



Silicon Craft Technology PLC.
Annual Report 2020
Form 56-1 One Report

THAI MICROCHIP

CONNECT TO THE WORLD



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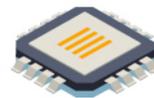
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Vision

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



Mission



Products and services :

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

Customers and business partners :

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

Employees :

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

Key events and Achievements



Silicon Craft Technology PLC or "SIC" co-exhibited medical-related innovations under the theme "Medical Japan 2020 OSAKA". The event was held during February 26th – 28th, 2020. Last year marked the 10th anniversary of collaboration and support with The Board of Investment Thailand (BOI) for SIC to showcase our innovations and spread the words about Thai-made products with quality equivalent to other world-leading products. During the event, SIC took the opportunity to meet, introduce our innovations and technology, and exchange know-how suitable to their industry, equipment, and medical devices with multi-national trading partners and major firms in Japan. Additionally, we received many new pieces of knowledge from esteemed organizers and entrepreneurs that sponsored the event.

On March 16th, 2020, Silicon Craft Technology PLC formed a strategic partnership with the Center of Excellence on Petrochemical and Materials Technology (PETROMAT) of Chulalongkorn University and Chula Medical Innovation Center (CMIC) of the Faculty of Medicine to research and develop sensors and temperature detection circuit for smart blood transport box application. The novel system will provide real-time temperature monitoring of the blood stored in the smart transport box throughout the journey. The system will also alert whenever the blood bags' temperature falls out of the predetermined optimal range so that doctors and medical facility staff will be informed for the management of blood after delivery. The project is an extension of our knowledge in developing a smart blood transport box capable of maintaining temperature during transportation. As a result, the blood's quality will not be degraded. Other customers in the cold chain or temperature-controlled transport industry can also benefit from this technology.



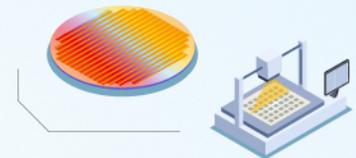
Silicon Craft Technology PLC welcomed investment consultants from The Board of Investment of Thailand (BOI) for an official visit as SIC has been recognized as one of the leaders in design and sales of smart microchip innovation as well as organizations with good management practice on the international scale.





July 30th, 2020 marked the first day for Silicon Craft Technology PLC to list and begin trading its shares on the Market for Alternative Investment (mai) of The Stock Exchange of Thailand under the ticker “SICT”.

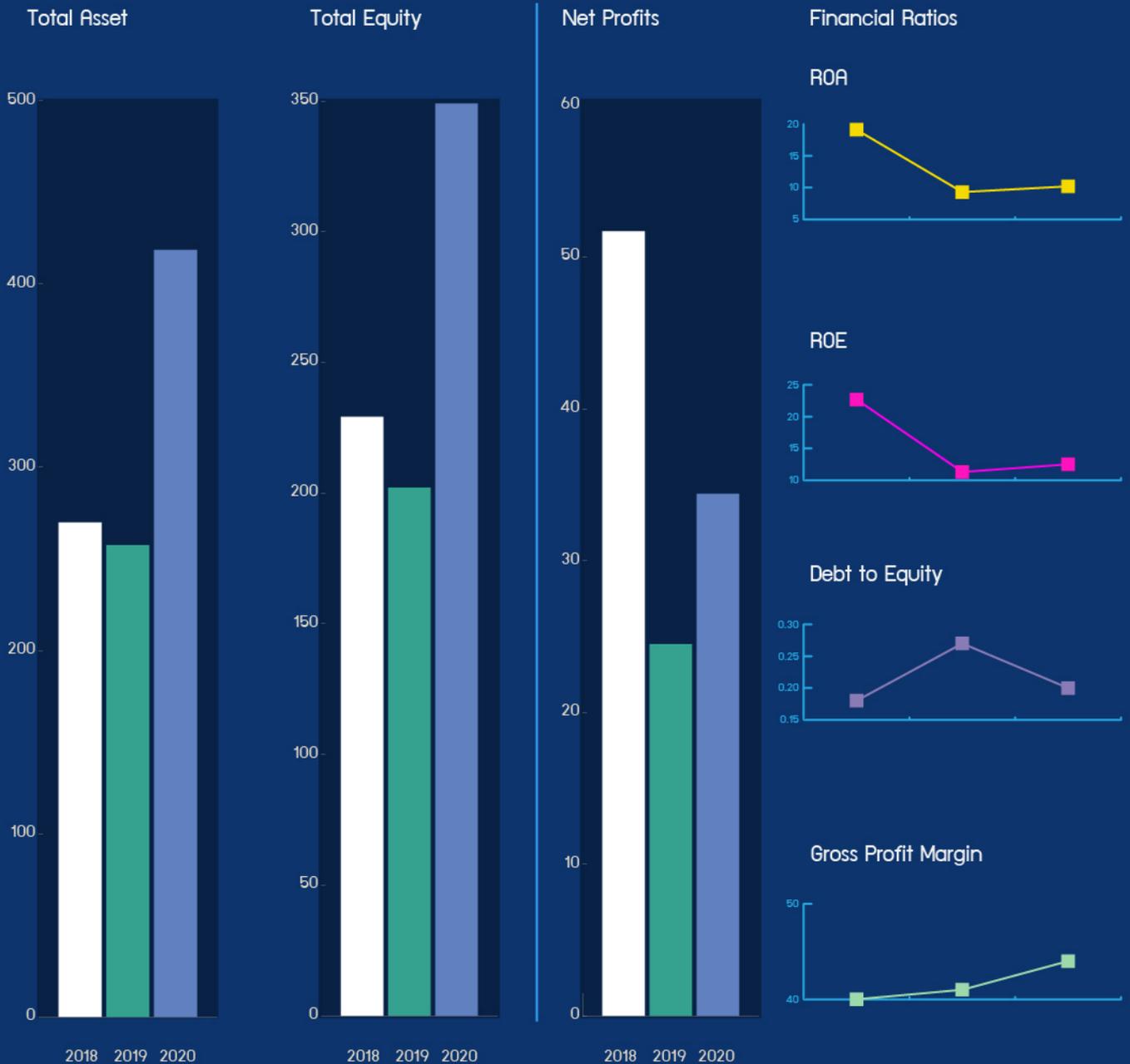
SICT is the first and the only share from the Deep Tech innovation sector with objectives of raising funds for microchip business development, new technological developments, and future joint-venture projects. The shares began trading at 4.14 Thai baht, which represented 200% increase from the IPO value at 1.38 Thai baht. The trading volume was totaling at 27.74 million Thai baht. The Company issued 100,000,000 ordinary shares, which corresponded to 25% of all issued and fully paid ordinary shares.



On August 25th, 2020, Dr. Bodin Kasemset, Deputy Chief Officer of Silicon Craft Technology (Thailand) PLC (“SICT”) and Dr. Nattanun Thatphithakkul, Technology Research Team Leader of the National Science and Technology Development Agency (NSTDA), jointly presented 300 pieces of NFC Wristband prototypes developed by the Company to Dr. Suwanchai Wattanayingcharoenchai, Director General of Department of Disease Control (DDC) and management team for testing and developing system to track and trace Coronavirus 2019 (Covid-19) infected patients as well as those in the Self-Quarantine facilities. Additionally, the Company collaborated with NSTDA and DDC to develop devices and applications to connect with the NFC Wristbands to curb the spread of Covid-19 disease.

Financial Highlights

(Million Baht)



DIVIDEND PER SHARE

0.043 Baht

DIVIDEND PAYOUT RATIO

50%

EARNING PER SHARE

0.09 Baht

Summary of Financial Statement

(Thousand Baht)

	2020	2019	2018
Cash and cash equivalents	111,433	15,430	22,134
Total Assets	418,595	257,511	269,776
Total Liabilities	69,598	55,458	40,548
Total Shareholder's Equity	348,997	202,053	229,228

Operating Results (Thousand Baht)

Revenue from sales and services	337,878	308,798	377,036.32
Costs of sales and services	188,214	183,462	225,105.23
Gross Profits	149,664	125,337	151,931.10
Distribution costs & Administrative expenses	122,846	104,368	101,759.25
Profit for the year	34,391	24,457	51,684.86

Financial Ratios

ROA (%)	10.2	9.3	19.1
ROE (%)	12.5	11.3	22.7
Gross Profit Margin (%)	44%	41%	40%
Net Profit Margin (%)	10%	8%	14%
Debt to Equity Ratio (times)	0.20	0.27	0.18
Dividend Payout Ratio (%)	50%	N/A	N/A
Earning Per Share (Baht)	0.09	N/A	N/A
Book value per share (Baht)	0.87	N/A	N/A



Apinetr Unakul
Chairman of the Board

Message from Chairman of the Board

Over the past year, we have faced unprecedented challenges from the outbreak of COVID-19. The pandemic causes wide-scale damage to the world's and Thailand's economy, not just in the industrial sector but also at the household level. Thailand's GDP growth and global economic projection have been revised several times due to the volatile situation and other emergent factors. We have seen public sectors, both national and international, adjust their policies and introduce measures to stimulate the economy and minimize the pandemic's long-term impacts. Meanwhile, the private sector also has been adapting and rethinking its strategies to handle these unforeseen events, which have become the so-called 'New Normal' that is the unavoidable reality of doing business. Yet, it is also the opportunity for us in many industries to change the way we operate so that we can march forward with the newfound strengths and confidence. Nonetheless, we must be vigilant for the signals of recovery in the worlds and Thailand's economy. The rapid development of vaccines and mass vaccination plans are key evidence to support our hope that this situation will return to normal sooner rather than later.

Overall, the electronics and technology-related industries were not immune to the effects of the pandemic. But fortunately, the impacts were manageable. New business opportunities also emerged from the situation. We have seen a steady rise in demand for technologies and electronics amidst the New Normal era. In the fiscal year of 2021, the Company recorded Net Profit at 34.4 million Thai Baht, which represented 41 percent growth compared to the previous period. Owing to the higher demand for products and our effective cost management strategy, the business performance continued to improve.

Although the Company faced several threats, including the fluctuation in foreign exchange and challenging factors borne from US-China trade war tensions which caused some deals and arrangements to be delayed, our business operation grew overall thanks to our strong business fundamentals and our timely and effective changes to business plans. Last year we also witnessed one of the most important days in Company history. On 30th July 2020, the Company registered and began trading SICT shares in the Market for Alternative Investment (mai) to raise funds to leverage our microchip business and to support future technology developments and various joint ventures. The date is one of the major milestones as we open up the public to the investment opportunity. We want to take this opportunity to express our deepest gratitude again for the overwhelmingly positive response from the public.

In the year 2021, the Company remains firm in its commitment to the research and development plan. To meet our business growth targets in the short- and long-term, we have new business plans to increase our market share and gain new customers in untapped frontiers. These are our efforts to maximize our shareholders' benefits and ensure the sustainable growth of the organization.

As the Chairman of the Board and on behalf of the executives and employees, we would like to express our sincerest gratitude to all shareholders and relevant parties. Your unwavering trust and contributions allow an upstream industry player like us to grow sustainably and be a part of Thailand's economic engine and economy.





Manop Dhamsirianunt
Chief Executive Officer

Message from Chief Executive Officer

Over the past year, Silicon Craft Technology PLC entered another crucial period in our history. We focused our efforts to reaffirm our core competency, restructure the organizational practice, and enhance technological capabilities on a full scale. To create the New S-Curve, drawing from our strengths in RFID knowledge base, we push forward many projects to create high-value innovations and develop technologies in-house. As the RFID industry continues to enjoy increasing demand from the market, we saw the need to invest and deliver new research and development projects into the field to foster the Company's accelerating growth and position ourselves at the forefront of the industry.

In the fiscal year 2020, the Company succeeded in growing our business with Net Profit totaling at 34.4 million Baht, a 41 percent growth compared to the prior period. All product groups contributed to the overall performance, including Animal Identification, Immobilizer, Access Control/Reader, NFC, and Other Products Groups. The performance resulted from customer base expansion, greater market share, effective cost management, and a reflection of the market's increasing demand. We recorded Gross Revenue totaling at 337.9 million Thai Baht in the year 2020, which was a 9 percent increase compared to the year 2019. Most of the Company's revenue came from export in key markets such as those in Europe, Australia, and China. In the future, the Company has plans to expand its customer's base in a greater number of countries, including the United States of America, to gain more business opportunities and higher revenue.

Presently, we have over ten Research and Development projects in our pipeline. These projects are both in-house and through ongoing collaborations with leading academic institutions and organizations to deliver innovations to serve the market, improve profitability, and foster long-term growth. As we are one of the players in Thailand's electronics upstream value chain, R&D projects play a strategic role in the Company. The industry remains promising as electronics is one of the future industries identified in the National Industry 4.0 Plan that will enhance Thailand's competitiveness globally.

Human Resource and Development is the heart and soul of our business. The Company invests and places high priority in HRD so that our microchip design and research business and other business units would grow alongside our people. In this light, the Company has the policy to continue investing in our human resources and know-how and form collaborations with educational institutes, agencies, and various organizations to attract and foster more people into the field. We hope that these efforts would result in more talents and knowledge to support future growth.

In the age of ubiquitous wireless connectivity or the Internet of Things (IoT), we see numerous benefits such as convenience and ease of use in our day-to-day living and greater yield and efficiency in the manufacturing sector. With IoT technologies, electronics devices or 'Things' are able to communicate and work with each other through many channels in the 'Internet-like' fashion. There is no doubt that IoT technology will improve the way we live and disrupt trading on a global scale. The Company firmly commits to be a part of this technology and product development community to leverage the industry and future economy. For instance, we have projects in the telemedicine industry where sensors are connected wirelessly using NFC Connectivity, security equipment for future automotive designs, e-commerce, finances, and automation industry which IoT enables.

On this occasion, I want to express my deepest gratitude to all shareholders who welcome us beyond expectations upon the IPO of SICT shares in mai stock exchange market on 30th July 2020. It is one of our proudest moments. Your overwhelming interest is crucial for raising funds for microchip research and development, future technological development, and future joint ventures. Additionally, I want to reaffirm our commitment to accomplishing projects outlined in the long-term plan and meeting our operational targets so that the Company may grow sustainably in the long run and provide maximum returns to all shareholders and stakeholders.

Industry Overview

Overview of Thailand's Electronics Industry

Electronics industry is one of the key industries in Thailand. The nation exported 30,000 million USD worth of electronic goods during the year 2010 – 2018 which accounted for 14.33 – 17.37% of total goods export value per annum. According to Thailand's Office of Industrial Indexes and Department of Trade Negotiations, the electronics industry's structure can be categorised into 3 levels as follows:

1. Upstream Industry

Upstream industry is defined as a group of basic industries which fabricate materials for electronics goods. Examples of these industries are integrated circuit (IC) design and wafer fabrication. Notably, manufacturing capabilities of upstream industry is regarded as one of the factors that determine the competitiveness of the subsequent Midstream and Downstream industries. Presently, Thailand is experiencing some obstacles in developing Upstream industry due to the lack of technologies and investment funding. As such, the country is not capable of fabricating wafers and relies on importing the raw materials from overseas. Compounded to the issue, there are few wafer manufacturers worldwide and each produces for their own consumption. It is estimated that there are approximately 10 firms that produce wafers for sales. Similar limitation exists for IC manufacturing in which there are a few providers available due to high research and development requirements at the design stage.

2. Midstream Industry

Midstream industry comprises of makers at components and electronics parts such as IC and capacitors. In Thailand, a significant portion of investment is seen in this industry segment. A majority of the makers are of foreign nationals and joint venture firms from overseas which have a scale of operation ranging from medium to large. Notably, most machines, raw materials, as well as technologies and knowhows come from headquarters which are located outside Thailand. On the other hand, Thai makers are a minority in the industry. They usually have a smaller size compared to its international counterparts and sometimes are subcontractors of those large manufacturers. Production processes are relatively less complex. Main factors of production are labour and imported machinery.

3. Downstream Industry

Downstream Industry refers to makers who deal with final processes in manufacturing electronics goods. They source various components and assemble to finished consumer goods, for instance,

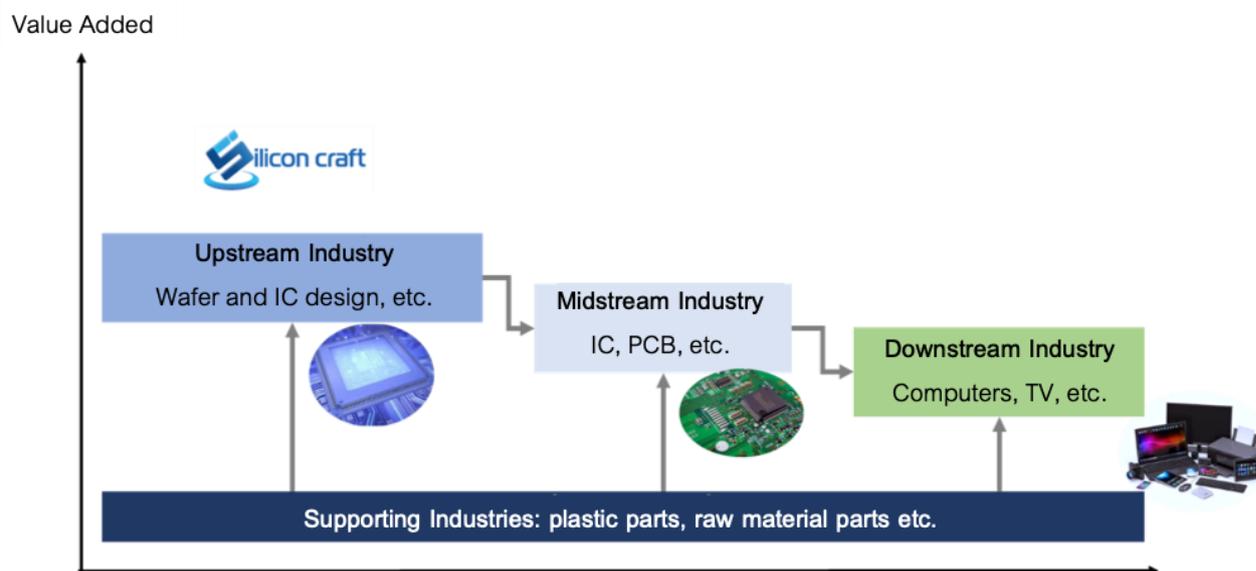


computers, handheld mobile devices, radio receivers, and television sets. Most makers in Thailand are capable of manufacturing at this level.

Thailand's electronics industry has been focusing on leveraging production capabilities at electronics parts, components, and assembly. These activities account for the Midstream and Downstream industries and are labour intensive. Also, they generate low value added income to the country as a whole. Should technological developments and innovation progress were stifled, these industries could succumb to low profit growth and market saturation.

Core businesses of Silicon Craft Technology (PLC) are categorised in the Upstream industry which are one of future driver industries as outlined in the Ministry of Industry's national development strategy "Industry 4.0". The Company is the sole organisation from the private sector in the country that has a specialised research and development team dedicated in developing technologies in RFID system over the years. Our microchip products have garnered recognition and exported products to a number of world-leading RFID product manufacturers. We generate revenue from export over 100 million THB each year.

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



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

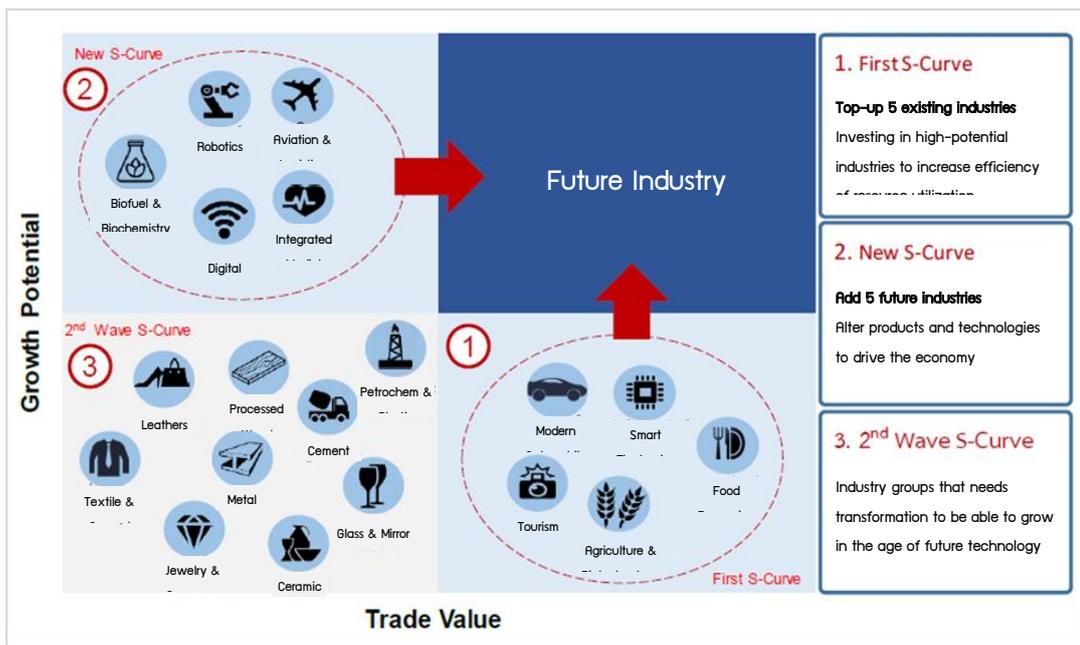
In the 20-year National Thailand Industry 4.0 development strategy (2017 – 2037), the government places great emphasis in promoting industrial development at Upstream and Downstream Industry levels. In particular, those firms in Smart Electronics industry which involve in electronics-related design, such as IC design, microelectronics design, and embedded design, and new product development, for instance, in the



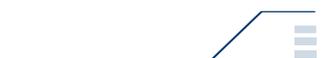
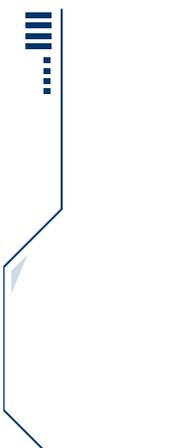
field of RFID, electronics controlling devices, Internet of Things / Smart Home, and telecommunications, are highlighted as ones of the key players in Thailand’s strategic industries.

Smart Electronics industry is a part of industry cluster that is expected to succeed the existing driver industries in the First S-Curve. The industry cluster aims to enhance the rate of material efficiency and yield to spur economic growth in the short and medium terms. This effort is an advancement of Thailand’s industry sector which already has the core manufacturing competency. It has become evident that the Smart Electronics industry cluster is poised to play a pivotal role in transforming the technology and innovation sector from traditional into high value-added one which is an indispensable step to develop other industries in the New S-Curve. The future industries would require advanced technology and innovation as in the case of Robotics and Digital industries.

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



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



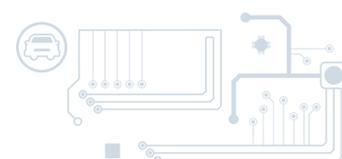


Overview of worldwide RFID system and device business

Radio Frequency Identification (RFID) technology utilises telecommunication radio frequencies to read and write data of various items onto a piece of equipment called a Tag or a Transponder. The main usage objective is to support or replace the Barcode system. This is due to a number of advantages as illustrated in the table below.

RFID system	Barcode/QR system
It is capable of reading and writing a large volume of data. Data can edited or re-written multiple times.	The functionality is limited to the Read Only mode in which data cannot be altered or added.
Data can be read while items are in motion such as those being transported on a conveyor, or cars passing through a toll gantry. The system is capable reading data even though the line of sight is blocked by various types of media e.g. water, plastic materials, glass, and opaque materials.	The system is unable to read data of moving items nor able to read through a medium.
It is capable of reading data even though a tag is not in a specific position or a direct line of sight. Data communication range is greater because data is transmitted by radio signals.	Data can only be read when the Barcode is in the direct line of sight. Due to the fact that data is captured using light that reflect off the Barcode, data cannot be detected without sufficient finesse.
The system can read from multiple sources at 99.5% average accuracy and precision without the issue of data duplication which significantly improves logistics' speed and efficiency.	Only a single source of data can be read. Accuracy and precision rate is averaged at 80% with occasional data duplication issue.
Greater security due to data encryption capability. As a result, the system can distinguish duplicated or imitated entry. Moreover, since tags can be covered with durable materials, they are humidity, vibration, and impact resistant.	Barcode system's data is stored in a physical format and exposed to the elements which can be damaged by humidity or scratch such that data cannot be read or with errors.

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



With regards to the radio frequencies in RFID system, each nation's Government passes their own laws to regulate the usages at each frequency range and the corresponding transmission power. Presently, the radio frequencies that are being used fall in the so-called Industrial-Scientific-Medical (ISM) Band which is the range that are permissible in many countries to be exploited for industrial, scientific, and medical applications. There are 4 principal ranges in the ISM Band.

Item	Low Frequency: LF	High Frequency: HF	Ultra High Frequency: UHF	Microwave
Frequency	125 - 134 kHz	13.56 MHz	860 - 925 MHz	2.45 – 5.80 GHz
Range	~ 0.15 - 1.20 metre	~ 0.10 - 1.20 metre	~ 5.00 - 20.00 metres	Up to 15.00 metres
Speed	Low	Medium	High	Very high
Application	Animal Identification, Automotive security system (LF is immune to interference from other radio frequencies)	Electric train ticket, access control, book circulation monitoring system in library.	Expressway pass, inventory monitoring system, cargo transportation monitoring system	Expressway pass, access control, cargo container monitoring system
Standards	ISO 17784/85 and ISO 14223	ISO 14443, ISO15693, ISO 18000 and ISO18092	ISO 18000 EPC Class1 Gen2	ISO 18000 EPC

Source: "Getting to know RFID technology" book, Thailand IC Incubator, Ministry of Science and Technology and the Company's internal information.

According to a UK-based business research centre specialised in Emerging Technology-related market research, IDTechEx, the overall RFID market size in 2020 accounted for around 12.08 billion USD, expecting to grow to 17.23 billion USD in 2029 or growing 42.63%.

Upon a closer look of RFID market value by product type, it has been found that Passive Tag, the Company's major product offering, dominated the overall market at 5.61 billion USD in 2020 and is forecasted to grow at 35.65% to 7.61 billion USD by 2029. Next in the line is Interrogator business, also one of the Company's main products, which had the market value at 3.13 billion USD in 2020 and expected to reach 4.45 billion USD in 2029.

\$ billions	2563	2564	2565	2566	2567	2572
Passive RFID Tags	5.61	5.82	6.11	6.43	6.57	7.61
Passive RFID Interrogators	3.13	3.21	3.31	3.38	3.5	4.45
Passive RFID Services, Networking, Software	2.7	2.8	2.9	3	4.5	4.5
Active RFID/RTLS Systems	0.63	0.64	0.66	0.66	0.66	0.68
Total \$ billions	12.08	12.47	12.98	13.46	15.23	17.23

Source: RFID Forecasts, Players and Opportunities 2019-2029 The complete analysis of the global RFID industry", IDTechEx



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

1) **Retails Sector**

It is expected that the market value of this sector will grow from 1.5 billion USD in 2020 to 4.89 billion USD in 2029 which accounts for 226% increase in the total value. Application examples in this sector are inventory monitoring system to prevent loss of goods or tracking items in transit, and recording goods' data such as type, quantity, pieces as required in inventory management system.

2) **Financial, Security Sector**

This sector's market size is expected to be at 4.53 billion USD in 2020, and anticipated to be 4.08 billion USD in 2029, or contract 9.90%

3) **Automotive and Public Transportation Sector**

It has been estimated that the market size in 2020, which is at 4.01 billion USD, will be 3.79 billion USD in 2029, contracting 5.5%. Examples of RFID application in this sector are Smart Ticket and automotive electronics key and Immobilizer.

4) **Logistics and Transportation Sector**

In this sector, the market value's forecast is from 0.63 billion USD in 2020 to 1.41 billion USD in 2029, increasing 123.8%. Examples in this sector are parcel tracking system and sorting of parcels with special codes.

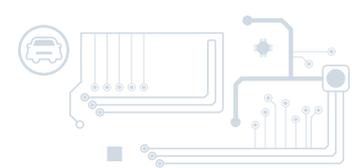
5) **Livestock Sector**

The sector's market share is on course to grow from 0.77 billion USD in 2020 to 1.04 billion USD in 2029 at 35.1% market growth rate. IDTechEx also forecasts RFID tag in Livestock and pets in 2021 will be around 700 million units.

\$ billions	2563	2564	2565	2566	2567	2572
Retail	1.5	1.74	2.01	2.3	2.87	4.89
Financial, Security	4.53	4.55	4.6	4.58	4.83	4.08
Passenger transport/automotive	4.01	4.11	4.19	4.27	4.57	3.79
Land, sea logistics and post	0.63	0.61	0.62	0.66	0.94	1.41
Animals and farming	0.77	0.78	0.81	0.81	0.91	1.04
Total \$ billions	11.44	11.79	12.23	12.62	14.12	15.21

Source: RFID Forecasts, Players and Opportunities 2016-2026 The complete analysis of the global RFID industry", IDTechEx

The Company's core businesses are focused on designing and developing microchips for passive tags and microchips for interrogators. Both businesses have high value-added as well as have demonstrated significant growth potential in the future. On the other hand, our target customers are in livestock and automotive industries which deemed crucial to the company's success by the Company's steering committees. As evident



in our extended track record, we have successfully developed and provided products to these industries' customers. As a result, the Company has a tremendous capacity to grow to meet the growing demands of our customers. The overview and trend of the Company's main customer groups, replacement automotive immobilizer and livestock businesses are outlined as follows.

Replacement immobilizer for automotive business

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

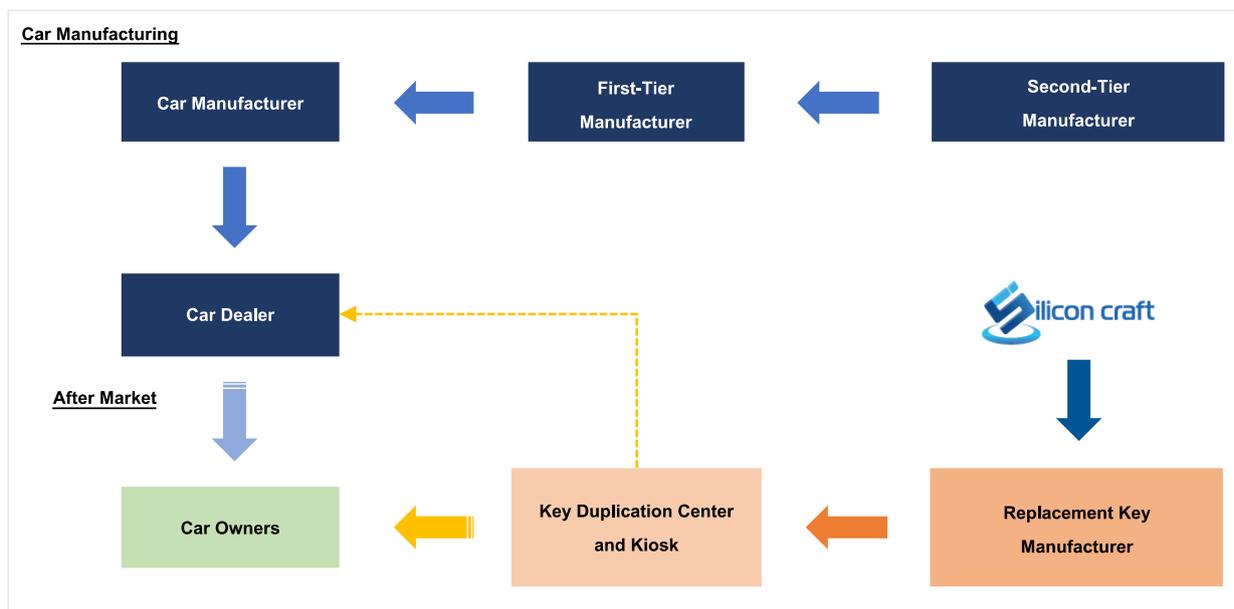
Key type	Mechanism
1. Physical Key	A key's notch corresponds to obstruction in a lock. If the key and lock's pattern are correspond to each other, car doors is locked or unlocked and the key is able to rotate to ignite the engine.
2. Immobilizer	In addition to type 1. (key-lock pattern), RFID signal is interrogated between microchip-embedded key and the interrogator that is installed at the car's keyway then the key is able to rotate to ignite the engine.
3. Immobilizer with Remote Keyless Entry System / Key Fob	Car doors is unlocked-locked and the engine is ignited upon key insertion and button pressing to increase conveniences. Keys are embedded with microchips.
4. Remote Keyless Ignition System/ Personnel Keyless Entry	There is no need for a key to be inserted to unlock-lock car doors and ignite the engine. The key is embedded with microchip which also identify its owner.

Note: As of 31 December 2018, the Company sells microchips for use in type 2 keys and in the process of developing chips for type 4 keys.

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



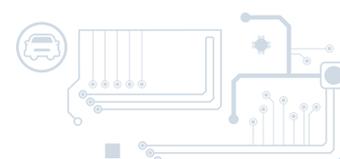
Structure of players in replacement key for automotive market



Source: Silicon Craft Technology PLC

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

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



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

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

Livestock Business

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



Unit: thousands

Item	2017	2018	2019	2020E	2021F	2022F	2023F
Number of cattle to be processed (head)	7,394	7,947	8,735	7,550	7,333	7,557	7,859
Number of sheep to be processed (head)	29,967	32,246	30,968	26,500	27,400	29,100	30,900
Number of microchip sold by the Company ¹⁾ (pcs)	18,340	32,855	31,554	39,492	n.a.	n.a.	n.a.

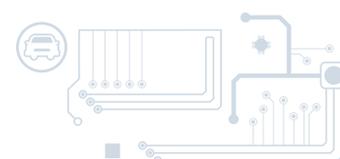
Note: 1) total number of microchips sold by the Company for animal identification application

Source: Meat & Livestock Australia (MLA), <https://www.mla.com.au>

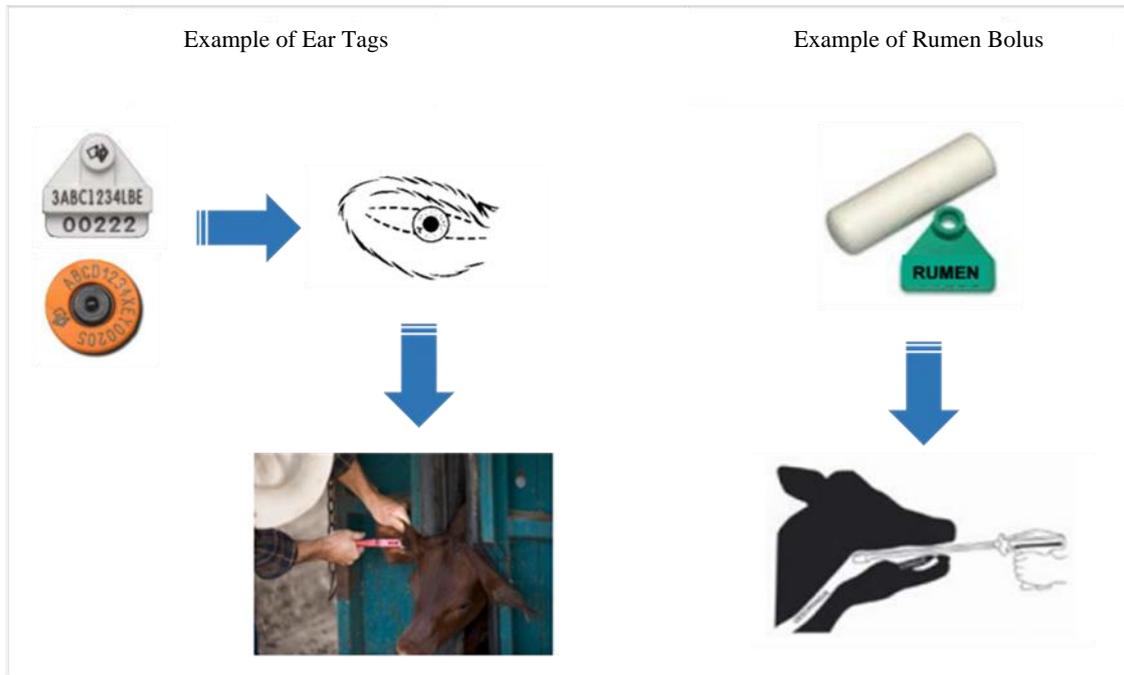
Presently, the system that registers and identifies animals in Australia is called National Livestock Identification System (NLIS) and it is overseen by NLIS Ltd. NLIS Ltd. designates the standards for equipment and systems related to NLIS animal identification system. Producers and/or retailers of animal identification tag must undergo product testing and certification with NLIS Ltd. before they are allowed to sell products in the nation.

As of 2020, RFID tagging device 29 items from 10 companies were certified from NLIS to be marketed in Australia. Among the list of certified companies, 9 firms with 28 product items source their animal identification microchips from our Company.

Example of Items	NLIS Example of NLS requirements
Data transmission	Half-Duplex (HDX) i.e. two-way communication
ISO Certifications	11784 and 11785 which includes standard for data structure on RFID tag, operational standards, data transmission, and technical specifications for tag and interrogator communication.
Detection Range	No less than 1.20 metres for free-roaming cattle and no less than 0.70 metre for reading data from no less than 3 sheep/goat heads in a herd simultaneously.
Tag form	In cattle, tags in the forms of ear tag and injectable capsules (for Rumen Bolus gastric compartment) are allowed whereas in sheep/goat, only ear tags are allowed.
NLIS Certification Level	<ol style="list-style-type: none"> 1. Conditional Accredited Status Under this status, tags that have been tested under actual operational conditions no less than 6 months will be allowed for sale. 2. Full Accreditation Status Under this status, tags that have been tested under actual operational condition no less than 3 years will be allowed for sale.



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



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

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



The RFID value Chain

In RFID system, core elements include tag, interrogator, and hardware, software system. In each element, a number of companies collaborate to create and supply RFID products. They can be categorised into 3 main groups.

1. RFID Chip and Tag Manufacturer

Example companies are NXP, Impinj, EM Microelectronic, and Allien Technology. This group includes designers, developers, and manufacturers of microchip, chip packaging, antenna, and tag. This level is characterised as Fragmented Value Chain where several companies collaborate and delegate works. They aim to develop both products and manufacturing know-hows to become industry standard products. Having the same standards, other users can purchase and apply in a variety of forms and application freely to meet the growing demand of RFID-enabled tags in many fields.

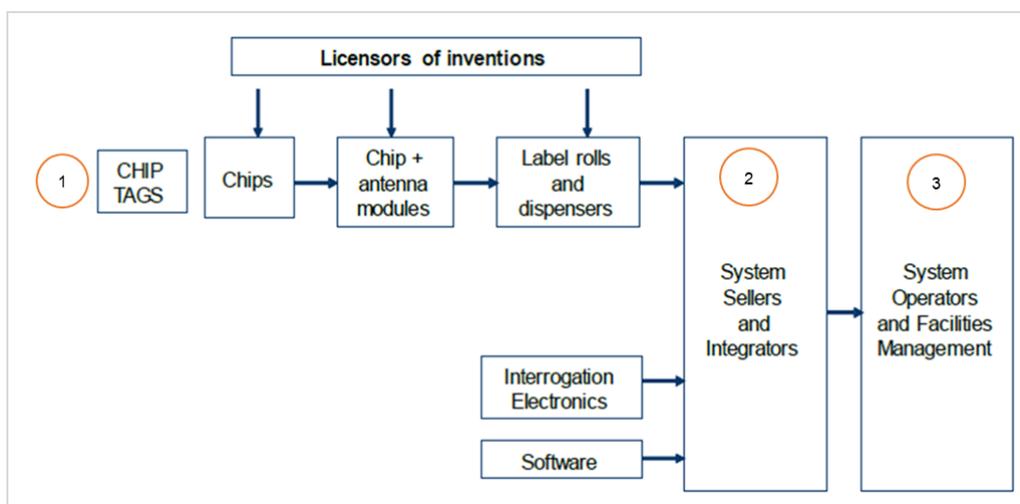
2. System Integrator (SI)

Feig, Vivotech, Zebra, and Allien Technology are some of the firms in this group. Entrepreneurs in the group possess know-how in software development and integration with other electronics systems and use the technologies to make the hardware and software work in the way that meet specific customer requirements. Due to the nature of this, product sales and services are customer-specific to address unique needs of each end-users.

3. System and Service Providers

Examples are IBM, Lyngsoe Systems, Unisys, Cubic corporation, ERG, and HP. Companies in this group require specialised expertise in servicing and maintaining systems essential to operate the RFID system in a designated application. They also provide bespoke, customer-specific sales and services.

Structure of Players in RFID System



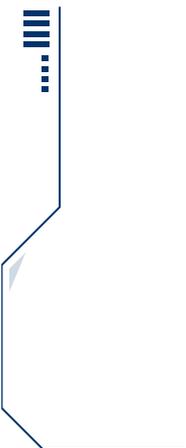
Source: RFID Forecasts, Players and Opportunities 2016-2016 The complete analysis of the global RFID industry”, IDTechEx



With regards to this classification, Silicon Craft Technology PLC belongs to the first group of Microchip, Card, Tag, and Interrogator Distributor. Notably, the Company is the sole enterprise in the group that conducts microchip manufacturing and design as the primary business. Having no competitors with similar capability, the Company is essentially unmatched in Thailand market. In terms of international competition, there are several companies that conduct business and provide comparable products as listed below.

Country	Number of Companies	Area of application with similar products as the Company's
USA	1	Animal Identification
Netherlands	1	Animal Identification
Switzerland	2	Animal Identification, Sensor and Measurement
France	1	Replacement Electronic Automotive Key
People's Republic of China	3	Animal Identification, Replacement Electronic Automotive Key, Sensor and Measurement, Data Recorder and Interrogator

Source: Silicon Craft Technology, PLC

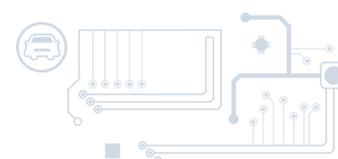




Standards and Regulations

The Company's core business of microchip manufacturing and design does not require certification to sell and distribute as per The Office of The National Broadcasting and Telecommunications Commission (NBTC)'s Notifications. However, since the Company's products are destined to be assembled in RFID devices by customers, any conditions and regulations observed by our customers ultimately direct our design and manufacturing considerations. Exemplary necessary standards and regulations are as follows.

Item	Key Points
ISO 9001	The standard is for setting up and managing necessary operations related to quality assurance. It is a system to assure that every process is under control and traceable by prescribing detailed steps and procedure such that members of the organisation are able to understand their scope of duty and responsibility and are able to comprehend and follow steps in the operation. Trainings are routinely in place to provide staffs with sufficient knowledge and skills to operate, record data, evaluate whether operations are executed according to the steps outlined in the documentation, troubleshoot issues, and provide recommendations to prevent similar issues from reoccurring.
REACH (Registration Evaluation Authorization and Restriction of Chemicals)	European Union's regulation on chemical safety with emphasis on management and control chemicals in a single system. The objectives are to promote accountability and shared responsibility regarding chemicals handling safety among the actors including manufacturers, importers, distributors, and downstream users. It covers any chemicals manufactured, distributed, and used in various products in the European Union. Effects of chemicals on health and environment must be studied and evaluated. Actors must also publish and release information on chemical safety data to every users and end-consumers of the supply chain. Procedure includes registration, evaluation, and authorisation. Failure or insufficiency in conforming with the laws and regulations prescribed by REACH, the manufacturer is subject to sales, distribution, and import prohibition within EU.
RoHs (Restriction of the use of certain hazardous substances in electrical and electronic equipment)	The regulation restricts the use of hazardous substances in any electrical and electronics appliances to be imported into EU. Products must be free from lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr-VI), poly-brominated-biphenyl (PBB), and poly-brominated-diphenyl-ether (PBDE) in any form excluding any products declared otherwise in the exception list. The purpose is to eliminate harmful chemicals to human and environment from electrical and electronics equipment to allow for safe waste management at the end of its lifecycle.
CMRT (Conflict Minerals Reporting Template)	A regulation on sourcing & supply chain for electronics industry in the USA. Its purpose is to deter electronics manufacturers from sourcing minerals from a group of countries with mining practice that violate human rights and/or support conflicts among factions particularly in Africa. Public listed electronics manufacturers must declare their origin of minerals and certify that no raw materials come from the banned countries.
Banned chemical list provided by customers	The Company also adhere to agreements made with customers that additionally require the Company to certify that certain chemicals are not used or used with limited quantity in products.



Factors driving the Company's business growth

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

Multiple Capabilities Beyond Barcode System

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

Nowadays, apart from substituting Barcode system, RFID technology has been applied in various arrangements different purposes for example, RFID devices for security such as an access control card or a replacement immobilizer car key, for improvement of harvest and food safety such as a small implantable glass tag that keep animal's records and use for food traceability, for production planning or quality control of different manufacturing processes in the industry, for goods delivery service and delivery status tracking and also the logistics and inventory management, etc. Because the RFID system have several capabilities that can be developed to support many industries mentioned before, RFID system devices have strong growth tendency together with the growth of each industry.



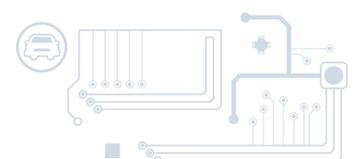
Changes in Consumer Behavior

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

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

Supports from local public and private sectors

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



Policy and Business Overview

Company Background

Silicon Craft Technology Public Company Limited (“the Company”) has been established by a group of Thailand’s researchers and electronics engineering specialists in 2002 with initial registered capital of 5.00 million Baht led by Mr. Manop Dhamsirianunt, the former IC Specialist in the Reverse Brain Drain Project¹ who needed to transfer knowledge and working experiences in Integrated Circuit (IC) design from overseas for more than 10 years to develop and prove that research works and knowledge on integrated circuit can add very high economic values when comparing with the investment. Hence, he joined hands with a group of researchers and specialists who have the same concept to establish a private company because it is agility and can closely cooperate with the public agencies on concretely development of body of knowledge on integrated circuit design in Thailand. Those founders who are currently the Company’s shareholders are Dr. Naiyavudhi Wongkomet, Professor Dr. Apinunt Thanachayanont and Mr. Apinetr Unakul.

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

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

In 2013, the Company has developed its internal quality system to enhance confidence to business partners which were the companies in foreign countries. Hence, the Company has received ISO9001: 2008 on

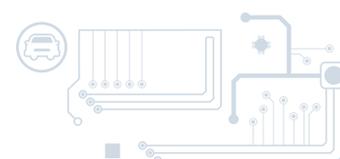
¹ The National Electronics and Computer Technology Center (NECTEC)’s Reverse Brain Drain Project is a project to encourage overseas Thai professionals to return to Thailand to collaborate and develop knowledge based body including technology transfer to the public and private sectors in Thailand.



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

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

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



Overview of vision, mission, and strategy of operation of the Company

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

Vision

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

Mission

Products and services:

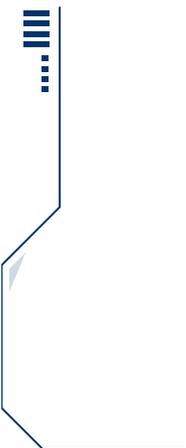
The Company will design and deliver outstanding and unique integrated circuit products and services.

