management system, which consists of a good risk governance structure, risk management tools, policies and guidelines for promoting risk management activities. This method allows the Company to formulate an action plan proper risk management and has continuously monitored and reviewed the implementation of the organization's risk management plan. Therefore, it is believed that the Company's risk management will be able to manage risks and the likelihood of risks very well.

(Mr. Kajhitphome Sudsok)

Chairman of the Risk Management Committee