Customers and business partners:

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

Employees:

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



Nature of Business

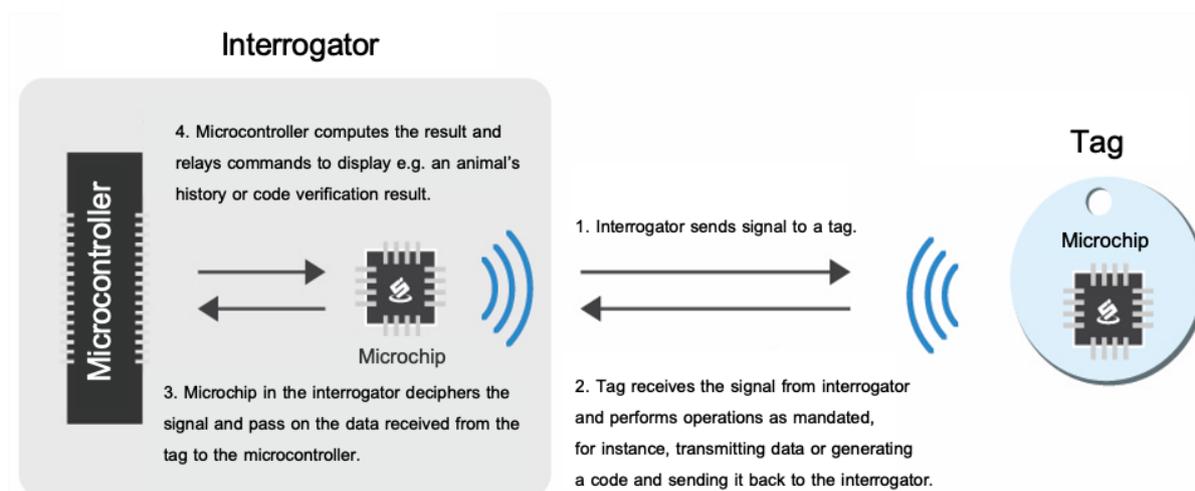
Silicon Craft Technology (PCL) ("The Company") is in the business of research and development, in-house design, and Integrated Circuit (IC) and microchip products marketing to customers. The Company outsources the manufacturing process and deliver finished products under the Company's trademark "SIC".

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

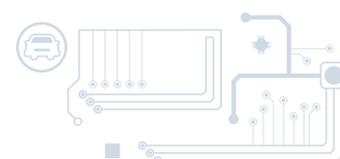
There are three main components in a RFID system.

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

a diagram demonstrating how microchips in tags and interrogators work.



Source: Silicon Craft Technology (PCL)



Revenue Structure

Revenue Structure	2017		2018		2019		2020	
	Million Baht	%						
1. Immobilizer	117.90	37.95	134.96	35.79	78.13	25.30	87.59	25.92
2. Animal Identification	102.27	32.92	131.13	34.78	129.33	41.88	139.10	41.17
3. Access Control & Interrogator/Reader	87.26	28.08	101.67	26.97	97.48	31.57	105.53	31.23
4. NFC & Others	3.27	1.05	9.27	2.46	3.86	1.25	5.65	1.67
Total revenues	310.71	100.00	377.04	100.00	308.80	100.00	337.88	100.00

Note: Some animal-tag customers started to apply our animal tag IC in access control application, which is still included in the Animal Tag IC group.



Nature of Product & Service

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

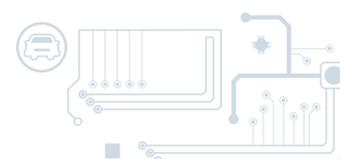
As a fabless or factory-less company, the Company designs microchips, outsources the fabrication process to our trusted business partners and sells the finished goods as microchips and microchips for IC packaging such as antenna coil attachment type, plastic cylinder type, and glass cylinder type which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

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

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

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

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



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

In the year of 2018, 2019, 2020 the Company's revenue from microchip for automotive immobilizer key system are 134.96 million Baht, 78.13 million Baht, and 87.59 million Baht, respectively.

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



Source: Silicon Craft Technology (PCL)

2. Microchips for tags in animal identification system.

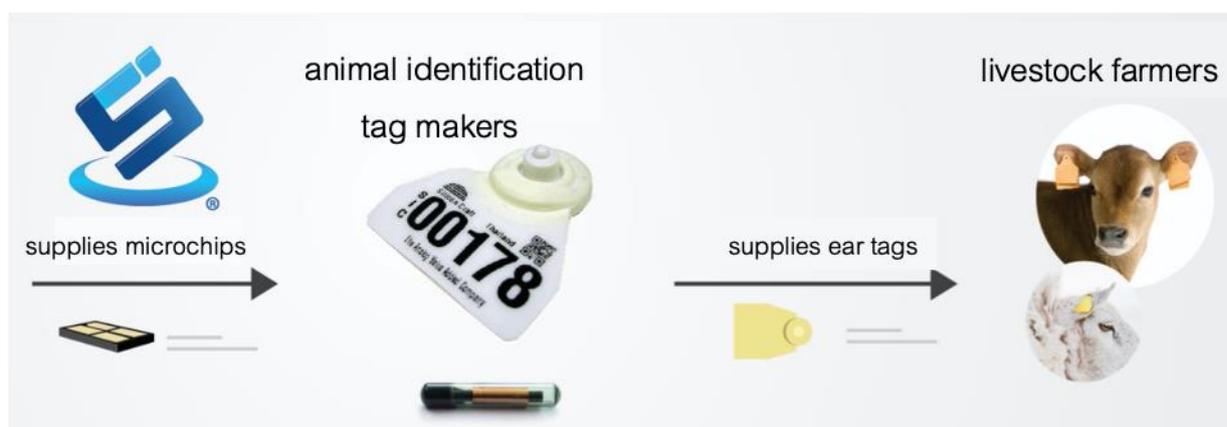
Animal identification tags are one of the RFID applications that are used to record data of individual livestock such as beef cattle, dairy cattle, sheep as well as pets e.g. dogs and cats. In many countries that produce livestock and export livestock-derived products, for instance, the European Union,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



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

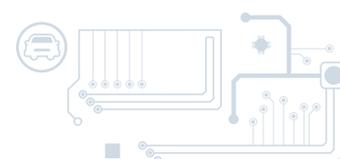
The Company is one of the leading animal identification tag research and development firms. Our main customer is one of the largest animal ear tag manufacturers globally. Currently, we supply tags which do not require batteries to operate (passive operation) and utilise radio signals in low frequency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

example of application in animal identification system



Source: Silicon Craft Technology (PCL)

In fiscal years 2018, 2019 and 2020, the microchips for animal identification system generate revenues for the Company at 131.13 million Baht, 129.33 million Baht, and 139.10 million Baht, respectively.

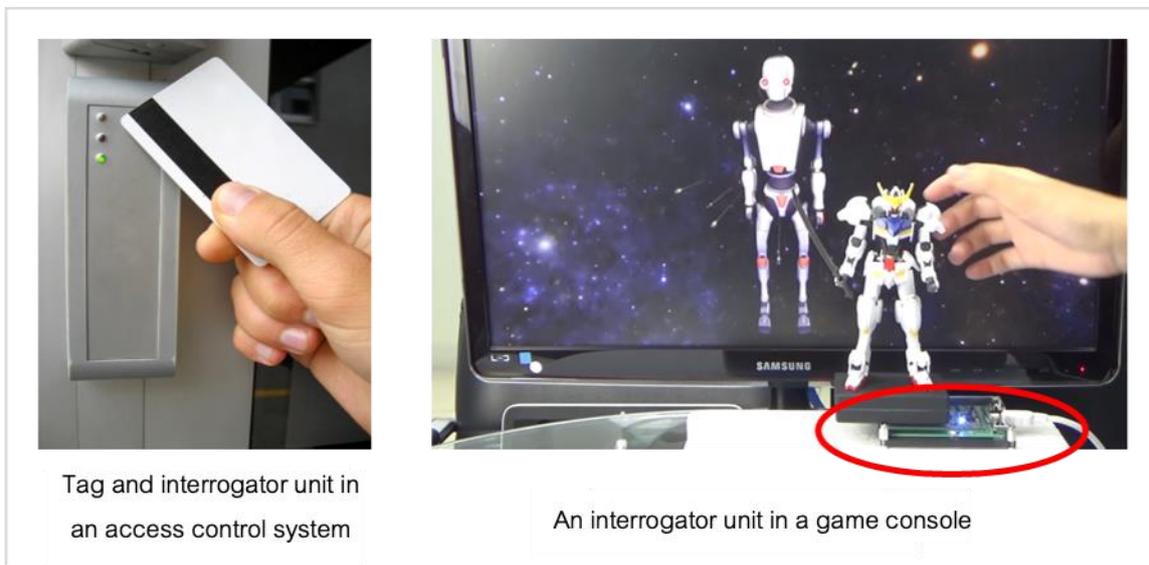


3) Microchips for access control system and interrogator

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

In fiscal years 2018, 2019 and 2020, the microchips for access control and interrogator business generate revenues for the Company at 101.67 million Baht, 97.48 million Baht, and 105.53 million Baht, respectively.

example of usage in access control and interrogator in toys



Source: Silicon Craft Technology (PCL)



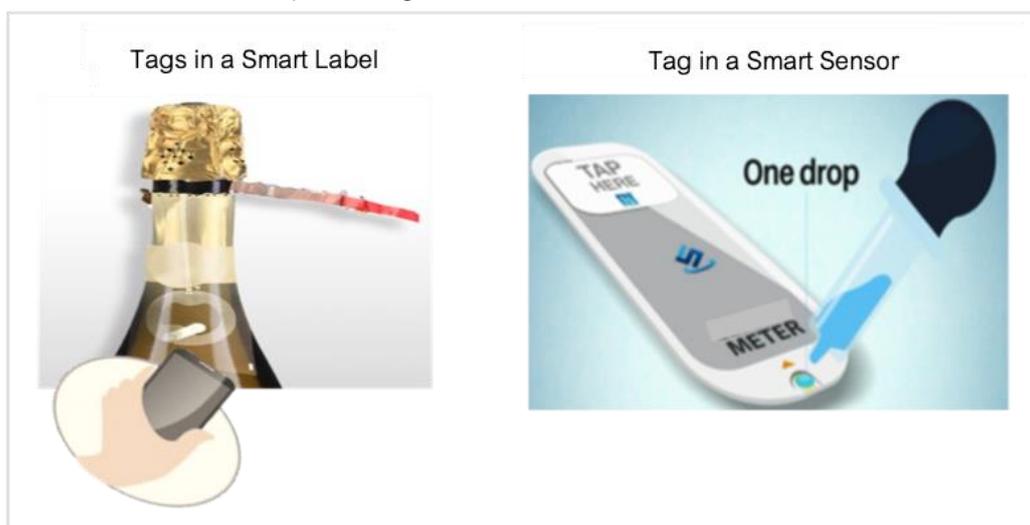


4) Others

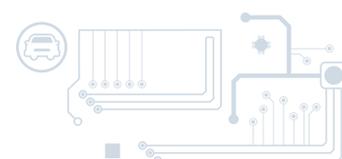
In addition to tag and interrogator microchip businesses, the Company provides RFID tag-microchips which can be used in a wide range of applications such as Smart Labels for preventing fabricated products from entering a value chain and Smart Sensors which enable greater numbers of parameters to be measured.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

In fiscal years 2018, 2019, and 2020, the Company recognised revenues from the aforementioned businesses at 9.27 million Baht, 3.86 million Baht, and 5.65 million Baht, respectively.

example of usage in Smart Label and Smart Sensors



Source: Silicon Craft Technology (PCL)



Summary Table of Company Products

Type of Use	Usage	Standard	Example Form-Factors for Sales	Example Products	Customer Segment
1. Cryptography microchip for replacement car key's immobilizer system	Microchip in replacement keys and cryptographic readers to create spare keys for the anti-theft immobilizer system (Low-frequency band 125KHz - 134.2KHz)	Proprietary encryption	Glass transponder, wedge transponder	AT 2000, JS 888, Triple X	Electronic replacement car key manufacturers
2. Microchips for tags in animal identification system	Microchip in animal identification tags (Low-frequency band 125KHz - 134.2KHz)	ISO11784/11785 FDX, HDX	Glass transponder, wedge transponder, microchip attached to rod antenna	SIC 7888, SIC 7900, SIC 7999, SIC279	Animal registration system tag manufacturers
3. Microchips for access control system and interrogator	Microchip in cards and readers for access control, data readers for pallet tags, data readers for toys, etc. (High-frequency band 13.56 MHz for readers and Low-frequency band 125KHz - 134.2KHz for tags)	Reader : ISO14443 A,B และ ISO15693 Tag : และ ISO11784/11785	Quad Flat No-leads package: QFN	Reader : SIC 9100, SIC 9310, SIC 9410 Tag : SIC 5777	Access-control card manufacturers, industrial buildings, warehouses, manufacturers of interactive toys
4. Microchips for other systems	Microchip in smart label systems, for sensing, etc. (High-frequency band 13.56 MHz with NFC (Near field Communication) technology)	ISO 14443 A, 14443 Type 2	Quad Flat No-leads package: QFN	SIC 5600, SIC 4310, SIC43NT, SIC4340	Industrial factories, warehouses, smart-label manufacturers, anti-counterfeiting product manufacturers, libraries, water contamination smart label makers.



Characteristics of Customers and Target Customers

Immobilizer Manufacturers Group

Immobilizer manufacturers are one of the Company's main customer which accounted for proportion of approximately 26% of revenue from sales of the Company in 2020. This group will purchase the Company's microchip to embed in key blank and further sell to the immobilizer service centre worldwide, particularly in European countries which began to enforce on automobile security system.

Animal Tag Manufacturers Group

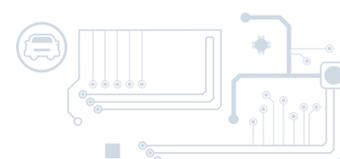
Proportion of sales to animal tag manufacturers accounted for approximately 41% of revenue from sales of the Company in 2020. Such customer groups purchased the Company's microchip to assemble with their own tags to make products under their own brands, after that they will further sell to the end users, such as farm owners including animal's owners, and etc.

Access Control and Interrogator Distributors Group

Proportion of access control and interrogator distributor group accounted for approximately 31% of revenue from sales of the Company in 2020. Such customer group purchased the Company's microchips for further sell to various entrepreneurs or to directly sell to the entrepreneurs in the industrial factories. Products in this group can be applied and used in various purposes, so its customers are in various industries.

Innovation Product Development Entrepreneur Group

Innovation product development entrepreneur group is the new target group of the Company to present new model of products to. Such customer group is the entrepreneurs in various industries who need to develop products which have RFID system as components, but they do not have skill in such technology. Therefore, the Company will have good opportunity to be their partner in development of microchip that can make their products fulfil requirements of their customers, such as Smart Sensor or Smart Label, and more.

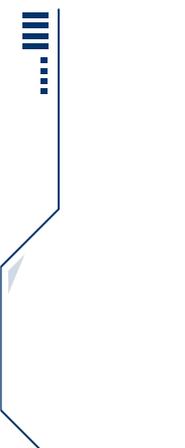


Product presentation and distribution channel

The Company's main target is to present products and services via the Company's networks, both directly and indirectly, such as direct sales of product, sales via distributor and sales via agent. The Company determines to strengthen the customers' confidence and to build long-term relationship by closely working with them, so that the Company can develop products which can better respond to the customers' demand. The Company's Sale & Business Development Department will contact and present products to the customers while the Embedded System and Engineering Support Department will support details of products and services to further present to the customers. Channel and contact method of the Company's sales team are as follows:

Direct Sale: As the Company's products need to have specific skill and knowledge for usage, so the Company's method used to build brand awareness of its products and services is via event marketing by opening an exhibition booth at the RFID Technology events in the target countries, such as CARTES Trade Fair in France, Embedded World in Germany, IoT Shenzhen in China, AIPIA (Active and Intelligence Packaging Industry Association) in the Netherlands, MEDIX Exhibition in Japan and etc. to publicize the Company's products and services. The Company also sent sales teams to present products and services including previous works of the Company to the target customers in various countries, so that they will consider to list the Company's products, services and qualifications in their vendor lists. After that, when the customers are interested to use or to order the Company's products, they can contact the Company's sales team to present more details of products and services including to negotiate for other conditions.

Distributors Channel or Agent Chanel: The Company cooperates with the entrepreneurs who are skilled, expertise distributors and have connections with the target customers in each country within such region. Such distributors will order the Company's products to sell to the target customers in each country and will provide marketing information to the Company for mutual opportunity growth. The Company also has other channels to present its product, i.e. agent channel. Such agent will receive remuneration as commission fee based on sale volume that their customers placed orders for the Company's products or services. Having business alliances who are distributor and agent make the Company able to receive news and information both on technology and trends of customer's requirements and it also makes the Company able to access to some major customers who have policy to purchase or procure products via agent or agent who already has trade transactions only.





Competitive Strategy

The Company, as the designer and developer of chips for RFID device, realizes the importance of being the initial mechanism in the process to effectively promote for the growth of the business sectors in digital age. So, the Company develops chips that can help the Company's customers manufacture quality products and services that can build up the growth continually and sustainably together. The Company's main competition strategies are as follows:

Leader in Innovation

The Company's marketing position is the chip developer which focuses on research and development to search for innovation constantly in order to present products that can effectively respond to the customers' demand under optimal costs. Consequently, the Company has been trusted by the major entrepreneurs at global level to develop chips for their products continually. During the period of more than 10 years, the Company has developed full-range RFID IC that can extensively respond to the customers' demands on technology, form and application function.

In addition, in order to maintain position as leader in innovation, the Company has appointed the Innovation Committee which consists of specialist personnel from various departments, such as business development, design and engineering departments. The Innovation Committee will study various research works available in foreign countries including trends and marketing opportunities in product groups to set forth as the Company's technology roadmap and product roadmap. Such roadmaps are important factors for the Company's growth. The Company has divided research & development roadmap into 3 phrases, such as short term (1 year), medium term (3 years) and long term (more than 5 years) in order to ensure that the Company can develop and launch new products to the markets continually.

Long term Experience and High Expertise of Staff

Being a leader in innovation required to have know-how, experiences and expertise and it needs many years to possess knowledge relevant to integrated circuit (IC) design of RFID device. The Company is the first private company in Thailand which engages main business in design and development of chip for RFID system and when combining with knowledge and expertise of the founders of the Company and experiences in business operations for more than 10 years, so it is quite difficult for the new competitor to enter into this industry, especially in Thailand, which has limitation on number of personnel who has knowledge and skill in this branch.

In order to promote and create knowledgeable and capable personnel for the Company continually, the Company has arranged activities with many universities in Thailand to provide trainings and knowledge to students in Engineering Faculty in various universities in the fields relevant to the Company's business in order to prepare for recruitment of potential students to work with the Company in the future. In addition, the Company



also cultivates corporate culture on knowledge transfer among the employees in the organization through the works from employees at higher level to lower level in order to increase know-how and expertise to the Company's engineers in all levels constantly. Moreover, the Company regularly and continually arranged the trainings to provide knowledge and the study visit trips abroad for the Company's engineers, so that they can catch up with global technology which has been developed and changed all the time. Hence, the Company's teams of engineers possess knowledge, capability and expertise on integrated circuit (IC) design of RFID device that can equally and effectively compete with the multinational companies, such as Texas Instrument and NXP and etc.

Low Fixed Cost but High Flexibility

The Company engages business as a fabless company, but it evaluated performance of its business alliance every year to maintain quality and standard of the Company's products. As the Company does not have its own manufacturing factory, so it does not have burden on fixed costs and it can consider about finding new business alliances to compare manufacturing cost for maximum benefits and to reduce depending on only one manufacturing factory. The Company can also increase or decrease manufacturing amount pursuant to competitive condition in each period of time. In case new products have been developed, the Company can adjust manufacturing format by seeking for new business alliance which have readiness to manufacture such products for the Company. Hence, the Company has agility on products manufacturing to present to the customers pursuant to the required period of time.

In order to ensure that the Company will have the factory to manufacture products to submit to the customers on schedule, the Company has to closely and jointly plan with the business alliance who is the major manufacturing entrepreneur to reserve for manufacturing capacity. In case of development of new product, the Company will attend joint meeting with the partner to study about the manufacturing guideline and acceptable costs. For the past period, the manufacturing factories always helped and recommended maximum efficiency method and procedures under optimal costs, so that the Company can consistently present and deliver products to the customers on time.

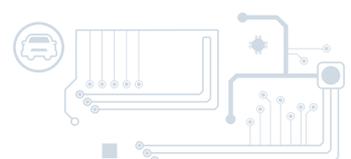
Excellent in Quality of Products and Services

Development of efficient chips under acceptable cost is one of important factors that can help the Company's customers grow sustainably during the period that technology has been developed and increased its role in daily life of the people continually. Microchips developed by the Company have been proven that they have capability to function on par with or superior than microchips developed by the world's major entrepreneurs in foreign countries under the competitive costs. In order to maintain outstanding quality of products and services that can be trusted by the customers, the Company put emphasis on quality control of products and services throughout the work processes, beginning from design, procurement and selection of

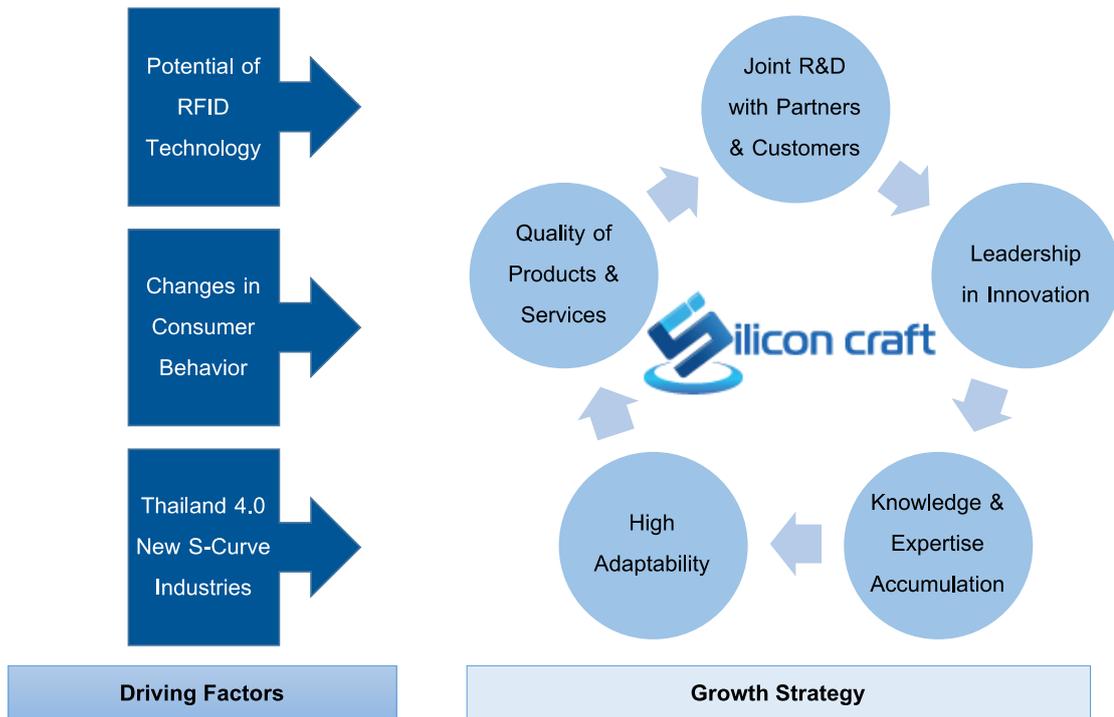
raw material, procurement and selection of business partner who has standard manufacturing process, quality control, storage, transportation and distribution of products to make sure that all products received by the customers have quality and qualifications as per presented to the customers. The Company also takes into account conditions or requirements that the Company's customers have to comply with in order to make the Company's customers confident that when they use the Company's chips with their own products, they can maintain quality and standards as required. As a result, the Company's products and services can be reliable and have always been trusted by the customers.

Strong Relationship and Sustain Growth with Partners

The Company emphasizes on seeking for strong partners, with regard to innovation and technology R&D, production and distribution channel so that the Company can present the products and services pursuant to its target customers' requirement and the Company adheres to principle on ethical business operations and jointly building up sustainable growth with business partners throughout the supply chain. The Company will work closely with the customers and business partners to exchange technical and marketing idea and information, including to conduct research and development together to plan for mutual and sustainable growth of all parties. Hence, the Company is able to develop products to respond to the requirements of the Company's target customers including end users of the Company's customers constantly. In addition, the Company also puts emphasis on being alliance with various organizations for development of body of knowledge on RFID for Thailand, such as educational institutes, the National Electronics and Computer Technology Center (NECTEC), National Science Technology and Innovation Policy Office (STI), National Innovation Agency (NIA) and etc. The Company will assign its personnel to give lecture to provide knowledge to many organizations and will open opportunities to the students for apprentice and learning from the Company. Thus, the Company has good relationship with the agencies relevant to RFID technology of Thailand including the educational institutes, that it can receive cooperation on joint development of body of knowledge and personnel in RFID field constantly.



Support factors for business growth and competitive strategy



Procurement of products and services

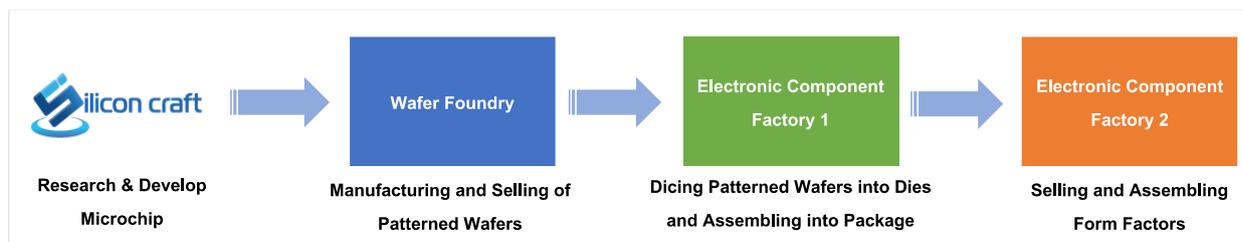
The Company engages in business of design and development of chip for RFID system as a fabless company, that is, the Company is the integrated circuit designer then employs outsources to manufacture and assemble chip to sell to the customers. Sources of main raw materials and outsources for manufacturing the Company's products are as follows:

- 1) **Raw material:** Main raw material used in the Company's chip manufacturing process is wafer, which is made from silicon. Silicon ingot will be sliced into wafers and developed circuit pattern upon by photolithography, pursuant to the design specified by the Company. Manufacturing of wafer is regarded as upstream industry that none of Thai operator can do so all of wafers have to be imported from abroad. There are only a very few entrepreneurs in this industry, for instance there are only about 10 factories throughout the world that can manufacture wafer. The Company purchases wafer from one entrepreneur in Singapore, which is one of global wafer manufacturing factory. The Company must place purchase orders for wafer with circuit pattern as per specified by the Company at least 4 months in advance and manufacturing period takes about 1-2 months, depending on complexity of mask set designed by the Company. The Company has a policy to reduce risk from depending on such major manufacturer by seeking for new manufacturers. Currently, there are 3 wafer manufacturers listed in the Company's

database which are located in Singapore, South Korea and China. In addition, the Company has to procure for other raw materials, apart from wafer, such as electronic components and IC packaging, including form factors, such as glass bar, plastic bar or coil. The Company procures such raw materials both from domestic and abroad sources, depending on product type and cost.

- 2) **Outsourcing:** The Company is an entrepreneur whose business operations are to put emphasis on research and development process, and it does not have its own production line, so it has to outsource other factories to dice patterned wafers into small piece which is called “Die” for manufacturing as finished products ready to be delivered to the customers. The Company mainly outsources the domestic factory for such work because there are a lot of mid-stream and downstream electronics factories domestically. The Company employs one factory which is the country’s major entrepreneur for wafer dicing and testing, including for packaging assembling because such entrepreneur has standard machinery and technology, with suitable service fee and it can deliver works on schedule throughout the service period. Period of time used for die dicing is approximately 1 month. In case the customer specified that microchip has to be assembled with form factor in the format specified by the customer, it will take 1 additional month. After wafer is cut as die, the Company will consider to purchase form factor and to assemble works, both within and outside the country, depending on type of product and cost. Therefore, raw material procurement process to be used in the Company’s manufacturing process has to plan in advance, both on raw material procurement plan and outsourcing plan, to prevent problem on shortage of raw materials and on delay product manufacturing.

Raw material procurement and outsourcing



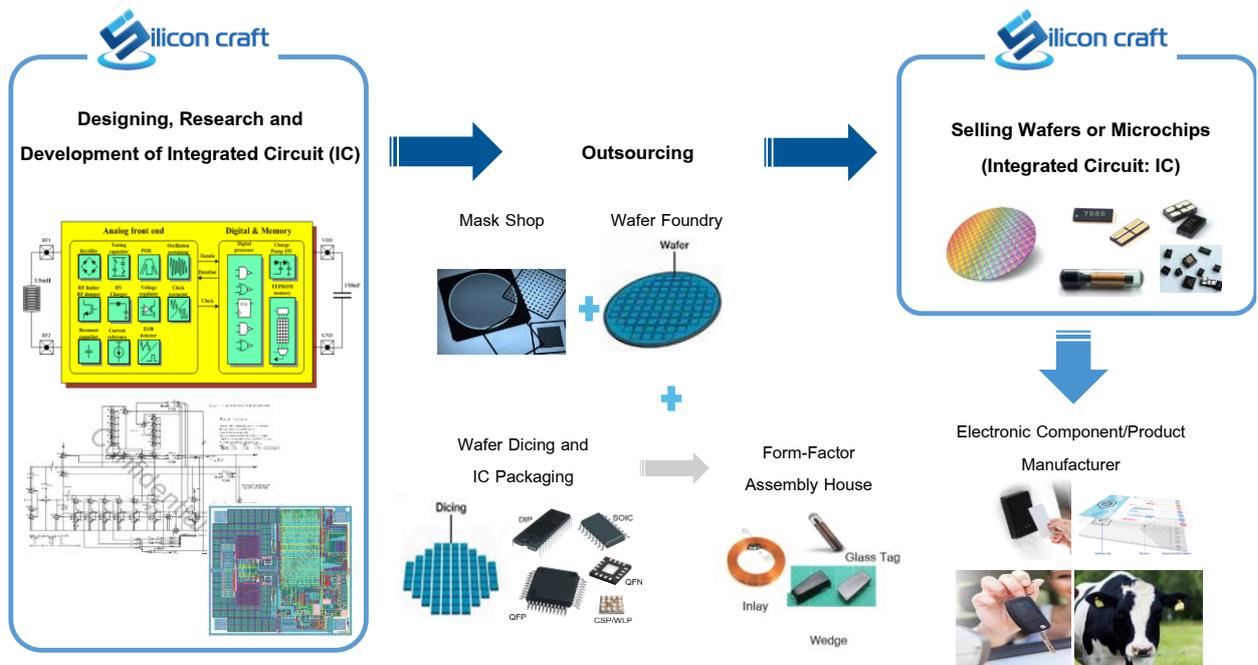
Source: Silicon Craft Technology Public Company Limited

- 3) **IC Design Engineer:** Apart from raw material and outsourcing services as per mentioned above, other material component for the Company’s business operations is IC design engineers and there is limited number of skilled and expert personnel in this profession in Thailand. For the past, the Company recruited personnel in this field by contacting the educational institutes to jointly arrange activities and trainings to provide knowledge to students in Engineering Faculty in the fields relevant to the Company’s business in order to build understanding on this career path and to promote for additional personnel in such professional fields. However, as the Company is the only firm in Thailand which mainly engages in



business of design and development of RFID devices, consequently, most of personnel in Thailand who have knowledge and expert in this profession are interested in working with the Company, so the Company has not encountered a problem on shortage of knowledgeable and expert engineers in relevant profession at all. With regard to the plan to support for future growth, the Company still keeps on coordinating with the educational institutes including other agencies or organizations on providing knowledge and support for personnel development in the relevant professions constantly to increase the number of personnel in such line of business. The Company also has a plan to employ knowledgeable and expert personnel in specific professions abroad to work with the Company in the future. As of December 31, 2020, the Company has 69 engineers.

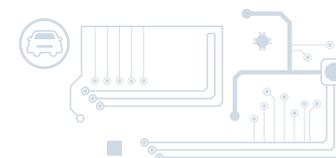
Summary of Characteristic of Business Operations of the Company



Right and Privileges from Promotion Certificates (BOI)

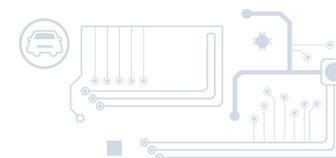
The Company has been granted rights and benefits from the Board of Investment (BOI) pursuant to the Investment Promotion Act B.E. 2520 as 3 promotion certificates for its business operations as per approved by the Board of Investment under the specified conditions. Essence on taxation privileges granted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

Promotion Certificate	1 st Certificate	2 nd Certificate	3 rd Certificate
Promotion certificate no.:	1980 (4)/2551	2435(4)/2556	59-0321-1-00-2-0
Date approved:	August 4, 2008	September 3, 2013	January 14, 2016
Type of activities promoted:	Integrated circuit design and RFID device design including continuous products from design, Type 5.7: Electronics design activities	Integrated circuit design and RFID device design including continuous products from design, Type 5.7: Electronics design activity	Electronics design and continuous products from electronics design, Type 5.6.1: Microelectronics Design and Type 5.6.2: Embedded System Design
Right and privileges :			
- Exemption of corporate income tax for the net profit from the promoted activity up to 8 years from the date income is first derived from such activity. In case the promoted activity recorded a loss during the promoted period, annual loss incurred during such period can be deducted from the net profit accrued for a period of not more than 5 years from the expiry date specified and may choose to deduct such loss from the net profit of any one year or several years.	✓ (Privileges have been fully exercised)	✓	✓
- Exemption from computation of dividends derived from a promoted activity of taxable income throughout the exemption period of corporate income tax.	✓ (Privileges have been fully exercised)	✓	✓



Promotion Certificate	1 st Certificate	2 nd Certificate	3 rd Certificate
- Exemption of import duties on machinery as per considered and approved by the Board throughout the promotion period.	✓ (Privileges have been fully exercised)	✓	✓
- Exemption of import duty on raw materials and materials necessary to be imported for usage in production for export for 1 year beginning from the first import date.	✓ ⁽¹⁾ (Amended to be from February 8, 2018 to February 7, 2020)	✓ ⁽¹⁾ (Amended to be from September 27, 2018 to September 26, 2020)	✓ ⁽¹⁾ (Amended to be from July 21, 2019 to July 20, 2021)
- Exemptions of import duty for materials imported for re-export purpose for 1 year beginning from the first import date.	✓ ⁽¹⁾ (Amended to be from February 8, 2018 to February 7, 2020)	✓ ⁽¹⁾ (Amended to be from September 27, 2018 to September 26, 2020)	✓ ⁽¹⁾ (Amended to be from July 21, 2019 to July 20, 2021)
Material conditions:			
- In order to submit an application for exemption of corporate income tax from selling of products from electronics design for commercially manufacturing, there will be either one of the following document for each product to presented as evidence and failure to submit evidence for any product, rights and privileges on corporate income tax exemption of such product will not be granted: <ul style="list-style-type: none"> ▪ Patent concerning invention, product design or petty patent. ▪ Certificate to certify that it is an electronics design project from the National Science and Technology Development Agency (NSTDA) or the relevant institutes for each product. 	✓	✓	✓
- Quality of products manufactured or assembled must comply with the international standards and if standard of such product has been specified under the Industrial Product Standards Act, it must have TISI Certificate and industrial standard emblem from the Industrial Product Standard Committee must be displayed.	✓	✓	✓

Promotion Certificate	1 st Certificate	2 nd Certificate	3 rd Certificate
- There must be system to control and prevent damage to quality of environment and danger or nuisance to the people living nearby with approval from the relevant government agency.	✓	✓	✓
- Factory must be established in Bangkok area within 15 years from the date business is commenced and such factory cannot be relocated to other areas.	✓	✓	✓
- Shareholders of at least 51 percent of registered capital must be Thai nationality.	✓	✓	✓
- Registered capital	Paid-up registered capital must be at least 16.88 million Baht.	Paid-up registered capital must be at least 80 million Baht and registered capital must be increased by 20 million Baht and when combining with the existing registered capital, it must be at least 100 million Baht. In addition, value of shares must be fully paid before commencement of business.	Paid-up registered capital must be at least 100 million Baht.
- Size of investment	At least 1.0 million Baht (excluding cost of land and working capital)	At least 1.0 million Baht (excluding cost of land and working capital)	Expenses for salary of electronics design personnel must be at least 1.5 million Baht per year
- Production capacity	<ul style="list-style-type: none"> ■ 50 integrated circuit designs and RFID device designs per year. 	<ul style="list-style-type: none"> ■ Design continuous products, i.e. DIE, IC and RFID Tag and etc.: 1,000,000,000 pieces per year. 	<ul style="list-style-type: none"> ■ Design continuous products, i.e. DIE, IC and RFID Tag and etc.: 1,000,000,000 pieces per year.



Promotion Certificate	1 st Certificate	2 nd Certificate	3 rd Certificate
	<ul style="list-style-type: none">▪ DIE and IC: 300.00 million pieces per year each.▪ 100.00 million RFID tags per year.▪ 12,000 RFID Reader per year.	<ul style="list-style-type: none">▪ 500,000 RFID Readers per year.▪ Electronics design	<ul style="list-style-type: none">▪ 500,000 RFID Readers per year.▪ 8 working hours per day and 248 days per year.▪ Electronics design

Remark: 1) The Company has been granted permission to expand the exemption of import duty of raw material and supplies for re-export for 2 years each (Information from the Board of Investment)





Research and Development

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

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

Example of Technology Development	Example of Product Development
<p>1. Low Frequency (LF):</p> <ul style="list-style-type: none"> - Develop transmitter chip (tag), which is safe for usage with living creature to develop chip for animal tag with improvement for longer read distance. - Develop transmitter chip (Tag) and transceiver chip (Reader) which require accuracy and safety for code transmission and receiving to develop chips for immobilizer and for immobilizer interrogator. 	<p>1. Function Improvement:</p> <ul style="list-style-type: none"> - Chip that can transmit HDX signal which has the highest reading range in the marker during 2011. - Chip that has ability to combine FDX and HDX frequencies in the same chip, so the customers in immobilizer manufacturer group can use single chip for multiple models of vehicles, without using each chip for FDX and HDX.
<p>2. High Frequency (HF) and Near Field Communication (NFC):</p> <ul style="list-style-type: none"> - Develop wireless HF chip in Near Field Communication (NFC) for transmitter (Tag) which 	<p>2. Form Improvement:</p> <ul style="list-style-type: none"> - Chip that can adjust Form Factor from glass tag to wedge, which is made from plastic and is smaller than glass tag, so the customers of immobilizer

Example of Technology Development	Example of Product Development
<p>can speedily and conveniently receive-transmit information that can use jointly with electric appliances and mobile phones. This chip will be developed for label or printed matter that its data can be read and connected to the internet using mobile phone.</p> <ul style="list-style-type: none"> - Develop sensor interface circuits to be used with NFC Tag transmitters and NFC labels in conjunction with semi-finished sensors for measuring physical conditions, measuring chemical conditions, which can be used to measure wellness and environment remotely and by connecting via smartphone. 	<p>manufacturer group can reduce size of immobilizer.</p> <ul style="list-style-type: none"> - Chip that can adjust Form Factor from CSP to ADFN, which is smaller in size and has lower cost. - NFC chips that can be used to measure the amount of chemicals from the environment and medical applications. - NFC chip used to identify product identity to prevent counterfeiting - NFC chip with 128-bit AES encryption for high security applications - NFC chips with UART Interface and GPIO systems can be used as NFC access points in both appliances and security systems, such as blockchain wallet systems.
<p>3. Reader:</p> <ul style="list-style-type: none"> - Develop a reader chip that can transmit data at high speeds and is capable of being used in conjunction with various standard RFID tag chips for access control reader. 	<p>3. Tool Development:</p> <ul style="list-style-type: none"> - Develop LF Tester to replace HDX RFID Reader System Tester which must be imported from abroad. - Developing wafer-level tests with temperature control

In addition, the Company also conducted research with objective for strengthen body of knowledge, technology and innovation. The Company has a policy to register the patent to request for protection of the Company's intellectual property for its body of knowledge. Such nature of research may not be used for development of products for distribution at the present time, but it can be used as basis for expansion for commercial utilization in the future, so that the Company can present new products that can respond to the customers' requirement as well as to seek for new marketing opportunities. The Company has specified total budget limit for R&D to be not more than 25.00% of estimated sales volume in each year. In 2020, the Company has the total amount of R&D of 38.65 million Baht.

In 2021, the Company has a microchip research approach on its mobile platform to meet the new automated industry 4.0 trends that will begin the transition era. Applications for future societies such as microchips for diagnostics, wellness, and health care and telemedicine support with mobile point of care testing



(POCT) to meet the trends of the elderly society both nationally and globally to access services quickly and easily. Assist with health check-ups through secretions or blood, as well as for diagnosis and preliminary screening by yourself. This makes access to medical services and quickly analyzes symptoms or prevents outbreaks compared to current methods. With the innovation of microchips on new platforms to be brought to market in the future, it will be built at a very cheap cost. It also brings microchips of this group and platform to be used for electrochemical measurement systems in other groups, such as environmental measurements, the amount of toxic contamination of water and food measurement such as monitoring water suitable for consumption. Patients with kidney disease, heart disease and young children can benefit from the measurements by readings via smartphones which connect smart sensors in terms of being careful about the salinity of tap water that may change to a snoring taste, as well as screening for chemicals that are at risk of food-related diseases or indications of a wide range of chemical and gas environments.

In addition, microchip research for the protection of counterfeit goods with higher security and can be connected to sensors to ensure product quality, such as food packaging with food freshness sensors. Temperature monitoring system for transportation system

For automotive smart key microchips, research has been conducted. High frequency spectrum usage for car key systems and anti-theft systems

For reading systems, studies and research have been conducted to apply microchips that were originally used for access control systems. Compatible with international financial standards and automotive key systems.

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

Details on research & development in 2017-2020 of the Company are as follows:

Description	2017 (Million Baht)	2018 (Million Baht)	2019 (Million Baht)	2020 (Million Baht)
Research expenses ¹⁾	17.58	18.29	13.49	12.62
Product development project increased during the period ^{*** 2)}	26.01	17.04	22.89	26.03
Total	43.59	35.33	36.38	38.65
Intangible assets - Net (Development Project) ³⁾	52.30	53.37	66.83	67.30

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

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

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





Future Project

Development Projects

The Company has 14 development projects for new model products to fortify its future growth during the next 1-3 years. Eight development projects have been completed or being amortized and six projects are in progress, which can be summarized as follows:

Near Field Communication (NFC): The Company has developed products in Near Field Communication (NFC) system by reinforcing the existing knowledge developed since 2015. Microchip in NFC has been developed to make it capable for tamper detection and anti-counterfeiting and it can be encrypted and connected with online database. The Company has developed its anti-counterfeiting microchip to comply with the new NFC standards and requested product certifications to ensure that products are certified by the NFC Forum to increase sales potential. The prototype has passed the test results.

The Company also has a development project of microchip in NFC technology for Smart Sensor, so that it can be used conveniently, speedily and easily, for instance, output value can be read by using mobile phone. This work can be further developed into various basic analyzer devices, such as, blood sugar meter, Total Dissolved Solids (TDS) meter, germ detector in secretion, measuring tool for pesticide residue in tap water or water in the river.

From 2019 to 2020, we have launched cooperation with universities both domestically and internationally, with the Faculty of Medicine, Pharmacy, Science using microchips in both human and plant disease analysis, and healthcare, food toxins, heavy metals in the environment, which combines chemical knowledge with knowledge of electronic innovation that the company specializes in. The company is responsible for developing microchips and interrogators to meet the required qualifications and functions. As it is a new product in the market, the company has continued to develop products in the form of final products to be marketed, such as water suspension cards, multi-purpose chemical measuring inlays, etc.

Animal Tag: The Company has developed a new product in Animal Tag Group to make it have better efficiency and capability to read value at least 10% longer distance than the previous range. This product has been developed pursuant to the requirement of one customer who is one of the world's biggest manufacturers and distributors of animal tag and the commercial distribution of this project has already been commenced. There are further development projects to cover the use in the livestock industry market more thoroughly.

Immobilizer: The Company is in the process of developing additional products in this group, which are expected to be completed and ready for distribution in 2021 and 2022.

Access Control and Interrogator: The Company has developed products in Access Control and Interrogator group. In 2020, the Company started product testing with customer and passed NFC standard testing process.

Investment projects to support research and development in the future

As characteristics of the Company's business operations requires to conduct research and development continually, so that new products can be presented to the customers constantly, hence, the Company has investment plans to support research and development works of the Company in the future as follows:

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

One of the important process for chip design is the review of chip layout and simulation. Software program will be used for these processes in order to analyze bug, inspect correctness of functionality, then it will be improved until it can be assured that masking set designed can be actually used and functioned effectively before it can be developed as prototype. After that its functionality will be tested with other equipment because in actual working situation, chip will be jointly used with other components of RFID device (Full Chip Layout). Other equipment will be laid together for simulation and software will be used for processing the work.

Presently, the Company has invested in purchasing top microchip design software program which has been globally recognized for usage in the Company's work process. However, such software has limited users and processing time for each chip testing takes time. Therefore, the Company cannot test various models of chip simultaneously, as it has to wait until previous test has been completed first. The Company has developed some testing equipment to reduce investment from importing from abroad and because most of testing equipment from abroad are designed for universal application, which exceeds the Company's requirements. However, in the future, if the Company has to manufacture products in higher amount and more varieties, the investment in universal test equipment or tool can help minimize time of the team of engineers for development of specific test equipment. In 2021, the Company plans to invest in information system, tools and equipment for microchip testing and design at total amount of approximately 20-30 million Baht, including procurement of technology or other rights for co-operation usage or invest in the existing patents to be used as knowledge-base for product development, which can reduce product research and development processes.

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

Apart from additional investment in tools, equipment, software and patent, the Company also has other mean to build up growth of its business by investment or joint investment in other company that can



support the Company's business operations. Criteria that the Company will be used to consider to invest with such prospect company, if it:

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

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

The Company has set total budget for such investment and joint investment at approximately 30-40 million Baht within 2023. The Company shall comply with the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets; Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547 (2004) including its amendment; Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Related Party Transactions, and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) including its amendment.

Utilization of IPO Proceeds

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

The Company would like to report the utilization of proceeds (1st round) ending 31 December 2020 as follows:

(Unit: Mil. THB)

Utilization of Proceeds	Budget Plan (Approximately)	Amount Used as of 31 Dec 20	Outstanding Balance as of 31 Dec 20
1. To invest in tools, equipment and software on microchip design and test, including intellectual property, such as patent	45.24	-	45.24
2. To invest or joint invest in other company engaging in business of integrated circuit design and development or having innovation which can enhance the Company’s business operations	38.78	-	38.78
3. To use as working capital for business operations	45.24	22.41	22.83
Total	129.26	22.41	106.85





Assets Used in Business Operations

Details on assets used in business operation

As of December 31, 2020, net value of assets that the Company used in business operation after deduction of accumulated depreciation is 19.51 million Baht, with details as follows:

	Type of Asset	Nature of Ownership	Net Book Value (Million Baht)		Obligation
			Dec. 31, 2019	Dec. 31, 2020	
1	Improvements of leased building	Lease and own	5.00	3.91	Nil
2	Office equipment	Own	1.68	2.24	Nil
3	Office furnishings	Own	1.55	1.32	Nil
4	Plant tools	Own	15.52	12.04	Nil
	Total		23.75	19.51	

Intangible Assets Used in Business Operation

Intangible Assets

As of December 31, 2020, value of the Company's intangible assets were 67.77 million Baht which included package software and 14 product design and development projects. Eight projects has been completed and amortized and 6 projects are in progress.

Intangible Assets	Net Book Value (Million Baht)			
	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
1. Package software - Net	0.82	0.77	0.56	0.47
2. Product design and development projects	52.30	53.37	66.83	67.30
Total Intangible Assets	53.12	54.14	67.39	67.77

Trademark

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

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





Patents

The Company has registered patents both in Thailand and in foreign countries and as of December 31, 2020, the patents registered by the Company which are still valid are as follows:

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

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

Material agreements relevant to business operations

As of December 31, 2020, the Company has materials agreements relevant to business operations as follows:

Office building lease agreement and relevant service agreement

As of December 31, 2020, details of the areas lease agreements of the Company are as follows:

Office building lease agreements

	3 rd and 4 th Floor of La Unique 1 Building	3 rd Floor of La Unique 2 Building
Counterparties:	Silicon Craft Technology Public Co., Ltd. ("Lessee") and Mr. Nattapong Wisetsiri ("Lessor")	Silicon Craft Technology Public Co., Ltd. ("Lessee") and Mr. Nattapong Wisetsiri ("Lessor")
Relationship of counterparties:	The Company's shareholder, holding 0.05* percent of total issued and paid-up share capital.	The Company's shareholder, holding 0.05* percent of total issued and paid-up share capital.
Execution date:	March 26, 2019	March 26, 2019
Objective:	To be occupied as the Company's office	To be occupied as the Company's office

	3 rd and 4 th Floor of La Unique 1 Building	3 rd Floor of La Unique 2 Building
Location of Building:	No.40, Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok	No.40, Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok
leased area:	1,042 Square meters	639 Square meters
Lease period:	36 months from July 1, 2019 to June 30, 2022	36 months from July 1, 2019 to June 30, 2022
Lease rate:	<ul style="list-style-type: none"> ■ 190,000 Baht per month. 	<ul style="list-style-type: none"> ■ 95,850 Baht per month
Material conditions:	<ul style="list-style-type: none"> ■ In case the Lessee wishes to renew or discontinue leasing after expiration of the lease agreement, the Lessee shall submit a written notice to the Lessor at least 3 months in advance before the expiration date of the Lease Agreement. If the Lessee does not notify any intention to the Lessor, it shall be deemed that the Lessee agrees to continue leasing the areas for another 3 years after expiration of the lease agreement. In addition, during the subsequent lease period of every 3 year, the Lessee consents Lessor to increase additional lease fee of not exceeding 7 percent of the leased rate of the previous period. ■ During the lease term, in case the Lessee wishes to prematurely terminate the Lease Agreement without breaching any condition of the Lease Agreement or causing any damage to the Lessor, the Lessee has to notify the Lessor in writing at least 3 months in advance and the Lessee agrees to let the Lessor to forfeit deposit and advance payment. The Lessor shall not be entitled to prematurely terminate the Lease Agreement, except in the case where the Lessee breaches any condition of this Lease Agreement. In case of termination from the 4th year onwards, the Lessor shall not have the right to forfeit the deposit and advance payment. ■ In case the Lessee is in default of any condition or breaches any objective specified in the Lease Agreement, the Lessee agrees to let the Lessor terminate the Agreement and claim for 	<ul style="list-style-type: none"> ■ In case the Lessee wishes to renew or discontinue leasing after expiration of the lease agreement, the Lessee shall submit a written notice to the Lessor at least 3 months in advance before the expiration date of the Lease Agreement. If the Lessee does not notify any intention to the Lessor, it shall be deemed that the Lessee agrees to continue leasing the areas for another 3 years after expiration of the lease agreement. In addition, during the subsequent lease period of every 3 year, the Lessee consents Lessor to increase additional lease fee of not exceeding 7 percent of the leased rate of the previous period. ■ During the lease term, in case the Lessee wishes to prematurely terminate the Lease Agreement without breaching any condition of the Lease Agreement or causing any damage to the Lessor, the Lessee has to notify the Lessor in writing at least 3 months in advance and the Lessee agrees to let the Lessor to forfeit deposit and advance payment. The Lessor shall not be entitled to prematurely terminate the Lease Agreement, except in the case where the Lessee breaches any condition of this Lease Agreement. In case of termination from the 4th year onwards, the Lessor shall not have the right to forfeit the deposit and advance payment. ■ In case the Lessee violates any condition or breaches any objective specified in the Lease Agreement, the Lessee agrees to let the Lessor terminate the Agreement and claim for

	3 rd and 4 th Floor of La Unique 1 Building	3 rd Floor of La Unique 2 Building
	damages, provided that the Lessor shall notify the ground for default of the agreement.	damages, provided that the Lessor shall notify the ground on breach of the agreement.

Remark: The Company has entered into the property insurance policy with one insurance company and the insured properties includes 1) Equipment and office furnishings within limit of liability of not exceeding 20 million Baht; 2) Inventory stored in the Company within the limit of liability of not exceeding 70 million Baht.

*as of 10 February 2021

Office Building Service Agreement

	3 rd and 4 th Floor of La Unique 1 Building	3 rd Floor of La Unique 2 Building
Counterparties:	Silicon Craft Technology Public Co., Ltd. (the "Customer"), and Lukdee Property Co., Ltd. (the "Service Provider")	Silicon Craft Technology Public Co., Ltd. (the "Customer"), and Lukdee Property Co., Ltd. (the "Service Provider")
Relationship of counterparties:	Having common shareholder with the Company, who is Mr. Nattapong Wisetsiri. Mr. Nattapong Wisetsiri holds 0.05* percent of issued and paid-up share capital.	Having common shareholder with the Company, who is Mr. Nattapong Wisetsiri. Mr. Nattapong Wisetsiri holds 0.05* percent of issued and paid-up share capital.
Execution date:	March 26, 2019	March 26, 2019
Details of agreement:	Provide services relating to the lease of the 3 rd floor and 4 th floor of office building, such as cleaning of common areas in the building, lifts, electrical system, air-conditioning system, security guard within the building areas etc.	Provide services relating to the lease of the 3 rd floor of the 2 nd of building, such as cleaning of common areas in the building, lifts, electrical system, air-conditioning system, security guard within the building areas etc.
Service Term:	36 months from July 1, 2019 to June 30, 2022	36 months from July 1, 2019 to June 30, 2022
Service fee rate:	<ul style="list-style-type: none"> ▪ 190,000 Baht per month. The customer shall be responsible to pay electricity and water supply and telephone system fees, apart from such lease fee. 	<ul style="list-style-type: none"> ▪ 95,850 Baht per month and the Customer shall be responsible for electricity, water supply and telephone system fees, apart from such service fee.
Payment of service fee:	<ul style="list-style-type: none"> ▪ Service fee shall be paid monthly within the 10th day of every month. 	<ul style="list-style-type: none"> ▪ Service fee shall be paid monthly within the 10th day of every month
Termination of Service Agreement:	<ul style="list-style-type: none"> ▪ The Customer defaults for 2 consecutive months. ▪ Lease agreement of office building has been terminated. 	<ul style="list-style-type: none"> ▪ The Customer defaults for 2 consecutive months. ▪ Lease agreement of office building has been terminated.

*as of 10 February 2021

Loan agreement with the financial institutions

As of December 31, 2020, the Company has entered into loan agreements for business operations.

Material loan agreements are as follows:

Financial Institution	Type of Loan	Total Amount	Collateral
1 st Financial Institution	<ul style="list-style-type: none"> - Bank Overdraft - Letter of Credit and Trust Receipt (L/C, T/R) - Forward Contract - Promissory Note (P/N) 	<p style="text-align: center;">3.00 Million Baht</p> <p style="text-align: center;">30.00 Million Baht</p> <p style="text-align: center;">5.00 Million US Dollar</p> <p style="text-align: center;">10.00 Million Baht</p>	- Deposits of 7.00 Million Baht as collateral
2 nd Financial Institution	<ul style="list-style-type: none"> - Letter of Credit and Trust Receipt (L/C, T/R) - Forward Contract - Bank Overdraft - Promissory Note (P/N) 	<p style="text-align: center;">15.00 Million Baht</p> <p style="text-align: center;">1.75 Million US Dollar</p> <p style="text-align: center;">3.00 Million Baht</p> <p style="text-align: center;">2.00 Million Baht</p>	- Deposits of 6.00 Million Baht as collateral
3 rd Financial Institution	<ul style="list-style-type: none"> - Letter of Credit and Trust Receipt (L/C, T/R) - Forward Contract 	<p style="text-align: center;">6.50 Million Baht</p> <p style="text-align: center;">0.70 Million US Dollar</p>	<ul style="list-style-type: none"> - Deposits of 2.50 Million Baht as collateral - Guaranteed by Mr. Manop Thammasiranan, Mr. Apinetr Unakul, Mr. Naiyavud Wongkomet and Mr. Apinan Thanachayanan (the collateral obligation ends in March 2021)

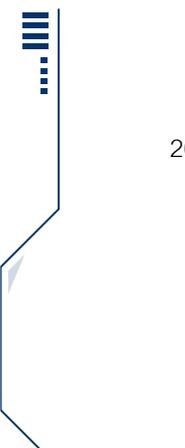




Major Events and Activities

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

Year	Significant Events
	<ul style="list-style-type: none"> - The Company has been granted investment promotion from the Office of Board of Investment for integrated circuit design and RFID devices design including continuous product from design activities.
2008	<ul style="list-style-type: none"> - The Company can achieve development of integrated circuit (IC) or microchip to be used with Immobilizer and this product has been launched in the market in same year.
2009	<ul style="list-style-type: none"> - The Company increased its registered capital by 8.12 million Baht to 25.00 million Baht, dividing into 2,500,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations. - The Company's shareholders purchased shares back from the Mutual Fund for jointly investment in the Small & Medium Enterprises (SMEs) pursuant to condition in the joint venture agreement. Total 249,305 shares have been purchased back. - The Company received Thailand Embedded Product Awards (TEPA) for its outstanding products under category of Ear Tag and Inlay. - The Company received the honorable mention under category of Telecom Product for 13.56 MHz Multi Standard RFID Reader IC from Telecom Innovation Award 2009 arranged by the Telecommunications Research and Industrial Development Institute (TRIDI).
2010	<ul style="list-style-type: none"> - The Company increased its registered capital by 5.00 million Baht to 30.00 million Baht, dividing into 3,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations. - The Company enrolled to become the corporate member of the Thai Chamber of Commerce, registration number T5300184.
2011	<ul style="list-style-type: none"> - The Company increased its registered capital by 20.00 million Baht to 50.00 million Baht, dividing into 5,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.
2012	<ul style="list-style-type: none"> - The Company increased its registered capital by 30.00 million Baht to 80.00 million Baht, dividing into 8,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.





Year	Significant Events
	<ul style="list-style-type: none">- The Company relocated its head office from Don Muang District, Bangkok to Soi Senanikom, Bangkok to support for its expansion and for increased efficiency on management.
2013	<ul style="list-style-type: none">- The Company has been accredited for ISO9001: 2008 on Quality Management System Standard of product and services on design, research & development and distribution of integrated circuit (IC) and RFID device from Bureau Veritas (UK Branch).- The Company commenced for registration for an establishment of Silicon Technology (Shenzhen) Company Limited, as its subsidiary company in Shenzhen, People's Republic of China on September 19, 2014 with registered capital of 1.00 million yuan to support for its business expansion into China.
2014	<ul style="list-style-type: none">- The Company increased its registered capital by 20.00 million Baht to 100.00 million Baht, dividing into 10,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.- The Company relocated its head office from Soi Senanikom, Bangkok to Chatuchak District, Bangkok to support for its business expansion.
2016	<ul style="list-style-type: none">- The Company increased its registered capital by 50.00 million Baht to 150.00 million Baht, dividing into 15,000,000 ordinary shares at par value of 10.00 Baht per shares to be used as working capital for business operations.- The Company closed down Silicon Technology (Shenzhen) Company Limited, its subsidiary in China, to restructure its organization for preparation to be listed in mai.- The Company has entered into a Memorandum of Understanding (MOU) with one of the world's leading electric appliances manufacturing company in South Korea for collaboration on research and development of microchip products for sensor system.
2017	<ul style="list-style-type: none">- The Company has entered into a Memorandum of Understanding (MOU) with the leading RFID device manufacturing company in Germany for joint collaboration on development of new model of immobilizer and also entered into a Memorandum of Understanding (MOU) with the immobilizer manufacturing company in Spain for collaboration on development of Cloud system for such company.

Year	Significant Events
2018	<ul style="list-style-type: none"> - The Company has entered into a Memorandum of Understanding (MOU) with Thailand's leading cement, petrochemical and chemicals company for joint collaboration on research and development of microchip products for chemicals detection.
2019	<ul style="list-style-type: none"> - The Company registered to transform from a company limited to a public company limited and changed its name to Silicon Craft Technology Public Company Limited. - During the Annual General Meeting of Shareholders No. 1/2019 dated February 21, 2019, the Meeting resolved to change value of par value from 10.00 Baht per share to 0.50 Baht per share. As a result, the Company has total 300,000,000 ordinary shares, at par value of 0.50 Baht per share. The Meeting also resolved and approved for capital increase for additional 50.00 million Baht to 200.00 million Baht, dividing into 400,000,000 shares, at par value of 0.50 Baht to support for the initial public offering (IPO) amounting to 100,000,000 shares. Consequently, the Company has total 400,000,000 ordinary shares, at par value of 0.50 Baht per share, dividing into 300,000,000 ordinary shares of the existing shareholders and 100,000,000 new ordinary shares for initial public offering (IPO).
2020	<ul style="list-style-type: none"> - The Company signed a Memorandum of Understanding (MOU) with Chulalongkorn University by the Center of Excellence on Petrochemical and Materials Technology to jointly develop intelligent blood transport box temperature sensors to control the quality of blood bags during transportation. - The Company receives R&D subsidies from the Office of the National Digital Economy and Society Commission, Ministry of Digital Economy and Society, for portable residual toxin monitoring systems that work with smartphones, and shrimp farming optimization projects with wireless sensor networking and artificial intelligence. - July 30th, 2020 marked the first day for Silicon Craft Technology PLC to list and begin trading its shares on the Market for Alternative Investment (mai) of The Stock Exchange of Thailand under the ticker "SICT", raising funds for microchip business development, new technological developments, and future joint-venture projects. The Company issued 100,000,000 ordinary shares, which corresponded to 25% of all issued and fully paid ordinary shares.





Dividend Policy

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

The decision to declare and pay annual dividend must be declared and approved at the shareholders Annual General Meeting upon the recommendation of the Company's Board of Directors. In the case of interim dividend, the Board of Directors may in its discretion declare an interim dividend based upon profits arrived at an appropriate level that would allow the Company to distribute surplus funds from its distributable profits and/or reserve funds without affecting the Company's operation and publicly communicate to the shareholders in the subsequent shareholders meeting. The paying of interim payment is determined by the Company's Board of Directors and is subject to change depending on the business operation, financial status, liquidity, investment plan, any other necessities and factors deemed appropriate to the future business operation by the Board of Directors.

Risk Management

Risk Factors for Business Operations

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

The Company engages in business of design and development of chip for RFID device as a fabless company and main raw material used in chip production process is wafer. Manufacturing of wafer is regarded as mainstream industry that none of Thai operator can do it and there are only about 10 main wafer manufacturers throughout the world, hence, the Company is necessary to import all raw materials from abroad. The Company placed orders with one of global wafer manufacturers in Singapore. Ratio of purchased value placed with such manufacturer in 2018, 2019 and 2020 was 98.32%, 97.40% and 85.42% of purchased value of wafer in 2018, 2019 and 2020, respectively.

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

In addition, after wafers have been imported from abroad, the Company has to outsource a manufacture for wafers dicing, IC packaging assembling including form factor assembling to manufacture as finished product. For economy of scale purpose, the Company has outsourced mainly one factory for wafers dicing and testing including IC packaging assembling and ratio of such outsourced value was 56-63% of total outsourced values during 2018-2020. There is a contract which specified that such factory must notify at least 12 months in advance in case of any production process change or product manufacturing stoppage.

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



to a new business partner with consent from the customer. The Company tries to minimize timeframe for changing to a new business partner by employing a new business partner to manufacture a new group of products as well as designing new products which have quality similar to current products in the production line of new business partner, so that there will be product replacement in case any manufacturer has a problem. In addition for increase of a new partner, the Company will also consider about economy of scale, by taking into account expenses for research & development on design products to make them conform to the manufacturing method of a new business partner including amount of order placed with such new partner as well.

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

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

2. Risks from depending on product groups or customer groups

As main revenue from the Company derives from selling of 3 main product groups, i.e. 1) Microchip for immobilizer; 2) Microchip for animal tag; and 3) Microchip for access control and interrogator, and each product group has a few major customers. The sales revenue of major customers of each product group is accounted for ratio of approximately 45-79% of revenue from such group in 2020.

Reason that the Company has a few customers in each main product group was that the Company has been trusted by the global operator to develop chips to be used for their products, and the Company has applied strategy to build business alliances in distribution channel. Accordingly, main revenues of the Company derived from supply of products to only 10-15 main customers (please see more details in Part 2, Item 2.4: Characteristic of customers and target customers). When consideration from total revenues of all product groups, it can be seen that 30-50% of revenue from total sales of the Company during 2018-2020 came from the customers who were immobilizer entrepreneurs in European Union and the United States of America. Hence, the Company may have risks from reduction of revenues from sales, if demand for immobilizers in the EU and the USA decreased or if the Company's customers who are the global immobilizer manufacturers and distributors changed format of immobilizer to be other system that the Company's chip cannot support for such format.

The Company has a policy to reduce risk from depending on such customers who are immobilizer entrepreneurs in the EU and the USA by expanding to new customer base groups, such as in Asian countries, as the consumers there have tendency to prefer convenience in usage of commercial vehicles and to motorcycles group including those who need to use immobilizer which have higher security system than usage of physical keys. Moreover, the Company has a policy to minimize dependence on a few product groups or a few customer groups by conducting research & development of new microchips on continued basis, both in existing and new main product groups, to increase variety of product group which can help the Company to expand customer base and reduce dependence of each product groups in the future. The Company believes that it has enough potential to grow together with development of new products of both new and existing customer groups continually.

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

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

Therefore, in order to prevent and reduce occurrence of such risks as previously mentioned, the Company has appointed the product management and marketing workgroup to study about research and technology works around the world. In addition, there is a study of trend and marketing opportunities in various product groups and various product forms including exchange of progress and product development plan with key customers and international research institutes to formulate research & development guidelines, both on Technology Roadmap and Product Roadmap, to ensure that the Company can develop and launch new products to the market continually and truly meet the needs of the market and customers. Furthermore, for the past period, the Company chose to develop products in technology group that pace of change did not occur speedily or products that have affordable cost in changing technology comparing to company budget and plan, such as animal tag because if technology is changed, investment in the relevant systems, i.e. reader and database system, have to be changed as well. The country which has the law enforcement on animal tag system tended to not change technology often because it takes time and cost for the change. Hence, animal tag is the business group that its technology did not change much. With regards to immobilizer, this product group will be on demand after each car model has been launched for approximately 3-5 years, so the Company can plan



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

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

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

Thus, in order to reduce such risk, from 2018 onwards the Company has prepared annual budget and specified financial limit amount for research and development in each year, so that it can be used as guideline for effective research and development planning which are in line with the financial positions, performance including growth direction of the Company in the future. In addition, the Company has the strict process on approval of research projects, for example, objective and results including opportunity to be the development project in the future must be clearly specified in the research project. The Company's research projects have to conform to the technology roadmap and they have to be considered by the product management and marketing workgroup who will further propose to the Executive Committee and the Board of Directors, consecutively. In 2019 and 2020, the Company has specified budget frame for research and development to not exceeding 25.00% of estimated revenue from sales. For 2019, research and development expenses equaled to 36.39 million Baht, representing 11.78% of revenue from sales of the Company in 2019 and 38.65 million Baht, representing 11.44% of revenue in 2020. In the year 2020, the company has set aside a provision for impairment of intangible assets amounting to Baht 21.22 million due to the product design development project has been extended as a result of the COVID-19 epidemic situation. The company viewed that the project revenue has decreased in the estimated time frame resulting in negative cash flow projection over the original time frame of the project. The company therefore set aside the impairment of intangible assets equal to the negative amount.

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

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

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

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

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

The Company's business operations are related to research and development to seek for innovation to present products that can respond to the customer's requirement. However, some customers have condition



which specified that for development of their products, the Company has to guarantee that it will not infringe other person's intellectual property. Therefore, the Company may have risk from being fined by the customer or prosecuted from the owner of the intellectual properties which have been infringed, and it may impact to the Company's operating results including image of the customers and business partners.

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

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

As the Company engages in design and development of chip for RFID device as a fabless company, hence, apart from raw materials and outsourcing of services, other component which is the core business of the Company is the design and development of chip for RFID device which is required to rely on expert engineers on integrated circuit for research and development of product as per the customers' requirement (specialty & customization). In 2020, the Company has 69 engineers in total, dividing into 1) Personal expert; 2) Design managing engineers; 3) Microchip design engineers; 4) Electronics and embedded system engineers, and 5) Manufacturing and sales support engineers. Thailand still has limited amount of personnel who has knowledge and expertise in such knowledge base and professions. Therefore, if the Company cannot retain such teams of engineers with the Company, it may impact to design and development of chip for RFID device, which is the Company's core business and it may also impact to business expansion of the Company in the future.

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

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

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

8. Risk from fluctuation of exchange rate

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



Therefore, in order to minimize risk from fluctuation of such exchange rate, the Company has closely monitored the change and trends of exchange rate of relevant currencies including planned to make cash flow received-paid in similar foreign exchange currency (natural hedge). The Company also has a policy to reduce such risk by entering into the forward contract, for instance, if the exchange rate changes more than 3% of the rate as of the date the product cost has been recorded, the Company will consider to enter into the forward contract at the rate of 30% of assets or liabilities which are in foreign currencies. The Company will calculate budget and plan in advance, for instance, if the exchange rate of products in stock changed to the specified point, the Company will consider entering into the forward contract at 30% of the existing product cost. In 2019 and 2020, the Company had gain (loss) from exchange rate of 0.11 million Baht and 4.03 million Baht, respectively.

As at December 31, 2020, financial amount under forward contract of the Company totaled 6.20 million US Dollar and the Company has entered into the forward contract amounted to 5.80 million US Dollar. Exchange rate under the forward contract of sales amount was between 29.78-32.40 Baht/US Dollar. In addition, the Company does not have a policy to speculate from exchange rate.

9. Risk from coronavirus outbreak

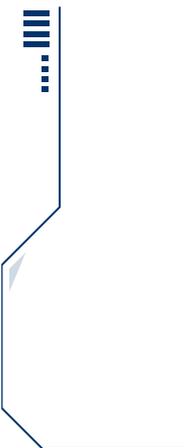
From the situation of the coronavirus outbreak 2019 (COVID-19), the company has closely monitored the situation and continuously assessed the potential impact on the industry and the Company's operations. The Company may not receive direct impact from the epidemic situation, but there is a consequence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

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

After the offering of ordinary shares in mai, a group of major shareholders who are the Company's founders, namely Mr. Manop Dhamsirianunt, Mr. Apinetr Unakul, Mr. Naiyavudhi Wongkomet's group and Mr. Apinunt Thanachayanont, will have total shareholding proportion of approximately 62.34% of total sold shares of the Company (please see more details in Section Major Shareholders). As a result, the management power of the Company may be mainly rested under decision of those persons. Moreover, those shareholders are the authorized persons to manage and control almost votes for important resolutions, such as appointment of

director or resolution of other matters which require to have majority votes of the shareholders' meeting, except in the matter that the law or the Company's article of association specified that it is required to have votes from three-fourths of number of shareholders attended and have the voting rights. Other shareholders who attend the meeting and have voting right may not be able to compile vote to inspect or balance management power of the major shareholders.

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





Sustainability Development

Policies and goals for sustainability

Our company has several goals that are aligned with the direction and organizational strategy and helps us achieve the sustainability of our business. We are committed to growing our business while addressing the key aspects in the areas of environment, social including respecting human rights, and good governance, which are in line with Sustainable Development Goals: SDGs of the United Nations. The details are as follows.

- 1. Environment:** The Company is committed to reducing ecological footprints from our business operation.
 - Strive towards becoming “A Low Carbon Company”
 - Intensify our effort on effective waste and scrap management
- 2. Social:** The Company is committed to becoming one of the organizations that help leverage society to be sustainable on a long-term scale.
 - All employees are well-treated based on the ground of human rights
 - We have plans and programs to develop the trust and engagement between employees and the Company. Such plans and programs are active and effective. We also make an assessment of the employee’s trust and engagement on a regular basis.
 - Foster engagement with relevant communities, for instance, educational institutions, which are a key foundation for sustainable social development or other communities through the Company’s CSR programs.
- 3. Governance:** The Company is committed to becoming an organization that achieve its objectives, remain competitive on a long-term scale, and deliver maximum returns to all shareholders and safeguard benefits for all stakeholders involved.
 - The Company’s board of directors, executives, and employees continue to uphold the Policy and act accordingly to create and capture values for our business to grow sustainably and promote our organization to operate efficiently, transparent, and accountable.
 - We have the Anti-fraud and Corruption Policy that encourages and outlines the procedure and channels for executives, employees, and all stakeholders to report frauds or file a complaint upon discovery of misconduct or suspected misconduct that breaches or may breach any laws, regulations, as well as the Company’s code of conduct.

- Risk assessment and identification and monitoring, mitigation, and assessment of risks are made regularly to identify potential factors and minimize any business operation impacts.
- Our business operation strictly follows and adhere to relevant regulations, laws, including business ethics.
- We are committed to manage and minimize impacts on all stakeholders throughout our business value chain.

Minimizing impacts on stakeholders in the business value chain

Business Value Chain

Silicon Craft Technology PLC is positioned in the upstream segment of Thailand's electronics industry. According to in Thailand's 'Industry 4.0 plan', the industry is one of the key future industries to leverage its industrial competitiveness. We play a crucial part in the larger industry by focusing on researching and developing microchip circuit design, delivering, and selling products that meet customers' demands today while preparing for future market's demand. Our values come from our focus on value-for-money and innovation that meets technological development.

Primary Activities

(1) Management of materials or inbound logistics

The Company focuses on designing products that have features applicable in many areas and meet a variety of demands in the market while maintaining the ability to deliver customization to precisely meet our customers' requirements. Our technologies are up-to-date and relevant to both national and international industry demand. Moreover, we ensure that raw materials and components have the quality that matches applications and at reasonable costs.

(2) Operations

We ensure that all of our trading partners, manufacturers of raw materials and electronic parts, are certified by internationally recognized bodies. Their manufacturing process is of reliable quality and utilizes state-of-the-art technologies. They must be accountable, have a scrap reduction scheme and process that are improved and enhanced regularly, and have manufacturing capacity that can support our operation and meet the demand in the market.





(3) Distribution of goods and services or Outbound Logistics

In the goods distribution process, the Company places great emphasis on quality control, timely delivery to supply our customers according to the Just-In-Time principle and delivery at a value-for-money transportation cost. With such holistic consideration, our customers continue to receive products at a reasonable cost structure.

(4) Marketing and Sales

The Company provides all relevant data and information about our products and technical details or specifications that are accurate and comprehensive. We also provide demonstrations of the products' applications and suggested pricing to assist our customers to devise their pricing strategy that will match the demand of the market. Moreover, to support our marketing effort, we have promotional plans deployed regularly.

(5) Customer services

As a part of the Company's After Sales Service, we provide products' relevant data and specifications as well as consultation and troubleshooting in case there is an issue on the products or as a part of the manufacturing process.

Support Activities

The Company plans to develop an in-house database management system to leverage our management and procurement of goods and services processes to support our core business activities better and increase our manufacturing and distribution operations' overall efficiency. Since our people are a key element that drives the Company's performance in the core business activities, we offer training regularly to increase the staff's skills and competency. The Company has a system to analyze, recruits, evaluate, and assess our talents methodologically as a part of our Human Resource Development activities. The Company also considers an organizational restructuring scheme to make us more agile and adaptive to the fast-changing environment while increasing our business operation efficiency.



Analysis of Stakeholders in the Business Value Chain

Internal Stakeholders	Expectations	Means to meet the expectations
1. Employees	1. Job security, remuneration, and clear career path that are attractive compared to job market outside the Company	1. Provide fringe benefit and remuneration based on several dimensions and consider for a promotion when appropriate.
	2. The Company has a clear set of objectives, policies, and job descriptions that can be translated into actionable steps.	2. Set and review goals, policies, and job descriptions annually and communicate them with the staff clearly and regularly.
	3. Occupational safety.	3. Operational areas are well-maintained, well-equipped for occupational safety and health.
	4. Work delivered as outlined in the objectives.	4. Amount of work shall be proportional to the time available and have access to tools for optimal work efficiency.
	5. Training and skill development	5. Training and skill development are offered to the staff on a regular basis. Such activities shall receive adequate budget allocation. For instance, training and expertise development activities for new hires are held according to Training Road Map and Competency Development Program.
	6. Good work environment	6. Work environment is well-equipped for working. Areas for leisure, socialization with colleague, fitness, and dining are provided.
	7. Transparency in management	7. Executives lead the effort in developing organizational capability and solving organizational issues by working with operational level staff to formulate a shared set of goals for sustainable growth. The





		Company has a policy to treat our staff respectfully as if they were business partners.
2. Executives	1. The organization continues to grow firmly and sustainably with commendable performance and profitability.	1. Business operations and development are systematically planned with agility to adapt plans to any changes in the environment to drive the organization to grow sustainably and profitably.
	2. The entire organization works together with a good rapport under a shared vision and objectives.	2. Collaborate on setting objectives, vision, and operation plans.
	3. Achievements are reached as set out in the organizational goals.	3. Operational performance are monitored and evaluated according to a plan regularly and has a plan to troubleshoot problems whenever any issue arises.
	4. Employees have a good satisfaction and participation towards reaching organizational targets and continue to develop their skill set regularly.	4. Invite employees to participate in determining organization's targets. Executives actively listen to employees' voice and feedback and has plan with allocated budget to train employees regularly.
	5. Deliver products or services that are commercially valued by the customers.	5. Able to create innovations or products that are nationally and internationally recognized for the market regularly.
	6. Foresee new applications or products that truly meet the market's needs.	6. There is a plan to support research and development effort with a dedicated budget for new product developments.
External		
Stakeholders	Expectations	Means to meet the expectations
1. Customers	1. Products are outstanding and can provide competitive advantage for our customers.	1. Products come from innovation that can provide competitive advantage to the customers and trade partners throughout the value-chain.

	2. Products are of quality according to the relevant standards, easy to operate, and delivered on time.	2. There is a quality control process to maintain our products at the level of functionality and qualification according to the relevant standards. Products are delivered on time as agreed upon.
	3. Competitive pricing.	3. Costs are managed effectively.
	4. Good customer services that provide customer satisfaction.	4. Continually develop and improve our service process so that our customers continue to enjoy the best, fast, and defect-free service.
	5. Continually collaborate on planning on the area of new product development.	5. Collaborate and co-create with our customers and trading partners on new product development projects according to a clear set of plans.
2. Supplier	1. Long-term contract. Continuous order at large quantity.	1. Efficient system to manage suppliers and help inform purchasing decision.
	2. Timely payment.	2. Efficient financial management.
	3. Comprehensive and accurate data and information. Protocols in place to exchange relevant data and information for optimal work efficiency.	3. Good record keeping system and maintenance of data and information to ensure that data and information are accurate, up-to-date, and comprehensive. Data and information are communicated regularly. Whenever there is a change in rules or regulations, a meeting is held to inform all relevant parties.
	4. Collaborative working environment that is conducive to business growth in a sustainable, robust, and ethical manner.	4. Plans for new product development and a clear set of policies that have been made with inputs from customers and trading partners.
3. BOI	1. Increase in employment in the country.	1. Policy that promotes local employment and technological development.
	2. Document are submitted in complete set and timely manner.	2. Good documentation system for timely and complete submission.



4. Educational institution	1. Technology research and development projects that are beneficial to society and country.	1. Provide support or collaboration in research and development projects on both human resources and funding aspects.
	2. Potential recruiters of graduates	2. Have job openings for graduates that are appropriate to their potentials and skills while aligning with the Company's operation plans.
	3. Partnership to help graduates to obtain qualifications and skill set that are needed by the private sector.	3. Partnership on knowledge transfer, professional experience, and technologies both in academic and business aspects.
5. Shareholders	1. Healthy returns on capital	1. Efficient business operation and financial management with an aim to provide maximum returns to all shareholders and stakeholders.
	2. Sustainable organizational growth	2. Clear set of policies, planning, and business development plans that are actionable, reviewed, and revised regularly. Operation based on good governance and business ethics.

Sustainability Development in the Environmental Dimension

Policies and guidelines from the environmental dimension

The Company has an objective to play a major role in minimizing our impact on the environment from the business operations. Several efforts are being implemented throughout the business workflow as follow.

- Set targets for waste and scrap reduction from manufacturing and product testing.
- Promote the organization to become "A Low Carbon Company" through raising awareness and sense of responsibility among the employees on the subject of energy and water management to minimize environmental impact from greenhouse gas emission.
- Intensify our effort on many aspects under waste and scrap management, for instance, paperless, reuse, e-Signature, and digitalization of document.

Performance related to environmental dimension

The Company sets 5 percent as the upper bound for the average amount of waste and scrap generated from manufacturing and product testing processes. This scheme aims to minimize both direct and indirect ecological impact as well as to increase the effectiveness of cost management. In 2020, the Company's average waste and scrap generation rate from the manufacturing and product testing processes was 4.7 percent.

Over the past year, we raised awareness among the employees on aspects of energy and water management to minimizing environmental impact from greenhouse gas emission which is one of the major contributions in the global climate change phenomenon. Activities on efficient use of electricity and water were conducted. For example, switching off lightings when not utilizing a space or during lunch break, turning off electrical devices and office equipment when not in use, setting air-conditioning system to an optimal temperature level, reducing the amount of water usage in the toilets and communal spaces, and regularly checking for water leakage. The Company is on the process collecting data about greenhouse gas emission to disclose in the next year.

Regarding waste and scrap reduction and management, the Company intensified the effort on reducing paper consumption in all departments throughout the firm. Reuse of paper is encouraged while promoting all departments to file the document in digital format. Additionally, an e-Signature protocol was implemented for the document within the organization. Overall, we aimed to reduce the amount of paper consumption which is one of the natural resources. As our activities helped decrease deforestation, a greater number of trees are available to absorb air pollutions and gases that cause the global warming effect. At the same time, it also helps save operating costs from less paper usage.



Sustainability Development in Social Dimension

Policies and guidelines from social dimension

The Company has an objective to become one of the organizations that foster social sustainability. Key guidelines are as follow.

- All employees are treated with respect based on the principle of human rights.
- Regularly maintaining the good engagement with employees and evaluating their loyalty with the organization.
- Fostering engagement with relevant communities by sharing technological and business-related knowledge with many educational institutions which play an essential role in developing society effectively.
- Providing community services at communities through the Company's CSR campaigns.

On Employees

Silicon Craft Technology (PLC) places great significance on human resource development and fair treatment of our employees based on ethics and human rights. We take great pride in our staff's well-being, security, stability, and opportunity to enhance their skills and competency. Quality human resources play a crucial role in the way we operate our business with mindsets of societal responsibility, unity, collaboration under a shared vision to give back to all stakeholders while growing our business towards sustainability.

1. Regarding to policymaking, the Company reviewed the following laws and regulations on work and employment: (1) Labor Protection Act B.E. 2541, (2) Labor Protection Act (No. 2) B.E. 2551, (3) Labor Protection Act (No. 3) B.E. 2551, (4) Labor Protection Act (No. 4) B.E. 2553, (5) Labor Protection Act (No. 5) B.E. 2560, (6) Labor Protection Act (No. 6) B.E. 2560, (7) Labor Protection Act (No. 7) B.E. 2562, and (8) Labor Relations Act B.E. 2518. The Company ensured that all the clauses in the work regulations are up-to-date and not in violation of any aforementioned regulations. The reviewed regulations were announced to the employees to seek for acknowledgement and acceptance.
2. As a policy, the Company places great significance on any labor-related practices and fair treatment of all employees and will not discriminate with respect to all aspects of the employment relationship, including recruitment and hiring, compensation and remuneration, promotion, or access to training, and will also not discriminate on the basis of gender, age, educational background, race and

nationality, or religion. We also promote equal opportunity for the disadvantaged group to bring career opportunity for them to develop sustainably. Moreover, we have plans to foster loyalty between employees and the organization with a long-term goal of maintaining the average score not to be lower than 80%.

On Community

The Company is a part of society and community. We acknowledge that our responsibilities and duty are important to the larger community. As one of the core missions, we take up upon ourselves to create projects and activities that help develop society and community. The Company has the policy to support our staff to reach out and organize activities that will directly benefit the communities. As a result, we establish a volunteer club and provide the budget to support various activities, including, development and dissemination of electronics-related innovation among many educational institutions on a regular basis. We wish that such collaboration would bring out society's inherent capability and resources to benefit society as a whole.

Performance from Social Dimension

On Employees

During the year 2020, the Company has accomplished several key activities for the employees as follow.

1) Employment

The Company treats all employees based on the human rights. We recruit and hire without discrimination on basis of gender, age, educational institution, race and nationality, or religion. In 2020, the employment statistics by gender is as follow.

Details	Number of employees (persons)	
	Male	Female
Number of employees	80	41

The Company has a policy to not hire or employ any people with less than 15 years of age. The practice is congruent to the rules and regulations in the Labor Protection Act B.E. 2541.

2) Employee Training

In 2020, the Company organized 20 programs, in-house and external training courses, on technical knowledge and emotional skills to leverage their skills and knowledge that would benefit their competency.

The average of training or development activities is at 12.5 hours per person per year.

3) Safety, occupational safety, and work environment

In 2020, the Company continually developed or improved the overall efficiency of the occupational safety and wellbeing to reduce the incidents of illness, injury, or mortality and provide optimal quality of life to employees and workers. Key activities are as follow.

- Group insurance policy is applied to increase the coverage on healthcare, injury for the employees. We also allow our staff to separately apply to extend the insurance to cover their family members.
- There were no cases of injury, illness, or death from a direct consequence of operation.
- All employees have access to annual health check-up.
- A measure to counter the spread of coronavirus (COVID-19) within the workplace has been implemented and required for all staff to strictly comply. For instance, we clean the workspace by using disinfectants, observe social distancing, provide medical masks and sanitizing gel/spray to all employees, and raise awareness among the staff to follow the recommendations and guidelines outlined by the Ministry of Public Health through internal communication. Moreover, we have a work-from-home measure that was implemented temporarily to prevent the spread of COVID-19. Should a major outbreak is found, we make a great effort to protect the employees' safety as the number one priority.
- Organized “5 Sor activities” to foster a good working environment in the organization.
 - The Company enhanced our preparedness and maintained the integrity of medical first aids kits, fire extinguishers so that they are fit for use at anytime. The workspace has been designed to provide unobstructed access to the emergency fire exits. On the last part, we received fire fighting and escape drills from the building juristic person as an effort to increase the safety of all building inhabitants.

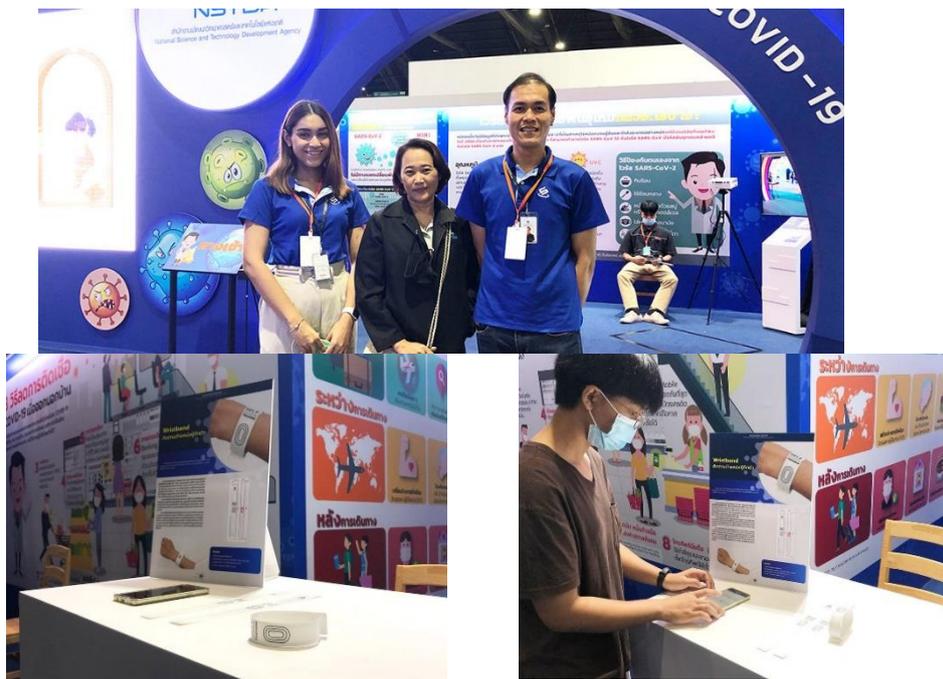
4) Employee Engagement

In 2020, the Company conducted a plan to develop or increase engagement between staff and organization which was effective in decreasing the voluntary resignation or turnover rate down to 9.91% which represented a reduction of 7.85% compared to the previous year. The evaluation demonstrated that the employee engagement with respect to the company was at 70.90% which corresponded to an increase of 5.91% year-on-year.

On Community

In the year 2020, the Company conducted and organized many activities for the community as follow.

- 1) Provided a financial support for vocational development to 1 person with disability. The activity was in accordance with the Promotion and Development of the Quality of Life of Persons with Disabilities Act B.E. 2550.
- 2) Provided support to promote education in the form of activities. For example, we held a seminar on 20th and 27th October 2021 to provide knowledge to the students and faculty members from Chulalongkorn University. Also, we accepted the invitation to become a sponsor for several competitions, for instance, the Best of the Best Embedded System Developers No. 14 during 5th – 11th January 2020 at Phayao University, Phayao Province, Digital Design with FPGA No. 4 event, and the 3rd Digital Design with FPGA Camp during 17th – 29th December 2020.
- 3) We provided support and promoted knowledge development through the annual vocational training of 2020. In this event, the participants were able to test their skills, receive new learning opportunities, and gain experiences of working with professionals.
- 4) Provided support and display of wristband prototype to track the spread of COVID-19. We also demonstrated and provided recommendations on using technology or applying innovations in daily life. The Science and Technology Fair event on 16th November 2020 was co-organized with the National Science and Technology Development Agency (NSTDA).





- 5) Provided support to a number of educational institutions by accepting a group of students in the electrical and computer engineering departments in the Junior and Senior (3rd and 4th) year for a factory visit to learn about microchip design and accepting trainees to create new designers under the project-based problem -solving principle. In the latter project, students received a unique opportunity to work on real problems with practicing engineers and learn about thinking tools that allow them to co-create innovations.



- 6) Provided support to academics and stakeholders through a project called “Thailand Digital Consortium (TDC)” under the seminar theme of “Digital Technology and National Industrial Development”. In this event, Mr. Manop Thamsirianun, CEO of SIC, was a member of the speakers. The event was held on 6th August 2020 at Centara Grand Hotel and Bangkok Convention Center at Central World Department Store, Bangkok.



- 7) Provided support and knowledge to entrepreneurs who are members of Thai IoT Association. Mr. Manop Dhamsirianunt, CEO of SIC, participated in the monthly meeting in October 2020 to provide insights, knowledge, and guidance on business operation and how to apply RFID technology to develop innovation and services.





8) Provided support and knowledge to entrepreneurs and all interested individuals at a seminar called “KX Knowledge Exchange (KX)” on 23rd November 2020 under the theme of “NFC (RFID) Packaging for Anti-Counterfeiting Products”. In this event, Mr. Chayasorn Suansomjit of Customer Application Engineer Manager, gave insights and reflected on issues of counterfeit products to the seminar attendants.

Maker MeetUp

NFC (RFID)

Packaging for Anti-Counterfeit Products

คุณ ชยสร สอนสมจิต
ผู้จัดการ Customer Application Engineering
บริษัท ซิลิคอน คราฟท์ เทคโนโลยี จำกัด (มหาชน)

เข้าร่วม ฟรี!
***ที่นั่งมีจำนวนจำกัด**

23 พฤศจิกายน • 18:30 - 20:00
FABLAB BANGKOK @ KX

สมัครที่นี่



- 9) Since the spread of coronavirus (COVID-29) affected the scope of activities, the Company took this opportunity to turn our attentions to support our staff, who are the indispensable resources of the organization. We raised awareness on the aspects of environmental protection and mental well-being in the workplace.



Analysis of Operation results and Financial Positions

Management Discussion and Analysis for the year 2020

(Million Baht)

Statements of Comprehensive Income	For the Year Ended 31 December 2020	For the Year Ended 31 December 2019	Increase (Decrease)	
			Million Baht	%
Revenue from sales and services	337.9	308.8	29.1	9%
Costs of sales or services	188.2	183.5	4.8	3%
Gross profits	149.7	125.3	24.3	19%
Other income	4.0	2.3	1.7	75%
Distribution costs	24.6	26.6	(2.0)	-7%
Administrative expenses	98.2	77.8	20.4	26%
Other gains (losses)	3.9	(0.2)	4.1	n.a.
Profit (loss) from operating activities	34.7	23.1	11.6	50%
Finance income	0.3	0.1	0.2	147%
Finance costs	0.9	0.3	0.6	181%
Profit (loss) before tax expense	34.1	22.9	11.3	49%
Tax income (expense)	0.2	1.6	(1.3)	-84%
Profit (loss) for the period	34.4	24.5	9.9	41%

Revenue from sales and services

For the year 2020, the Company's revenue from sales and services accounted for 337.9 million Baht, increasing 29.1 million Baht or 9% from the previous year, from an increase in all product groups. Animal registration system group and the Car immobilizer key system group contributed most of an increased amount of 2020 revenue.

Revenue Structure

For the year 2020, the company has main revenues from 3 product groups: Animal registration system group accounted for 139.1 million Baht, representing 41% of total revenue, Access control/reader system group accounted for 105.5 million Baht, representing 31% of total revenue, and the Car immobilizer key system group accounted for 87.6 million Baht, representing 26% of total revenue. In 2020, revenue from Animal registration system group and Access control/reader system group increased 8% from the previous year, while revenue from the Car immobilizer key system group rose by 12% from the previous year.

Cost of Goods Sold and Gross Profit

Cost of goods sold (COGS) for 2020 accounted for 188.2 million Baht, increasing 3% from 2019. The increase was at lesser rate than the increase in revenue, because of well-managed COGS. Meanwhile, Gross Profit in 2020 was at 149.7 million Baht, growing 19% from the previous year.

Other Income

In 2020, the company had other income equal to 4.0 million Baht, increasing 1.7 million Baht or 75%, mainly from subsidies from government agencies for research and development projects.

Selling and Administrative Expenses

Selling expenses in 2020 was at 24.6 million Baht, decreasing 7% from last year, mainly because the COVID-19 pandemic caused sales department to cancel international travel plans and change to online communication with customers entirely.

Administrative expenses in 2020 accounted for 98.2 million Baht, increasing 26% from 2019 due mainly to an impairment in intangible assets amounting around 21 million Baht booked in 2020. However, if such impairment is not included, the administrative expenses are in line with the company's plan.

Other Gains (Losses)

This is the net unrealized gain (loss) from the exchange rate. For 2020, the Company had an unrealized gain on exchange rate of 3.9 million Baht.





Net Profit

The Company had 2020 net profit of 34.4 million Baht, growing 41% from 2019, representing a net profit margin of 10%, improving from 8% in 2019. The increase in 2020 net profit was due to an expanding in revenues from all product groups, and efficient costs and expenses management.

Statement of Financial Position

Total assets of the company at the end of 2020 were 418.6 million Baht, increasing from the end of 2019 which was 257.5 million Baht. The increase due mainly to an increase in cash and cash equivalents and fixed deposit of 75.7 million Baht and 46.0 million Baht, respectively, from the cash received from the IPO capital increase.

The Company had total liabilities at the end of 2020 equal to 69.6 million Baht, increasing from the end of 2019 which was 55.5 million Baht. The rise was due mainly to the recording of lease liabilities in accordance with TFRS 16 “Leases”, and an increase of trade payables and other current liabilities, amounting to 11.1 million Baht and 4.5 million Baht, respectively.

The Company's shareholders' equity at the end of 2020 was at 349.0 million Baht, rising from the end of 2019 which was 202.1 million Baht. The rise was due to the increase in IPO capital and the share premium by 50.00 million Baht and 82.6 million Baht, respectively. The unappropriated retained earnings at the end of 2020 accounted for 36.2 million Baht, increasing from the end of 2019 which equal to 23.6 million Baht. The change in retained earnings increased with the operating results of the past quarters.

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

Coronavirus (COVID-19) Pandemic

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



General Information and Other Important Information

Information of the Company

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

Securities Registrar

Thailand Securities Depository Company Limited

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

Auditor

D I A International Audit Company Limited

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

Other information

-Nil-

Legal Dispute

As of December 31, 2020, the Company does not have any legal dispute under prosecution process which may have negative impact to the Company or may cause the Company to indemnify damages at the amount higher than 5% of total shareholders' equity.





Corporate Governance

Corporate Governance Policy

Objectives

The Company formulated the corporate governance policy pursuant to guidelines of the Corporate Governance Code of the Office of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) to serve as principle to be observed and adhered by the Board of Directors, the management and the employees of the Company. The objectives are to build up value to the business on sustainable basis and to enhance the organization on efficient business operation, transparency and accountability, apart from creation of confidence to the shareholders, the investors and the relevant parties. It can also make the business having competitiveness and performance with long term perspective, ethical and responsible business, good corporate citizenship and corporate resilience. Essence of the corporate governance policy can be divided into 8 practices as follows:

Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

The Company has clearly established roles and responsibilities of the Board in the Board of Directors’ Charter with main duties are to set important policies and strategies for business operations as well as to allocate resources. The Board of Directors shall have thorough understanding of roles, responsibilities and benefits of corporate governance principles to build value to the business sustainably and shall monitor, assess and oversee performance report of the Company to ensure that they can achieve the specified objectives and targets.

In addition, the Board of the Directors shall oversee the Company’s operations by taking into account the competitiveness and adaptability with the changes from various factors for long term and good performance by operating businesses which are beneficial to the society and by consideration of the environment, ethics, respect of right and responsibilities to the shareholders and the stakeholders of the Company on continued basis. These actions include equal treatment of shareholders, consideration of the stakeholders’ roles, information disclosure and transparency, by putting emphasis on sustainable creation of value to the organization and promotion of innovation, for example, to give special lecture on design and creation of electronic innovation to the students in various educational institutions, engineering competition activities, acceptance of intern students during summer apprentice program and the cooperative education for learning through projects, participation on giving recommendations for the projects at Bachelor degree

and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company.

Furthermore, the Board of Directors has clearly specified roles and scope of responsibilities of the sub-committees and the President and has supervised the directors and the executives to perform duties with responsibility, carefulness and honesty as well as to oversee to make sure that operations of the Company are in compliance with the relevant laws, regulations, resolutions of the meetings of the Board of Directors, resolutions of the shareholders' meetings and the Company's policies.

Principle 2: Define Objectives that Promote Sustainable Value Creation

The Board of Directors puts strong emphasis on formulation of main objectives and targets for business operations of the Company in order to make it grow together with the society with sustainability, to build value and benefits to the organization, customers, business partners, employees, shareholders, stakeholders and the society at large. In addition, it will foster communications to make the corporate's main objectives and targets reflect in decision and operations of the personnel in all levels, that it becomes the corporate culture under the corporate governance principles.

The Board of Directors also stipulated strategies and work plans, including monitored and assessed performance continually in order to make them consisting with the attainment of the main objectives and targets of the organizations. Innovation and technology have been applied appropriately and safely. In addition, the risk on setting the target which may lead to illegal behavior or unethical conduct shall be considered. The Board also supervised to ensure that objectives and targets shall be transferred via strategy and work plans throughout the organization. Consideration of business plans and strategies of the organization shall be based on sustainable creation of value to shareholders, stakeholders, society and environment, for instance, recruitment of knowledgeable and capable personnel and realization of importance on personnel development, hence the trainings shall be constantly provided. Social activities shall be conducted, for example, giving lecture to the students to provide knowledge on electronic innovation, support on scholarship and research fund, jointly specify research topics which can be actually applied in real life situation, and etc.

Principle 3: Strengthen Board Effectiveness

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





At least one thirds or three members of the Company's Board must be the independent directors. The independent directors shall possess qualifications and shall not have any prohibited qualifications as per specified by the Board, which are more stringent than or equivalent to qualifications specified by the Securities and Exchange Commission and the Stock Exchange of Thailand. At present, the Company's Board of Directors consists of 2 non-executive directors and 3 independent directors in order to balance power appropriately. Sub-committees have been appointed to assist the Board pursuant to the scope specified in each sub-committee's charters to strengthen efficiency and effectiveness on operations of the Board.

The Board shall appoint a suitable person to be the Chairman. In addition, in case the Chairman is not the independent director, the Board shall appoint one independent director to jointly consider on determination of the meeting agenda of the Board's meeting to encourage for balance of power between the Board and the management and for conformance with the corporate governance principle of the listed companies.

The Board of Directors has appointed the Nomination and Remuneration Committee to support the Board on recruitment of the qualified directors with the clear and transparent process, as well as to consider suitable remuneration before proposing for the shareholders' approval.

The Board of Directors shall supervise to ensure that all directors shall be responsible for performing duties and allocate appropriate time for works and also oversee on disclosure of roles and duties of the Board and the sub-committees, number of meeting arranged as well as number of attendance of meeting of each director during the past year, including report on performance of all sub-committees.

The Board shall evaluate performance of the Board as a whole and on individual director level at least once a year and at least they should be based on self-evaluation. The evaluation results shall be used for consideration on appropriateness of component of the Board. The Board should oversee to make sure that the directors regularly receive sufficient and continuous trainings and knowledge development.

In addition, the Company has appointed the Company Secretary to support operations of the Board, to coordinate on compliance with resolutions of the Board and to arrange matters relevant to the Board's meeting and the shareholders' meeting.

Principle 4: Ensure Effective CEO and People Management

The Company has specified qualifications of the directors and top management in order to be confident that the Company has recruited the suitable directors and top management which are adequately for operations and undertakings pursuant to the business plan and succession plan as per specified in the

charter and code of conduct, as per the specified target. Additionally, the Board also placed importance on understanding of structure and relationship of major shareholders which may impact on the control over the Company to ensure that they shall not affect the Board's exercise of its duties and responsibilities and the Board shall oversee on properly disclosure of information which may have an impact on the control over the business.

In order to perform so, the Board has specified the remuneration structure of the directors and the executives, as well as the evaluation which is suitable with scope of responsibilities and duties assigned. The Nomination and Remuneration Committee shall assist on supervision on compliance with the policy on human resource management and organization development.

With regards to human resource development, the Board of Directors has monitored the human resource management and development to ensure that they shall have suitable knowledge, skills, experiences and motivation, so that they can effectively manage businesses pursuant to the corporate governance policy and can continually improve the operations.

Principle 5: Nurture Innovation and Responsible Business

The Board places importance and promotes innovation which can add value to business, by focusing on research and development of the products in order to invent and apply innovation in the products developed by the Company to help the customers on competitive edge. In addition, it also promotes innovation creation in the educational institutes through the engineering competition activities, acceptance of intern students during summer apprenticeship program and the cooperative education for learning through projects, participation on giving recommendation for the projects in Bachelor degree and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company.

The Board has specified that there shall be risk management and control on information technology so that information technology resources shall be efficiently and effectively allocated and managed, including adequate and appropriate information technology security measures by taking into consideration maintenance of confidentiality, credibility and availability of information as well as prevention on abuse use of information. The Company shall be supervised to comply with the laws, regulations, rules and standards relevant to usage of information technology and to have the Business Continuity Plan (BCP) in place.

Additionally, the Board shall monitor and supervise the management to perform businesses together with building up benefits for the relevant stakeholders, with social and environmental responsibility by encouraging for operations to add value to the Company pursuant to a changing environment. Such works may include designing innovative business models, products and services, promoting research, improving production and work processes as well as collaborating with business partners. The Company determines to operate business with integrity, honesty, transparency, adherence to fairness as its core value, as well as



provision of excellent services to customers and the contact persons, willingness to compete the business with fairness, without taking advantages or exploitation of benefits, strictly perform the works under corporate governance framework. The Board also realizes the importance of roles of the stakeholders and treats all groups of stakeholder transparently, appropriately, partially and fairly. Those stakeholders include:

- Employee. Compensation provided to the employees shall be considered based on performance and fairness which can be measured by the specified criteria. Personnel development shall be constantly supported to keep them having knowledge and capability on continued basis. In addition, the Company also primarily considers about rights of the employee and opens opportunities to lodge complaints via various channels, in case he/she has not been treated fairly.
- Customer. To enhance long-term relationship and cooperation with the customers by adhering to principles of integrity, honesty and trust. The Company has duty to build maximum satisfaction to the customers with responsibility and put utmost emphasis on the customers' problems and requirements by adhering to morals and effective service provision.
- Creditor. To build up relationship and treat the creditors by adhering to principles of integrity, honesty and trust, with responsibility and fulfilment of conditions agreed with the creditors at its best.
- Business partners. Treat business partners with honesty and equality for fair business operation with mutual benefit, sustainable development and for being the long-term business partners with the Company. The Company shall choose to deal business with the business partners based on various conditions, such as prices, quality, reliability and adherence to the right things, as well as skills on technique, laws and environment protection.
- Communities and environment. To oversee and ensure that the Company and its employees perform business with responsibilities and for the best benefit for the society, communities and that they shall also have duties to treat the communities located nearby with goodwill, provide assistance and support on community development for their good livelihood.
- Fair competition. To oversee and ensure that the Company operates business with transparency and does not use anti-competitive practices to gain unfair competitive advantage.
- Relevant public authorities. To oversee and ensure that the Company complies with the relevant laws and regulations and deals with public sectors and government agencies with partiality as per specified in the charters, code of ethics and anti-corruption policy.

Principle 6: Strengthen Effective Risk Management and Internal Control

The Board shall supervise and make sure that the Company has effective and efficient risk management and internal control systems which can fulfil objectives and comply with the applicable laws and standards. The Board has appointed the Audit Committee, all of whom are independent directors and do not

possess any prohibited characteristics as per specified in the relevant laws as well as possess required qualifications and duties as per criteria stipulated by the Office of the SEC and the SET, so that they can perform duties effectively and independently as per assigned by the Board. Such duties include review of financial reports, internal control system, compliance with the laws, consideration and selection of the auditor, disclosure of the Company's information and preparation of the report of the Audit Committee, and etc. Moreover, the Board has appointed the Risk Management Committee to oversee and support the Board on supervision of risk management system as per specified in the risk management policy.

In order to make certain that the Board can supervise risk management and internal control systems effectively, the Board has prescribed the related policies to help supervising the works as follows:

1. Business ethics and code of conducts;
2. Risk management policy;
3. Related transaction policy;
4. Inside-information prevention policy;
5. Anti-corruption policy;
6. Whistle blowing policy;
7. Policy on provision of gift and entertainment;
8. Policy on maintenance and usage of the Company's properties;
9. Policy on investment and guidelines on supervision of subsidiaries or joint venture;
10. Delegation of authority and approval power.

The Board has clear anti-corruption policy specified in the Company's code of business ethics and code of conduct and it has been communicated to parties at all levels throughout the organization as well as the third party so that they shall be implemented and observed. The Board has supervised to ensure that there is mechanism or operation for handling complaints or whistle blowing and clear operating guidelines have been specified in the whistle blowing policy. There are also regulations on reporting, investigation on violation of ethics, acknowledgement of complaint on corruption and misconduct. In case the stakeholder has any issues about the Company's operations, he/she can ask for details or lodge complaints on illegal act, incorrectness of financial report, defective internal control system or any act which is against morals via the independent director or the Audit Committee of the Company. Information sent to the Company shall be kept in confidentiality. The person receiving complaint shall compile the fact relevant to violation or non-compliance with the regulation, and report any findings to the management and/or the Audit Committee, as appropriated, so that the investigation shall be conducted to find facts and specify operating measures, as appropriated, then report inspection result to the informant, in case the informant does not hide his/her identity. In case it is an important



matter, the President and/or the Board shall be reported. The Company shall provide channel to lodge complaint and/or opinion and also add one channel for reporting via email to the top management directly at:

The stakeholder can express his/her opinion via the Company's communication channels as follows:

1. Via postal services, by attention to:

The Chairman of the Board of Directors or the Chairman of the Audit Committee
Silicon Craft Technology Public Company Limited

40 Thetsabanrungsunnua Road, Ladyao Sub-district, Chatuchak District, Bangkok
10900

2. Via email:

The Chairman of the Audit Committee: audit-com@sic.co.th, or

The Company Secretary: karn@sic.co.th

3. Via the Company's website: <http://www.sic.co.th>

Principle 7: Ensure Disclosure and Financial Integrity

The Board shall be responsible and to make sure that the financial reporting system and disclosure of all material information shall be correctly, adequately, on timely manner, pursuant to the applicable criteria, standards and operating practices. There shall be suitable and qualified personnel to prepare financial reports and on disclosure of information of the Company as well as monitor the Company's financial liquidity and solvency, including the financial mitigation plan in case there is any financial problem by taking into account the rights of the stakeholders.

In this regards, the Company has assigned the Company Secretary who acts as the Investor Relations to communicate and publicize information beneficial to the shareholders, investors, analysts and the related parties appropriately, equally and on timely manner. The Company Secretary shall also be responsible for dissemination of the Company's information pursuant to the specified criteria to the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and the relevant agencies, such as material information which may impact the Company's securities prices or decision-making of the Company's stakeholders and investors in the annual registration statement form and annual report and/or the Company's website, and etc.

Investors can contact the Company's investor relations at

Silicon Craft Technology Public Company Limited

40 La Unique Plaza, Thetsabanrangsannua Rd., Ladyao, Chatuchak, Bangkok 10900 Thailand

Phone: (66) 2 589 9991

Fax: (66) 2 589 8881

E-mail Address: ir@sic.co.th

Principle 8: Ensure Engagement and Communication with Shareholders

The Board puts emphasis to the Company's shareholders to ensure that they shall be treated equally and shall fully exercise all fundamental rights, such as (1) right to purchase, sell and transfer securities; (2) right to share the Company's profits; (3) right to receive relevant news and information adequately via the Company's website or the SET's website or by other means; (4) right to attend the meeting and exercise their voting right independently during the shareholders' meeting with regards to the appointment or removal of directors, consideration of the directors' remuneration, appointment of the auditor, payment of dividend, capital increase or issuance of new security as well as right to make inquiry to the Board concerning the Board's report and other matters proposed to the meeting for consideration and approval, right to propose the meeting agenda in advance and nomination of the candidate to be elected as the Company's directors as well as to participate in decision making of the Company's important matter. All shareholders shall have the right to vote pursuant to the number of shares they hold, where one share shall have one voting right.

In addition, the Board shall also realizes and places importance to the shareholders' right by not performing any act which may violate or deprive the shareholders' right and make them feel confidence that they can take part in making decision on the Company's important matter. The Board shall oversee to make sure that the arrangement of the shareholders' meeting is successfully, transparently, efficiently and that the shareholders can exercise their right properly. The resolutions of the shareholders' meeting shall be disclosed and the minutes of meeting shall be correctly and completely prepared.

Sub-committees

The Company's management structure comprises of the Board of Directors and the sub-committees as follows: (1) The Audit Committee; (2) The Risk Management Committee; (3) The Nomination and Remuneration Committee; and (4) the Executive Committee. Their power, duties and responsibilities can be summarized as follows:

The Board of Directors

Material authorities, duties and responsibility of the Board of Directors as follows:

1. To have power and duties pursuant to the Company's articles of association, as well as to oversee and manage the operations of the Company to ensure compliance with the laws, objectives, articles of association of the Company and the resolutions of shareholders' meetings;
2. To specify the Company's vision, mission, target, strategy and policy;
3. To approve the significant strategies, policies, objectives and targets with regards to business operations, assets management, finance, fund raising, investments and risk management of the Company as well as to follow-up on efficiently compliance with the specified plans;



4. To consider the matters which are required to propose to the shareholders for consideration and approval during the shareholders' meeting. Main agenda during the annual general meeting of shareholders are:
 - To consider the report of the Board on the Company's performance proposed to the meeting;
 - To consider and approve the financial statements;
 - To consider on allocation of the Company's profits;
 - To propose a list of new director to replace the director who shall retire by rotation;
 - To nominate an auditor and fix the auditor's remuneration;
 - To consider any transaction which may have conflict of interest, in the part which is required to request for approval from the shareholders;
 - Other matters.
5. To prepare the report on general information and financial information of the Company in order to report to the shareholders and the stakeholders or the general investors correctly, on timely manner and pursuant to the applicable laws;
6. To acknowledge important audit report of the Audit Committee or the supervisory agency and the internal audit unit as well as the auditor and the consultants of the Company and to specify guidelines on improvement or correction, in case material defects have been found;
7. To specify clear and appropriated operating guidelines in order to make internal control system transparently and effectively;
8. To review adequacy and appropriateness of the Company's internal control system and risk management system;
9. To arrange the succession plan continually;
10. To consider and evaluate performance of the Board of Directors and the sub-committees as well as supervise the Company to ensure that it has efficient process for evaluation performance of the top management;
11. To appoint the Audit Committee and to give comment on power and duties of the Audit Committee;
12. To appoint the representative to oversee the subsidiary, the associated company or the joint venture;
13. To consider and specify management structure, power to appoint the Executive Committee, the President and other sub-committees, as appropriated, as well as to specify scope of power and duties of the Executive Committee, the President and the sub-committees appointed to assist and support operations of the Board;

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

14. To consider, define and amend name of the directors authorized to sign and bind the Company;
15. To assign duty on signing in the invitation to meeting of the Board of Directors and the shareholders' meeting to the Chairman. In case the Chairman cannot perform duty, the Company Secretary or the Chief Executive Officer shall do it instead;
16. To assign duty on signing in the minutes of the Board of Directors' meeting and the shareholders' meetings to the Chairman. In case the Chairman cannot perform duty, the Company Secretary or the Chief Executive Officer shall do it instead;
17. To authorize one or more directors or any person to act on behalf of the Board. However, the abovementioned authorization shall not include the delegation of authority which can entitle such authorized person to approve any undertaking that such person or a person who might have conflict of interest (the definition of "a person who might have conflict of interest" shall be as per defined in the notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company;

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

- Any matter that the laws has specified that it must have an approval from the shareholders' meeting;
- Any transaction that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it must have an approval from the shareholders' meeting;
- In addition, the following activities are required to have approval with majority votes from the Board of Directors' meeting presenting at the meeting and from the shareholders' meeting with the votes not less than three fourths of votes of shareholders present at the meeting and have the voting rights:
 - Disposition or transfer of total or some material parts of the Company's businesses to other persons;



- To enter into, amend or revoke the contract concerning rental of total or some material parts of the Company's businesses; the assignment of other person to manage business of the Company or merger of the other's business for profit sharing purpose;
- Issuance of new securities to repay to the Company's creditors pursuant to debt to equity conversion project;
- Registration to decrease the Company's registered capital by reducing the number of shares or devaluation of shares;
- Increase, decrease, issuance of debentures, merger or dissolution of the Company;
- Other matters, as per specified by the laws.

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

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

The Audit Committee

Main authorities, duties and responsibilities of the Audit Committee are as follows:

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

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





10. To consider, review and improve the Audit Committee Charter and propose to the Board for consideration and approval;
11. In carrying out duties, if the Audit Committee has found or is suspicious about any of the following transactions or activities which may have material impacts to the financial position or performance of the Company, the Audit Committee must report the Board of Directors to take corrective action within a period of time it deems appropriated. Such transaction include:
 - Transaction with the conflicts of interests;
 - Fraud or unusual transaction or significant deficiency in the Company's internal control system;
 - Violation or breach of laws on securities and exchange, notifications and regulations of the Stock Exchange of Thailand and the laws related to the Company's business.
12. To conduct an investigation of the matter notified by the Company's auditor. If the Company's auditor discovered any suspicious circumstance concerned with the director, manager or any person responsible for the Company's operations, which can be regarded as the fraudulent act as per specified in the Securities and Exchange Act and the auditor has reported such issue to the Audit Committee, the Audit Committee must conduct an investigation and shall report the result of the preliminary investigation to the Office of Securities and Exchange Commission and the auditor within 30 days from the date notified by the auditor.
13. To perform any other tasks as assigned by the Board of Directors and approved by the Audit Committee.

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

The Nomination and Remuneration Committee

Main authorities, duties and responsibilities of the Nomination and Remuneration Committee shall be as follows:

On Nomination

1. To specify criteria and policy on nomination of the directors and the sub-committees by considering from appropriateness of the number, structure and component of the Board; specify

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

On Remuneration

1. To prepare criteria and policy on determination of remuneration of the Company's Board of Directors and the sub-committees to propose for approval from the Board and/or the shareholder's meeting, as the case may be;
2. To specify necessary and suitable remuneration, both pecuniary benefits and non-pecuniary benefits, of the Board of Directors, individually in each year based on scope of authority, duties and responsibilities (Accountability and Responsibility), performance and from comparing with other companies engaging in similar businesses as well as benefits expected to be obtained from the director to propose to the Board of Directors for consideration and further propose for approval from the shareholder's meeting;
3. To be responsible for the Board and to have duty to clarify and answer any queries on remuneration of the Board during the shareholders' meeting;
4. To consider evaluation criteria of performance of the Chief Executive Officer, as per assigned by the Board;
5. To report policy, principle/reason on determination of remuneration of the directors and the management pursuant to regulations of the stock exchange, by disclosing in the annual registration statement (Form 56-1) and the annual report of the Company;
6. To determine annual remuneration of the directors and the Chief Executive Officer, pursuant to the payment criteria considered then propose to the Board of Directors for consideration on approval of remuneration of the Chief Executive Officer. For remuneration of the directors, the Board shall propose to the shareholders' meeting for approval;





7. To consider on appropriateness and to give consent in case of offering of newly issued securities as incentives to the Company's directors and employees, by adhering to fairness to the shareholders in order to motivate the directors and the employees to perform duties on enhancement of value to the shareholders in the long term and to be able to truly retain the qualified employees;
8. To perform other tasks relevant to the determination of remuneration as per assigned by the Board; The management and the department heads shall report or present relevant information and document to the Nomination and Remuneration Committee to support its operations in order to achieve the assigned duties;
9. To consider bonus framework, salary increase and key index performance of the organization to propose to the Board for consideration.

The Risk Management Committee

Main authorities, duties and responsibilities of the Risk Management Committee shall be as follows:

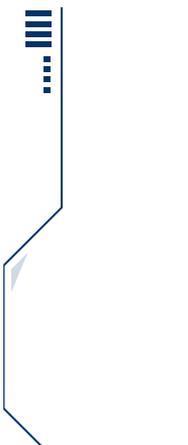
1. To specify risk management policy and risk appetite to propose to the Board;
2. To specify overall policies and guidelines of the Company's risk management which shall cover financial risks, investment risks and other risks which might impact the Company's reputation, and etc. to propose to the Board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

10. To perform other duties as per assigned by the Board.

The Executive Committee

Main authorities, duties and responsibilities of the Executive Committee shall be as follows:

1. To have power to make decision on important operations of the Company by specifying scope, type or size of business, objectives, guideline and policy of the Company within the scope of power assigned including to supervise overall operations, productivity, relationship with the customers as well as to be responsible for the Board;
2. To oversee and manage the Company's business operations pursuant to the policy specified by the Board of Directors and to report operating results to the Board;
3. To formulate strategy and business operation plan, annual budget including management structure so that the works can be undertaken pursuant to the policy and target specified by the Board, as well as to propose to the Board for consideration;
4. To specify approval authority of each person appropriately, segregate duties which may be prone to corruption then propose to the Board for approval then supervise to ensure that the approved principles and regulations have been adhered to;
5. To have power to manage salary structure, to specify scope of duty on work, appointment, transfer, wages cutting or reduction, removal, dismissal, disciplinary penalty, awarding and merit of the employees;
6. To consider on approval of financial transactions with the bank or the financial institutes to support normal course of business operations, such as opening or closing of bank account, loan, borrowing, credit line financing, pledge, mortgage, guarantee and etc., including purchase, sale and register for ownership in any land for normal course of business operation pursuant to the approval power approved by the Board of Directors;
7. To consider on investment, work expansion as well as acquisition and disposition of the Company's fixed assets to propose to the Board;
8. To have power to purchase/sell/transfer of assets, invest in other businesses/new business, purchase-sell of goods/raw materials and services which are normal or related with normal trade, to enter into the contract to have commercial binding obligation and to enter into loan agreement, guarantee and financial obligation pursuant to the budget plan approved by the Board and can approve the capital expenditure which is out of the annual budget within the amount of 0.50-2.00 million Baht, except the transaction on short-term investment. The Executive Committee can approve the capital expenditure which is out of the annual budget within the credit amount of 30-50 million Baht.
9. To have power to act and represent the organization with the third party in the activities related to and beneficial to the organization;





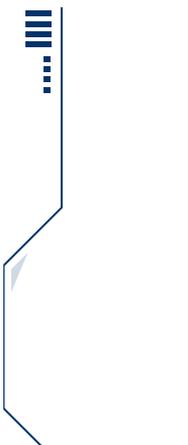
10. To consider about the Company's fund raising activity to propose to the Board;
11. To approve on appointment of consultants in various fields necessary for business operations;
12. To manage general business of the Company;
13. To consider and approve operation plans of each department and consider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

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

Chief Executive Officer

Material authorities, duties and responsibilities of the Chief Executive Officer shall be as follows:

1. To comply with the applicable laws including the laws on securities and exchange, notification of the Securities and Exchange Commission, notification of the Capital Market Supervisory Committee, notification of the Stock Exchange of Thailand, other related notifications, rules, and/or regulations and resolutions of the shareholders’ meeting and the Board of Directors’ meeting;
2. To oversee, manage, operate and perform day-to-day works pursuant to normal business operations for the Company’s interest to ensure compliance with the policy, vision, target, business operation plan and budget specified by the Board of Directors’ meeting;
3. To manage the Company’s business operations pursuant to main missions specified by the Board to ensure that they are consistent with the business operation plan and budget of the Company including relevant business operation strategy specified by the Board;
4. To supervise overall operations on finance, marketing, personnel management and other operations, so that they conform to the Company’s policy and business operation plan specified by the Board;
5. To have power to employ, appoint, transfer, dismiss, terminate employment, specify wages and remuneration of the Company’s employees and power to appoint the sub-attorney-in-fact to perform duties instead;
6. To specify gratuity, reward, increase salary, remuneration, special bonus apart from normal bonus of the Company’s employees from vice chief executive officer downwards,
7. To negotiate and enter into contract and/or other transaction relevant to normal business operations of the Company, provided that credit line of each transaction shall be as per specified in the delegation of authority approved by the Board;





8. To issue orders, rules, announcement and records of the Company, so that operations of the Company shall be as per policy and for the Company's interests, as well as to maintain discipline within the organization;
9. To have power to specify trading terms/condition for benefits of the Company;
10. To consider on investment in new business or dissolution of business to propose to the Executive Committee or the Board;
11. To approve and appoint the consultant in various fields which are necessary for operations
12. To perform other tasks assigned by the Board and to have power necessary to perform such duty;
13. To have authority to sub-authorize power and/or assign other person to perform any specific work. However, authorize of such power and/or assignment shall be within the scope of delegation of power, pursuant to the notice on delegation of power and/or pursuant to the rules, regulations or orders specified by the Board. In addition, delegation of authority and responsibility of the Chief Executive Officer shall not entitle the Chief Executive Officer or the person authorized by the Chief Executive Officer to have authority to approve any undertaking that he/she or a person who might have conflict of interest (the definition of "Person who might have conflict of interest" shall have meaning as per specified in the Notification of the Securities and Exchange Commission), interests or any benefits in any other manners against benefits of the Company, except it is the approval of the transaction pursuant to policy and criteria already considered and approved by meetings of the shareholders or the Board of Directors.

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

Nomination and appointment of directors and top management

Board of Directors

1. The Board's candidates shall be screened by the Nomination and Compensation Committee which shall be based on criteria under Section 68 of the Public Limited Company Act, B.E. 2535 and pursuant to the notification of the Securities and Exchange Commission and/or the relevant laws. The Board's members shall be selected from the qualified persons who have fundamental

knowledge and expertise in various fields which will be beneficial to the Company's operations with regards to provision of recommendation, opinion in various aspects from perspectives of the people who have direct experiences, with wide-range vision, integrity and ethic. He/she shall have transparent working history and have capability to independently express opinions. After that the Board's candidates will be proposed to the shareholders' meeting for consideration and appointment.

2. The Board of Directors shall consist of not less than five (5) directors and not less than one half of total directors must reside in the Kingdom and not less than three-fourths of total directors shall hold Thai nationality. At least one-thirds of members of the Board, but not less than 3 directors, shall be the Independent Directors. The appointment of the Board of Directors shall be approved by the resolution of the shareholders' meeting, pursuant to the following criteria and methods:
 - Each shareholder shall have a number of votes equal to the number of share held multiplied by the number of directors to be elected.
 - Each shareholder may exercise all the votes he/she has to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may allot his/her votes to any person in any number.
 - The candidates who have the highest votes in descending orders shall be appointed as the directors until all of director positions are filled or should be filled in such election. In case the votes for candidates in descending order are tied, which would make the number of directors to be exceeded, the Chairman is entitled to a casting vote.

Moreover, during every annual general meeting of shareholders, one-third of directors shall retire. If the number of directors is not a multiple of three, then the number closest to one-third shall retire. However, a retired director may be re-appointed to hold office for another term. The directors who shall retire in the first year and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.

In case of a vacancy of director's position for any reason other than the expiration of the term of office, the Board of Directors may appoint a person who is qualified and does not possess any prohibited characteristics specified in Section 68 of the Public Limited Companies Act B.E. 2535 and/or other relevant law as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of



the said director is less than two (2) months and must have resolution of not less than three-fourths of the remaining directors. The substitute director shall hold office only for the remaining term of office of the director whom he/she replaced.

The Audit Committee

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

In this regards, Mrs. Monluedee Sookpantararat, a member of the Audit Committee, has knowledge and understanding on accounting and experiences to review the Company's financial statements, as per details in Attachment No. 1.
3. Term of office of each member is 3 years each. The Audit Committee may be re-appointed pursuant to the agenda approved by the Board of Directors but the term of office shall not be renewed automatically.
4. The Audit Committee shall jointly elect one of the members to be the Chairman of the Audit Committee.
5. The Audit Committee shall appoint the secretary to assist the works pertaining to summoning of meetings, preparation of the meeting agenda, submission of the meeting document and record the minutes of meeting.
6. Apart from vacating office upon expiry of the term, the Audit Committee may vacate from holding office upon occurrence of the following circumstances:
 - 1) Resignation
 - 2) Expiration of the term or termination from the being the Company's Director;
 - 3) The Board of Directors passed a resolution to remove from office;
 - 4) Lack of qualification and possess any prohibited characteristic, as per specified by the laws;
 - 5) Death.

Qualifications of the Audit Committee

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

Qualifications of the Independent Director

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

1. Holding shares not exceeding 1.00 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliated company, principal shareholder or controlling person of the Company. Shares held by the related persons of such independent director shall also be included;
2. Not being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliated company, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 years prior to the date being appointed





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

- person of the Company unless the foregoing relationship has ended not less than two (2) years from the date being appointed as the independent director.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Applicant, its parent company, subsidiary, affiliated company, major shareholders or controlling person of the Company, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date being appointed as the independent director.
 7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholders.
 8. Not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a significant partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1.00 per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary.
 9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

Chief Executive Officer

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

Supervision on usage of inside information

The Company has policy and means to oversee its directors and executives on usage of the Company's inside information which has not yet been disclosed to the public for personal gains/benefits as follows:

1. To provide knowledge to the directors and the executives on obligations to report their securities holding, and the holding of their spouse, cohabiting couples and minor children, including the holding of securities by a juristic person whose shares exceeding thirty (30) percent of the total voting rights and has the largest shareholding proportion in such juristic person (one tier of juristic



- person) to the Office of the Securities and Exchange Commission under Section 59 and penalty clause under Section 275 of the Securities and Exchange Act B.E. 2535 (including its amendments) as well as to report on the securities holding under Section 246 and Penalty Clause under Section 298 of the Securities and Exchange Act B.E. 2535 (including its amendments).
2. The Company's directors and executives who have obligation under Clause 1. shall prepare and disclose the reports on holding of the Company's securities and the change to such holding to the Office of the SEC under Section 59 and penalty clause under Section 275 of the Securities and Exchange Act B.E. 2535 (including its amendments). In addition, a copy of such report shall be submitted to the Company on the same date it has been sent to the Office of the SEC.
 3. The Company's director, executive, officer and employee who can access to the internal information of which its essence may have impact to the change of the prices of the securities shall use carefulness in trading the Company's securities during 30 days before the financial statement or such inside information shall be disclosed to the public and during the 24 hours after the Company's inside information has been disclosed to the public, the person related to the inside information shall not disclose such information to the third party until such information has been notified to the Stock Exchange of Thailand. The Company shall regard that penalty clause in case of violation or breach of the abovementioned rules is the discipline penalty pursuant to the Company's working regulations, and various penalties shall be imposed as appropriated, such as verbal warning, written warning, probation and termination of employment, by means of dismissal or discharge, as the case may be.
 4. The director, executive, officer and the employee are prohibited to use the Company's inside information which, if released prematurely, would impact to the prices of the Company's securities that become known to him/her from holding such position or status to purchase or sell or offer to purchase or sell or invite/solicit other person to purchase or sell or offer to purchase or sell other shares or securities (if any) of the Company, directly or indirectly which may likely to cause damage to the Company, directly or indirectly and whether such action shall be for personal gain or for benefits of others or not.

Auditor's remuneration

For the fiscal period ending December 31, 2020, the Company has paid auditing fee to D I A International Audit Company Limited, the Company's auditor, amounting to 1,670,000.00 Baht. Such remuneration included quarterly and annual auditing fees, auditing fee on compliance with the condition of the BOI Privilege Certificate at 50,000.00 Baht each.

Adoption of the 2017 Corporate Governance Code

The Company has prepared the 2017 corporate governance policy in writing which has been approved by the Board of Directors' meeting on April 19, 2019 and compliance of such policy shall be reviewed constantly at least once a year.





Board of Directors

As of December 31, 2020, the Board of Directors consists of 8 members, namely:

Name-Surname	Position
1. Mr. Apinetr Unakul	Director/Chairman
2. Mrs. Monluedee Sookpantarat	Director/Independent Director/Chairman of Audit Committee/Member of Risk Management Committee
3. Mr. Wuthipong Suponthana	Director/Independent Director/Member of Audit Committee/Chairman of Risk Management Committee/Member of Nomination and Remuneration Committee
4. Mr. Sarote Phornprapha	Director/Independent Director/Chairman of Nomination and Remuneration Committee
5. Mr. Manop Dhamsirianunt	Director/Chairman of Executive Committee/Member of Risk Management Committee/Chief Executive Officer/Chief of Sales & Business Development Officer
6. Mr. Naiyavudhi Wongkomet	Director/Member of Executive Committee/Member of Risk Management Committee/Chief Operating Officer
7. Mr. Apinunt Thanachayanont	Director
8. Ms. Arunee Poontawe	Director/Member of Executive Committee/Member of Nomination and Remuneration Committee /Chief Financial Officer

Mr. Karn Opasjumruskit is the Company Secretary who has been appointed by the Meeting of the Board of Directors No. 7/2016 dated November 17, 2016.

Directors who can sign and bind the Company

Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet jointly sign and affix the Company's seal.

Board of Directors



Mr. Manop Dhamsirianunt

Age 55

Type : Authorized Director

Position : Director, Chairman of Executive Committee,
Member of Risk Management Committee,
Chief Executive Officer

Appointed as a director on : December 18, 2002

Family Relationship with Executives : None

Educational qualifications

- Master's in Engineering Carleton University
- Bachelor's of Science King Mongkut's Institute of Technology Ladkrabang

Shareholding Ratio

121,646,360 Shares (30.41%)

Academic Qualifications

- Director Accreditation Program Class 132/2016

Professional Experiences

- | | |
|----------------|---|
| 2002 – Present | Chief Executive Officer Silicon Craft Technology PLC / Research and Development, Design, and Sales of Integrated Circuits or Microchips |
| 2539 – 2544 | Senior Design Engineer And Design Manager Exar Corporation, Fremont, USA
Manufacturing of Semiconductors |



Dr. Naiyavudhi Wongkomet

Age 50

Type : Authorized Director

Position : Director, Member of Executive Committee,
Member of Risk Management Committee,
Chief Operating Officer

Appointed as a director on : December 18, 2002

Family Relationship with Executives : None



คุณวุฒิการศึกษา

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

สัดส่วนการถือหุ้น

31,214,700 Shares (7.80%)

ประวัติการอบรม

- Director Accreditation Program Class 132/2016

ประสบการณ์การทำงาน

2002 – Present	Chief Operating Officer Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
2003 – Present	Deputy Managing Director Industrial Electrical Co., Ltd./ Sales of Industrial Electrical Equipment
2006 – Present	Managing Director I.E. Technology Co., Ltd./RFID (System Integrator) System Design and Services



Mr. Apinetr Unakul

Age 53

Type : Non-Executive Director

Position : Chairman of the Board of Directors

Appointed as a director on : December 18, 2002

Family Relationship with Executives : None

Educational qualifications

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

Shareholding Ratio

68,355,100 Shares (17.08%)

Academic Qualifications

- Director Accreditation Program Class133/2017

Professional Experiences

- | | |
|----------------|---|
| 2002 – Present | Chairman Silicon Craft Technology PLC./
Research and Development, Design, and Sales of Integrated Circuits or Microchips |
| 2014 – Present | Director CAT Telecom PLC. / Telecommunication |
| 1992 – 2018 | Lecturer King Mongkut's Institute of Technology Ladkrabang / Educational Institution |



Mrs. Monluedee Sookpantararat

Age 56

Type : Independent Director

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

Appointed as a director on : September 7, 2016.

Family Relationship with Executives : None



Educational qualifications

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

Shareholding Ratio

500,000 Shares (0.12%)

Academic Qualifications

- Director Certification Program Class 31/2003
- Graduate Diploma in Auditing Thammasat University
- Arbitrator of Thailand Arbitration Center
- Arbitrator of Thailand Arbitration Center, Court of Justice
- ASEAN Chartered Professional Accountant

Professional Experiences

2016 - Present	Independent Director / Chairman of the Audit Committee/Member of the Risk Management Committee Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
1992 - Present	Visiting Lecturer Thammasat University/Educational Institution
2000 - Present	Visiting Lecturer Bangkok University/ Educational Institution
2007 - Present	Independent Director / Audit Committee Asiasoft Corporation Co., Ltd. / Online Entertainment Services
2013 - Present	Independent Director / Audit Committee Plan B Media PLC. / Outdoor Advertising Media Production and Services
2014 - Present	Deputy Managing Director of Finance and Accounting Nava Nakorn PLC. / Outdoor Advertising Media Production and Services
2015 - 2020	Deputy Managing Director of Finance and Accounting Nava Nakorn Electricity Generating Company Limited/ Small-scale Electricity Generator
2015 - Present	Independent Director / Audit Committee ASN Broker Public Co., Ltd. /Auto Insurance Broker



Dr. Wuthipong Suponthana

Age 55

Type : Independent Director

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

Appointed as a director on : September 7, 2016

Family Relationship with Executives : None

Educational qualifications

- PhD in Engineering Naresuan University
- Master's in Engineering California State University
- Bachelor's in Engineering King Mongkut's Institute of Technology Ladkrabang

Shareholding Ratio

500,000 Shares (0.12%)

Academic Qualifications

- Director Accreditation Program Class 133/2017

Professional Experiences

- 2016 - Present Independent Director / Audit Committee/ Chairman of the Risk Management Committee/ Member of the Nomination and Remuneration Committee Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
- 1998 - Present Managing Director Leonics Co., Ltd./ Electrical Equipment Manufacturing
- 2011 - Present Director Leonics Esco Co., Ltd. /Photovoltaic Power Plant Construction Services
- 2015 - Present Director Leonics O&M Co., Ltd. /Photovoltaic Power Plant Maintenance Services



Dr. Sarote Phornprapha

Age 54

Type : Independent Director

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

Appointed as a director on : September 7, 2016

Family Relationship with Executives : None



Educational qualifications

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

Shareholding Ratio

500,000 Shares (0.12%)

Academic Qualifications

- Director Accreditation Program Class 133/2017

Professional Experiences

2016 – Present	Independent Director / Audit Committee Chairman of the Nomination and Remuneration Committee Silicon Craft Technology PLC. / Research and Development, Design, and Sales of Integrated Circuits or Microchips
2018 – Present	Independent Director / Audit Committee/ RITTA Holdings Co., Ltd.
1997 – 2016	Lecturer in Business Administration Program Sasin School of Management Chulalongkorn University/ Educational Institution
2006 – 2015	Executive Director, Executives Business Administration Program Director Sasin School of Management Chulalongkorn University/ Educational Institution



Prof. Dr. Apinunt Thanachayanont

Age 48

Type : Non-Executive Director

Position : Director

Appointed as a director on : September 7, 2016

Family Relationship with Executives : None

Educational qualifications

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

Shareholding Ratio

21,492,120 Shares (5.37%)

Academic Qualifications

- Director Accreditation Program Class 133/2016

Professional Experiences

- 2002 – Present Director Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
- 2002 – Present Professor/ King Mongkut's Institute of Technology Ladkrabang/ Educational Institution



Ms. Arunee Poontawe

Age 51

Type : Executive Director

Position : Director, Member of the Nomination and Remuneration Committee, Chief Accounting and Finance Officer

Appointed as a director on : September 7, 2016

Family Relationship with Executives : None



Educational qualifications

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

Shareholding Ratio

2,050,000 Shares (0.51%)

Academic Qualifications

- Director Accreditation Program Class 136/2017

Professional Experiences

2016 - Present	Chief Financial Officer Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
2014 - 2016	Advisor Silicon Craft Technology PLC./ Research and Development, Design, and Sales of Integrated Circuits or Microchips
2007 - 2012	Finance Director Asiasoft Corporation PLC./ Online Entertainment Services



Management Structure

The Company's management structure comprises of the Board of Directors and the Committees, i.e. the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and the Executive Committee.

Board of Directors

As of December 31, 2020, the Board of Directors consists of 8 members, namely:

Name-Surname			Position
1.	Mr. Apinetr	Unakul	Director/Chairman
2.	Mrs. Monluedee	Sookpantararat	Director/Independent Director/Chairman of Audit Committee/Member of Risk Management Committee
3.	Mr. Wuthipong	Suponthana	Director/Independent Director/Member of Audit Committee/Chairman of Risk Management Committee/Member of Nomination and Remuneration Committee
4.	Mr. Sarote	Phornprapha	Director/Independent Director/Chairman of Nomination and Remuneration Committee
5.	Mr. Manop	Dhamsirianunt	Director/Chairman of Executive Committee/Member of Risk Management Committee/Chief Executive Officer/Chief of Sales & Business Development Officer
6.	Mr. Naiyavudhi	Wongkomet	Director/Member of Executive Committee/Member of Risk Management Committee/Chief Operating Officer
7.	Mr. Apinunt	Thanachayanont	Director
8.	Ms. Arunee	Poontawe	Director/Member of Executive Committee/Member of Nomination and Remuneration Committee /Chief Financial Officer

Mr. Karn Opasjumruskit is the Company Secretary who has been appointed by the Meeting of the Board of Directors No. 7/2016 dated November 17, 2016.

Directors who can sign and bind the Company

Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet jointly sign and affix the Company's seal.

**Meeting of the Board of Directors**

Statistics on attendance of the Board of Directors' Meetings are as follows:

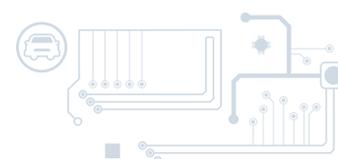
Name-Surname			Number of Attendance/ Total Number of Meetings Held	
			2019	2020
1.	Mr. Apinetr	Unakul	5/5	6/6
2.	Mrs. Monluedee	Sookpantararat	5/5	6/6
3.	Mr. Wuthipong	Suponthana	5/5	6/6
4.	Mr. Sarote	Phornprapha	5/5	6/6
5.	Mr. Manop	Dhamsirianunt	5/5	6/6
6.	Mr. Naiyavudhi	Wongkomet	5/5	6/6
7.	Mr. Apinunt	Thanachayanont	5/5	6/6
8.	Ms. Arunee	Poontawe	5/5	6/6

Audit Committee

The Extraordinary General Meeting of Shareholders No. 1/2016 dated September 7, 2016 resolved to appoint the Company's Audit Committee which consisted of 3 members. As of June 30, 2019, the Company's Audit Committee consisted of:

Name – Surname			Position
1.	Mrs. Monluedee	Sookpantararat	Chairman of Audit Committee
2.	Mr. Wuthipong	Suponthana	Member of Audit Committee
3.	Mr. Sarote	Phornprapha	Member of Audit Committee

Mrs. Monluedee Sookpantararat is the Audit Committee who has adequate knowledge and experiences to review creditability of the financial statements. Mrs. Monluedee Sookpantararat graduated with bachelor's and master's degrees in accounting from Thammasat University. She also received a Graduate Certificate in Auditing from Thammasat University and holds a position as a member of Audit Committee of many listed companies. Ms. Ousanee Santikul is the Secretary of the Audit Committee.



Audit Committee's Meeting

Details on meeting attendance of the Audit Committee are as follows:

Name - Surname	Number of Attendance/ Total Number of Meetings Held	
	2019	2020
1. Mrs. Monluedee Sookpantararat	4/4	4/4
2. Mr. Wuthipong Suponthana	4/4	4/4
3. Mr. Sarote Phornprapha	3/4	4/4

Risk Management Committee

The Meeting of the Board of Directors No. 7/2016 dated November 17, 2016 resolved to appoint the Risk Management Committee which comprised of 4 members, namely:

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

Mr. Chayasorn Suansomjit is the Secretary of Risk Management Committee.

Meetings of Risk Management Committee

Details on meeting attendance of the Risk Management Committee are as follows:

Name - Surname	Number of Attendance/ Total Number of Meetings Held	
	2019	2020
1. Mr. Wuthipong Suponthana	4/4	4/4
2. Mrs. Monluedee Sookpantararat	4/4	4/4
3. Mr. Manop Dhamsirianunt	4/4	4/4
4. Mr. Naiyavudhi Wongkomet	4/4	4/4

Nomination and Remuneration Committee

The Meeting of the Board of Directors No. 7/2016 dated November 17, 2016 resolved to appoint the Nomination and Remuneration Committee which comprised of 3 members, namely:

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

Ms. Thamon Vichienson is the Secretary of Nomination and Remuneration Committee

Meeting of the Nomination and Remuneration Committee

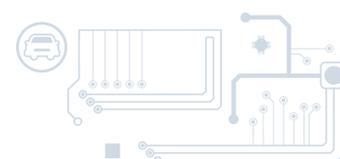
Details in meeting attendance of the Remuneration and Compensation Committee are as follows:

Name - Surname			Number of Attendance/ Total Number of Meetings Held	
			2019	2020
1.	Mr. Sarote	Phornprapha	1/1	2/2
2.	Mr. Wuthipong	Suponthana	1/1	2/2
3.	Ms. Arunee	Poontawe	1/1	2/2

Executive Committee

As of December 31, 2020, the Company's Executive Committee comprised of 4 members, namely:

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



Executives

As of December 31, 2020, the Company has 8 executives, namely:

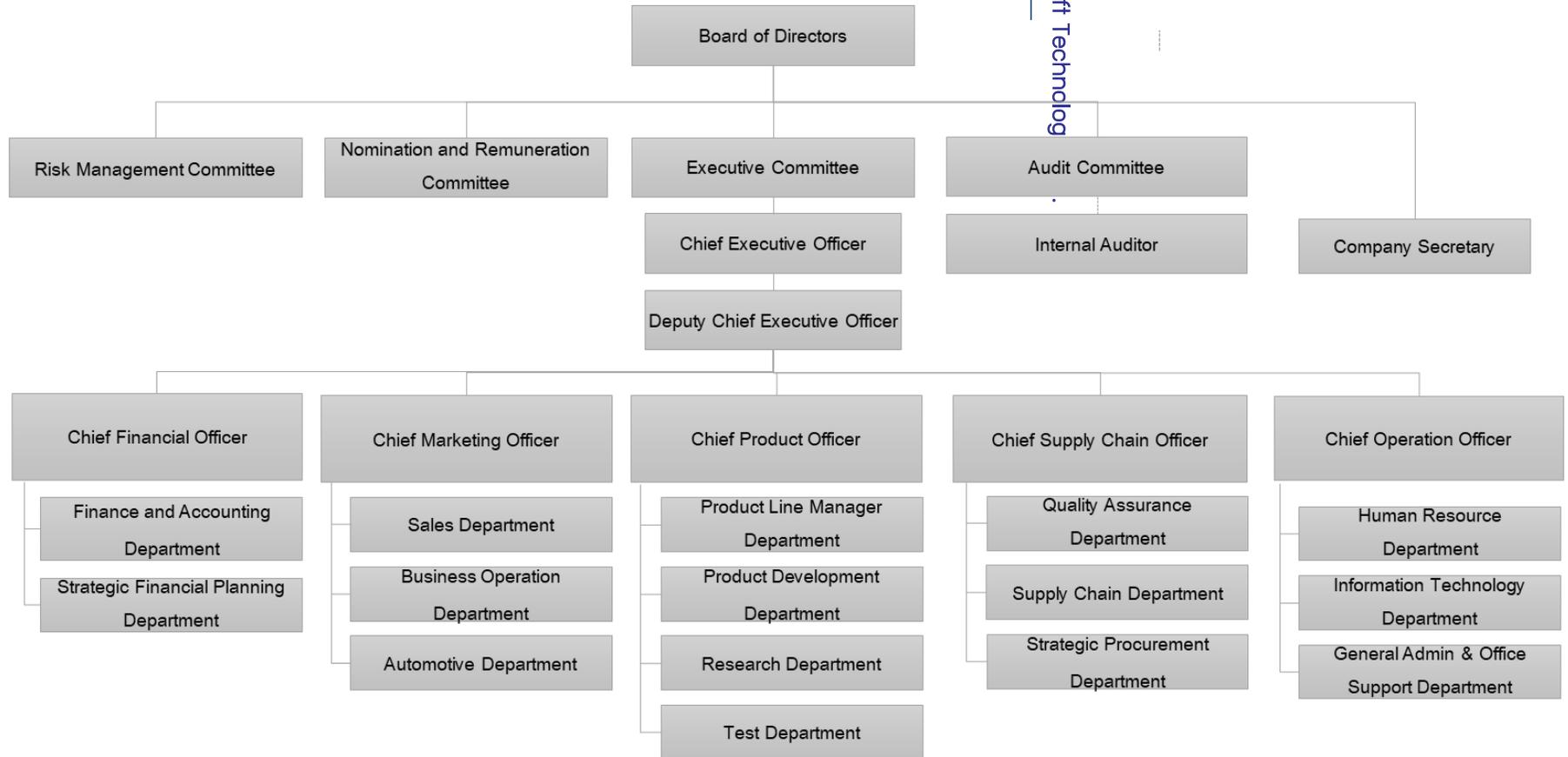
Name - Surname			Position
1.	Mr. Manop	Dhamsirianunt	Chief Executive Officer/Chief Sales & Business Development Officer
2.	Mr. Bodin	Kasemset	Deputy Chief Executive Officer
3.	Mr. Naiyavudhi	Wongkomet	Chief Operating Officer
4.	Ms. Arunee	Poontawe	Chief Financial Officer
5.	Mr. Thaweesak	Thantipwan	Chief Product Officer
6.	Mr. Sarun	Polachart	Chief Supply Chain Officer
7.	Ms. Ousanee	Santikul	Senior Manager, Accounting & Finance
8.	Mr. Karn	Opasjumruskit	Senior Manager, Strategic Financial Planning

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

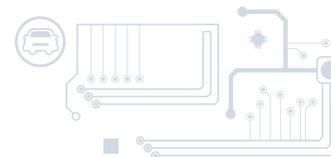




As of December 31, 2020, the Company's organization structure is as follows:



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



Company secretary and a person appointed to be directly responsible for control and supervision of accounting matter

Company secretary

Section 89/15 of Public Limited Companies Act B.E. 2535 specified that the Board of Directors shall appoint the Company Secretary to take responsibility on behalf of the company or the Board of Directors. The Meeting of the Board of Directors No. 7/2016 dated November 17, 2016, has resolution to appoint Mr. Karn Opasjumruskit to be the Company Secretary. Details on biodata of the Company Secretary is specified in Attachment No. 1.

Roles and responsibilities of the Company Secretary are as follows:

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

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

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

Remuneration of directors and executives

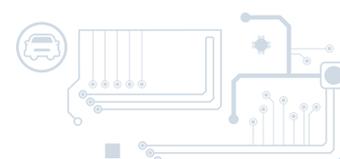
1) Monetary remuneration

Board of Directors' remuneration

The 2019 Annual General Meeting of Shareholders dated June 4, 2020 has resolution to specify the Board of Directors' remuneration and the Committees as follows:

(Unit: Baht)

Position	Monthly Remuneration	Meeting Allowance (Attendance)
<u>Board of Directors</u>		
Chairman	20,000	-
Director	20,000	-
Chairman of Audit Committee	30,000	-
Member of Audit Committee	20,000	-
Member of the Board of Directors who is the Company's executive shall not receive remuneration as the member of the Board of Directors.		
<u>Committees</u>		
Chairman and members of Risk Management Committee	-	10,000
Chairman and members of Nomination and Remuneration Committee	-	10,000
Committee member who is an executive	-	10,000



In 2020, the Company paid monetary remuneration to 8 committee members as follows:

(Unit: Baht)

Name-Surname	Director		Audit Committee		Risk Management Committee		Nomination and Remuneration Committee	
	2019	2020	2019	2020	2019	2020	2019	2020
1. Mr. Apinetr Unakul	240,000	240,000	-	-	-	-	-	-
2. Mrs.Monluedee Sookpantararat	-	-	360,000	360,000	40,000	40,000	-	-
3. Mr. Wuthipong Suponthana	-	-	240,000	240,000	40,000	40,000	10,000	20,000
4. Mr. Sarote Phornprapha	-	-	240,000	240,000	-	-	10,000	20,000
5. Mr. Manop Dhamsirianunt	-	-	-	-	40,000	40,000	-	-
6. Mr.Naiyavudhi Wongkomet*	-	-	-	-	40,000	40,000	-	-
7. Mr. Apinunt Thanachayanont*	240,000	240,000	-	-	-	-	-	-
8. Ms. Arunee Poontawe	-	-	-	-	-	-	10,000	20,000
Total	480,000	480,000	840,000	840,000	160,000	160,000	30,000	60,000

Remark: In 2020 Mr. Apinunt Thanachayanont has received remuneration as the consultant pursuant to Consultant Engagement Agreement amounted to 0.96 million Baht. More details are in Section Related Transactions.

Executives' remuneration

In 2020, the Company paid monetary remuneration to 8 executives of the Company amounted to 21,648,796 Baht. Such monetary remuneration included salary and bonus.

Remark: Executives' remuneration has been paid to the executives whose names listed in Executives section under Management Structure.

2) Other Remuneration (if any)

- Directors' remuneration

(Nil)

- Executives' remuneration

The Company paid other remuneration to 8 executives of the Company totaled 1,699,253 Baht in 2020. Other remuneration comprised of contribution of provident fund, social security fund and other welfares.

Remark: Executives' remuneration has been paid to the executives whose names listed in Executives section under Management Structure.

Policy and method for specifying remuneration, remuneration structure of directors and executives

The Company has specified that the directors' remuneration shall be fixed on monthly basis and remuneration of committees shall be meeting allowance per attendance (as per details in Remuneration of directors and executives). The executives shall receive fixed remuneration as salary and variable remuneration pursuant to the Company's performance.

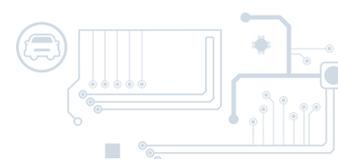
The Company has a policy to fix the remuneration of directors and executives in the appropriated level, both as monetary and non-monetary by considering from responsibilities, duties, works, benefits expected to receive and the rate comparable with similar business in order to attract the directors and executives to lead the Company to achieve the target specified. Directors' remuneration must be consistent with the Company's strategy and target. For this stance, the Nomination and Remuneration Committee shall consider each type of remuneration as appropriated, and specify criteria and methods which are fair, reasonable and in line with the Company's performance to the directors, members of committees, Chief Executive Officer and they have been disclosed in the Annual Disclosure Form** (56-1) and annual report of the Company. Remuneration of the Board of Directors and committees shall be proposed to the Board of Directors' Meeting to request for approval, then propose to the Shareholders' meeting for approval every year.

Personnel

Number of employees

As of ending of 2019, 2020, the Company has staff and employees, classified by functions are as follows:

Functions	Number (Person)	
	2019	2020
- Accounting and finance	9	10
- Sales and business development	23	30
- Product	60	46
- Operation	9	26
Total	101	112



Employees' remuneration

Employees' remuneration (excluding executives) consist of salary, bonus, traveling expenses, per diem, contribution to social security fund and contribution to provident fund and other welfares for the period ended December 31, 2020 totaled 77.74 million Baht

Provident fund

The Company has established the provident fund for the Company's permanent employees since August 27, 2010 as financial security and stability to the employees in the future and as incentive to motivate and keep the employees working with the Company in the long term.

Significant labor dispute during the past 3 years

-Nil-

Personnel Development Policy

The Company has a policy to encourage all personnel to be trained and developed on sustainable basis, beginning from orientation of new employees to make them acknowledge about the business operation policy, business code of conduct. During performing the works, they shall be learning by doing, taught by their supervisors, encouraged to attend academic seminar in the courses provided by the third party which are relevant to their works in order to increase knowledge, capability and ability to catch up with the changes of the world's technology at all times. The objectives are to make the personnel perform the work with full efficiency and drive for sustainable success* pursuant to the organization target as well as prepare for readiness of the employees' career path



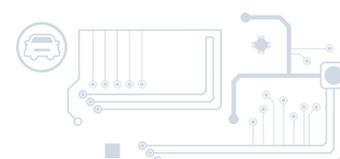
Securities and Shareholders Information

List of Shareholders:

As of 10 February 2021 According to the book of shareholders' registration, SICT shareholders are

	List of Shareholders	No. of Shares	%
1.	Mr. Manop Dhamsirianunt	121,646,360	30.41
2.	Mr. Apinetr Unakul	68,355,100	17.09
3.	<u>Mr. Naiyavudhi Wongkomet's Group</u>		
	1) Mr. Naiyavudhi Wongkomet	31,214,700	7.80
	2). K Investment Limited ¹⁾	<u>13,996,540</u>	<u>3.50</u>
	Sub-total	45,211,240	11.30
4.	Mr. Apinunt Thanachayanont	21,492,120	5.37
5.	Mr. Karn Opasjumruskit	7,629,580	1.91
6.	Mr. Thaweesak Thantipwan	7,093,320	1.77
7.	Mr. Sitthipong Wongnamkum	3,284,840	0.82
8.	Mr. Pairote Sirinamaratana	3,176,548	0.79
9.	THAI NVDR CO.,LTD	2,386,528	0.60
10.	Mr. Tassanai Saweangthrup	2,164,260	0.54
	Total	282,439,896	70.61

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



Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors and as defined in the Charter of the Nomination and Remuneration Committee in selecting suitable candidates and proposing for nomination as members of the Board of Directors and senior executives as well as proposing the remuneration and benefits for the Board of Directors, Subcommittees, and Staffs for all levels.

The Nomination and Remuneration Committee comprises of two independent directors and one executive board member as appointed by the Board of Directors. Members of the Nomination and Remuneration Committee are:

1. Mr. Sarote Phornprapha (Independent Director) Chairman
2. Mr. Wuthipong Suponthana (Independent Director) Member
3. Ms. Arunee Poontawe (Executive Director) Member.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors with careful consideration under the policy and Charter of The Nomination and Remuneration Committee which has been approved by the Board of Directors.

For the year 2020, the Nomination and Remuneration Committee held 2 meetings to determine the nomination and remuneration and proposed to the Board of Directors for approval as follows.

- Considered and approved the appointment of the executives
- Reviewed the evaluation and hiring contract of the advisor to the Board of Directors
- Approved the nomination of the Board of Directors and the remuneration for the year 2021
- Approved the scope for the salary increment and the average bonus for the year 2021

In conclusion, the Nomination and Remuneration Committee has performed the above duties according to the roles and responsibilities as assigned by the Board of Directors. The Committee is of the opinion that for the year 2020, the board members, subcommittee members, and Managing Director are all highly capable and the remuneration and benefits as shown in the Company's Annual Report are appropriate and commensurate with the duties and responsibilities and in line with the economy and the Company's overall performance.

The Nomination and Remuneration Committee has performed its duties with care, transparency, fairness, and independence and complies with good corporate governance and concerns to the highest benefits of the Company and all stakeholders.

Mr. Sarote Phornprapha
Chairman of the Nomination and Remuneration Committee



Report of the Risk Management Committee

The Risk Management Committee has been appointed by the Board of Directors to encourage the Company's overall risk management activities and ensure all stakeholders' confidence in strategic operation to achieve the objectives and organization's goals with careful consideration and acceptable risk and be able to manage risks efficiently and effectively. As of 31st December 2020, the Risk Management Committee comprises of directors and senior executives total of 4 members as follow:

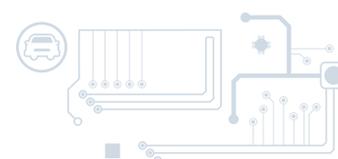
- | | |
|----------------------------------|---------------------------|
| 1. Dr. Wuthipong Suponthana | Chairman of the Committee |
| 2. Mrs. Monluedee Sookpantararat | Member of the Committee |
| 3. Mr. Manop Dhamsirianunt | Member of the Committee |
| 4. Dr. Naiyavudhi Wongkomet | Member of the Committee |

The Risk Management Committee has performed its duties under the Charter of the Risk Management Committee within the scope assigned by the Board of Directors. During the year 2020, the Committee held 4 meetings with full attendance of all members to consider the following key issues:

1. To control and monitor key risk indicators in accordance with policy and risk management framework of the risk management workgroup continuously.
2. Reviewed the Charter of the Risk Management Committee in order to ensure that the policy and charter are appropriate to business and comply with regulatory requirements.
3. Report to the Board of Directors regularly about risk and measures to manage risks.

The Risk Management Committee has the opinion that the Company has maintained the risk management policies and measures covering key business activities with adequacy, appropriateness, and effectiveness in accordance with good corporate governance and internal control as well as complies with regulatory requirements.

Dr. Wuthipong Suponthana
Chairman of the Risk Management Committee



Internal Control and Related Transactions

Opinion of the Board of Directors on the Company's Internal Control System

Adequacy and appropriateness of the Company's internal control system

During the meeting of the Board of Directors of Silicon Craft Technology Public Company Limited No. 1/2020 dated February 25, 2020 which has also been attended by 3 independent directors who are the Audit Committee, the Board has considered adequacy of the Company's internal control system based on the Evaluation Form on Adequacy of Internal Control System of the Office of the Securities and Exchange Commission. This process included enquiry of information on 5 components, i.e. Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities from the management and by jointly considering with the audit report and internal control system evaluation as well as the monitoring report on internal control evaluation results prepared by the internal control system's auditor and the auditor's observation report and monitoring result from assessment on efficiency of the Company's internal control system on accounting work. Hence, the Board of Directors considered that the Company's internal control system was adequate, suitable and the Company has allocated adequate personnel to monitor the system efficiently. The Company also has the internal control system to monitor and control operations of the subsidiary to adequately prevent the director or the management from exploitation or unauthorized usage of properties of the Company and its subsidiary, as well as transactions with the person who might have conflict of interest and the connected transaction. The Board also opined that the Company has adequate internal control system on other matter as well.

Moreover, the Company arranged to outsource the internal control unit who can independently monitor and assess the Company's internal control system by reporting directly to the Audit Committee. Consequently, the Company has appointed Unique Advisor Company Limited (the "Internal Auditor") as the Company's internal auditor pursuant to the resolution of the meetings of the Board of Directors No. 1/2020 on February 20, 2020 to review and evaluate the Company's internal control system as well as to provide recommendations on suitable internal control systems continually. The Internal Auditor has inspected 8 work cycles of the Company as follows:

1. Revenue, debtors and debt collection;
2. Design, research and development;
3. Manufacturing and cost management;



4. Procurement, creditors and debt repayment;
5. Inventory management;
6. Cash and budget management;
7. Human resources management;
8. Overall corporate governance.

For the past period, the Internal Auditor has presented 4 reports on auditing works, internal control evaluation and monitoring internal control evaluation results to the Audit Committee during the meeting of the Audit Committee. Based on the abovementioned review and evaluation of internal control system reports and the Internal Auditor's audit report. For the period from January 1, 2020 to December 31, 2020, no issues of high importance were found. With issues of low and medium priority which the company has already completed the amendment or is in the process of amendment can be summarized as follows:

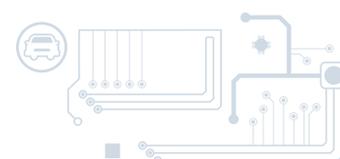
Issues that the company has finished amending in the sales system are the determination of criteria for selecting long outstanding products to prepare a sales plan, the guidelines for monitoring and reporting progress as planned, and including the improvement of the operating manual for the monitoring and reporting production yield to be up-to-date.

For human resource management system, the company has thoroughly specified key operational procedures related to human resource management to be consistent with current practice. The company has clearly communicated business ethics and work practices to current executives and employees according to the specified period. In addition, the company has clearly established policies and forms for employee welfare approval in writing and specified tools to assist in verifying the completeness of document storage in the employee profile file, both of which are pending review from internal auditors.

For issues in the process of amendment in the human resource management system, i.e., establishing a clear written salary structure framework according to the level or position of each job position, complete job descriptions in accordance with the modified organizational chart, and reviewing the risk register to be in line with the strategic plan of the organization. The company plans to complete the amendment within the second quarter of 2021.

Opinion of the Audit Committee, in case it is different from opinion of the Board of Directors

For consideration on evaluation form on adequacy of internal control system by the Board of Directors where 3 members of the Audit Committee have also attended, there was no different opinion from those of the Board of Directors at all.



Head of Internal Audit and Head of Compliance of the Company

The Company has a policy to outsource the internal audit. During the meeting of the Audit Committee of Silicon Craft Technology Public Company Limited No. 1/2020 on February 20, 2020, the meeting resolved to renew the employment contract of Unique Advisor Company Limited to be the Company's Internal Auditor for 2020. Unique Advisor Company Limited has assigned Mr. Kosol Yamleemul, the managing director, to be the main responsible person to conduct internal audit of the Company.

The Audit Committee has considered qualifications of Unique Advisor Co. Ltd. and considered that it has adequate knowledge, capability and experiences to perform duty as the internal auditor because it has experiences in internal audit for more than 15 years. Its main operators already passed the training courses on Thai Financial Reporting Standards (TFRS), Accounting Standards, Auditing Standards (continuous training), Internal Audit Workshop (continuous training), Auditor's Report (continuous training), COSO 2013 (2014), Taxation and planning (various), IT Audit (various) and they do not have any relationship with the Company, so they can independently and impartially audit and present the recommendation to the Company (Qualifications of the Head of Internal Audit are appeared in Attachment No. 2).

In addition, consideration on appointment, removal or transfer of the Company's internal auditor is required to pass selection process and approval from the Audit Committee first. After that the Audit Committee shall propose the qualified auditor to the meeting of the Board of Directors for further consideration and approval as well as on negotiation on relevant expenses. The employment contract of such internal auditor shall be expired at the end of 2020 and the Company has a policy to continue outsourcing the internal auditor for 2021. The company has appointed Unique Advisor Co., Ltd. to be the internal auditor for another year according to the resolution of the Board of Directors Meeting No. 1/2021 held on February 25, 2021 to review and evaluate the Company's internal control system and make recommendations on the appropriate internal control system.

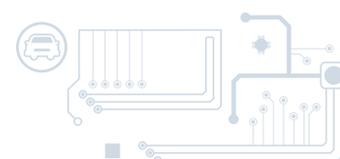
Report on audit results of internal control and others from accounting auditing operations

D I A International Audit Company Limited ("DIA"), the auditor of 2020 financial statements, has provided comments in the 2020 audit report that the Company did not have any material defect on its accounting system. In addition, the auditor did not find any risk and defect of the internal control system, so the observation report and recommendation from audit of financial statements (Management Letter) for 2020 have not been prepared.

Related Transactions

Person who might have conflict of interest with Silicon Craft Technology Public Company Limited who entered into transactions with the Company

Person who might have conflict of interest	Relationship
1 Mr. Manop Dhamsirianunt	- The Company's director and shareholder, holding shares of 30.41 percent as of February 10, 2021.
2 Prof. Dr. Apinunt Thanachayanont.	- The Company's director and shareholder, holding shares of 5.37 percent as of February 10, 2021.
3 Dr. Naiyavudhi Wongkomet	<ul style="list-style-type: none"> - The Company's director and shareholder, holding shares of 7.80 percent and holding shares via K. Investments Limited at 3.50 percent, thus total shares held is 11.30 percent as of February 10, 2021. - The director and major shareholder of I.E. Technology Co., Ltd. - The director and major shareholder of Industrial Electrical Co., Ltd.
4 I.E. Technology Co., Ltd. Business: Render service and design RFID system (System Integrator – SI), such as production line system, warehouse system, cargo transportation system, and etc.	- Having common director and shareholder with the Company, i.e. Dr. Naiyavudhi Wongkomet.
5 Industrial Electrical Co., Ltd. Business: Distribution of measuring instrument, factory and process automation products	- Having common director and shareholder with the Company, i.e. Dr. Naiyavudhi Wongkomet.
6 Mr. Apinetr Unakul	- The Company's director and shareholder, holding shares of 17.09 percent as of February 10, 2021.



Details on Related Transactions

1. Goods purchase-sales and service rendering under normal business transactions

Item No.	Person Who Might Have Conflict of Interest	Value of Transactions (Million Baht)			Characteristic of Transaction, Necessity and Rationale
		2018	2019	2020	
1	I.E. Technology Co., Ltd.	Sales of goods: 0.06 Million Baht. Trade receivables – Million Baht.	Sales of goods – Million Baht. Trade receivables – Million Baht.	Sales of goods: 0.02 Million Baht. Trade receivables – Million Baht.	In 2020, the Company supplied products to I.E. Technology Co., Ltd. pursuant to the Company's product price list with gross profit margin of over 60 percent. The Company has revenues from sales of RFID Reader product in the third quarter of 2020 amounting to 23,500 Baht.

2. Other purchase – sales and service rendering transaction

Item No.	Person Who Might Have Conflict of Interest	Value of Transactions (Million Baht)			Characteristic of Transaction, Necessity and Rationale
		2018	2019	2020	
1	Prof. Dr. Apinunt Thanachayanont	Consultancy fee: 0.96 Million Baht	Consultancy fee: 0.96 Million Baht	Consultancy fee: 0.96 Million Baht	The Company has employed Prof. Dr. Apinunt Thanachayanont as the consultant since the beginning of the incorporation in order to provide recommendation on design of new product and technology roadmap because Prof. Dr. Apinunt is the expert and has academic works on Integrated circuits (IC) well-known in this industry. The specific expert in such field is very hard to find in Thailand. However, presently, the Company has entered into a consult engagement contract in writing and each contract has to be considered by the Nomination and Remuneration Committee with regards to necessity on employment and reasonableness of consultancy rate.



3. Necessity and rationales of the related transactions

The Audit Committee has considered the related transactions specified in the above table and opined that such related transactions were necessary and reasonable. In addition, they have fair pricing and conditions and did not cause any damage to the Company.

4. Measures or procedures on approval of related transactions

The Company has specified measures and procedures on approval of the related transactions which have been approved by the Board of Directors' Meeting No. 2/2017 dated April 3, 2017. In case the Company is necessary to enter into any related transaction with the person who might have conflict of interest or interest, the Audit Committee is required to provide opinion on necessity and rationale of such transaction. However, if the Audit Committee does not have enough skill to consider the transaction which may occur, the Company shall request the independent expert or the auditor of the Company to provide opinion on such related transaction, so that it will be used to support decision make of the Board of Directors and/or the Audit Committee and/or the shareholder, as the case may be. The person who might have conflict of interest or has any interest in the transaction shall not be entitled to vote for approval on entering of such related transaction. Details on the Company's policy on related transaction, classified by type of transaction are as follows:

- Normal business transaction and transaction which support normal business operation, i.e. purchase and sales of products, raw materials, employment of consultant and etc. are required to have fair commercial conditions and prices and they shall not be undertaken for purpose of transferring of interest. They must be able to be compared with transactions between the Company and general person or transaction between person who might have conflict of interest with general person or similar transaction with other business entrepreneurs. The Company has a policy that the Audit Committee shall consider and give recommendation on reasonableness and necessity for such transaction on quarterly basis and they shall be compliance with the law on securities and exchange including regulations, announcement, orders or requirements of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission as well as compliance with regulations on disclosure of related transactions.
- For other transactions apart from normal business transaction and transaction which support normal business operation as mentioned above, such as transaction on property rental or purchase and sell of property, or provision of financial assistance, the Company has a policy that the Audit Committee shall consider and give recommendation on reasonableness and necessity on such transactions. The Company shall comply with the law on securities and exchange including regulations, announcement, orders or requirements of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, as well as



compliance with regulations on disclosure of connected transactions and acquisition or disposition of material properties of the Company. In addition, the Company does not have any policy on provision of loan to the person who might have conflict of interest with the Company to operate business or undertake any matter on behalf of the Company.

The Board shall comply with the law on securities and exchange including regulations, announcement, orders or requirements of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, as well as compliance with regulations on disclosure of connected transactions and acquisition or disposition of material properties of the Company, so that decision to enter into such transaction shall not cause any conflict of interest and it shall be for the best interest of all shareholders. The Company shall disclose such transaction in the annual registration statement form / annual report (Form 56-1 One Report) and notes to financial statements which have been audited by the Company's auditor.

5. Trend on Related Transaction in the Future

Related transactions which shall continue to be undertaken in the future are as follows:

- Transaction on purchase and sell of products between the Company and the shareholders' company which shall be as per normal business operations of both parties. The Company shall comply with the related transaction policy for such transaction which shall occur in the future as mentioned above.

Transaction on other purchase and sell and service provision, such as employment of Prof. Dr. Apinunt Thanachayanont as the consultant because nature of the Company's business operations is required to employ specialized expert. The Company shall comply with the related transaction policy for such transaction which shall occur in the future as mentioned above.





Report of the Audit Committee

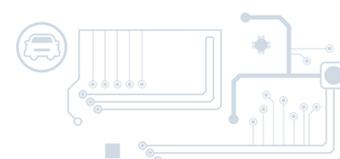
The Audit Committee of Silicon Craft Technology PLC. which was appointed by the Board of Directors comprises of 3 independent directors qualified as specified in the Charter of the Audit Committee and the requirements of the Security and Exchange Commission and the Stock Exchange of Thailand with a senior manager in Accounting and Finance Department assigned as the secretary.

During the year 2020, the Committee held 4 meetings with all members attended including senior executives, auditors, and internal auditors. Matters considered in the meetings are as follow:

- Reviewed the quarterly and annual financial statements and related financial reports for the year ended 31st December 2020 which has been clarified by the executives and auditors and is reliable with sufficient disclosure. The Committee agreed with the auditor's opinion that the financial statements present fairly and in compliance with Financial Reporting Standards. The Committee also held one meeting with the auditors in absence of the management to discuss if there were any issues in auditing, but none has been raised as significant notice.
- Reviewed and acknowledged the assessment of the adequacy of the internal control system and the compliance with regulatory requirements of the Security and Exchange Commission. The Committee agreed that the internal control system is adequate, appropriate, and efficient.
- Considered and recommended the Board of Directors to propose to shareholders to appoint Unique Advisor Company Limited as the internal auditors for the year 2021. The Committee considered based on the independency of the internal auditors, scope of works, annual operation plan, internal auditing reports, and recommendations to improve the auditing performance efficiently.
- Considered performance, independency, and experience of the auditors, and recommended the Board of Directors to propose to shareholders to appoint DIA International Audit Company Limited as the auditors for the year 2021 as follows:

1. Mrs. Suvimol Chrityakierne Certified Public Accountant No. 2982
2. Mr. Chumpot Prairattanakorn Certified Public Accountant No. 7645
3. Mr. Nopparoek Pissanuwong Certified Public Accountant No. 7764

The audit fee is 1,670,000 Thai baht for the year 2021.



During the year 2020, related transactions in buy/sell and services has been reviewed as normal without any conflict of interests in accordance with regulatory requirements of the Stock Exchange of Thailand and the Security Exchange Commission.

In conclusion, the Audit Committee has performed its duties as assigned with independency and in accordance with the Charter of the Audit Committee. The Committee is of the opinion that the financial reports present fairly with adequate internal control system and comply to the regulatory requirements, transparent in related transactions and reliable.

Mrs. Monluedee Sookpantararat

Chairman of the Audit Committee





Report of the Board of Directors’ Responsibilities for Financial Statements

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

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

In this regard, the Board of Directors has appointed an Audit Committee which comprises only of independent directors who are responsible for reviewing accounting policies and fair presentation of financial reports, internal control and internal audit system, risk management system including related transactions information that are adequate and appropriate. The opinion of the Audit Committee is presented in the annual report.

The Board of Directors believed that the Company has a satisfactory level of internal control systems and can reasonably assured that the financial reports of the Company as of 31st December 2020 are reliable and prepared in line with the generally accepted accounting principles and relevant rules and regulations.

Mr. Apinetr Unakul

Chairman of the Board



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020





INDEPENDENT AUDITOR'S REPORT

To The Shareholders of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

Opinion

I have audited the financial statements of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Impairment of intangible assets - product development projects

As described in notes 14 to financial statements, in the financial statements of the Company represents the significant balance of intangible assets products design development project or equivalent to 16% of total assets. I have addressed key audit matters and considered impairment of those assets in order to ensure that the Company will not present the carrying value exceeds recoverable value of that assets. The use of significant judgment of the Management in taking the consideration concerning the future performance forecasting and work plans assessment, as well as determining discount rate and significant assumption that create exposure impairments risk of assets.

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

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

Net realizable value of inventories

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

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 25, 2021

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

Asset	Note	(Unit : Baht)	
		December 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents	8	111,433,444	15,429,641
Trade and other current receivables	9	55,413,920	43,064,015
Inventories	10	69,719,926	83,779,830
Current tax assets		-	254,656
Other current financial assets	11.1	9,744,593	223,046
Other current assets		816,793	422,856
Total current assets		247,128,676	143,174,044
Non-current assets			
Other non-current financial assets	11.2	62,304,195	16,251,874
Leasehold building improvement and equipment	12	19,511,745	23,746,726
Right-of-use assets	13	14,051,767	-
Other intangible assets	14	67,769,683	67,388,857
Deferred tax assets	15	6,082,090	5,531,845
Other non-current assets		1,746,592	1,417,774
Total non-current assets		171,466,072	114,337,076
Total assets		418,594,748	257,511,120

Notes to financial statements are parts of these financial statements.

(Sign)   Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT DECEMBER 31, 2020

(Unit : Baht)

Liabilities and shareholders' equity	Note	December 31, 2020	December 31, 2019
Current liabilities			
Short-term borrowings from financial institutions	16	-	4,172,675
Trade and other current payables	17	31,941,197	27,476,709
Current portion of long-term financial lease liabilities	29.2	3,017,430	-
Current income tax payables		289,811	-
Other current provisions	18	2,898,865	5,602,437
Other current liabilities		493,409	399,264
Total current liabilities		38,640,712	37,651,085
Non-current liabilities			
Lease liabilities	29.2	11,117,101	-
Non-current provisions for employee benefit	19	19,840,291	17,806,649
Total non-current liabilities		30,957,392	17,806,649
Total liabilities		69,598,104	55,457,734

Notes to financial statements are parts of these financial statements.

(Sign)   Authorized Director

Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT DECEMBER 31, 2020

		(Unit : Baht)	
Liabilities and shareholders' equity (Cont'd)	Note	December 31, 2020	December 31, 2019
Shareholders' equity			
Share capital			
Authorized share capital			
400,000,000 common shares of Baht 0.50 each,		200,000,000	200,000,000
Paid-up share capital			
400,000,000 common shares of Baht 0.50 each,	21	200,000,000	
300,000,000 common shares of Baht 0.50 each,			150,000,000
Share premium on common shares	21	84,985,489	2,400,000
Premium on share-based-payments		9,776,657	9,776,657
Retained earnings (Deficit)			
Appropriated			
Legal reserve	22	18,012,400	16,292,783
Unappropriated			
		36,222,098	23,583,946
Total shareholders' equity		348,996,644	202,053,386
Total liabilities and shareholders' equity		418,594,748	257,511,120

Notes to financial statements are parts of these financial statements.

(Sign)   Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	Note	December 31, 2020	December 31, 2019
Revenues from sales and services		337,878,070	308,798,296
Costs of sales and services		(188,213,716)	(183,461,587)
Gross profit		149,664,354	125,336,709
Other income		4,046,324	2,313,927
Distribution costs		(24,638,420)	(26,595,214)
Administrative expenses		(98,207,967)	(77,773,127)
Other gains (losses)		3,858,729	(205,580)
Profit (loss) from operating activities		34,723,020	23,076,715
Finance income		339,039	137,051
Finance costs		(917,278)	(327,004)
Profit (loss) before tax expense		34,144,781	22,886,762
Tax income (expense)	15	246,210	1,569,815
Profit (loss) for the year		34,390,991	24,456,577
Other comprehensive income :			
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on re-measurements of defined benefit plans		299,391	523,230
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	15	(59,878)	(104,646)
Total components of other comprehensive income that will not be		239,513	418,584
Other comprehensive income (expense) for the year - net of tax		239,513	418,584
Total comprehensive income for the year		34,630,504	24,875,161

Basic earnings (loss) per share

Profit (loss) from continuing operations	0.10	0.08
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The weighted average number of common shares (share)	343,989,070	300,000,000
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Notes to financial statements are parts of these financial statements.

(Sign)




(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	Note	Issued and paid-up share capital	Share premium	Premium on share-based-payments	Retained earnings (Deficit)		Other components of equity	Total shareholders' equity
					Appropriated	Unappropriated	Other comprehensive	
Balance as at December 31, 2018		150,000,000	2,400,000	9,776,657	15,000,000	52,051,568	-	229,228,225
Legal reserve		-	-	-	1,292,783	(1,292,783)	-	-
Dividend paid		-	-	-	-	(20,700,000)	-	(20,700,000)
Interim dividend paid		-	-	-	-	(31,350,000)	-	(31,350,000)
Profit (loss) for the year		-	-	-	-	24,456,577	-	24,456,577
Other comprehensive income (expense) for the year		-	-	-	-	-	418,584	418,584
Transfer to retained earnings		-	-	-	-	418,584	(418,584)	-
Total comprehensive income (expense) for the year		-	-	-	-	24,875,161	-	24,875,161
Balance as at December 31, 2019		150,000,000	2,400,000	9,776,657	16,292,783	23,583,946	-	202,053,386
Balance as at December 31, 2019 (before restatement)		150,000,000	2,400,000	9,776,657	16,292,783	23,583,946	-	202,053,386
Cumulative effect of change in accounting policy	4.1	-	-	-	-	420,393	-	420,393
Financial instruments								
Cumulative effect of change in accounting policy	4.2	-	-	-	-	6,872	-	6,872
Leases								
Balance as at December 31, 2019 (after restatement)		150,000,000	2,400,000	9,776,657	16,292,783	24,011,211	-	202,480,651
Increase authorized share capital	21	50,000,000	-	-	-	-	-	50,000,000
Share premium on ordinary shares	21	-	82,585,489	-	-	-	-	82,585,489
Legal reserve	22	-	-	-	1,719,617	(1,719,617)	-	-
Dividend paid	23	-	-	-	-	(13,800,000)	-	(13,800,000)
Interim dividend paid	23	-	-	-	-	(6,900,000)	-	(6,900,000)
Profit (loss) for the year		-	-	-	-	34,390,991	-	34,390,991
Other comprehensive income (expense) for the year		-	-	-	-	-	239,513	239,513
Transfer to retained earnings		-	-	-	-	239,513	(239,513)	-
Total comprehensive income (expense) for the year		-	-	-	-	34,630,504	-	34,630,504
Balance as at December 31, 2020		200,000,000	84,985,489	9,776,657	18,012,400	36,222,098	-	348,996,644

Notes to financial statements are parts of these financial statements.

(Sign) Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	Note	December 31, 2020	December 31, 2019
Cash flows from operating activities			
Profit (loss) for the year		34,390,991	24,456,577
Adjustments to reconcile profit (loss) to cash receipt (disbursement)			
Tax income (expense)		(246,210)	(1,569,815)
Depreciation and amortization	12, 14, 29.1	12,408,253	11,999,321
(Reversed) loss on devaluation of inventories	10	123,304	3,926,037
(Reversed) loss on other current provisions		-	(620,044)
Loss on impairment of tool and equipment	12	239,160	
Loss on impairment of product development projects	14	21,218,179	2,508,545
(Gain) loss on disposal of assets	12	54	55,335
Write off ceased products design development project		-	1,232,127
Gain on disposal of investment		(35,675)	(64,543)
(Gain) loss on financial assets at fair value through profit or loss		(4,385,872)	(1,804)
Impairment loss on bank deposit	11.2	20,088	-
Unrealized (gain) loss on exchange rate		599,342	82
Employee benefit expenses		1,941,989	5,749,772
Difference from rental reduction		3,445	-
Finance income		(339,039)	(137,051)
Interest expenses		917,278	327,004
Profit from operation before change in operating assets and liabilities		66,855,287	47,861,543
(Increase) Decrease in operating assets			
Trade and other current receivables		(12,497,183)	(9,993,157)
Inventories		15,833,089	31,747,917
Other current assets		(377,501)	(331,720)
Other non-current assets		(74,162)	(39,215)
Increase (Decrease) in operating liabilities			
Trade and other current payables		2,625,199	750,988
Other current liabilities		94,146	(174,358)
Cash generated from operation		72,458,875	69,821,998
Interest paid		(268,729)	(326,124)
Income tax paid		(74,103)	(278,582)
Net cash provided by (used in) operating activities		72,116,043	69,217,292

Notes to financial statements are parts of these financial statements.

(Sign)

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	December 31, 2020	December 31, 2019
Cash flows from investing activities		
Deposits at financial institutions with commitments, increase	(72,408)	(1,072,907)
Deposits at financial institutions, increase	(46,000,000)	-
Payments for current investments acquisition	(45,600,000)	(42,655,000)
Proceeds from disposal of current investments	40,500,000	42,900,000
Payments for fixed assets acquisition	(2,695,384)	(11,196,765)
Payments for intangible assets acquisition	(26,660,575)	(16,147,938)
Proceeds from interest	308,352	136,032
Net cash provided by (used in) investing activities	(80,220,015)	(28,036,578)
Cash flows from financing activities		
Cash received for increase authorized share capital	50,000,000	-
Cash received for increase authorized share capital (Surpluses)	82,585,488	-
Proceeds (payments) from short-term borrowings from financial institutions	(4,172,675)	4,172,675
Payments for financial lease liabilities	(3,581,218)	(35,310)
Dividend paid	(20,700,000)	(52,050,000)
Net cash provided by (used in) financing activities	104,131,595	(47,912,635)
Net increase (decrease) in cash and cash equivalents before effects of exchange rate	96,027,623	(6,731,921)
Effects of exchange rate to cash and cash equivalents	(23,820)	28,017
Net increase (decrease) in cash and cash equivalents	96,003,803	(6,703,904)
Cash and cash equivalents at the beginning of the year	15,429,641	22,133,545
Cash and cash equivalents at the end of the year	111,433,444	15,429,641

Supplemental of cash flows information :

Non-cash transaction :

Transfer leasehold building improvement to right-of-use assets	264,147	-
Lease liabilities	14,134,531	-
Estimated costs of products design development project	583,090	4,954,701
Transfer to close products design development project store to be inventories	-	367,195
Depreciation of tools and supplies of products design development project as costs of project	1,810,181	1,573,559

Notes to financial statements are parts of these financial statements.

(Sign)




(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



Authorized director

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

1.1 General information

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

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

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

1.2 Coronavirus Disease 2019 Pandemic

About the pandemic of Coronavirus Disease 2019 (COVID-19), the Company's management has monitored the situation and continuously assessed the impacts from such matter. However, the COVID-19 situation is highly uncertain and may affect, whether directly or indirectly, to the environment of business operations of the Company as well as estimates and judgements used for assessing values of assets, liabilities or provisions and contingent liabilities in the financial statements that are changeable depending on the assessment of COVID-19 situation in each period made by the Company's management.

(Sign)



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



2. FINANCIAL STATEMENTS PRESENTATION BASIS

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and presented in compliance with the Notification of the Department of Business Development dated October 11, 2016, regarding the condensed form should be included in the financial statements (No. 2) B.E. 2559.

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 under the historical cost convention, except as transaction disclosed in related accounting policy.

3. NEW FINANCIAL REPORTING STANDARDS

a. Financial reporting standards that become effective in the current year

During the period, the Company has adopted a number of revised (revised 2019) and new financial reporting standards and interpretations which are effective for the financial statements for the period beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarized below:

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

a. Financial reporting standards that become effective in the current year (cont'd)

Financial reporting standards related to financial instruments

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

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Interpretations Committee

TSIC 16 Hedges of a Net Investments in a Foreign Operation

TSIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The effects of the adoption of these accounting standards are described below:

- Recognition of derivatives - The Company is to initially recognize derivative at their fair value on the contract date and subsequently measure them at their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognized in profit or loss

(Sign)

Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



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

a. **Financial reporting standards that become effective in the current year (cont'd)**

- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit - impaired event to have occurred. The Company apply simplified approach to consider impairment of trade receivables. The Company's management has considered that the recognition of credit losses does not have any significant impact on the adjustment of retained earnings as at January 1, 2020.

The Company adopted these financial reporting standards which the cumulative effect of initially applying is recognized as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated

The cumulative effect of the change is described as stated in note 4

Thai Financial Reporting Standards No. 16: Leases

TFRS 16 Leases set out the principals of the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Company has recognized the effect of initial applying TFRS 16 which do not use retrospective approach, with the restatement of comparative information. Accordingly, the Company has chosen to comply with TFRS 16 for lease previously classified as operating leases that lease liabilities as at January 1, 2020 were recognized at the present value of the lease payment payable over the lease term, discounted at the rate implicit in the lease of the Company incremental borrowing rate at the initial application date and recognized right-of-use asset at the amount of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in statement of financial position prior to commencement date.

Therefore, the effects of changes in accounting policy as stated in notes 4

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

a. Financial reporting standards that become effective in the current year (cont'd)

Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets, reduction in lease payments by lessors and reversal of deferred tax assets.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended December 31, 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives. Therefore, impairment loss of intangible asset – products development project incurred from the delay which do not meet the work planned, caused by COVID-19 Pandemic.

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



3. NEW FINANCIAL REPORTING STANDARDS (CONT'D)

b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

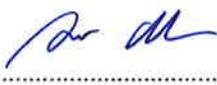
The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

4.1 Financial reporting standards related to financial instruments

As described in Note 3 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments. The cumulative effect of initially applying these financial reporting standards is recognized as an adjustment to retained earnings as at January 1, 2020. Therefore, the comparative information was not restated.

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



4. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

4.1 Financial reporting standards related to financial instruments (cont'd)

The effect of the changes in accounting policies due to the adoption of these financial reporting standards on the beginning balance of retained earnings for 2020 comprises:

	(Unit : Baht)		
	December 31, 2019	Effects from TFRS 9	January 1, 2020
Statement of financial position			
Assets			
Current assets			
Other current assets			
- Investment in Fixed Income Fund	223,046	-	223,046
- Derivative	-	420,392	420,392
Non-current assets			
Other non-current financial assets			
- Deposit at bank with obligations	16,251,874	-	16,251,874
Deferred tax assets	5,531,845	-	5,531,845
Liabilities and shareholders' equity			
Shareholders' equity			
Retained earnings	39,876,728	420,392	40,297,120

The detail of effect of the adoption of financial reporting standards related to financial instruments on the retained earnings as at January 1, 2020 is as follows:

	(Unit : Baht)
Recognition of derivatives at fair value through profit or loss	420,392
Related income tax expense	-
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments (increase retained earnings)	420,392

(Sign)  
(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



4. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

4.1 Financial reporting standards related to financial instruments (cont'd)

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at January 1, 2020, and with the carrying amounts under the former basis, are as follows:

(Unit : Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortized cost	Total
Financial assets as at January 1, 2020				
Cash and cash equivalents	15,429,641	-	15,429,641	15,429,641
Trade and other receivables	43,064,015	-	43,064,015	43,064,015
Other current financial assets				
- Investment in Fixed Income Fund	223,046	223,046	-	223,046
- Derivative	-	420,392	-	420,392
Other non-current financial assets				
- Deposit at bank with obligations	16,251,874	-	16,251,874	16,251,874
Total financial assets	74,968,576	643,438	74,745,530	75,388,968
Financial liabilities as at January 1, 2020				
Short-term borrowings from financial institutions				
	4,172,675	-	4,172,675	4,172,675
Trade and other payables	27,476,709	-	27,476,709	27,476,709
Total financial liabilities	31,649,384	-	31,649,384	31,649,384

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



4. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

4.2 Thai Financial Reporting Standards No. 16: Leases

Amounts of adjustment affected to the transactions in statements of financial position as at December 31, 2019 and statements of income for the year ended December 31, 2019 from changes in accounting policy from adoption TFRS 16 are presented as follows :

	(Unit : Baht)		
	Increase (Decrease)		
	As former		
	Accounting policy	TFRS 16	As reported
STATEMENTS OF FINANCIAL POSITION			
Assets			
Leasehold building improvement and equipment	23,746,726	(350,000)	23,396,726
Right-of-use assets	-	17,179,366	17,179,366
Liabilities			
Lease liabilities - current portion	-	2,976,464	2,976,464
Lease liabilities - net of current portion	-	13,938,755	13,938,755
Current provisions	-	264,147	264,147
Shareholders' equity			
Shareholders' equity of the Company	202,053,386	6,872	202,060,258
STATEMENTS OF COMPREHENSIVE INCOME			
Administrative expenses	77,788,519	(6,872)	77,781,647
Tax income	1,569,815	-	1,569,815
Profit for the year	24,456,577	6,872	24,463,449
Profit attributable to:			
Shareholders' equity	202,053,386	6,872	202,060,258
Earnings per share (Baht)			
Basic earnings per share	0.08		0.08

(Sign)




(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



4. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

4.2 Thai Financial Reporting Standards No. 16: Leases (cont'd)

The initial adoption of TFRS 16, the Company has recognized lease liabilities which were reclassified as operating lease by present value of the outstanding lease payment discounted by the incremental borrowings interest rate of the Company as at January 1, 2020.

The reconciliation between lease liabilities as at January 1, 2020 and operating lease obligations as at December 31, 2019 which disclosed in accordance with TAS 17 as follows:

	(Unit : Baht)
Operating lease obligations as at December 31, 2019	17,151,000
Option to extension of the lease term	2,120,100
Less: Short-term leases and leases of low-value assets	<u>(2,355,881)</u>
Increase in lease liabilities due to initial adoption TFRS 16	<u>16,915,219</u>
The above lease liabilities comprise:	
Lease liabilities - current portion	2,976,464
Lease liabilities - net of current portion	<u>13,938,755</u>
	<u>16,915,219</u>

The adjustments of right-of-use assets due to initial adoption TFRS 16 as at January 1, 2020 are summarised as follows:

	(Unit : Baht)
Building	16,534,010
Vehicle	<u>381,209</u>
Total right-of-use assets	<u>16,915,219</u>

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)





5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenues and Expenses Recognition

5.1.1 The Company considers that the most of agreement of sale of goods and services would be a performance obligation that is satisfied. Revenues from sales and services are recognized as follows:

- Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts and allowances.
- Service revenue is recognized when service is rendered.

5.1.2 Interest income is recognized on an accrual basis.

5.1.3 The Company revenues and other expenses are recognized on an accrual basis.

5.2 Cash and Cash Equivalents

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

5.3 Inventories

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

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

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

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

(Sign)



(Nepd)

Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Leasehold Building Improvement and Equipment

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

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

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

5.5 Intangible Assets

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

Computer software

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Intangible Assets (cont'd)

Product Development Project

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

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

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

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

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

(Sign)



(Signature)

Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Leases

Accounting policies adopted since 1 January 2020

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

The lessee

Right-of-use assets

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

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

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

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Leases (cont'd)

Lease liabilities

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

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

Short-term leases and Leases of low-value assets

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Leases (cont'd)

Accounting policies adopted before 1 January 2020

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset and lease term, whichever is lower.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

5.8 Related Parties Transaction

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

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 Government Grants

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

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

5.10 Share-Based Payments

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

5.11 Income Tax

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

Current income tax

The Company records current income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 Income Tax (cont'd)

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

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

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

5.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Employee benefits (cont'd)

Defined benefit plans

The Company have obligations in respect of the severance payments, they must make to employees upon retirement under labor law. The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising are recognised immediately in other comprehensive income and employee benefit expenses are recognised in profit or loss.

5.13 Provisions

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

5.14 Functional currency and reporting currency

These financial statements are prepared and presented in Thai Baht currency, which is its functional currency.

5.15 Transactions in Foreign Currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transactions. If the transaction is an item that has entered into a forward exchange contract, the transaction will be converted using the forward exchange rate.

Monetary assets and liabilities denominated in foreign currencies as at the financial position statement date are translated to Thai Baht by using the closing rates ruling at that date.

Gains or losses on exchange rate is recorded in statement of income.

(Sign)

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Financial Instruments

Accounting policies adopted since 1 January 2020

Recognition and measurement

The Company initially measures financial assets at fair value, plus transaction costs in case of financial assets that are not measured at fair value through profit or loss. Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e., amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

Except for derivative liabilities, the Company initially measures financial liabilities at fair value net of transaction costs. Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

Classification and measurement

Assets classified and measured at amortized cost

- Cash and cash equivalents
- Trade and other current receivables
- Other non-current financial assets (fixed deposit)

Assets classified and measured at fair value through profit or loss

- Other current financial assets (investment in fixed income fund, derivative)

Liabilities classified and measured at amortized cost

- Short-term borrowings from financial institutions
- Trade and other current payables
- Lease liabilities

Liabilities classified and measured at fair value through profit or loss

- Other current financial liabilities (derivative)

(Sign) 



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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Financial Instruments (cont'd)

Impairment

For trade receivables and contract assets, the entity is able to adopt simplified approach by recognizing the full lifetime expected credit loss for financial assets considered as aforesaid. In consideration and measurement of expected credit loss for Simplified approach, the historical credit loss shall be combined with the forward-looking information pertaining to the assets and significant factors relating to economic environment.

Accounting policies adopted before 1 January 2020

Trade and Other Current Receivables

Trade and other receivables are stated at the net realizable value.

Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Bad debts are recognized as administrative expenses in the statement of income.

Current Investments

Current investments is marketable securities held for trading which is presented with fair value. Gain or loss arising from changes in fair value will be recognized as income or expense in the statement of comprehensive income.

On sale of investments, the Company will record the difference between net return and net book value of investments as gain (loss) as occurred. If the Company sell partial investments, net book value per unit used in calculation of gain (loss) from sale of investments calculated by weighted average method.

(Sign)



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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 Fair Value Measurement

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

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

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

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

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Allowance for expected credit losses of trade receivables

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow- moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Intangible assets

In determining amortization of intangible assets – product development projects, the management is required to make estimates and review of the productive output when there are any changes.

Intangible assets - Product development project requires management to make judgements and estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

(Sign) 



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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



6. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**

Leasehold building improvement and equipment and depreciation

In determining depreciation of leasehold building improvement and equipment, the management is required to make estimates of the useful lives and residual values of the leasehold building improvement and equipment and to review estimate useful lives and residual values when there are any changes.

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

Leases

Determining the lease term with extension and termination options - The lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company 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 Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The lessee

The Company 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.

Post-employment benefits under defined benefit plans

The obligation under the defined 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 etc.

(Sign)
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7. BUSINESS TRANSACTIONS WITH RELATED PARTIES

7.1 Relationship and pricing policy

<u>Related parties and person name</u>	<u>Nature of relationships</u>	<u>Related transaction</u>
IE TECHNOLOGY CO., LTD.	Common shareholder and director	Sales
LUKDEE PROPERTY COMPANY LIMITED SHAREHOLDER	Common shareholder	Services
COMPANY'S DIRECTORS	Shareholder	Office rental
	Major shareholder and director	Consultant

<u>Pricing policy with related parties</u>	<u>Pricing policy</u>
Office rental and service	At the rate indicated in agreement
Utilities service (electricity, water)	Cost plus margin and contract price
Consulting fee	At the rate indicated in agreement

7.2 Business transactions with related parties

Balance with related person and parties as at December 31, 2020 and 2019 are as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Accrued expenses		
LUKDEE PROPERTY COMPANY LIMITED	78,895	83,729
Total	78,895	83,729
Deposits for rental and services		
LUKDEE PROPERTY COMPANY LIMITED	579,800	579,800
SHAREHOLDER	571,700	571,700
Total	1,151,500	1,151,500
Lease liabilities		
SHAREHOLDER	13,721,439	-
Total	13,721,439	-

(Sign)   Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



7. **BUSINESS TRANSACTIONS WITH RELATED PARTIES (CONT'D)**

7.3 **Revenues and expenses with related parties**

Transactions with related parties for the year ended December 31, 2020 and 2019 are as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Revenue from sales		
IE TECHNOLOGY CO., LTD.	23,500	-
Total	23,500	-
Office rental and service		
LUKDEE PROPERTY COMPANY LIMITED	3,410,200	3,138,250
SHAREHOLDER	3,370,200	2,946,250
Total	6,780,400	6,084,500
Utilities service (electricity, water)		
LUKDEE PROPERTY COMPANY LIMITED	1,082,597	1,087,624
Total	1,082,597	1,087,624
Revenues from sales of assets		
LUKDEE PROPERTY COMPANY LIMITED	-	40,162
Total	-	40,162
Consulting fee		
COMPANY'S DIRECTORS	960,000	960,000
Total	960,000	960,000

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2020 and 2019 are as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Cash	20,531	29,648
Current deposits	76,719	51,619
Savings deposits	75,705,125	1,027,183
Foreign deposits	35,631,069	14,321,191
Total	111,433,444	15,429,641

9. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Trade accounts receivable		
Trade accounts receivable - other companies	31,082,268	28,372,326
Total trade accounts receivable	31,082,268	28,372,326
Other current receivables		
Advance payment for goods	12,124,446	5,561,941
Prepaid expenses	4,828,965	4,470,652
Other advance payments	43,088	137,610
Receivable - Revenue Department	7,249,470	4,466,490
Others	85,683	54,996
Total other current receivables	24,331,652	14,691,689
Total trade and other current receivables	55,413,920	43,064,015
Less: Allowance for expected credit losses		
(2019: Allowance for doubtful accounts)	-	-
Trade and other current receivables – net	55,413,920	43,064,015

(Sign)

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



9. TRADE AND OTHER CURRENT RECEIVABLES (CONT'D)

The outstanding trade accounts receivable was separated by aging as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Trade accounts receivable - other companies		
Not yet due	24,729,602	23,889,293
Overdue		
Less than 30 days	4,481,384	4,483,033
More than 60 days to 90 days	1,871,282	-
Total trade accounts receivable - other companies	<u>31,082,268</u>	<u>28,372,326</u>

10. INVENTORIES

Inventories as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Raw materials	50,319,683	50,643,492
Work in process	60,109,426	75,872,565
Finished goods	-	14,817
Goods in transit	1,863,004	28,252
Goods in process	532,543	202,130
Total	<u>112,824,656</u>	<u>126,761,256</u>
Allowance for devaluation of goods, beginning of the year	(42,981,426)	(39,055,389)
Increase	(123,304)	(6,018,027)
Decrease	-	2,091,990
Allowance for devaluation of goods, ending of the year	<u>(43,104,730)</u>	<u>(42,981,426)</u>
Net	<u>69,719,926</u>	<u>83,779,830</u>

(Sign)

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)

Authorized Director



11. FINANCIAL ASSETS

11.1 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Assets classified and measured at fair value through profit or loss		
Investment in Fixed Income Fund	5,358,721	221,242
Unrealized gains on changes in value of investment	7,366	1,804
	<u>5,366,087</u>	<u>223,046</u>
Forward contracts	4,378,506	-
Total	<u><u>9,744,593</u></u>	<u><u>223,046</u></u>

11.2 OTHER NON – CURRENT FINANCIAL ASSETS

Other non-current financial assets as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Assets classified and measured at amortized cost		
Savings deposits at bank with obligations	2,802,982	2,787,913
Fixed deposits at bank with obligations	13,521,301	13,463,961
Fixed deposits at bank with non-obligations	46,000,000	-
Total	<u>62,324,283</u>	<u>16,251,874</u>
Less: Allowance for expected credit losses	(20,088)	-
Other non-current financial assets – Net	<u><u>62,304,195</u></u>	<u><u>16,251,874</u></u>

As at December 31, 2020 and 2019, the Company used deposit at three banks amount of Baht 15.50 million as guarantee against bank overdrafts and short-term borrowings as stated in note 16.

(Sign) 

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)





12. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT

Leasehold building improvement and equipment as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)				
	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
As at January 1, 2019					
Cost	4,222,590	8,285,269	2,943,954	54,513,029	69,964,842
<u>Less</u> Accumulated depreciation	(3,758,976)	(5,886,949)	(2,251,118)	(35,650,913)	(47,547,956)
<u>Less</u> Allowance for impairment	-	-	-	(2,185,310)	(2,185,310)
Net book value	463,614	2,398,320	692,836	16,676,806	20,231,576
For the year ended December 31, 2019					
Net book value – Opening Balance	463,614	2,398,320	692,836	16,676,806	20,231,576
Additions	5,019,358	675,927	1,219,933	4,631,547	11,546,765
Disposal/write off	-	(299,056)	(90,556)	(145,550)	(535,162)
Depreciation charge	(482,806)	(1,393,572)	(318,056)	(4,389,901)	(6,584,335)
Depreciation-write off/terminate	-	299,031	42,081	138,715	479,827
Loss on impairment	-	-	-	(1,391,945)	(1,391,945)
Net book value – Closing Balance	5,000,166	1,680,650	1,546,238	15,519,672	23,746,726
As at December 31, 2019					
Cost	9,241,948	8,662,140	4,073,331	58,999,026	80,976,445
<u>Less</u> Accumulated depreciation	(4,241,782)	(6,981,490)	(2,527,093)	(39,902,099)	(53,652,464)
<u>Less</u> Allowance for impairment	-	-	-	(3,577,255)	(3,577,255)
Net book value	5,000,166	1,680,650	1,546,238	15,519,672	23,746,726

Classification of depreciation

	(Unit : Baht)				
	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
Product design projects	-	-	-	1,573,559	1,573,559
Cost of sales	-	-	-	2,803,386	2,803,386
Administrative expense	482,806	1,393,572	318,056	12,956	2,207,390
Total depreciation	482,806	1,393,572	318,056	4,389,901	6,584,335

(Sign)   Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



12. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT (CONT'D)

(Unit : Baht)

	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
As at January 1, 2020					
Cost	9,241,948	8,662,140	4,073,331	58,999,026	80,976,445
<u>Less</u> Accumulated depreciation	(4,241,782)	(6,981,490)	(2,527,093)	(39,902,099)	(53,652,464)
<u>Less</u> Allowance for impairment	-	-	-	(3,577,255)	(3,577,255)
Net book value	<u>5,000,166</u>	<u>1,680,650</u>	<u>1,546,238</u>	<u>15,519,672</u>	<u>23,746,726</u>
For the year ended December 31, 2020					
Net book value – Opening Balance	5,000,166	1,680,650	1,546,238	15,519,672	23,746,726
Transfer to right-of-use assets	(350,000)	-	-	-	(350,000)
Additions	119,519	1,643,072	216,952	715,841	2,695,384
Disposal/write off	-	(425,813)	(221,567)	(11,400)	(658,780)
Depreciation charge	(857,984)	(1,087,841)	(437,015)	(3,958,311)	(6,341,151)
Depreciation-write off/terminate	-	425,766	221,562	11,398	658,726
Loss on impairment	-	-	-	(239,160)	(239,160)
Net book value – Closing Balance	<u>3,911,701</u>	<u>2,235,834</u>	<u>1,326,170</u>	<u>12,038,040</u>	<u>19,511,745</u>
As at December 31, 2020					
Cost	9,011,467	9,879,399	4,068,716	59,703,467	82,663,049
<u>Less</u> Accumulated depreciation	(5,099,766)	(7,643,565)	(2,742,546)	(43,849,012)	(59,334,889)
<u>Less</u> Allowance for impairment	-	-	-	(3,816,415)	(3,816,415)
Net book value	<u>3,911,701</u>	<u>2,235,834</u>	<u>1,326,170</u>	<u>12,038,040</u>	<u>19,511,745</u>

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



12. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT (CONT'D)

Classification of depreciation

(Unit : Baht)

	Leasehold		Office		Total
	building improvement	Office equipment	furniture and fixtures	Tools and equipment	
Product design projects	-	-	-	1,810,181	1,810,181
Cost of sales	-	-	-	2,145,044	2,145,044
Administrative expense	857,984	1,087,841	437,015	3,086	2,385,926
Total depreciation	857,984	1,087,841	437,015	3,958,311	6,341,151

As at December 31, 2020 and 2019, certain item of leasehold building improvement and equipment at cost of Baht 44.50 million and Baht 37.32 million respectively, were fully depreciated but are still in use.

13. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets as at December 31, 2020 are presented below.

(Unit : Baht)

	Total
Book value as at January 1, 2020	-
Adjustment right-of-use assets from initial adoption TFRS 16	17,179,366
Additions	200,450
Book value as at December 31, 2020	17,379,816
<u>Less</u> Accumulated depreciation	(3,328,049)
Net book value	14,051,767

(Sign)




(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



14. OTHER INTANGIBLE ASSETS

Intangible assets as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)			
	Computer	Product development projects		
	software	Accomplished	Under progress	Total
As at January 1, 2019				
Cost	4,087,563	31,562,023	38,721,109	74,370,695
<u>Less</u> Accumulated amortization	(3,320,797)	(12,037,853)	-	(15,358,650)
<u>Less</u> Allowance for impairment	-	(1,250,000)	(3,620,000)	(4,870,000)
Net book value	<u>766,766</u>	<u>18,274,170</u>	<u>35,101,109</u>	<u>54,142,045</u>
For the year ended December 31, 2019				
Net book value – Opening Balance	766,766	18,274,170	35,101,109	54,142,045
Acquisition/development during the year - Cost	59,800	-	21,317,920	21,377,720
Depreciation -tools and equipment of project	-	-	1,573,559	1,573,559
Project accomplished	-	31,207,887	(31,207,887)	-
Write off ceased products design development project	-	-	(1,232,127)	(1,232,127)
Transfer to inventories	-	(367,195)	-	(367,195)
Amortization charge	(262,735)	(6,725,810)	-	(6,988,545)
Amortization -write off/terminate	-	-	-	-
Loss on impairment	-	(100,600)	(1,016,000)	(1,116,600)
Net book value – Closing Balance	<u>563,831</u>	<u>42,288,452</u>	<u>24,536,574</u>	<u>67,388,857</u>
As at December 31, 2019				
Cost	4,147,363	62,402,715	29,172,574	95,722,652
<u>Less</u> Accumulated amortization	(3,583,532)	(18,763,663)	-	(22,347,195)
<u>Less</u> Allowance for impairment	-	(1,350,600)	(4,636,000)	(5,986,600)
Net book value	<u>563,831</u>	<u>42,288,452</u>	<u>24,536,574</u>	<u>67,388,857</u>

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



14. INTANGIBLE ASSETS (CONT'D)

Classification of amortization

(Unit : Baht)

	Computer software	Product development projects		
		Under		Total
		Accomplished	progress	
Cost of sales	66,787	6,725,810	-	6,792,597
Administrative expense	195,948	-	-	195,948
Total amortization	262,735	6,725,810	-	6,988,545

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



14. INTANGIBLE ASSETS (CONT'D)

(Unit : Baht)

	Computer software	Product development projects		
		Accomplished	Under progress	Total
As at January 1, 2020				
Cost	4,147,363	62,402,715	29,172,574	95,722,652
<u>Less</u> Accumulated amortization	(3,583,532)	(18,763,663)	-	(22,347,195)
<u>Less</u> Allowance for impairment	-	(1,350,600)	(4,636,000)	(5,986,600)
Net book value	563,831	42,288,452	24,536,574	67,388,857
For the year ended December 31, 2020				
Net book value – Opening Balance	563,831	42,288,452	24,536,574	67,388,857
Transfer in (out)	-	(729,027)	-	(729,027)
Acquisition/development during the period - Cost	163,200	69,809	24,882,566	25,115,575
Depreciation -tools and equipment of project	-	729,027	1,081,154	1,810,181
Project accomplished	-	1,441,914	(1,441,914)	-
Amortization charge	(259,855)	(4,337,869)	-	(4,597,724)
Amortization -write off/terminate	-	-	-	-
Loss on impairment	-	(5,350,179)	(15,868,000)	(21,218,179)
Net book value – Closing Balance	467,176	34,112,127	33,190,380	67,769,683
As at December 31, 2020				
Cost	4,310,563	63,914,438	53,694,380	121,919,381
<u>Less</u> Accumulated amortization	(3,843,387)	(23,101,532)	-	(26,944,919)
<u>Less</u> Allowance for impairment	-	(6,700,779)	(20,504,000)	(27,204,779)
Net book value	467,176	34,112,127	33,190,380	67,769,683

(Sign) 



(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



14. OTHER INTANGIBLE ASSETS (CONT'D)

Classification of amortization

	(Unit : Baht)			
	Computer software	Product development projects		
		Accomplished	Under progress	Total
Cost of sales	57,815	4,337,869	-	4,395,684
Administrative expense	202,040	-	-	202,040
Total amortization	259,855	4,337,869	-	4,597,724

As at December 31, 2020, total product development projects are 14 projects, which 8 projects were accomplished have been amortized. The other 6 projects are under progress.

15. DEFERRED TAX ASSETS

Significant components of deferred tax assets which presented in the financial statements as at December 31, 2020 and 2019 consist of:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Deferred tax assets		
Allowance for devaluation of inventories	2,347,687	2,138,340
Estimated dismantlement costs of leasehold building improvement	12,379	-
Employee benefit obligations	3,722,024	3,393,505
Total	6,082,090	5,531,845

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



15. DEFERRED TAX ASSETS (CONT'N)

Tax expense (income) for the year ended December 31, 2020 and 2019 summarized as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Current income tax:		
Income tax for the year	363,914	-
Deferred tax:		
Deferred tax arising from temporary differences and reversal	(610,124)	(1,569,815)
Tax expense (income)	(246,210)	(1,569,815)

Amounts of income tax relating to each component of other comprehensive income for the year ended December 31, 2020 and 2019 can be presented as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Deferred tax related to profit (loss) on revaluation of defined benefit	59,878	104,646
Income tax recognized in other comprehensive income	59,878	104,646

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15. DEFERRED TAX / TAX EXPENSE (INCOME) (CONT'D)

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2020 and 2019 presented as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Accounting profit before income tax	34,144,781	22,886,762
Income tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	6,828,956	4,577,352
Tax effects for prohibited expense and income	3,075,220	682,467
Income tax exempted under investment promotion certificate	(10,150,386)	(6,829,634)
Total	(7,075,166)	(6,147,167)
Tax expense (income) presented in the statement of comprehensive income	(246,210)	(1,569,815)
Effective income tax rate	(0.72%)	(6.83%)

16. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, 2020 and 2019 are detailed as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Trust receipt payable	-	4,172,675
Total	-	4,172,675

As at December 31, 2020 and 2019, the Company has short-term borrowings from three banks amount of Baht 69.50 million guaranteed by bank deposit as stated in note 11.2 and the Company's directors.

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17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2020 and 2019 are detailed as follows:

		(Unit : Baht)	
	Note	December 31, 2020	December 31, 2019
Trade accounts payable			
Trade accounts payable		11,069,132	10,764,869
Total		11,069,132	10,764,869
Other current payables- related parties			
Accrued expenses		78,895	83,729
Total		78,895	83,729
Other current payables			
Accrued bonus		12,194,776	10,920,384
Accrued commission		749,644	667,179
Advance received		3,415,277	305,434
Advance from government grants	24	534,404	-
Accrued expenses		2,211,674	2,861,084
Other current payables		1,687,395	1,874,030
Total		20,793,170	16,628,111
Total trade and other current payables		31,941,197	27,476,709

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18. PROVISIONS

(Unit : Baht)

	Estimated costs		Provisions	
	Warranty	of products	from dismantlement	
		development project	of assets	
				Total
Balance as at January 1, 2020	297,736	4,954,701	350,000	5,602,437
Recognition during year	-	583,089	278,015	861,104
Decrease during year	-	(3,214,676)	(350,000)	(3,564,676)
Balance as at December 31, 2020	297,736	2,323,114	278,015	2,898,865
Short-term provisions	297,736	2,323,114	-	2,620,850
Long-term provisions	-	-	278,015	278,015
Balance as at December 31, 2020	297,736	2,323,114	278,015	2,898,865

Warranty

The Company recognized a provision for the expected warranty claims on service based on past experience of the level of software editing by the type of system design service.

Estimated costs of products development project

The Company recognized the estimated costs of products design development project from quantitative quality measurement, consist of wages and related costs.

Estimated costs of dismantlement of assets

The Company recognized the estimated costs of dismantlement of assets in the future where the agreement is terminated and has commitment to assign premises in part of office building improvement for lease.

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19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

The increase and decrease in non-current provisions for employee benefits as at December 31, 2020 and 2019 are summarized as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Beginning balance	17,806,649	12,292,395
Included in income statement:		
Current service costs	2,005,176	1,536,657
Past service costs	-	4,129,644
Interest costs	327,857	371,183
Included in statement of comprehensive income:		
Actuarial (gain) loss arising from:		
Financial assumptions changes	(5,328,421)	(322,171)
Demographic assumptions changes	1,868,639	-
Experience adjustments	3,160,391	(201,059)
Ending balance	19,840,291	17,806,649

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 4.13 million. The Company reflected the effect of the change by recognising past services costs as expenses in the income statements for the year ended 31 December 2019.

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19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)

Expenses recognized in statement of comprehensive income for the year ended December 31, 2020 and 2019.

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Cost of sales and services	1,000,335	2,599,458
Cost of distribution	360,956	802,161
Administrative expenses	971,742	2,635,865
Total	2,333,033	6,037,484

Principal actuarial assumptions at the reporting date (expressed as weighted averages) for the year ended December 31, 2020 and 2019.

	December 31, 2020	December 31, 2019
Discount rate	1.82 %	1.87 %
Salary increases rates	4.00 %	4.00 %
Turnover rate of employees (varied by the age of employee)	0.00-15.00 %	0.00-14.00 %

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO2017").

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit : Baht)			
	December 31, 2020		December 31, 2019	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
Discount rate (0.5% movement)	(1,651,853)	1,837,344	(1,454,646)	1,616,644
Future salary growth				
(0.5% movement)	1,709,029	(1,558,886)	1,573,869	(1,432,602)
Turnover rate				
(10.00% movement)	(418,421)	441,359	(486,130)	524,821

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20. PROVIDENT FUND

The Company established a provident fund for all full-time employees in accordance with the Provident Fund Act B.E. 2530 in the year 2010.

The fund is to be contributed by both the employees and the Company on monthly basis at the rate 3%-7% of employee salaries, and will be paid to employees upon termination in accordance with the rules of the Company's provident fund based on the length of service. The Company appointed the fund's manager according to the requirement of the Provident Fund Act B.E. 2530.

For the year ended December 31, 2020, the Company paid for the contribution in the amount of Baht 3.21 million (as at December 31, 2019: Baht 3.09 million)

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Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)

21. SHARE CAPITAL

During July 21 - 23, 2020, the Company has initially offered 100 million of increasing share to the public for Managing Director, Management and employees 20.35 million shares, sponsor 4.65 million shares and general public 75 million shares at par value Baht 0.50 per share at the offered selling price Baht 1.38 per share.

During such periods, the Company received share subscription amounting to Baht 138 million for 100 million ordinary shares and shares premium amounting to Baht 88 million. As a result, the issued and fully paid-up share capital increase from Baht 150 million (300 million ordinary shares with a par value of Baht 0.50 per share) to Baht 200 million (400 million ordinary shares with a par value of Baht 0.50 per share). The Company registered the increase in its paid-up share capital with the Ministry of Commerce on July 24, 2020 and the Stock Exchange of Thailand approved the 400 million ordinary shares with a par value of Baht 0.50 each as listed securities for trading, effective from July 30, 2020. The Company incurred expenses relating to the share offering totaling Baht 5.41 million, which were presented as a deduction from the share premium.

22. LEGAL RESERVE

According to the Civil and Commercial Code, the Company has to appropriate profit as a legal reserve at least 5% of net profit deducted by deficit brought forward (if any) until the reserve reach an amount 10% of the capital of the Company. Such legal reserve is not available.

(Sign) 



(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



23. DIVIDENDS

On June 4, 2020 at the annual shareholders' general meeting for the year 2020 of the Company, passed the resolution as following:

- A) Certify the interim dividend payment from net profit for the year 2018 in accordance with the resolution of the Board of directors' meeting No. 4/2019 at Baht 0.067 per share, totally Baht 20.10 million which was paid on September 13, 2019.
- B) Certify the interim dividend payment from net profit for the year 2018 in accordance with the resolution of the Board of directors' meeting No. 5/2019 at Baht 0.0375 per share, totally Baht 11.25 million which was paid on November 29, 2019.
- C) Certify the interim dividend payment from net profit for the year 2019 in accordance with the resolution of the Board of directors' meeting No. 2/2020 at Baht 0.023 per share, totally Baht 6.90 million which was paid on May 15, 2020.
- D) Approve dividend payment from net profit for the year 2019 at Baht 0.046 per share, totally Baht 13.80 million which was paid on July 3, 2020.

(Sign) Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



24. GOVERNMENT GRANTS

The Company was granted by "Smart Shrimp Farm using Wireless Sensor Network and AI Project" and "Smartphone-based Portable Residual Toxin Tester Project" from Office of the National Digital Economy and Society Commission. The agency will support in the form of grants.

As at December 31, 2020, government grants comprise the following:

	(Unit : Baht)
	<u>December 31, 2020</u>
Government grants at the beginning of the year	-
Proceeds from Government grants during the year	2,723,700
Less Transfer to other income – government grants	<u>(2,189,296)</u>
Government grants at the end of the year	<u>534,404</u>

For the year ended December 31, 2020, government grants comprise the following:

	(Unit : Baht)
	<u>December 31, 2020</u>
Other income – Government grants	2,189,296
Less Administrative expenses – Project expenses	<u>(2,189,296)</u>
Net balance	<u>-</u>

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



25. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

25.1 Directors' remuneration

According to the minutes of shareholders' general meeting for the year 2020 held on June 4, 2020, passed to determine directors' remuneration and meeting allowance for the year 2020 total amount at least Baht 1.54 million.

25.2 Management benefit expenses

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and in accordance with the definitions of the Office of the Securities and Exchange Commission.

For the year ended December 31, 2020 and 2019, the management benefit expenses amounting to Baht 23.35 million and Baht 17.91 million, respectively.

26. EXPENSES ANALYZED BY NATURE

Significant expenses by nature for the year ended December 31, 2020 and 2019 as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Changes in finished goods and work in process	15,740,222	21,157,506
Raw materials and consumable	85,513,424	70,879,706
Commuted production cost	53,050,699	49,893,994
Employee benefit expenses	77,748,278	77,728,190
Depreciation and amortization	10,938,875	13,572,880
Research expenses	10,424,708	13,489,349
Loss on devaluation of inventories	123,304	6,018,027
(Reversed) loss on devaluation of inventories	-	(2,091,990)
Travelling expenses	452,694	3,820,124
Loss on impairment of assets	21,457,339	2,508,545
Write off ceased products design development project	-	1,232,127

(Sign) 



(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



27. INVESTMENT PROMOTIONAL PRIVILEGES AND RIGHTS

The Company was granted promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520. The promotional privileges are about design integrated circuit, RFID equipment and continuous products development, totaling in number of three certificates. The first certificate was granted on August 4, 2008, the seconded certificate was granted on September 5, 2013 and the third certificate was granted on January 14, 2016 The first certificate (Corporate income tax exemption privilege) was expired on September 9, 2016 the privileges are as follows:

- 27.1 Exemption from corporate income tax on net profit of the promoted business for a period of 8 years from the first date the income derived from the promoted activities. In case of loss of the business during the tax exemption period, the Company is able to bring an annual loss incurred during such period deducting from the net profits occurred after the expiration of the period of exemption of corporate income tax for a period of not more than five years from the expiry date of such period.
- 27.2 Exemption from computation of taxable income on dividend derived from the promoted activities throughout the period of corporate income tax exemption.
- 27.3 Exemption from import duty for the machinery as approved by the Board throughout the period of corporate income tax exemption.
- 27.4 Permission to exempt import duty of raw material and supplies which are imported for manufacturing and exporting for 1 year since the first date of importing.
- 27.5 Permission to exempt import duty of products which are imported for exporting for 1 year since the first date of importing.
- 27.6 Permission to remit money in foreign currencies outside Thailand.

The Company must comply with certain terms and conditions specified in the promotional certificates.

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



27. INVESTMENT PROMOTIONAL PRIVILEGES AND RIGHTS (CONT'D)

The results of operations the Company for the year ended December 31, 2020 and 2019 divided by investment promotional privileges are as follows :

(Unit : Baht)

	BOI		NON – BOI		Total	
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019	2020	2019
Revenues from sales						
and services	311,489,756	282,876,587	26,388,314	25,921,709	337,878,070	308,798,296
Costs of sales and						
services	(169,540,439)	(159,963,518)	(18,673,277)	(23,498,069)	(188,213,716)	(183,461,587)
Gross profit	141,949,317	122,913,069	7,715,037	2,423,640	149,664,354	125,336,709
Other income	114,036	319,607	3,932,288	1,994,320	4,046,324	2,313,927
Distribution costs	(22,471,735)	(24,352,507)	(2,166,685)	(2,242,707)	(24,638,420)	(26,595,214)
Administrative expenses	(73,530,770)	(69,527,642)	(24,677,197)	(8,245,485)	(98,207,967)	(77,773,127)
Other gains (losses)	3,689,345	(172,281)	169,384	(33,299)	3,858,729	(205,580)
Profit (loss) from						
operating activities	49,750,193	29,180,246	(15,027,173)	(6,103,531)	34,723,020	23,076,715
Finance income	-	128	339,039	136,923	339,039	137,051
Finance costs	(845,639)	(299,569)	(71,639)	(27,435)	(917,278)	(327,004)
Profit (loss) before						
tax expense	48,904,554	28,880,805	(14,759,773)	(5,994,043)	34,144,781	22,886,762
Tax income (expense)	369,476	1,053,473	(123,266)	516,342	246,210	1,569,815
Profit (loss) for the year	49,274,030	29,934,278	(14,883,039)	(5,477,701)	34,390,991	24,456,577

Unidentified cost of sales and services, selling and administrative expenses, other expenses and finance costs will be allocated based on proportion of BOI and Non-BOI accordingly.

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



28. FINANCIAL INFORMATION BY SEGMENT

Segment information is to be presented the management's deciding in the information reporting which is reference to the internal information consistently reported to the chief operating decision maker about the Company's operating information.

28.1 The major operation of the Company operates distribution goods and design of integrated circuits and embedded systems in geographical mostly in overseas. Moreover, revenues from sales in domestic and service are totally less than 10%. The Company, therefore, has not presented financial information by segment.

28.2 Major customers

For the year ended December 31, 2020, the Company had revenues from 4 major customers in total amount of Baht 174.72 million (as at December 31, 2019: Baht 140.45 million).

29. LEASE

The Company entered into leases relating to office building premises, vehicles and office supplies.

29.1 Right-of-use assets

The movements of right-of-use assets for the year ended December 31, 2020 are presented below:

	(Unit : Baht)
	<u>December 31, 2020</u>
Net book value as at January 1, 2020	-
Adjustment right-of-use assets from initial adoption TFRS 16	17,179,366
Acquisition – Cost	200,450
Depreciation	(3,272,687)
Reversed depreciation based on discounted rental	(55,362)
Net book value as at December 31, 2020	<u>14,051,767</u>

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



29. LEASE (CONT'D)

29.2 Lease liabilities

Lease liabilities as at December 31, 2020 are detailed as follow:

	(Unit : Baht)
	<u>December 31, 2020</u>
Lease liabilities	15,881,114
<u>Less:</u> Deferred interest income	<u>(1,746,583)</u>
Total	14,134,531
<u>Less:</u> Current portion	<u>(3,017,430)</u>
Net	<u>11,117,101</u>

30. COMMITMENT

30.1 Product order commitments

As at December 31, 2019, the Company has a commitment to order products from a manufacturer in oversea for a period of 5 years from the year 2019 – 2023. The product order is 4 million pieces per annum, totaling 20 million pieces in the amount of USD 0.24 million. However, if in any year the production order is lower than specified in the contract, the Company must pay compensation according to the unit price set for each particular year between USD 8,000 to USD 50,000, totaling USD 160,000.

30.2 Operating lease and service agreement commitments

The Company entered into operating lease relating to lease of office building.

As at December 31, 2020, future minimum payments required under these non-cancellable operating leases and service contracts were as follows:

	(Unit : Baht)
	<u>December 31, 2020</u>
Payments	
Within 1 year	3,017,430
Over 1 year not exceed 5 years	<u>11,117,101</u>
Total	<u>14,134,531</u>

On January 1, 2020, the Company recognized right-of-use for leases as stated in notes 29.2

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



31. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Company is exposed to normal business risks relating to liquidity risk, credit risk, foreign currency risk and interest rate risk. The Company has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes. The Company had no significant change in risk management policy relating to financial instruments during 2020 and 2019.

As at December 31, 2020, the Company had the following derivative assets that are measured at fair value in the statements of financial position (shown under other current financial assets) amounting to Bath 4.38 million (level 2).

Liquidity Risk

The Company manages its liquidity risk by maintaining a level of cash and cash equivalents as well as management of current assets and current liabilities and short-term and long-term sources of funds as deemed adequate to finance the operations of the Company and to mitigate the effects of fluctuations in cash flows and the lack of financial liquidity.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored, and covered by trade credit insurance obtained from banks and other financial institutions.

(Sign)  
(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



**31. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT
(CONT'D)**

Foreign Currency Risk

The Company has significant business transactions internationally, which mainly is the import and the export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Company reduces this risk by matching cash receipts from its customers (receivables) against related cash payments. In addition, the Company has used forward exchange contracts (sell) to mitigate this risk.

As at December 31, 2020, the Company has an outstanding balance of forward sell contract total amount of USD 5.8 million (equivalent to Baht 178.67 million) which has the due date between January 2021 - January 2022, the Company had the balance of financial assets and liabilities denominated in foreign currencies as follows:

Items	Currency	Amount in foreign currencies	Covered by forward contract	Excess of non- entered than forward contracts
Deposits in foreign currency	USD	1,148,650	1,148,650	-
	EUR	36,276	-	(36,276)
Trade accounts receivable	USD	875,874	875,874	-
	EUR	131,960	-	(131,960)
Trade accounts payable	USD	119,703	-	(119,703)

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to current and future operations and cash flows of the Company. The Company's management believes that the interest rate risk is minimal because the Company's deposits at banks and short-term loans bear interest at the floating market interest rates. Lease liabilities bear interest at fixed rates which approximate market interest rates.

(Sign)
(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



**31. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT
(CONT'D)**

Fair Value Measurements

The following method and assumptions were used by the Company in estimating fair values of financial assets and financial liabilities:

Cash and cash equivalents, trade and other accounts receivables, other current financial assets, other non-current financial assets, trade and other payables, and lease liabilities.

Carrying amounts of these financial assets and liabilities approximate fair values due to a portion of these financial instruments was stated at cash status or had the relatively short-term maturities whereas the rest bear interest which approximate market interest rates.

32. CAPITAL MANAGEMENT

The objective of the financial management of the Company is to preserve the operation as a going concern and maintain of appropriate capital structure.

In 2020 and 2019, the Company has debt to equity ratio as follows:

	(Unit : Baht)	
	December 31, 2020	December 31, 2019
Debt to equity ratio	0.20	0.27

(Sign)



(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



33. RECLASSIFICATION

The statements of financial position for the year ended December 31, 2019 have been reclassified for corresponding with the presentation of statements of financial position for the year ended December 31, 2020 as follows:

Description	(Unit : Baht)		
	As at December, 31 2019		
	As previously reported	Reclassification	Increased (Decreased)
Statements of financial position			
Assets			
Current investments	223,046	-	(223,046)
Other current financial assets	-	223,046	223,046
Total	223,046	223,046	-

Description	(Unit : Baht)		
	For the year ended December 31, 2019		
	As previously reported	Reclassification	Increased (Decreased)
Statements of comprehensive income			
Other income	2,260,790	2,313,927	53,137
Administrative expenses	(77,788,519)	(77,773,127)	15,392
Other gains (losses)	-	(205,580)	(205,580)
Finance income	-	137,051	137,051
Total	(75,527,729)	(75,527,729)	-

(Sign) 



Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



34. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of the Board of directors' meeting No. 1/2021 held on February 25, 2021, passed the resolution to pay dividend to the shareholders from the 2020 net profit at Baht 0.043 each for 400 million shares totally amount of Baht 17.20 million. The Company will pay dividend to the shareholders within May 28, 2021.

35. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's directors on February 25, 2021.

(Sign)   Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet)



Silicon Craft Technology Public Company Limited

Appendix 1

Information on Directors, Executives, Controllers, Personnel with Direct Responsibility in
Controlling and Supervising Accounting Operations, and Company Secretary

First-Family Name / former First-Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2020	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
1. Mr. Apinetr Unakul - Chairman	53	- Master's in Engineering Software and System Engineering Boston University - Bachelor's in Engineering Computer Carnegie Mellon University - Director Accreditation Program Class133/2017	68,355,100 Shares (17.08%)	- None -	2002 - Present 2014 - Present 1992 - 2018	Chairman Director Lecturer	Silicon Craft Technology PLC. CAT Telecom PLC. King Mongkut's Institute of Technology Ladkrabang	Research and Development, Design, and Sales of Integrated Circuits or Microchips Telecommunication Educational Institution
2. Mrs. Monluedee Sookpantararat - Independent Director - Chairman of the Audit Committee - Member of the Risk Management Committee <u>Note:</u> Appointed as a director on September 7, 2016.	56	- Master's in Accounting Thammasat University - Bachelor's in Accounting Thammasat University - Director Certification Program Class 31/2003 - Graduate Diploma in Auditing Thammasat University - Arbitrator of Thailand Arbitration Center - Arbitrator of Thailand Arbitration Center, Court of Justice - ASEAN Chartered Professional Accountant	500,000 Shares (0.12%)	- None -	2016 - Present 1992 - Present 2000 - Present 2007 - Present 2013 - Present 2014 - Present 2015 - 2020 2015 - Present	Independent Director / Chairman of the Audit Committee/ Member of the Risk Management Committee Visiting Lecturer Visiting Lecturer Independent Director / Audit Committee Independent Director / Audit Committee Deputy Managing Director of Finance and Accounting Deputy Managing Director of Finance and Accounting Independent Director / Audit Committee	Silicon Craft Technology PLC. Thammasat University Bangkok University Asiasoft Corporation Co., Ltd. Plan B Media PLC. Nava Nakorn PLC. Nava Nakorn Electricity Generating Company Limited ASN Broker Public Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Educational Institution Educational Institution Online Entertainment Services Outdoor Advertising Media Production and Services Real Estate and Industrial Estate Project Development for Sales and Lease Small-scale Electricity Generator Auto Insurance Broker

First-Family Name / former First-Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2020	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
3. Dr. Wuthipong Suponthana - Independent Director - Audit Committee - Chairman of the Risk Management Committee Note: Appointed as a director on September 7, 2016.	56	- PhD in Engineering Naresuan University - Master's in Engineering California State University - Bachelor's in Engineering King Mongkut's Institute of Technology Ladkrabang - Director Accreditation Program Class 133/2017	500,000 Shares (0.12%)	- None -	2016 - Present 1998 - Present 2011 - Present 2015 - Present	Independent Director / Audit Committee/ Chairman of the Risk Management Committee/ Member of the Nomination and Remuneration Committee Managing Director Director Director	Silicon Craft Technology PLC. Leonics Co., Ltd. Leonics Esco Co., Ltd. Leonics O&M Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Electrical Equipment Manufacturing Photovoltaic Power Plant Construction Services Photovoltaic Power Plant Maintenance Services
4. Dr. Sarote Phornprapha - Independent Director - Audit Committee - Chairman of the Nomination and Remuneration Committee Note: Appointed as a director on September 7, 2016.	54	- PhD in Educational Management University of Surrey, UK - Master's in International Hotel Management University of Surrey, UK - Bachelor's in Tourism Kasetsart University - Director Accreditation Program Class 133/2017	500,000 Shares (0.12%)	- None -	2016 - Present 2018 - Present 1997 - 2016 2006 - 2015	Independent Director / Audit Committee Chairman of the Nomination and Remuneration Committee Independent Director / Audit Committee Lecturer in Business Administration Program Executive Director, Executives Business Administration Program Director	Silicon Craft Technology PLC. RITTA Holdings Co., Ltd. Sasin School of Management Chulalongkorn University Sasin School of Management Chulalongkorn University	Research and Development, Design, and Sales of Integrated Circuits or Microchips Investment in other businesses Educational Institution Educational Institution

First-Family Name / former First-Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2020	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
5. Mr. Manop Dhamsirianunt - Authorized Director - Chief Executive Officer	55	- Master's in Engineering Carleton University - Bachelor's of Science King Mongkut's Institute of Technology Ladkrabang - Director Accreditation Program Class 132/2016	121,646,360 Shares (30.41%)	- None -	2002 - Present 1996 - 2001	Chief Executive Officer Senior Design Engineer And Design Manager	Silicon Craft Technology PLC. Exar Corporation, Fremont, USA	Research and Development, Design, and Sales of Integrated Circuits or Microchips Manufacturing of Semiconductors
6. Dr. Naiyavudhi Wongkomet - Authorized Director - Chief Operating Officer	50	- PhD in Electrical Engineering University of California at Berkeley - Master's in Electrical Engineering University of California at Berkeley - Bachelor's in Electrical Engineering Chulalongkorn University - Director Accreditation Program Class 132/2016	31,214,700 Shares (7.80%)	- None -	2002 - Present 2003 - Present 2006 - Present	Chief Operating Officer Deputy Managing Director Managing Director	Silicon Craft Technology PLC. Industrial Electrical Co., Ltd. I.E. Technology Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Sales of Industrial Electrical Equipment RFID (System Integrator) System Design and Services
7. Prof. Dr. Apinunt Thanachayanont - Director	48	- PhD in Electrical and Electronic Engineering Imperial College London - Master's in Electrical and Electronic Engineering Imperial College London - Director Accreditation Program Class 133/2016	21,492,120 Shares (5.37%)	- None -	2002 - Present 2002 - Present	Director Professor	Silicon Craft Technology PLC. King Mongkut's Institute of Technology Ladkrabang	Research and Development, Design, and Sales of Integrated Circuits or Microchips Educational Institution

First-Family Name / former First-Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2020	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
8. Dr. Bodin Kasemset - Deputy Chief Executive Officer	46	- Doktor-Ingenieur, Technische Universität Hamburg-Harburg (TUHH), Hamburg, Germany, Institute of Microsystems Technology - Master of Science in Mechatronics, Technische Universität Hamburg, Mechatronics - Bachelor of Engineering, Chulalongkorn University, Automotive Engineering - Director Accreditation Program Class 168/2020	- None -	- None -	2020-Present 2519 – 2020 2016 – 2019	Deputy Chief Executive Officer Chief Technology Officer Senior Director Global Innovation for Business	Silicon Craft Technology PLC. Stars Microelectronics Public Co., Ltd., NXP Semiconductors Nijmegen	Research and Development, Design, and Sales of Integrated Circuits or Microchips Manufacture electronic components Design and manufacture electronic components
9. Ms. Arunee Poontawe - Director - Chief Financial Officer - Member of the Nomination and Remuneration Committee - Appointed to take highest responsibility in accounting and finance	51	- Master's in Accounting Thammasat University - Bachelor's in Accounting Thammasat University - Director Accreditation Program Class 136/2017	2,050,000 Shares (0.51%)	- None -	2016 - Present 2014 - 2016 2007 - 2012	Chief Financial Officer Advisor Finance Director	Silicon Craft Technology PLC. Silicon Craft Technology PLC. Asiasoft Corporation PLC.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Research and Development, Design, and Sales of Integrated Circuits or Microchips Online Entertainment Services
10. Mr. Thaweesak Thantipwan - Chief Product Officer	42	- Master's in Electrical Engineering Chulalongkorn University - Bachelor's in Electrical Engineering Chulalongkorn University	7,093,320 Shares (1.77%)	- None -	2003 - Present	Chief Product Officer	Silicon Craft Technology PLC.	Research and Development, Design, and Sales of Integrated Circuits or Microchips
11. Mr. Sarun Polachart - Chief Supply Chain Officer	38	- Master's in Business Administration (MBA) Finance, University of Stirling - Bachelor's in Electrical Engineering King Mongkut's Institute of Technology Ladkrabang	98,900 Shares (0.02%)	- None -	2019 - Present 2005 - 2019	Chief Supply Chain Officer General Manager	Silicon Craft Technology PLC. EIC Semiconductor Co., Ltd.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Design, Manufacturing, Classification, and Testing of Semiconductors

First-Family Name / former First-Family Name (if any) Position	Age (years)	Academic Qualifications	Shareholding Ratio as of Dec 31, 2020	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
					Duration	Positions	Organization Name / Company	Nature of Business
12. Ms. Ousanee Santikul - Financial Controller - Appointed to take direct responsibility to control and supervise accounting operations	46	- Bachelor's in Accounting Dhurakij Pundit University	221,100 Shares (0.05%)	- None -	2018 - Present 2004 - 2018	Senior Accounting and Finance Manager Management Report Analyst	Silicon Craft Technology PLC. Halliburton Energy Services, Inc.	Research and Development, Design, and Sales of Integrated Circuits or Microchips Drilling and Oilfield Services and Equipment
13. Mr. Kam Opasjumruskit - Strategic Financial Executive - Company Secretary	42	- Master's in Electrical Engineering Chulalongkorn University - Bachelor's in Electrical Engineering Chulalongkorn University	7,629,580 Shares (1.90%)	- None -	2002 - Present	Senior Financial Executive / Company Secretary	Silicon Craft Technology PLC.	Research and Development, Design, and Sales of Integrated Circuits or Microchips

Silicon Craft Technology Public Company Limited

Appendix 2

Information on Internal Audit and Corporate Governance Supervisors

Internal Audit Supervisor

The Company appoints Unique Advisor Company Limited to be the Company's Internal Auditor. Mr. Kosol Yamleemul is the Company's Internal Audit Supervisor with details below.

First-Last Name Position	Age (Year)	Educational Qualifications / Trainings	Professional Experiences				
			Duration	Position	Organization Name / Company	Nature of Business	
Mr. Kosol Yamleemul Managing Director	51	Master's of Science in Information Technology in Business Chulalongkorn University	2013 - Present	Managing Director	Unique Advisor Company Limited	Business Consulting, Accounting, Finance, Internal Audit, and Accounting Audit Services	
		Bachelor's of Accounting and Finance Thammasat University	2002 – 2013	Partner and Director	Grant Thornton Limited	Financial Accounting Audit Services	
		Certificate of Business Advisor Kasetsart University	2001 – 2002	International Audit Manager	Grant Thornton LLP Seattle, USA	Auditing and Consulting Services	
		Certificate of Real Estate Entrepreneur Kasetsart University	2000 – 2001	Senior Manager	Grant Thornton Limited	Financial Accounting Audit Services	
		Certified Public Accountant (CPA) Registration Number 4575 Certified Internal Auditor (CIA) Certified Financial Service Auditor (CFSA)	1995 - 2000	Senior Manager	PricewaterhouseCoopers ABAS Limited	Financial Accounting Audit Services	
		<u>Trainings</u>					
		<ul style="list-style-type: none"> Orientation Course – CFO Focus on Financial Reporting Class 4/2018 					

First-Last Name Position	Age (Year)	Educational Qualifications / Trainings	Professional Experiences			
			Duration	Position	Organization Name / Company	Nature of Business
		<ul style="list-style-type: none"> ● Reference Document Assessment Program for Independent Auditors for SMEs that joined Collective Action against Corruption (CAC) SME Certification Project ● Working Papers for Anti-Corruption in Organization Training Program ● Theories and Practice, COSO 2013 Program ● IT Audit Program, Federation of Accounting Professions ● Internal Audit Program, The Institute of Internal Auditors of Thailand ● Tax and Tax Planning Program ● Continuing Program in Thai Financial Reporting Standards (TFRS) and Thai Standards on Auditing (TSA) ● Amended Thai Accounting Standards Program ● Audit Methodology and Software Tools Program ● Advanced COSO ERM ● Financial Advisor (FA) License Program, Association of Thai Securities Companies 				

SIC-BC-PLC-2020-016

Corporate Governance Policy

Silicon Craft Technology Public Company Limited

Objectives

The Company formulated the corporate governance policy pursuant to guidelines of the Corporate Governance Code of the Office of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) to serve as principle to be observed and adhered by the Board of Directors, the management and the employees of the Company. The objectives are to build up value to the business on sustainable basis and to enhance the organization on efficient business operation, transparency and accountability, apart from creation of confidence to the shareholders, the investors and the relevant parties. It can also make the business having competitiveness and performance with long term perspective, ethical and responsible business, good corporate citizenship and corporate resilience. Essence of the corporate governance policy can be divided into 8 practices as follows:

Principle 1: Recognize the Roles and Responsibilities of the Board of Directors as the Leader of an Organization that Creates Value for Sustainable Business

The Company has clearly established roles and responsibilities of the Board in the Board of Directors’ Charter with main duties are to set important policies and strategies for business operations as well as to allocate resources. The Board of Directors shall have thorough understanding of roles, responsibilities and benefits of corporate governance principles to build value to the business sustainably and shall monitor, assess and oversee performance report of the Company to ensure that they can achieve the specified objectives and targets.

In addition, the Board of the Directors shall oversee the Company’s operations by taking into account the competitiveness and adaptability with the changes from various factors for long term and good performance by operating businesses which are beneficial to the society and by consideration of the environment, ethics, respect of right and responsibilities to the shareholders and the stakeholders of the Company on continued basis. These actions include equal treatment of shareholders, consideration of the stakeholders’ roles, information disclosure and transparency, by putting emphasis on sustainable creation of value to the organization and promotion of innovation, for example, to give special lecture on design and



creation of electronic innovation to the students in various educational institutions, engineering competition activities, acceptance of intern students during summer apprentice program and the cooperative education for learning through projects, participation on giving recommendations for the projects at Bachelor degree and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company.

Furthermore, the Board of Directors has clearly specified roles and scope of responsibilities of the sub-committees and the President and has supervised the directors and the executives to perform duties with responsibility, carefulness and honesty as well as to oversee to make sure that operations of the Company are in compliance with the relevant laws, regulations, resolutions of the meetings of the Board of Directors, resolutions of the shareholders' meetings and the Company's policies.

Principle 2: Define the Business Objectives and Main Goals for Sustainability

The Board of Directors puts strong emphasis on formulation of main objectives and targets for business operations of the Company in order to make it grow together with the society with sustainability, to build value and benefits to the organization, customers, business partners, employees, shareholders, stakeholders and the society at large. In addition, it will foster communications to make the corporate's main objectives and targets reflect in decision and operations of the personnel in all levels, that it becomes the corporate culture under the corporate governance principles.

The Board of Directors also stipulated strategies and work plans, including monitored and assessed performance continually in order to make them consisting with the attainment of the main objectives and targets of the organizations. Innovation and technology have been applied appropriately and safely. In addition, the risk on setting the target which may lead to illegal behavior or unethical conduct shall be considered. The Board also supervised to ensure that objectives and targets shall be transferred via strategy and work plans throughout the organization. Consideration of business plans and strategies of the organization shall be based on sustainable creation of value to shareholders, stakeholders, society and environment, for instance, recruitment of knowledgeable and capable personnel and realization of importance on personnel development, hence the trainings shall be constantly provided. Social activities shall be conducted, for example, giving lecture to the students to provide knowledge on electronic innovation, support on scholarship and research fund, jointly specify research topics which can be actually applied in real life situation, and etc.



Principle 3: Strengthen Board Effectiveness

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

At least one thirds or three members of the Company's Board must be the independent directors. The independent directors shall possess qualifications and shall not have any prohibited qualifications as per specified by the Board, which are more stringent than or equivalent to qualifications specified by the Securities and Exchange Commission and the Stock Exchange of Thailand. At present, the Company's Board of Directors consists of 2 non-executive directors and 3 independent directors in order to balance power appropriately. Sub-committees have been appointed to assist the Board pursuant to the scope specified in each sub-committee's charters to strengthen efficiency and effectiveness on operations of the Board.

The Board shall appoint a suitable person to be the Chairman. In addition, in case the Chairman is not the independent director, the Board shall appoint one independent director to jointly consider on determination of the meeting agenda of the Board's meeting to encourage for balance of power between the Board and the management and for conformance with the corporate governance principle of the listed companies.

The Board of Directors has appointed the Nomination and Remuneration Committee to support the Board on recruitment of the qualified directors with the clear and transparent process, as well as to consider suitable remuneration before proposing for the shareholders' approval.

The Board of Directors shall supervise to ensure that all directors shall be responsible for performing duties and allocate appropriate time for works and also oversee on disclosure of roles and duties of the Board and the sub-committees, number of meeting arranged as well as number of attendance of meeting of each director during the past year, including report on performance of all sub-committees.

The Board shall evaluate performance of the Board as a whole and on individual director level at least once a year and at least they should be based on self-evaluation. The evaluation results shall be used for consideration on appropriateness of component of the Board. The Board should oversee to make sure that the directors regularly receive sufficient and continuous trainings and knowledge development.



In addition, the Company has appointed the Company Secretary to support operations of the Board, to coordinate on compliance with resolutions of the Board and to arrange matters relevant to the Board's meeting and the shareholders' meeting.

Principle 4: Recruit and Develop Senior Executives and People Management

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

In order to perform so, the Board has specified the remuneration structure of the directors and the executives, as well as the evaluation which is suitable with scope of responsibilities and duties assigned. The Nomination and Remuneration Committee shall assist on supervision on compliance with the policy on human resource management and organization development.

With regards to human resource development, the Board of Directors has monitored the human resource management and development to ensure that they shall have suitable knowledge, skills, experiences and motivation, so that they can effectively manage businesses pursuant to the corporate governance policy and can continually improve the operations.

Principle 5: Nurture Innovation and Responsible Business Conduct

The Board places importance and promotes innovation which can add value to business, by focusing on research and development of the products in order to invent and apply innovation in the products developed by the Company to help the customers on competitive edge. In addition, it also promotes innovation creation in the educational institutes through the engineering competition activities, acceptance of intern students during summer apprenticeship program and the cooperative education for learning through projects, participation on giving recommendation for the projects in Bachelor degree and the research works in Master or Doctorate degrees including provision of cooperation between the research laboratories and the Company.



The Board has specified that there shall be risk management and control on information technology so that information technology resources shall be efficiently and effectively allocated and managed, including adequate and appropriate information technology security measures by taking into consideration maintenance of confidentiality, creditability and availability of information as well as prevention on abuse use of information. The Company shall be supervised to comply with the laws, regulations, rules and standards relevant to usage of information technology and to have the Business Continuity Plan (BCP) in place.

Additionally, the Board shall monitor and supervise the management to perform businesses together with building up benefits for the relevant stakeholders, with social and environmental responsibility by encouraging for operations to add value to the Company pursuant to a changing environment. Such works may include designing innovative business models, products and services, promoting research, improving production and work processes as well as collaborating with business partners. The Company determines to operate business with integrity, honesty, transparency, adherence to fairness as its core value, as well as provision of excellent services to customers and the contact persons, willingness to compete the business with fairness, without taking advantages or exploitation of benefits, strictly perform the works under corporate governance framework. The Board also realizes the importance of roles of the stakeholders and treats all groups of stakeholder transparently, appropriately, partially and fairly. Those stakeholders include:

- Employee. Compensation provided to the employees shall be considered based on performance and fairness which can be measured by the specified criteria. Personnel development shall be constantly supported to keep them having knowledge and capability on continued basis. In addition, the Company also primarily considers about rights of the employee and opens opportunities to lodge complaints via various channels, in case he/she has not been treated fairly.
- Customer. To enhance long-term relationship and cooperation with the customers by adhering to principles of integrity, honesty and trust. The Company has duty to build maximum satisfaction to the customers with responsibility and put utmost emphasis on the customers' problems and requirements by adhering to morals and effective service provision.
- Creditor. To build up relationship and treat the creditors by adhering to principles of integrity, honesty and trust, with responsibility and fulfilment of conditions agreed with the creditors at its best.



- Business partners. Treat business partners with honesty and equality for fair business operation with mutual benefit, sustainable development and for being the long-term business partners with the Company. The Company shall choose to deal business with the business partners based on various conditions, such as prices, quality, reliability and adherence to the right things, as well as skills on technique, laws and environment protection.
- Communities and environment. To oversee and ensure that the Company and its employees perform business with responsibilities and for the best benefit for the society, communities and that they shall also have duties to treat the communities located nearby with goodwill, provide assistance and support on community development for their good livelihood.
- Fair competition. To oversee and ensure that the Company operates business with transparency and does not use anti-competitive practices to gain unfair competitive advantage.
- Relevant public authorities. To oversee and ensure that the Company complies with the relevant laws and regulations and deals with public sectors and government agencies with partiality as per specified in the charters, code of ethics and anti-corruption policy.

Principle 6: Strengthen Effective Risk Management and Internal Control

The Board shall supervise and make sure that the Company has effective and efficient risk management and internal control systems which can fulfil objectives and comply with the applicable laws and standards. The Board has appointed the Audit Committee, all of whom are independent directors and do not possess any prohibited characteristics as per specified in the relevant laws as well as possess required qualifications and duties as per criteria stipulated by the Office of the SEC and the SET, so that they can perform duties effectively and independently as per assigned by the Board. Such duties include review of financial reports, internal control system, compliance with the laws, consideration and selection of the auditor, disclosure of the Company's information and preparation of the report of the Audit Committee, and etc. Moreover, the Board has appointed the Risk Management Committee to oversee and support the Board on supervision of risk management system as per specified in the risk management policy.

In order to make certain that the Board can supervise risk management and internal control systems effectively, the Board has prescribed the related policies to help supervising the works as follows:

1. Business ethics and code of conducts;
2. Risk management policy;



3. Related transaction policy;
4. Inside-information prevention policy;
5. Anti-corruption policy;
6. Whistle blowing policy;
7. Policy on provision of gift and entertainment;
8. Policy on maintenance and usage of the Company's properties;
9. Policy on investment and guidelines on supervision of subsidiaries or joint venture;
10. Delegation of authority and approval power.

The Board has clear anti-corruption policy specified in the Company's code of business ethics and code of conduct and it has been communicated to parties at all levels throughout the organization as well as the third party so that they shall be implemented and observed. The Board has supervised to ensure that there is mechanism or operation for handling complaints or whistle blowing and clear operating guidelines have been specified in the whistle blowing policy. There are also regulations on reporting, investigation on violation of ethics, acknowledgement of complaint on corruption and misconduct. In case the stakeholder has any issues about the Company's operations, he/she can ask for details or lodge complaints on illegal act, incorrectness of financial report, defective internal control system or any act which is against morals via the independent director or the Audit Committee of the Company. Information sent to the Company shall be kept in confidentiality. The person receiving complaint shall compile the fact relevant to violation or non-compliance with the regulation, and report any findings to the management and/or the Audit Committee, as appropriated, so that the investigation shall be conducted to find facts and specify operating measures, as appropriated, then report inspection result to the informant, in case the informant does not hide his/her identity. In case it is an important matter, the President and/or the Board shall be reported. The Company shall provide channel to lodge complaint and/or opinion and also add one channel for reporting via email to the top management directly at:

The stakeholder can express his/her opinion via the Company's communication channels as follows:

1. Via postal services, by attention to:

The Chairman of the Board of Directors or the Chairman of the Audit Committee
Silicon Craft Technology Public Company Limited



40 Thetsabanrungsunnua Road, Ladyao, Chatuchak, Bangkok 10900

2. Via email:

The Chairman of the Audit Committee: audit-com@sic.co.th, or

The Company Secretary: karn@sic.co.th

3. Via the Company's website: <http://www.sic.co.th>

Principle 7: Ensure Disclosure and Financial Integrity

The Board shall be responsible and to make sure that the financial reporting system and disclosure of all material information shall be correctly, adequately, on timely manner, pursuant to the applicable criteria, standards and operating practices. There shall be suitable and qualified personnel to prepare financial reports and on disclosure of information of the Company as well as monitor the Company's financial liquidity and solvency, including the financial mitigation plan in case there is any financial problem by taking into account the rights of the stakeholders.

In this regards, the Company has assigned the Company Secretary who acts as the Investor Relations to communicate and publicize information beneficial to the shareholders, investors, analysts and the related parties appropriately, equally and on timely manner. The Company Secretary shall also be responsible for dissemination of the Company's information pursuant to the specified criteria to the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and the relevant agencies, such as material information which may impact the Company's securities prices or decision-making of the Company's stakeholders and investors in the annual registration statement form and annual report and/or the Company's website, and etc.

Investors can contact the Company's investor relations at

Silicon Craft Technology Public Company Limited

40 La Unique Plaza, Thetsabanrangsannua Rd., Ladyao, Chatuchak, Bangkok 10900 Thailand

Phone: (66) 2 589 9991

Fax: (66) 2 589 8881

E-mail Address: ir@sic.co.th



Principle 8: Ensure Engagement and Communication with Shareholders

The Board puts emphasis to the Company's shareholders to ensure that they shall be treated equally and shall fully exercise all fundamental rights, such as (1) right to purchase, sell and transfer securities; (2) right to share the Company's profits; (3) right to receive relevant news and information adequately via the Company's website or the SET's website or by other means; (4) right to attend the meeting and exercise their voting right independently during the shareholders' meeting with regards to the appointment or removal of directors, consideration of the directors' remuneration, appointment of the auditor, payment of dividend, capital increase or issuance of new security as well as right to make inquiry to the Board concerning the Board's report and other matters proposed to the meeting for consideration and approval, right to propose the meeting agenda in advance and nomination of the candidate to be elected as the Company's directors as well as to participate in decision making of the Company's important matter. All shareholders shall have the right to vote pursuant to the number of shares they hold, where one share shall have one voting right.

In addition, the Board shall also realizes and places importance to the shareholders' right by not performing any act which may violate or deprive the shareholders' right and make them feel confidence that they can take part in making decision on the Company's important matter. The Board shall oversee to make sure that the arrangement of the shareholders' meeting is successfully, transparently, efficiently and that the shareholders can exercise their right properly. The resolutions of the shareholders' meeting shall be disclosed and the minutes of meeting shall be correctly and completely prepared.

This Corporate Governance Policy was approved by the Board of Directors Meeting No. 3/2020.

Effective from May 14, 2010 onwards.

The company shall review such policy regularly, at least once a year.

Sign.....

(Mr. Manop Dhamsirianunt)

Chief Executive Officer



Code of Business Ethics

and

Code of Conduct

Silicon Craft Technology Public Company Limited

Announcement

No. SIC-BC-MEMO-2020-007

Subject: Code of Business Ethics and Code of Conduct Manual

Silicon Craft Technology Public Company Limited

In order to make operations of executives and employees of Silicon Craft Technology Public Company Limited on par with standards with quality and morality, the Company has revised the Code of Business Ethics and Code of Conduct so as to be adhered as the operating guidelines and to maintain good image and pride of the employees which can lead the Company to become an organization with prudent corporate governance.

Silicon Craft Technology Public Company Limited strongly wishes that executives and employees shall constantly apply the Codes under this manual in all circumstances that they become working principle.

This Code of Business Ethics and Code of Conduct had been approved from the Board of Directors' Meeting No. 3/2020 dated May 14, 2020.

Announced on May 14, 2020

(Mr. Manop Thamsirianun)

Chief Executive Officer

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Definition

Definition	Meaning
Executives	Company's Director, Executive Director and Executives in Department level / higher
Employee	Employee in supervisory level / equivalent and lower level
Ethics	Best practices in conducting business of the Company, the executives and employees in order to lead the organization to have good corporate governance
Properties	Movable properties, immovable properties, technology, copyrights, the Company's document of title, the Company's intellectual property and patents.
Specific information	Information owned or controlled by the Company which has economic value both at present and in the future. It is information known among limited number of persons and it should not be disclosed to the third party before approval has been granted from the authorized person, i.e. information of customers and employees, sales and marketing information, products and services information, accounting information, business plan, marketing plan, financial plan, project plan and etc.
Stakeholder	Individual and/or juristic person involving in business operations of Silicon Craft Technology Public Company Limited, including shareholders, executives and employees of Silicon Craft Technology Public Company Limited, customers, supplier, creditors, business competitors and society as a whole and etc.

Adherence to rules of law	Any decision and business operation based on relevant provisions of laws or regulations (Rule of Law)
Justice and morality	Performing duties with honesty, impartiality, without discrimination based on principles of fairness and morality
Transparency	Transparent decision making and operating procedures which can be disclosed for public acknowledgement and verifiable under laws and regulations framework (Transparency)
Integrity	Having honesty in performing duties in compliance with regulations, rules, custom and morals (Integrity)
Responsibility	Recognizing one's own duties to perform the work with fullest capacity and efficiency (Responsibility)
Accountability	Acceptance of one's own performance, both positively or negatively
Vision	Having creative visionary to add long term value to the business and aiming for excellence (Vision)

2. Code of Business Ethics

Silicon Craft Technology Public Company Limited has Code of Business Ethics that executives and employees, as representatives of Silicon Craft Technology Public Company, shall adhere to as follows:

2.1. Adherence to Rule of Law

Silicon Craft Technology Public Company Limited adheres to Rule of Law for undertaking its business. It is regarded that executives and employees shall have duty to learn about the Company's rules and

regulations, relevant laws including any laws to be enforced in the future which may impact to its own management and operation.

Guidelines

- 2.1.1. Executives and employees shall study and understand rules and regulations which have been mainly used as guidelines for operations of the government agencies, both currently enforce and to be enforced in the near future.
- 2.1.2. Executives and employees shall not seek for trade secret or specific information of competitors by illegal means, such as theft, espionage, or violation of non-disclosure agreement of competitors, whether it is obtained from customers or other persons.
- 2.1.3. Executives and employees shall comply with labor laws and other regulations concerning fair labor, forced labor, labor from human trafficking or child labor which is against the laws.
- 2.1.4. Executives and employees shall comply with regulations concerning fair trade laws.
- 2.1.5. Executives and employees shall comply with the laws and regulations concerning environment, safety and health protection.

2.2. Transparency

Decision making and operations of Silicon Craft Technology Public Company Limited are accountability, transparent and can be disclosed to all stakeholders for acknowledgement under laws and regulations framework, rules, operating procedures of Silicon Craft Technology Public Company Limited pertaining protection of illegal leakage of trade secrets to trade competitors.

Guidelines

2.2.1. The executives and employees shall prepare accounting report, financial reports, business condition report and performance report which identify financial status and performance of Silicon Craft Technology Public Company Limited truly, accurately and completely according to the generally accepted accounting principles and they shall be reliable and verifiable as per specified by the Audit Committee.

2.2.2. Executives and employees shall strictly comply with the procurement processes according to policy of Silicon Craft Technology Public Company Limited. Such process shall be transparent, clear and fair to all parties and it must have been inspected by the Procurement Committee.

In case executive, sales representative or shareholder of the business partner is a relative or person living under the same roof as an executive and employee of Silicon Craft Technology Public Company Limited, such executive or employee shall immediately notify his/her superior in writing and such person shall avoid from involvement in such procurement transaction.

2.2.3. Executives and employees shall strictly comply with delegation of authority manual of Silicon Craft Technology Public Company Limited.

2.2.4. Executive and employee who involve in procurement process including his/her relative and person living under the same roof should avoid joining activity including eating or playing sports with business partner. In case it is necessary and unavoidable, such activity should be attended by more than one representative of Silicon Craft Technology Public Company Limited and their superior shall be notified in writing beforehand.

2.3. Uphold to Fairness and Morality

Silicon Craft Technology Public Company Limited upholds to fairness and morality towards the stakeholders in order to build long lasting and good business relationship and it does not discriminate nor treat other person unfairly based on personal judgement or personal relationship. Everybody shall be provided with equal opportunities and without prejudice with regard to race, nationality, religion or gender.

Guidelines

- 2.3.1. Executives and employees shall have impartiality and shall not discriminate against any stakeholder in dealing business. Any rights and benefits provided to the customers shall be based on practices and policies of Silicon Craft Technology Public Company Limited.
- 2.3.2. Executives and employees shall perform works prudently so that the shareholders shall have trust and accept that decision for any operation is made with fairness and for the best interest of all shareholders.
- 2.3.3. Executives and employees shall be fair and shall not have any discrimination on employment, which shall include recruitment of personnel, consideration of remuneration and benefits, employment, promotion, job transfer, performance evaluation, training, compliance with rules and regulations, termination of employment, dismissal and reemployment, as well as involvement in social and recreational activities.
- 2.3.4. Executives and employees must try their best to provide exceptional services beyond the customers' expectation as well as provide services to customers with honesty, fairness and without taking advantages or cheating customers.

2.3.5. Executives and employees must honestly and fairly comply with trade conditions agreed with trade partners/creditors. In case of inability to comply with any condition, suppliers/creditors shall be notified, so that problem can be solved together.

2.4. Customer-Oriented

Executives and employees of Silicon Craft Technology Public Company Limited shall place importance to and take care good of customers by controlling on provision of products and services with good quality and meet the customers' satisfaction.

Guidelines

2.4.1. Executives and employees must have comprehensively knowledge and understanding of products and services of Silicon Craft Technology Public Company Limited and must be able to give correct and complete information to the customers.

2.4.2. Executives and employees must thoroughly study and understand customers' demands before presenting products or services in order to correctly meet the customers' demand. In additional, they must constantly seek new knowledge and work experiences in order to increase efficiency and enhance the customers' satisfaction.

2.4.3. Executives and employees shall treat customers with politeness, respect and speak politely with them.

2.4.4. Executives and employees must respect the customers' decision and opinion and must not violate the customers' privacy right.

2.5. Social Responsibility

Silicon Craft Technology Public Company Limited realizes about responsibility to society and communities and regards that it has main mission to build projects and activities which are beneficial for development of society and communities.

Guidelines

- 2.5.1. Executives and employees should participate in or arrange community service activities for social development, such as education and environment support activities and etc.
- 2.5.2. Executives and employees must recognize about involvement on conservation of natural resources and environment and must put effort to prevent Silicon Craft Technology Public Company Limited from performing any activities that may be harmful or cause pollution to natural resources, environment and relevant ecosystem.

2.6. Political Neutral

Silicon Craft Technology Public Company Limited respects and supports stakeholders to exercise their right and freedom under the constitution. Silicon Craft Technology Public Company Limited shall remain a neutral political company.

Guidelines

- 2.6.1. Executives and employees shall not use their authority and power to induce, pressure or enforce colleagues including subordinates to support any political activity or political organization or member of a political organization.

3. Code of Conduct

Silicon Craft Technology Public Company Limited has specified Code of Conduct for executives and employees to be observed as operating guidelines as follows:

3.1. Leadership

Executives shall have ethics and appropriately perform duties pursuant to their leadership role as well as suitably behave to gain social acceptance and be beneficial for management of Silicon Craft Technology Public Company Limited.

Guidelines

- 3.1.1. Executives shall manage business with vision, conscientiousness and accountability for their performance in order to gain respect and acceptance from society.
- 3.1.2. Executives shall acquire and implement quality management system to decrease processes and increase efficiency as well as seek for suitable innovation including training and personnel development which are in line with innovation and quality management system so that Silicon Craft Technology Public Company Limited can manage business on sustainable basis and become the business leader.
- 3.1.3. Executives must investigate grievance/complaints received from stakeholder or other person in order to find fact and solve problem in promptly and fairly manner. However, the executives may not perform any act if any grievance/complaint is lodged via anonymous letter.
- 3.1.4. Executives must promote leadership among employees and encourage employees at all levels to play a part in development of Silicon Craft Technology Public Company Limited.

- 3.1.5. Executives shall take part in and encourage employees to participate in social and communities contribution activities, so that Silicon Craft Technology Public Company Limited shall become a part of the community on development and building good relationship with community members and society as a whole.

3.2. Integrity

Executives and employees must perform their duties with integrity and carefulness on preserving benefits of Silicon Craft Technology Public Company Limited.

Guidelines

- 3.2.1. Executives and employees must perform their duties with integrity, without prejudice and do not abuse their power to seek for their own or for other benefits.
- 3.2.2. Executives and employees must not deliberately make false or erroneous reports or records and must not intentionally conceal or present fault or erroneous information to Silicon Craft Technology Public Company Limited. Upon fault or erroneous report or record is found, their superior must be reported for acknowledgement immediately.
- 3.2.3. Executives and employees must utilize their working hours efficiently and effectively as per specified in the Article of Associations and must not perform any act or persuade any colleagues and subordinates to utilize their working hours to perform any activities which are not for interest of Silicon Craft Technology Public Company Limited or the shareholders.
- 3.2.4. Executives and employees must perform their assigned works with fullest knowledge and capability including with consciousness and accountability.

3.3. Compliance with Laws and Regulations

Executives and employees must strictly perform their duties relevant to businesses of Silicon Craft Technology Public Company Limited and must avoid any acts which might cause negative impact to image on business operations of Silicon Craft Technology Public Company Limited.

Guidelines

- 3.3.1. Executives and employees must not violate, avoid, disobey or neglect regulations, rules, announcement or orders of Silicon Craft Technology Public Company Limited, including lawful and rightful orders from superiors.
- 3.3.2. Executives and employees must not produce or possess any illegal material, either for personal usage, for distribution or for other person.
- 3.3.3. Executives and employees must utilize communication system and computer system with responsibilities and must not cause schism, disgrace, demoralize other or encourage for hostility in workplace.
- 3.3.4. Executives and employees must not utilize communication system and computer system to engage in any activities which are illegal or against policies of Silicon Craft Technology Public Company Limited and must not utilize internet or similar services in the manner that could cause damage, scandal, dishonor or discredit.
- 3.3.5. Executives and employees must strictly comply with the Company's rules and regulations regarding computer crimes.
- 3.3.6. Executives and employees must be well aware on importance of intellectual property and must strictly comply with general principles on intellectual property management announced by the Company, including other relevant rules, regulations and standard operating procedures on request for patent, analysis and risk prevention on violation of patent.

3.4. Safeguarding of Assets

Executives and employees shall have duty to safeguard and utilize assets of Silicon Craft Technology Public Company Limited for maximum benefits to business of Silicon Craft Technology Public Company Limited only and they must not use them for other benefits or wrongfully.

Guidelines

- 3.4.1. Executives and employees must abide by safety regulations of Silicon Craft Technology Public Company Limited on usage of tools, equipment and working environment.
- 3.4.2. Executives and employees must not utilize, sell, give, borrow, and lend assets of Silicon Craft Technology Public Company Limited without having permission, regardless of value or condition.
- 3.4.3. Executives and employees must not intentionally damage, sabotage or destroy asset of Silicon Craft Technology Public Company Limited.
- 3.4.4. Executives and employees must not use assets of Silicon Craft Technology Public Company Limited for their own interest or for external business, unless permission of their superior has been granted.
- 3.4.5. Executives and employees shall assist or make an effort to obtain patent and copyright or shall protect trademark which is the intellectual property of Silicon Craft Technology Public Company Limited.

3.5. Conduct oneself towards Superiors, Colleagues and Subordinates

Executives and employees shall keep working environment to be free from privacy right violation and to be a place where people respect each other, provide collaboration, assistance as well as give recommendation to mutually solve any working problems.

Guidelines

- 3.5.1. Executives and employees must not instigate, defame, harass others which can cause disharmony in the workplace and must abstain from claiming work of others as one's own work.
- 3.5.2. Executives and employees must not commit any action of violation or harassment related to sex towards colleagues. In case it is found that there is any sexual harassment among the colleagues, such matter shall be immediately reported to the superior.
- 3.5.3. Executives and employees shall be disciplined and shall not take any actions that are disrespectful to their superiors, and they shall treat their colleagues and subordinates with politeness, thoughtfulness and friendliness.
- 3.5.4. Executives and employees must respect right of the colleagues on participation or refusal to participate in the employees' representative organization.

3.6. Be a Good Citizen

Executives and employees shall perform their duties as good citizen who could live harmoniously with others in the society with a sense of pride.

Guidelines

- 3.6.1. Executives and employees must practice themselves to adhere to virtue and ethics as well as to seek for additional knowledge so as to improve their duties effectively and efficiently.
- 3.6.2. Executives and employees must not behave themselves in a way that is hated by others. They must not abuse people of the opposite sex, bully others, be indebted, addict to gambling, take drug, drink alcohol while performing work or commit any act which can be considered as morality dishonorable.

3.6.3. Executives and employees must not carry a weapon to the workplace, unless permission from high level superior has been granted.

3.7. Avoid Receiving Excessively Valuable Remuneration

Executives, employees and their closed persons shall not receive money, benefits or items from the person who has business dealings with Silicon Craft Technology Public Company Limited, if such receiving may lead to any misunderstanding in the way that the recipient is favoritism or has special business relationship with the giver, which may cause damage to Silicon Craft Technology Public Company Limited.

Guidelines

- 3.7.1. Executives, employees and their relative or other person living under the same roof must not request for, accept or participate in any social activity, sports event, reception, gratuity, gift or commission for oneself or for others from a person whom they have business dealings with.
- 3.7.2. However, if it is undeniable case, executives and employees may accept benefits or gifts for purposes of business advertisement or tradition, if value of such benefits or gifts does not exceed 3,000 Baht. In case such value is more than 3,000 Baht, executives and employees must report their superior in writing and submit such benefits or gifts to Silicon Craft Technology Public Company Limited.
- 3.7.3. In case executives and employees participate in the supplier's reception or travel outside for training/study visit as representatives of Silicon Craft Technology Public Company Limited and receive benefits or gifts with value exceeding 3,000 Baht, either through lucky draw, drawing lot or as souvenir, they shall observe practice in the same way as Clause 3.7.2.

3.8. No Conflict of Interest

Executives and employees shall not conduct themselves in a way that may cause conflict of interest with Silicon Craft Technology Public Company Limited.

Guidelines

3.8.1. Executives, employees, their family members and persons who regarded as their group of friends, relatives and followers shall not engage in any business/activity which may be perceived by others as business/activity which may have conflict of interest with Silicon Craft Technology Public Company Limited, whether directly or indirectly.

3.8.2. Executives and employees shall not join with family members or close person to undertake any business/activity that may cause conflict of interest with Silicon Craft Technology Public Company Limited, whether directly or indirectly. In order to avoid any unsuitability which may arise, relationship with family members or other person that may likely to cause conflict of interest should be reported to superiors in writing.

3.9. Refrain from Usage of Specific Information for Unlawful Benefits

Executives and employees must not use specific information of Silicon Craft Technology Public Company Limited for unlawful benefits.

Guidelines

3.9.1. Executives and employees who have responsibility to use specific information must be careful, not to let others overhear, eavesdrop, bug or audio record such information. Moreover, they should not discuss such information in public through communication devices or converse with family members or closed person which may cause such information to expose to others.

- 3.9.2. Executives and employees must strictly manage, maintain and classify specific information pursuant to rules and regulations of Silicon Craft Technology Public Company Limited.
- 3.9.3. Executives and employees shall not disclose any specific information of Silicon Craft Technology Public Company Limited to any unauthorized person pursuant to rules, regulations or business agreement, unless it has been approved in writing from the authorized person and the responsible agency.
- 3.9.4. Executives and employees shall not use specific information for security trading or make available to others for purpose of security trading.

4. Whistle Blowing and Suggestion

In order to make this Code of Business Ethics and Code of Conduct able to yield concrete results, the Board of Directors of Silicon Craft Technology Public Company Limited opens opportunities on whistle blowing channel to employees and stakeholders to lodge complaints, recommendation on misconduct. Operating procedures after complaint/recommendation has been received shall be as follows:

4.1. Whistle Blowing Channels

- 4.1.1. Supervisor or executive
- 4.1.2. Human Resources Department
- 4.1.3. SIC Alert Line (Attention to Manager of Human Resources Department, CEO or Chairman of Audit Committee)

4.2. Operating Procedures after Receiving Complaint

- 4.2.1. Person receiving complaint shall compile fact relevant to violation or non-compliance with the regulations, Code of business Ethics and Code of Conduct

- 4.2.2. Person receiving complaint shall report fact to executive and/or Independent Director and/or Audit Committee, as appropriated, to conduct investigation.
- 4.2.3. **Operating Measures:** Executive and/or Independent Director and/or Audit Committee shall conduct investigation of complaints/recommendation in order to find fact and stipulate prompt, suitable and fair measures to suppress such violation or non-compliance with the regulations, Code of business Ethics and Code of Conduct.
- 4.2.4. **Result Report:** Executive or the Independent Director or the Audit Committee shall report investigation result to the complainant, if the complainant exposes himself/herself. In case it is material matter, result shall be reported to the Chairman and/or the Board of Directors for acknowledgement.

5. Conclusion

All executives and employees of Silicon Craft Technology Public Company Limited are obligated to understand and comply with the standards specified in this Code of Business Ethics and Code of Conduct Manual as well as to perform duties with honesty. In addition, they shall also comply with the obligations which have not been specifically mentioned in this Code of Business Ethics and Code of Conduct. All employees shall perform duties with honesty and voluntarily by regarding as their own commitment. However, if any employees violate any obligations specified in this Code of Business Ethics and Code of Conduct, or policy or procedures relevant to the Company or law or regulations applied with the Company's business, the Company shall immediately impose disciplinary penalty by applying the measures specified in the Work Regulations, Section 6 (Discipline and Disciplinary Penalty) or as appropriated.

The Company shall provide opportunity to employees, so as to make them constantly learn about the Company's Code of Business Ethics every year and shall assign the Internal Audit Function

to monitor on compliance, as well as to review this Code of Business Ethics and Code of Conduct every year. However, in case there is any material change or revocation, it may be reviewed at appropriated period of time.

Internal Control Sufficiency Evaluation Form
Silicon Craft Technology Public Company Limited

For the year ended December 31, 2020

This assessment is prepared by the Board of Directors.

This is the opinion of the Board of Directors on the sufficiency of the internal control system.

Control Environment

1. The organization demonstrates a commitment to integrity and ethical values.

Questions	Yes	No
<p>1.1 The board of directors and the management set up principles and guidelines based on integrity and codes of conduct in the following areas:</p> <p>1.1.1 Daily routine operation and decision making;</p> <p>1.1.2 Treatment of trade partners, clients and other parties.</p> <p><i>Description</i> The Company's board of directors and management pays attention to action that is based on decisions and conducts business in accordance with the provisions of any applicable laws or regulations by adhering to the rule of law in business, being transparent, focus on the customer while being responsible for the society, as well as establishing ethical practices for the daily performance of duties, decision making, and treatment of business partners and third parties in the Code of Conduct handbook. The latest edition of the Business Ethics and Code of Conduct Handbook has been reviewed during the year 2020 according to the Board of Directors meeting No. 3/2020 dated 14 May 2020 to be used as a guideline for the conduct of the organization appropriately and up to date.</p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ Handbook of Business Ethics and Code of Conduct ▪ Minutes of the Board of Directors Meeting (Agenda 4.5) No.3 / 2020 on May 14, 2020 for approval of business ethics 	✓	
<p>1.2 Following written rules are provided to ensure that executives and employees perform the duties with integrity and ethics:</p> <p>1.2.1 Appropriate code of conduct for executives and employees;</p> <p><i>Description:</i> The Company defines the code of conduct for management and employees as a guideline for working in the Business Ethics and Code of Conduct Handbook in writing. company Which is signed and promulgated by the Chief Executive Officer.</p>	✓	

Questions	Yes	No
<p>1.2.2 Prohibitions on any actions by the executives and employees that could cause conflicts of interest with the business; and prohibitions on corruptions which will cause damages to the organization.</p> <p><i>Description The company has ethical requirements which management and employees must not conduct any business or activity in a manner that may lead to a conflict of interest, whether directly or indirectly, with the Company. In addition, there are clear policies and guidelines on anti-corruption. The latest policy has been reviewed and approved by the Board of Directors Meeting No.3 / 2020 on May 14, 2020.</i></p>	✓	
<p>1.2.3 Appropriate penalties in the case of violation of the aforementioned rules</p> <p><i>Description The company has established a punitive procedure for violations or non-compliance with the policy in accordance with the regulations on the work of the disciplinary action of the company.</i></p>	✓	
<p>1.2.4 Communication of the aforementioned rules and penalties to the executives and the employees. For example: they are included in the orientation session for new employees; employees annually sign for acknowledgment of the rules and penalties; the code of conduct is publicized for employees and outsiders.</p> <p><i>Description Requirements in the Business Ethics Manual and Code of Conduct and the penalties in business ethics have been communicated to executives and employees at all levels through training when entering a new job by the Human Resources Department, ready for employees to sign "Letter of Consent " to express the intention and willing to comply with the code of conduct specified in the Business Ethics Manual. This covers business ethics requirements and disciplinary action. Executives and employees at all levels can access the Company's policies through the SharePoint system. In addition, the Company has disseminated and communicated business ethics and corporate governance policies. That is good for outsiders through the Company's website.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ■ Handbook of Business Ethics and Code of Conduct ■ Work Regulations Document, April 23, 2015 (Section 6: Discipline and Disciplinary Punishment) 	✓	

Questions	Yes	No
<ul style="list-style-type: none"> ▪ <i>Power Point "Orientation file" for training new employees</i> ▪ <i>Letter of Consent that has been signed by employees for acknowledgment and willingness to comply with the code of conduct specified in the Business Ethics Manual.</i> ▪ <i>Anti-Corruption Policy and Guidance Documents</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.4 to approve the anti-corruption policy and practice)</i> ▪ <i>Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 (Agenda 4.5 to consider and approve business ethics)</i> ▪ <i>Evidence of communication, business ethics and good corporate governance policy on the Company's website, https://investor.sic.co.th/th (Topic: Corporate Governance)</i> 		
<p>1.3 There are procedures to monitor and assess whether the code of conduct is complied:</p> <p>1.3.1 Monitoring and assessment by an internal audit unit or a compliance unit;</p> <p>1.3.2 Self -assessment by executives and employees;</p> <p>1.3.3 Assessment by independent professionals ,outsiders of the organization.</p> <p><u>Description</u> <i>The company establishes it as the duty and responsibility of all executives and employees to know, understand and strictly follow the guidelines set out in the Business Ethics and Code of Conduct, including: the company provides an opportunity for employees and stakeholders to have a channel for complaints and whistleblowing of improper or illegal actions by establishing a written action process upon receipt of complaints. The performance evaluation of the Board of Directors and Sub Committees was self-assessment on a board and individually. This covers compliance with corporate governance and business ethics of the company as well.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Handbook of Business Ethics and Code of Conduct</i> ▪ <i>Board of Directors Charter Document (Subject to power, duties and responsibilities of the Board of Directors: Item 10)</i> ▪ <i>Attachment of the Minutes of the Meeting for summarizing the self-assessment results of the Board of Directors (Section 3: Roles, duties and responsibilities</i> 	✓	

Questions	Yes	No
<p><i>of the Board of Directors). By reviewing and following the directions and strategies, corporate governance, business ethics, fairness of transactions with conflicts of interest, whistleblowing and protection of whistleblowers, etc.)</i></p> <ul style="list-style-type: none"> ▪ <i>Minutes of the Board of Directors Meeting No. 1/2020 on February 20, 2020 (Agenda 3.5: Acknowledge the Board's Self-Assessment Results)</i> 		
<p>1.4 There is timely management upon a detection of non-compliance with rules on integrity and code of conduct.</p> <p>1.4.1 There are procedures for timely detection of the violations;</p> <p>1.4.2 There are procedures for suitable and timely punishment or management of the violations;</p> <p>1.4.3 There are timely and suitable corrections for the violations of rules for integrity and code of conduct.</p> <p><u>Description</u> <i>The company has set measures and procedures for action when a complaint is received or an action of violating standards in the Business Ethics and Code of Conduct is found. The company will take the disciplinary action as set out in the Work Regulations Section 6 (Discipline and Disciplinary Punishments) or as appropriate immediately. The investigation will be conducted to obtain the facts and proceed to stop the violation or non-compliance.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Business Ethics and Code of Conduct Handbook (Epilogue)</i> ▪ <i>Work Regulations Section 6 (Discipline and Disciplinary Punishments)</i> 	✓	

2. The board of directors demonstrates independence from the management and exercises oversight of the development and performance of internal control.

Questions	Yes	No
<p>2.1 The roles and duties of the board of directors are set separately from those of the management. The authorities of the board of directors are clearly defined.</p> <p><u>Description</u> <i>The company states the powers, duties and responsibilities of the Board of Directors in the charter of each committee. In addition, there is an authorization</i></p>	✓	

<p><i>matrix, which reserves the right to approve the Board of Directors, such as defining vision, missions, goals, strategies and company policies, annual budget, annual research and product development budget, management structure, buying or transferring assets and investing in other entities or new businesses, raising funds, contracting loans, guarantees and financial obligations, etc.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Board of Directors Charter Document which was approved in accordance with the Minutes of the Board of Directors Meeting No. 3/2020 (Agenda 4.3) on May 14, 2020</i> ▪ <i>Authorization matrix for financial limits of management level which was approved in accordance with the minutes of the Board of Directors Meeting No. 1/2019 held on April 5, 2019</i> ▪ <i>Operational power of the year 2020 (revised version) approved by the Executive Committee Meeting No. 4/2020 (Agenda 4.1) on April 7, 2020, effective from July 1, 2020</i> 		
<p>2.2 The board of directors oversees whether the company goals are clear and measurable to be used as guidelines for executives' and employees' operation.</p> <p><u>Description</u> <i>The company has organized a 3-year workshop to define the medium-term corporate strategy (Business Strategy 2020-2022) in order to set the direction and define the 4 main business strategies: finance and cost control (Finance), Develop products and brands (Product and Brand), Customer Centric, as well as People and Culture by communicating to executives and employees in the direction and goals of the company at the Town Hall Q1 / 2020 meeting on March 5, 2020.</i></p> <p><i>In addition, the Chief Executive Officer has set goals and strategies for 2020 (Corporate Target 2020), with three main goals: Revenue/ Gross Profit/ Net Profit Increase and Expense Management (Financial Target), Product Development. (1 Innovative IC product & 1 Solution) and human resource development in the team to be efficient (High Performing Team with Open Trust & Learning Culture) by defining the main strategy and action plan. The results of each strategy have been followed up on a quarterly basis. Due to the COVID-19 epidemic situation during the year 2020, the management has realized and reviewed the strategic plan set under the such situation and presented to the Board of Directors for consideration</i></p>	✓	

<p><i>and acknowledgment of the said business plan according to the Board of Directors Meeting No. 3/2020 on May 14, 2020.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Power Point, Town Hall Conference Q1 / 2020 on March 5, 2020</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 5.1: Review of 2020 objectives and strategies under the circumstances of COVID-19)</i> 		
<p>2.3 The board of directors oversees that the company follows the laws and charters in specifying roles and duties of the board of directors, the executives, the audit committee, auditors, internal auditors, and the personnel who is responsible for financial statements.</p>	✓	
<p>2.4 The board of directors are knowledgeable for the company business and have expertise beneficial to the company or can seek advices from experts in a particular area.</p>	✓	
<p>2.5 The board of directors comprises of independent directors who are knowledgeable, reliable and truly independent in performing the duties. For example, the independent directors should have no business relationship with the company or any relationship that could influence their judgement and independent performance.</p> <p><u>Description</u> <i>The Board of Directors consists of 3 independent directors who are knowledgeable and competent in various fields and are independent in their work and exercise discretion in considering various matters. Appropriately Including no shareholding in the company.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Register of Directors 2020 showing academic qualifications, proportion of shareholding in the company, family relation with executives and previous working experience</i> 	✓	
<p>2.6 The board of directors oversees the development and implementation of the internal control in the organization, including creating control environment, risk assessment, control activities, information and communication, and monitoring activities.</p>	✓	

<p><u>Description</u> <i>The Board of Directors is responsible for overseeing and managing the Company's accounting system, reliable financial reporting, transparent sufficient and suitable internal control system. It also oversees the risk management to cover the entire organization. In addition, the Audit Committee, a sub-committee, is responsible for overseeing the Company's internal control system to be sufficient and meet international standard as well as overseeing to have a reliable accounting and financial reporting system and to review the Company's compliance with the regulatory requirements or legal requirements relating to the Company's business.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Board of Directors Charter</i> ▪ <i>Charter for each sub-committee related to internal control in the organization, namely Audit Committee Charter, Risk Management Committee Charter, Charter of the Nomination and Remuneration Committee, and the Executive Committee Charter</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.3: Review and approve the Charter of the Board of Directors and all sub-committees)</i> 		
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3. Management establishes, with board oversight, structures, reporting line, and appropriate authorities, and responsibilities in the pursuit of objectives.

Questions	Yes	No.
<p>3.1 Top management set up the organizational structure which supports the pursuit of the company's objectives by considering appropriateness of business functions and legal requirement. There is, also effective internal control function. For example, there is a separation of duties in important business units which would result in check and balance; there is an internal audit unit which reports directly to the audit committee; there is a clear line of report..</p> <p><u>Description</u> <i>The company has set up an appropriate organizational structure at both the organizational and departmental levels, have a clear chain of command and reporting. In the performing of work, each department will work in a coherent</i></p>	✓	

<p><i>manner to achieve the company's objectives with separation of duties causing a balance and checks between departments.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Organization Structure of the Company in 2020</i> ▪ <i>Organization Chart - Department Level (SIC Organization Chart - November 2020)</i> ▪ <i>Minutes of the Board of Directors Meeting No. 1/2020 on February 20, 2020 (Agenda 4.8: Consider and approve the organization structure of the company in 2020)</i> ▪ <i>Sample Job Description document showing the chain of command for each job position</i> ▪ <i>Manual / operating procedures for each important work system that represents the separation of duties and checks and balances between them</i> 		
<p>3.2 Top management establishes reporting line by considering appropriateness of authorities, responsibilities and communication.</p>	✓	
<p>3.3 Authorities and responsibilities among the board of directors, top management, management and employees are appropriately defined and assigned.</p> <p><u>Description</u> <i>The company determines the powers, duties and responsibilities of the Board of Directors, each of the sub-committees, the management, and the employees of the company are defined and specified in their respective charter and job descriptions respectively, which are prepared and approved by appropriate authority. In addition, there is clearly established authorization matrix at both the organizational and operational levels which was officially announced to be able to be used as reference in work.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Board of Directors Charter</i> ▪ <i>Charter for each sub-committee related to internal control in the organization, namely the Audit Committee Charter, the Risk Management Committee Charter, the Nomination and Remuneration Committee Charter and the Executive Committee Charter</i> 	✓	

<ul style="list-style-type: none"> ▪ <i>Chairman Charter</i> ▪ <i>Chief Executive Officer Charter</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.3: Review and approve the charter of the Board of Directors and all sub-committees and approve the Charter of the Chairman and Chief Executive Officer)</i> 		
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4. The organization demonstrates its commitment to attract, develop and retain competent individuals in alignment with objectives.

Questions	Yes	No
<p>4.1 The company has policies and practices to recruit, develop and retain competent employees and regularly reviews such policies and practices.</p> <p><u>Description</u> <i>Company annual workforce planning is being planned as well as written recruiting and hiring processes and procedures to be used as a tool for selecting employees with knowledge, abilities, and experience suitable for the job position as specified in the job description, including planning and training of employees at all levels according to the annual training plan to develop potential, knowledge, and ability of employees to work effectively.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Headcount Plan 2020</i> ▪ <i>Recruitment and hiring procedures document (HR-WF-01 Rev.05 announced on April 20, 2020) and revised version (HR-WF-01 Rev.06 adopted January 5, 2021) with further revision to the topic of planning and approving the annual headcount</i> ▪ <i>2020 Training Plan</i> 	✓	
<p>4.2 The company has evaluation process, incentives or rewards to employees with good performance, and management measures for employees who do not achieve the targets. Such processes are well informed to executives and employees.</p> <p><u>Description</u> <i>The company has established guidelines and criteria for evaluating performance at the management level and employee level. There is a process for clarifying and reporting the assessment results for employees to sign for</i></p>	✓	

<p><i>acknowledgment in writing including a review and formally approve the assessment results from the authority.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Work instruction document on performance management with a specific guideline for evaluating performance announced on January 1, 2021</i> ▪ <i>Examples of employee salary adjustment notice for employees to acknowledge and sign</i> 		
<p>4.3 The company has process of timely solutions and preparation when lacking competent employees.</p> <p><u>Description</u> <i>The company establishes a succession plan policy to prepare for the lack of competent personnel in a timely manner. By specifying the positions that are important to the organization, such as C-Level and Manager-level positions of each department, as well as the appropriate positions and subordinate employees to inherit such important positions in the clearly written successor profile to prepare if important positions are available and able to continue the work immediately.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Succession Plan Policy</i> ▪ <i>SIC Successor Profile 2020 document showing key successor planning for each department and C-Level executives</i> ▪ <i>Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 (Agenda 4.4 for reviewing and approving succession plan policy)</i> 	✓	
<p>4.4 The company has process of recruitment, development and retention for executives and employees such as providing mentoring system and trainings.</p> <p><u>Description</u> <i>The company defines job titles and identifies those employees who are qualified to inherit key positions including defining development and training topics to enhance skills and prepare for succession in the successor profile for each key position such as management skills, leadership skills, technical skills, financial skills, etc. In addition, the Human Resources Department provides training of employees at all levels, both internal and external training. To develop knowledge</i></p>	✓	

<p><i>and skills of employees on a regular basis along with clearly storing the training history of employees.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>SIC Successor Profile 2020 document showing key succession planning of each department and C-Level executives, including the Improve Methodology and Time to Improve</i> ▪ <i>2020 Training Plan</i> ▪ <i>SIC Training record</i> 		
<p>4.5 The company has a succession plan for important positions.</p> <p><u>Description</u> <i>The company has established a written succession plan policy. This was reviewed and approved by the Board of Directors in accordance with the Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 in order to provide the Company with guidelines for planning the replacement and succession of positions for retirement and talent management or job positions that are targeted by the market or competitors and reduce the loss rate of personnel with knowledge, abilities and experience. There is a clear and transparent recruitment process including performance and potential assessments, knowledge and skills development appropriately. As a result, employees are motivated to work by being able to inherit their positions which will make the operations continuity.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Succession Plan Policy</i> ▪ <i>SIC Successor Profile 2020 document showing key successor planning for each department and C-Level executives</i> ▪ <i>Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 (Agenda 4.4 for reviewing and approving succession plan policies)</i> 	✓	

5. The organization hold personnel accountable for their internal control responsibilities in the pursuit of objectives.

Questions	Yes	No.
<p>5.1 The board of directors and executives have procedures and communication tools to enforce all employees to take responsibilities in internal control and to provide corrective measure for such procedure, if necessary.</p> <p><u>Description</u> <i>The company defines processes and instills employees to comply with policies, regulations, and guidelines / procedures in various areas to perform work at the same standard. There are management representatives who are selected from the management to perform the duty of regular monitoring of the quality management system (ISO) compliance. In addition, the Board of Directors has oversight and follows up on the internal control assessment from external auditors on a quarterly basis.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Internal Audit Report for Quarter 1-4, 2020</i> ▪ <i>Minutes of the Audit Committee Meeting each quarter of 2020</i> ▪ <i>Minutes of the Board of Directors' meetings for each quarter of 2020</i> 	✓	
<p>5.2 The board of directors and executives set suitable indicators for performance appraisal, incentives and rewards with regard to code of conduct, and the company's short-term and long-term objectives.</p> <p><u>Description</u> <i>The company has defined and communicated performance indicators (KPIs) for each department and there is a quarterly evaluation of operational indicators. In addition, incentives and rewards are created for employees who have achieved their goals, such as establishing an incentive payment criteria in order to continuously stimulate sales to sales people.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Performance Indicators (KPIs)</i> ▪ <i>Power Point for assessment reports based on quarterly operational indicators</i> 	✓	

<ul style="list-style-type: none"> ▪ <i>Incentive payment criteria (Sales and Customer Service Compensation Scheme 2020: Effective Date 1 January 2020)</i> 		
5.3 The board of directors and executives continuously assess the incentives and rewards by focusing on the connection between success of the performance and the compliance with the internal control .	✓	
5.4 The board of directors and executives do not put excessive pressures on each personnel duties.	✓	

Risk Assessment

6. The organization specifies the objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Questions	Yes	No
<p>6.1 The company is able to comply with the generally accepted accounting principles which is suitable to the business at that time by presenting that transactions in financial statements exist, complete, correctly show the rights or obligations of the company, have the right value as well as properly disclosed.</p> <p><u>Description</u> <i>The Company complies with generally accepted accounting standards and financial reporting standards relevant to businesses. The Company's financial statements have been reviewed / audited by the certified public accountant every quarter and year. Which expressed an unqualified opinion on the aforementioned financial statements.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Auditor's report and financial statements for the year 2019</i> ▪ <i>Auditor's report and interim financial information for each quarter (Quarter 1-3 of the year 2020)</i> ▪ <i>Minutes of the Audit Committee Meeting Each Quarter Year 2020 (Agenda relating to the consideration and acknowledgment of the review of each quarterly financial statements)</i> 	✓	

<ul style="list-style-type: none"> ▪ <i>Minutes of the Board of Directors' meeting each quarter of the year 2020 (Agenda relating to the consideration and approval of the quarterly financial statements)</i> 		
<p>6.2 The company determines materiality of the financial statement by considering key factors including financial report users, transaction sizes, and business trends.</p>	✓	
<p>6.3 Financial statements reflect true business operation activities of the company.</p> <p><u>Description</u> <i>The company produces financial reports in full compliance with generally accepted accounting principles. It has been audited / reviewed by an auditor approved by the SEC, who expressed unqualified opinions on the Company's financial reports.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Refer to the documents specified in 6.1</i> 	✓	
<p>6.4 The board of directors or the risk management committee approves and communicate risk management policy to executives and all employees. The policy is acknowledged and accepted for practices as a part of the organization's culture.</p> <p><u>Description</u> <i>The Company has established a written risk management policy. This has been prepared to guide executives and operators to apply for appropriate risk management. The policy has been officially reviewed and approved by the Company's Board of Directors in accordance with the resolution of the Board of Directors Meeting No.3 / 2020 on May 14, 2020.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.4 for reviewing and approving the risk management policy)</i> 	✓	

7. The organization identifies risks to the achievement of the objectives across the entity and analyses risks as basis for determining how the risk should be managed.

Questions	Yes	No
<p>7.1 The company identifies all risks which may affect business operation at levels of organization, business unit, departments, and working functions.</p> <p><u>Description</u> <i>The company identifies and analyzes all types of risks that may arise from both internal and external factors to be used to establish guidelines for risk management and risk measurement index to be consistent and able to manage the risks at an acceptable level. During the second quarter of 2020 according to the Risk Management Committee Meeting Minutes No. 2/2020 on May 14, 2020 has identified a work plan to update the list of risks of the company that has been used approximately 2 years in accordance with current events. The Risk Assessment improvement will be completed within the third quarter of 2020 and proposed for the Risk Management Committee's approval at the Risk Management Committee Meeting No. 4/2020, respectively. However, at the latest Risk Management Committee meeting for the year 2020 (November 2020), the management is still in the process of reviewing and updating the risk register to be in line with the target and corporate strategy plan under current situations.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Risk register</i> ▪ <i>Documents of the Risk Management Committee Meeting No. 2/2020 on May 14, 2020 (Agenda 4.1, the Company's Risk Management Program)</i> 	✓	
<p>7.2 The company analyzes all risks that could come from both internal and external factors, including risks from business strategies, operations, reporting, compliance with law and regulation, and information technology.</p> <p><u>Description</u> <i>The Management has analyzed overall risk of the company by considering the risks from both internal and external factors which covers the business risks, operational risks, financial risks, and fraud risks to identify and assess risks and impacts, current risk control and define clear methods for managing risks in each area.</i></p>	✓	

<p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ Risk register 		
<p>7.3 Executives at all levels participate in risk management.</p> <p><u>Description</u> <i>The company has appointed a working group for risk management. The main operator is the owner of the risk in each area and in each of the relevant departments according to the Minutes of the Risk Management Committee Meeting No. 1/2017 held on September 27, 2017. However, during 2019, the company has changed the risk management working group to be in line with the organizational structure and departmental structure including the announcement clearly communicated in writing to monitor and report risk management results to the secretary of the Risk Management Committee to present to the Risk Management Committee, respectively. However, in 2020 the Risk Management Working Group will still be the same working group as in 2019.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ Minutes of the Risk Management Committee Meeting No. 1/2017 held on 27 September 2017 ▪ List of the Risk Management Working Group in 2020 (which is the same working group as in year 2019: November 8, 2019) 	✓	
<p>7.4 The company assesses the significance of risks by considering the likelihood and the possible effects.</p>	✓	
<p>7.5 The company has measures and operational plans to handle risk by either accepting, reducing, avoiding or sharing risks.</p> <p><u>Description</u> <i>The Risk Management Committee has considered measures to manage each risk to an acceptable level. The indicators and acceptable risk levels are clearly defined for timely monitoring and reporting of risk management results.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ Risk register 	✓	

8. The organization considers the potential for fraud in assessing risks to the achievement of the organization's objectives.

Questions	Yes	No
<p>8.1 The company assesses the potential for fraud covering all types of fraud including fraudulent financial reporting, losses of assets, corruptions, management override of internal controls, manipulations on important financial information, unauthorized acquisition or disposition of assets etc.</p> <p><i>Description</i> The company has considered covering fraud risks by identifying incidents and assessing opportunities and impacts in the process of preparing risk registers in order to establish management measures such as determining authority for approval in the risk management process, requiring a comparison of the price and quality of the service provider, having a "PAID" stamp on the disbursement document, and having a separation of duties for recording transactions approval and care of property clearly separated etc.</p> <p><i>Assessment information</i></p> <ul style="list-style-type: none"> ▪ Risk register ▪ Manual / Procedures for Purchasing and Payment Systems 	✓	
<p>8.2 The company carefully reviews the operational objectives, considering possibility of achieving the goals. Also, incentives and rewards granted to the employees should be reasonable and would not instigate wrong doing. For example, The company does not set expected sales much higher than its capabilities so that it will lead to sales manipulation.</p> <p><i>Description</i> The company has set operational goals and an annual budget plan for 2020 that takes into account the feasibility of goals and business growth opportunities. The management has presented the target and annual budget to the Board of Directors for consideration and approval before applying for management accordingly. In addition, due to the Covid-19 situation, which affects the business sector a lot, the management realized this impact and reviewed the strategic plan and revised the 2020 sales budget as previously planned to be in line with the current situation and was presented to the Board of Directors for consideration and</p>	✓	

<p><i>acknowledgment in accordance with the Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Annual budget plan 2020 (investment budget and expense budget)</i> ▪ <i>Minutes of the Board of Directors Meeting No. 5/2019 held on November 14, 2019 (Agenda 5.3 To consider and approve the 2020 budget)</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.1, the Company's risk management plan)</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 5.1: Review of 2020 objectives and strategies under the circumstances of COVID-19)</i> 		
<p>8.3 The audit committee considers and inquires executives in accordance with the potential for fraud and measures that the company establishes to prevent or correct the frauds.</p>	✓	
<p>8.4 The company communicates to all employees to understand and comply with the policies and guidelines.</p> <p><u>Description</u> <i>The company has a channel to communicate policies and manuals and operating guidelines through the Company's Share Point system, accessible to executives and employees at all levels.</i></p>	✓	

9. The organization can identify and assess changes that could have impacts on the system of internal control.

Questions	Yes	No
<p>9.1 The company assesses changes of external factors which could affect the business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The company assesses changes in external factors that may affect the Company's business operations through various company meetings such as the weekly meeting of the operation planning department together with the Supply Chain department to plan and receive the production plan and the time it takes for</i></p>	✓	

<p><i>the company to receive products from external contractors to be used to plan the delivery of products to customers in time, internal sales and business development meetings weekly, and a monthly executive committee meeting, etc., as well as establishing policies and procedures to accommodate the appropriate changes.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Sample information for presentation (Excel File) at the weekly meeting of the production planning department together with the supply chain department</i> ▪ <i>Example of Power Point presented at a weekly Sales and Business Development meeting</i> ▪ <i>Monthly Executive Committee Report for the year 2020</i> 		
<p>9.2 The company assesses changes in business models which could affect business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The company assesses business practices that may affect business operations through the Board of Directors' meetings. In addition, the Company has appointed an Innovation Committee to perform the main role of analytical thinking, assess the competence of the business, as well as drive innovation and technology which is constantly changing. Through planning and adjusting the strategy of the organization to be in line with the market and business. The said committee will attend meetings with the Chief Executive Officer (CEO) and Chief Product Officer (CPO) every 2 weeks.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Organizational structure showing the reporting lines of the Innovation Committee</i> ▪ <i>Examples of Minutes of the Innovation Committee meetings</i> 	✓	

<p>9.3 The company assesses changes of the organizational leaders which could affect the business operation, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.</p> <p><u>Description</u> <i>The Company has established a Succession Plan Policy with emphasis on executive level position (C-LEVEL) in order to operate the business continuously. At present, the company has created a Successor Profile that specifies the qualifications, skill, experience, and responsibilities to be clearly used as a basis for recruiting successors to replace important executives as well as determining the executive who will act as a replacement when there is a force majeure event or in the event that the management cannot perform their duties (Emergency Replacement) both in the short and long term until the suitable successors can be selected respectively in order to reduce the impacts that affect the business operation and reduce the shortage of personnel which may affect the company.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Succession Plan Policy</i> ▪ <i>SIC Successor Profile 2020 document showing key successor planning for each department and C-Level executives</i> ▪ <i>Succession Plan Document (Prepared in February 2020 with the specified Succession Roadmap (Timeline & Milestone, Career path and Personal Development Plan)</i> ▪ <i>Minutes of the Board of Directors Meeting No.3 / 2020 on May 14, 2020 (Agenda 4.4 for reviewing and approving succession plan policies)</i> 	✓	
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Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of the objectives to the acceptable levels.

Questions	Yes	No
<p>10.1 The company's control measures are suitable to the risks and specific characteristics of the organization such as the environment; the work complexity, the characteristics of work, the scope of the operations, and other specific condition</p>	✓	

<p>10.2 The company has written internal control measures covering all procedures appropriately. For example, the company has policies and procedures in regard to financial transactions, procurement, and general administration. The company also gives clear scope of authorities and approval hierarchy of each management level to prevent fraudulence. For example, the company establishes: chart of authority approval to each management level to limit amounts of expenditures; project/investment approval manual; procurement and vendors selection manual; decision making on procurement process manual; or equipment/tools disbursement manual. Therefore, following procedures are provided:</p> <p>10.2.1 Collection on information of major shareholders, directors, executives and related persons, as well as connected persons benefits for monitoring and reviewing on related transactions or transactions with conflict of interests. The collection will be consistently up-to-date.</p> <p>10.2.2 In case that the company has already approved transactions or entered into the contracts with long term obligations such as purchasing and selling contracts, lending, guaranteeing, the company monitors whether the conditions of the agreements are followed through the contracts periods. For example, monitoring compliance with loans repayment agreement or the contracts are regularly reviewed for appropriateness.</p> <p><i><u>Description</u> The company has established scope of authority and the approval hierarchy at each level is clearly specified in the authorization power at both the management and operational levels. It is announced to all employees in general and a regular review of the suitability is required including having written internal control measures. With the formulation of policies and operational manuals covering all processes to guide people involved in various functions to put into practice correctly. In addition, the company also considers related transactions which are approved by the Audit Committee and the Board of Directors Meeting respectively on a quarterly basis.</i></p> <p><i><u>Assessment information</u></i></p> <ul style="list-style-type: none"> ■ <i>Authorization documents for management level limits which was approved in accordance with the minutes of the Board of Directors Meeting No. 1/2019 held on April 5, 2019</i> 	✓	
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<ul style="list-style-type: none"> ■ <i>Operational authority matrix of the year 2020 (revised version) approved by the Board of Directors Meeting No. 4/2020 (Agenda 4.1) on April 7, 2020, effective from 1 July 2020</i> ■ <i>Manual / operating procedure for each work system such as purchasing and payment system, income receivable and payment system, production and cost calculation system, and a system for research and development projects, etc.</i> ■ <i>Audit committee meeting minutes for each quarter (Agenda related to the consideration of the related transaction)</i> ■ <i>Board of Directors meeting minutes for each quarter (Agenda related to acknowledge opinions of the Audit Committee on related transactions)</i> 		
<p>10.3 The company sets up suitable varieties of internal control such as manual and automated controls or preventing and monitoring controls.</p> <p><u>Description</u> <i>The company has designed an internal control system. It is defined as part of the operation manual. This includes controlling access to information and approving transactions. Both in the form of prevention and detective control, such as</i></p> <p><i>1) Establish budget control for research and development projects through the ERP system, with a system to prevent orders or spending more than the approved budget or to prevent price changes. Purchase per unit on purchase orders that have been approved including a monthly audit of the allocation and recording of work costs by the accounting authority.</i></p> <p><i>2) Fixed asset investment budget control is required through the ERP system to prevent orders or expenditure exceeding the approved budget. There is an authorized authority framework for non-budget purchases before every purchase is processed Fixed asset depreciation calculation via ERP system and automatic account recording. The depreciation record for assets in the ERP system is required to be audited from the accounting authority before posting to the general ledger. The account manager has to review and press post transaction to general journal and ledger account etc.</i></p>	✓	

<p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Manuals / operating procedures for each work system, such as purchasing and payment systems, property management systems, etc.</i> 		
<p>10.4 The company builds internal control throughout all level of the organization such as the group of companies, business unit, function, department, division or process.</p> <p><u>Description</u> <i>The company has established internal controls at all levels of the organization, including establishing the authority and responsibility of the Board of Directors and Chief Executive Officer. There is an organizational structure to define appropriate lines of command and approval authority as well as a separation of duties in order to have a clear examination of each other. The department manager is the main responsible for controlling the implementation of the specified internal control system.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Board of Directors charter and every sub-committee's charter which specifies the powers, duties and responsibilities of each committee</i> ▪ <i>Chief Executive Officer Charter</i> ▪ <i>Organization Structure of the Company in 2020</i> ▪ <i>Organization Chart - Department Level (SIC Organization Chart - November 2020)</i> ▪ <i>Authorization documents for management level limits which was approved in accordance with the minutes of the Board of Directors Meeting No. 1/2019 held on April 5, 2019</i> ▪ <i>Operational power of the year 2020 (revised version) approved by the Board of Directors Meeting No. 4/2020 (Agenda 4.1) on April 7, 2020, effective from 1 July 2020</i> 	✓	
<p>10.5 The company conducts segregation of duties to the 3 parts as followed for check and balance purposes:</p> <ul style="list-style-type: none"> (1) Authorization; (2) Recording accounting entries and information and; (3) Custody of assets. 	✓	

<p><u>Description</u> The company has clearly separated important duties and responsibilities, for example:</p> <p>1) Before recording the goods into the accounting system and warehouse, inventory section is the inspector for the goods which must pass the QC department to check the product quality according to the specified qualifications every time before making a record, then receiving and storing products in the warehouse. The account manager is assigned to verify the accuracy and completeness of supporting documents for accounting records and set-up records with the Financial Controller, the chief accountant of the accounting department, to approve all such debts. Including the accounting department together with the Inventory department to jointly check the inventory on a monthly basis, etc.</p> <p>2) To prepare sales orders in the ERP system, sales department must send customer demand information to the warehouse department to verify and confirm the adequacy of the inventory in the warehouse before proceeding to prepare the invoice every time. Once the invoice has been issued, the document will be delivered to Logistics staff to prepare products, packaging and shipping companies respectively. Sales Invoice must be verified in terms of both quantity and unit sales price by the Accounts Receivable Officer before delivering to the authorized person under the authority that set to approve sales transactions in such invoice every time. In addition, Accounting Manager or Financial Controller will be the Chief Financial Officer to approve all accounts receivable list.</p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ■ Manual / operating procedures for each work system such as warehouse management system, and income, accounts receivable and receiving payments system, etc. 		
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11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Questions	Yes	No
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<p>11.1 The company should define relationship between uses of information technology in the operation process and the general control of the information technology system.</p> <p><u>Description</u> <i>The company uses Work Plus for critical operations in sales, purchasing, raw material and inventory control, budget control, payment and accounting records, etc. The work system has sufficient control, such as setting the right to access the information in the system and its processing, including the storage of information to be safe, etc. In addition, the company has a policy to maintain the security of the information technology system including clear written IT regulations. This was communicated to employees and executives at all levels through the orientation of new employees and presented reports to the management on a monthly basis regarding the security of the system which may be at risk.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>IT Security Policy</i> ▪ <i>IT Work Flow</i> ▪ <i>Power Point "Orientation file" for training new employees</i> ▪ <i>Examples of reports on the security of the monthly system</i> 	✓	
<p>11.2 The company should define suitable control measures for infrastructure of technology system.</p> <p><u>Description</u> <i>For information technology system administration, the company has a policy and all important operational procedures are in writing to ensure that the information of the company is secure. has accurate and reliable processing, and are ready to be able to use the information in a timely manner.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>IT Security Policy</i> ▪ <i>IT Work Flow</i> 	✓	

<p>11.3 The company should define suitable security control for the technology system.</p> <p><i>Description The company has limited access rights to information systems, which are divided by authority and responsibility for each job position with adequate physical and logical access controls.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Standard access right matrix for accessing Work Plus work system according to job position (ERP Permission)</i> ▪ <i>Access rights table via Active Directory (AD Permission)</i> ▪ <i>Access control of the Server room by Finger scan machines that are designated only the Information Technology Department</i> ▪ <i>IT Routine Checklist</i> 	✓	
<p>11.4 The company should define suitable control measures on process of procurement, development, and maintenance of the technology system.</p>	✓	

12. The organization deploys control activities through policies which establish what is expected and procedures that put the policies into action.

Questions	Yes	No
<p>12.1 The company has strict policies to monitor that transactions made by major shareholders, directors, executives, or the related persons must be passed through approval procedures as defined in , for example, by the articles of corporation, the regulation of the Stock Exchange of Thailand and SEC etc. This is to prevent exploitation of company benefit against the use for personal gains.</p> <p><i>Description The company has a policy on related party transactions. This was reviewed and approved by the Board of Directors Meeting No.3 / 2020 on May 14, 2020 and set guidelines for future trends in related party transactions including a written procedure for collecting information between each other in order for such transactions to be approved and disclosed correctly and completely. The Company realizes the importance of the duties and responsibilities of the Board of Directors regarding the disclosure of information and the certification of the correctness of the information in the form reported to the SEC, whereby the company secretary will inquire and coordinate to each committee member to confirm the names and</i></p>	✓	

<p><i>transactions with the company or connected persons on a quarterly basis through an email channel.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Policy Document on Related Party Transactions</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.4 to approve the related transaction policy)</i> ▪ <i>Registration of Directors and Persons Related to Directors and Executives (Update quarterly information)</i> ▪ <i>Quarterly summarize business transactions with related parties</i> ▪ <i>Sample e-mail to communicate and confirm names and transactions with companies or connected persons from the quarterly committee</i> 		
<p>12.2 The company has a policy that a transaction must be approved by the person who has no personal interests in such transaction.</p> <p><u>Description</u> <i>The Company's related party transactions policy determines those who may have a conflict of interest or have a stake in the transaction will have no voting rights in approving related transactions.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Policy Document on Related Party Transactions (With displaying a message stating persons who may have conflicts of interest or have a stake in the transaction will have no voting rights in approving such connected transactions)</i> 	✓	
<p>12.3 The company has a policy to approve transactions by considering the company's best interests, and consider the transactions as at arm's length basis.</p> <p><u>Description</u> <i>The Company's related party transactions policy defines the principle of consideration and approval of transactions as well as actions with general customers. The company has considered comparing prices of products or services with external prices under similar product or service conditions. The consideration of the related transactions will be reviewed by the Audit Committee meeting to give opinions on the reasons and necessity of such transactions on a quarterly basis.</i></p>	✓	

<p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Policy Document on Related Party Transactions</i> ▪ <i>Audit committee meeting minutes papers for each quarter (Agenda related to giving opinions on reasons and necessity for the connected transactions)</i> 		
<p>12.4 The company has monitoring process for operations of subsidiaries or associated companies including setting guidelines to the person who is appointed as a director or an executive in the subsidiaries or associated companies. (Answer this question is not required if the company does not invested in the subsidiary or associated companies)</p> <p><u>Description</u> <i>The company has established investment policies and guidelines for governance of subsidiaries, associate, or joint venture. It was reviewed and approved by the Board of Directors No.3 / 2020 on May 14, 2020. The policy has considered important requirements such as the appointment of persons to be directors of subsidiaries or associated companies, operational supervision and to determine the approval authority in various matters before making the transaction, etc., so that the operations of the Group of Companies are flexible and in the same direction.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Investment Policy Documents and Regulatory Guidelines for Subsidiaries Associate or Joint Venture</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.4 to approve investment policy and supervisory guidelines for subsidiaries Associate or Joint Venture)</i> 	✓	
<p>12.5 The company assigns roles and responsibilities that executives and employees are to implement the policies and procedures in their operation.</p>	✓	
<p>12.6 The company's policies and procedures are timely implemented by competent personnel including the process of operation correction.</p> <p><u>Description</u> <i>The policies and operational processes of each work process are communicated to the employees so they can be applied to the same standard. There</i></p>	✓	

<p><i>is a channel for communicating various policies and operational manuals via Share Point which can be accessed by executives and employees at all levels.</i></p>		
<p>12.7 The company regularly reviews its policy and procedures.</p> <p><u>Description</u> <i>The company regularly holds meetings to communicate policies and procedures between department executives and employees in the department or when there is a change.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Power Point for the quarterly Town Hall Meeting</i> 	✓	

Information & Communications

13. The organization obtains or generates and uses relevant and quality information to support the functioning of internal control as intended.

Questions	Yes	No
<p>13.1 The company specifies information required for business operations. The information should be from both internal and external sources, which are quality and related to the company business.</p> <p><u>Description</u> <i>The company has prepared an operating manual for each work process, including clearly specifying information or supporting documents required in the work process from both internal and external sources. For example, requiring documentation for consideration, approval and registration of new customers in the customer database in the accounting system and defining supporting documents for monthly account recording and closing quarterly and annual etc.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Manual / operating procedures for each work system such as income, receivable and payment systems, etc.</i> 	✓	

<p>13.2 The company reviewed cost and benefit to gain the information, including quality and accuracy of such information.</p>	✓	
<p>13.3 The company provides the board of directors with essential and sufficient information for their decision-making. Examples of essential information include details of the proposed agenda, reasons and impacts on the company, and alternatives available.</p> <p><i>Description The company specifies the names of documents and information delivered together with the agenda to the Board of Directors and the sub-committees for acknowledgment. This will be sent to the directors in advance of the meeting to communicate and provide sufficient information to make important decisions.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ <i>Sample e-mail to deliver meeting agendas and meeting documents to the Board of Directors and sub-committees for acknowledgment</i> 	✓	
<p>13.4 The company provides the board of directors with the invitations to the board of directors' meetings and documentation for the meetings which contain necessary and sufficient information for consideration. The documents should be delivered before the meeting date at least as minimum requirement period by the regulations.</p> <p><i>Description The secretary to the Board of Directors will send meeting notice and meeting documents to the Board of Directors in order to notify the meeting attendees at least 7 days in advance.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ <i>Refer to the documents specified in clause 13.3</i> 	✓	
<p>13.5 The company provides minutes of board of directors meeting with sufficient details in order to be used for subsequent audit on appropriateness of each director's responsibilities; such as: records of directors' questions; directors' views and remarks of the issues; their opposing views and reasons against the proposed agenda etc.</p> <p><i>Description The company records the minutes of the meetings of each board of directors, namely the Board of Directors, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee about the agenda of the</i></p>	✓	

<p><i>meeting and the resolution of the meeting with the secretary of each committee to prepare and record each meeting in writing in order to be able to check back on the suitability of the duties of each committee.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ <i>Minutes of the Board of Directors Meeting No. 1-5, 2020</i> ▪ <i>Audit Committee Meeting Minutes No. 1-4, 2020</i> ▪ <i>Risk Management Committee Meeting Minutes No. 1-4, 2020</i> ▪ <i>Nomination and Remuneration Committee Meeting Minutes No. 1-2, 2020</i> ▪ <i>Executive Committee Meeting Minutes No. 1-12, 2020</i> 		
<p>13.6 The company has the following procedures:</p> <p>13.6.1 Filling and Classification with completeness on important documents.</p> <p>13.6.2 In case of report of deficiency found by the external auditor or internal auditor on deficiencies in internal control, the company fix the deficiency thoroughly.</p>	<p>✓</p> <p>✓</p>	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Questions	Yes	No
<p>14.1 The company has effective process of internal communication and appropriate channels of communication to support internal control.</p> <p><u>Description</u> <i>The communication of information between the parties involved within the company has many channels, such as department meetings, weekly meeting, monthly, management meeting, contact via corporate email, the notice board, Share Point, and the quarterly Town Hall Meeting to support the establishment of a regular communication and internal control system.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ <i>Example of Power Point to present at a party meeting - weekly</i> ▪ <i>Example of Power Point to present at the monthly meeting</i> ▪ <i>Example of a Power Point for the Quarterly Town Hall Meeting</i> 	<p>✓</p>	

<p>14.2 The company regularly reports important information to the board of directors. The board of directors has access to information sources that are vital to the operations or to review any transactions as required. For example, the company assigned contact personnel for providing other information except those received from management; requesting information from external auditor and internal auditor; arranging meetings between the board of directors and executives as requested by the board of directors; conducting other meetings for the board of directors and executives except the regular board of directors' meetings etc.</p> <p><i>Description</i> The company assigns the company secretary to report various information important to the Board of Directors and as a coordinator between the Board of Directors, auditors, and internal auditors to collect information to support the work of the Board of Directors.</p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ Company Secretary Charter ▪ Minutes of the Board of Directors Meeting No. 1-5, 2020 	✓	
<p>14.3 The company establishes whistle-blower hotline in order that personnel could safely inform information or traces of frauds or corruptions to the company.</p> <p><i>Description</i> The company has a written policy for whistleblowing or complaints of misconduct or fraud. This was reviewed and approved by the Board of Directors No.3 / 2020 on May 14, 2020 and communicated to executives and employees through annual orientation and training so that various persons within the company can report information, complaints, express opinions or whereabouts of wrongdoing. There are several channels for accepting complaints from both outside and within the company, such as internal channels such as direct notification through supervisors or executives, notifications via Human Resources, and notifications via the SIC Alert line, including the channels of notification from stakeholders and external parties available through the topic of Investor Relations - Corporate Governance (Complaint channel) specified on the company's website by requiring an email connection to the Chairman of the Audit Committee, Company secretary, and the secretary of the Audit Committee, etc.</p>	✓	

<p><i>In addition, the company has set procedures for when receiving complaints or clues, measures to take action to consider fact-finding, as well as reporting the results of operations to independent directors or audit committees within the specified time after operation with measures to protect whistleblowers or complainants safely.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Whistleblowing or Complaints Policy</i> ▪ <i>Minutes of the Board of Directors Meeting No. 3/2020 on May 14, 2020 (Agenda 4.4 to approve the policy on whistleblowing or complaints of misconduct or corruption)</i> ▪ <i>Power Point for new employee orientation (Orientation File) under Rule & Regulations</i> ▪ <i>Example of notification via the SIC Alert line</i> ▪ <i>Examples of channels for reporting information or clues about fraud or corruption via the company website (Complaint channel)</i> https://investor.sic.co.th/th/corporate-governance/whistleblowing-channel-form 		
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15. The organization communicates with external parties about matters affecting the functioning of internal control.

Questions	Yes	No
<p>15.1 The company has effective procedures of communication with external stakeholders and appropriate channels of communication to support internal control. For example, the company sets up an investor relations officers/center or compliant center etc.</p> <p><u>Description</u> <i>The Company has a channel for stakeholders to send comments, questions, including complaints to the Company through the Company's mailing address, company website, and by email of the Audit Committee. The company has set the email link to the Chairman of the Audit Committee, secretary to the Audit Committee, and the Company Secretary. At present, the company has established a</i></p>	✓	

<p><i>clear communication channel between the company and third parties including preparing an information section for investor relations to provide information and communicate with stakeholders outside the organization effectively.</i></p> <p>Assessment information</p> <ul style="list-style-type: none"> ▪ <i>Company Website - Investor Relations</i> https://investor.sic.co.th/th 		
<p>15.2 The company establishes whistle-blower hotline in order that external stakeholders could safely inform information or traces of frauds or corruptions to the company.</p> <p><i>Description refer to 14.3.</i></p>	✓	

Monitoring Activities

16. The organization monitors and evaluates to ascertain whether the components of internal control are completely present and suitably functioning.

Questions	Yes	No
<p>16.1 The company has a process to monitor the compliance with code of conduct and prohibit the executives and employees from conducting themselves in a manner is likely to cause conflicts of interest. The company, for example, assigns each individual unit to monitor operation and report to the respective supervisors. Alternatively, the company assigns the internal auditor to monitor operation and report to the audit committee etc.</p>	✓	
<p>16.2 The company provides inspection on compliance with internal control procedures by self-assessment and /or by independent assessment of internal auditors.</p> <p><i>Description The company hires independent external auditors to review and assess the sufficiency of the internal control system for each activity in accordance with the annual work plan approved by the Audit Committee and the Board of Directors, including monitoring of progress in the correction or improvement of the work process and presented to the Audit Committee through quarterly meetings of the Audit Committee.</i></p>	✓	

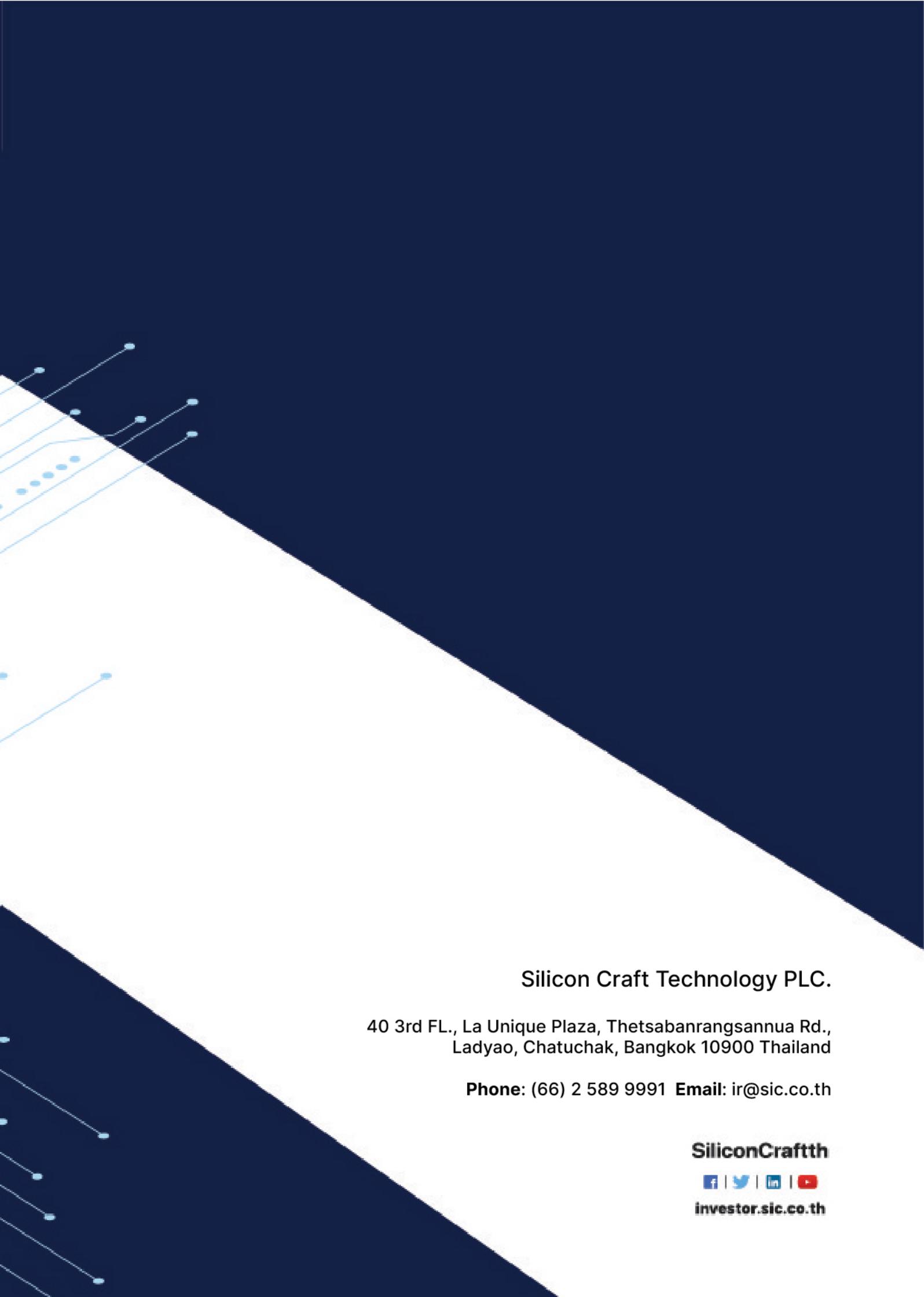
<p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Internal control system audit plan for the year 2020 from external auditors</i> ▪ <i>Audit Committee Meeting Minutes No. 1/2020 on February 20, 2020 (Agenda 4.6 To consider and provide opinions on the appointment of internal auditors for the year 2020)</i> ▪ <i>Minutes of the Board of Directors Meeting No. 1/2020 on February 20, 2020 (Agenda 4.6 To consider and approve the appointment of internal auditors and the 2020 internal audit plan)</i> ▪ <i>Internal Audit Report for each quarter (Quarter 1-4 Year 2020)</i> 		
<p>16.3 Frequency of monitoring and assessment activities is suitable to the company's change.</p>	✓	
<p>16.4 The monitoring and assessment activities on the internal control are carried out by knowledgeable and competent personnel.</p>	✓	
<p>16.5 The company specifies that the internal control evaluation is directly reported to the audit committee.</p> <p><u>Description</u> <i>The company has set the organizational structure chart with the internal audit department to report directly to the audit committee. The Audit Committee will be notified of the audit results of the internal control system from the internal audit officer or any defect in the internal control system found from the auditors' audit to report to the Board of Directors on a timely and consistent basis.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>2020 organizational structure that represents the internal audit department and the chain of command which are reported directly to the Audit Committee</i> 	✓	
<p>16.6 The company encourages the internal auditors comply with International Standards for the Professional Practice of Internal Auditing (IIA).</p>	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Questions	Yes	No
<p>17.1 The company evaluates and communicates internal control deficiencies and monitors for correcting immediately, in case that results of the performance significantly deviates from the target.</p> <p><i>Description Management of each department regularly communicates and follows up on deficiencies arising from operations and the internal control system through a departmental meeting. In addition, the company requires monitoring and reporting on actual performance compared with the target set. It was reported and communicated to the management through the Quarterly Review meeting as well as a monthly report to the Executive Committee.</i></p> <p><u>Assessment information</u></p> <ul style="list-style-type: none"> ▪ <i>Sample Minutes of Quarterly review</i> ▪ <i>Executive Committee Meeting Minutes 1-12, 2020</i> 	✓	
<p>17.2 The company has a reporting policy as follows :</p> <p>17.2.1 Management must report to the board of directors immediately if there is an incident or a suspicion of serious fraudulence, law violation, or other unusual actions that could significantly affect the reputation and financial position of the company.</p> <p>17.2.2 Significant internal control deficiencies including solutions (although the problems may have already been managed) are timely reported to the board of directors/the audit committee for consideration.</p> <p>17.2.3 The progress on remedies of the significant internal control deficiencies is reported to the board of directors/the audit committee.</p> <p><i>Description Performance results are reported to the Board of Directors through the Board of Directors' meetings every quarter, including an external independent internal auditor who is responsible for assessing the internal control of the company and proposing guidelines for improvement / correction of work processes and follow up for quarterly updates to report the results to the Audit Committee.</i></p>	✓ ✓ ✓	

Assessment information

- *Minutes of the Board of Directors Meeting No. 1-5 2020 (Agenda related to the progress report and assessment of the Company's internal control system)*
- *Audit Committee Meeting Minutes 1-4, 2020 (Agenda related to the progress report of the Company's internal control system assessment)*
- *Internal Audit Report For each quarter (Quarter 1-4 Year 2020)*



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