

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Hana Microelectronics Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

Revenue from sales are the accounting transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Group. The majority of the Group's sales transactions are conducted with a number of major overseas customers under a variety of arrangements and conditions which may impact the recognition of revenue of the Group causing risks with respect to the amount and timing of such revenue recognition.

I examined the revenue recognition of the Group by

- Assessing and testing the Group's information technology general controls and internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales to assess whether revenue recognition was consistent with the conditions or arrangement made with the customers, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Requesting for confirmations of consignment inventory balances located at customers' hubs at the end of the accounting period, observing the physical count of inventories at significant locations and on a sampling basis, examining supporting documents whether the consignment inventories were correctly excluded from sales for the year.
- Reviewing of credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Inventories

Estimating the net realisable value of inventory, as disclosed in the related accounting policies in Note 4.3 and Note 5.1 to the financial statements, is one of an area of significant management judgement, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the high-technology industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operations of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventory during each of the previous years with the provision for diminution in value of inventory recorded at the preceding year-end.

Provision for long-term employee benefits

The valuation of long-term employee benefit obligations is one of a significant accounting estimate to the financial statements because the Group has a large number of employees and has defined benefit plans as discussed in the related accounting policies in Note 4.12 and Note 5.3 to the financial statements. In addition, the calculation of long-term employee benefit obligations requires the management to select the calculation method and exercise a high degree of judgement in determining appropriate assumptions such as discount rates, future salary increases, mortality rates and staff turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. There is therefore a risk with respect to the amounts of the provision for long-term employee benefits.

I assessed and tested the Group's internal control with respect to the assessment of provision for long-term employee benefits by making enquiry of responsible executives, gaining an understanding of internal controls and testing the method and significant assumptions both demographic and financial aspects used by the management to calculate the long-term employee benefit obligations and considering the impact of changes in key assumptions on the valuation of long-term employee benefit obligations. In addition, I reviewed the disclosure in the notes to the financial statements with respect to the provision for long-term employee benefits.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 25 February 2022

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	6	3,304,172,702	5,400,260,504	245,586,626	642,883,118
Trade and other receivables	7, 8	4,552,782,805	3,460,919,582	1,630,770,552	1,593,935,281
Inventories	9	6,856,572,449	4,496,142,465	3,518,228,541	2,295,245,191
Other current financial assets	10	2,694,694,531	4,266,900,686	-	-
Other current assets		161,612,544	95,709,013	39,995,288	45,402,856
Total current assets		17,569,835,031	17,719,932,250	5,434,581,007	4,577,466,446
Non-current assets					
Investments in subsidiaries	11	-	-	3,583,449,264	3,583,449,264
Investment property	12	72,303,750	72,303,750	72,303,750	72,303,750
Property, plant and equipment	13	9,662,666,074	6,938,256,153	2,203,637,828	2,392,024,143
Intangible assets	14	421,905,522	362,263,817	55,232,475	62,963,928
Other non-current financial assets	15	153,600	97,000	97,000	97,000
Deferred tax assets	24	10,069,293	1,613,504	1,556,008	1,613,504
Other non-current assets		116,033,252	85,665,665	10,000	10,000
Total non-current assets		10,283,131,491	7,460,199,889	5,916,286,325	6,112,461,589
Total assets		27,852,966,522	25,180,132,139	11,350,867,332	10,689,928,035

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 16	3,505,876,372	2,354,747,250	1,544,125,445	1,267,907,243
Current portion of lease liabilities	17	7,964,995	10,728,348	-	-
Short-term provisions	18	334,199,000	300,371,000	-	-
Income tax payable		20,527,631	12,337,830	7,147,420	4,500,116
Other current liabilities		160,410,024	127,928,278	25,534,339	25,303,636
Total current liabilities		4,028,978,022	2,806,112,706	1,576,807,204	1,297,710,995
Non-current liabilities					
Lease liabilities - net of current portion	17	2,884,261	7,910,821	-	-
Deferred tax liabilities	24	44,159,879	31,252,836	-	-
Provision for long-term employee benefits	19	718,850,938	721,243,292	332,488,256	333,195,962
Total non-current liabilities		765,895,078	760,406,949	332,488,256	333,195,962
Total liabilities		4,794,873,100	3,566,519,655	1,909,295,460	1,630,906,957
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,403,900	974,403,900	974,403,900	974,403,900
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,878,860	804,878,860	804,878,860	804,878,860
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Retained earnings					
Appropriated - statutory reserve	20	514,957,656	456,462,666	100,000,000	100,000,000
Unappropriated		19,343,952,539	19,239,559,857	6,813,474,030	6,430,923,236
Other components of shareholders' equity		671,085,385	(610,507,881)	-	-
Total shareholders' equity		23,058,093,422	21,613,612,484	9,441,571,872	9,059,021,078
Total liabilities and shareholders' equity		27,852,966,522	25,180,132,139	11,350,867,332	10,689,928,035

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

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 Directors

Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales	26, 27	23,780,179,227	19,282,520,274	10,391,133,710	8,768,172,468
Dividend income	11	2,066,188	1,991,642	280,071,972	536,071,957
Gain on exchange		-	127,490,948	132,233,231	62,134,934
Gain on derivatives		-	8,214,839	-	-
Other income	21	354,755,179	388,166,068	42,822,214	46,637,564
Total revenues		24,137,000,594	19,808,383,771	10,846,261,127	9,413,016,923
Expenses					
Cost of sales	23	20,492,976,951	16,734,326,257	8,647,160,357	7,415,150,815
Selling and distribution expenses		209,721,267	185,455,427	67,949,807	61,830,694
Administrative expenses		1,213,588,863	1,025,767,120	327,773,430	275,070,666
Loss on exchange		273,767,316	-	-	-
Loss on derivatives		34,888,040	-	-	-
Impairment loss on financial assets (reversal)	10	(525,780)	25,510,503	-	-
Loss on FVTPL equity instrument		421,023,339	-	-	-
Total expenses		22,645,439,996	17,971,059,307	9,042,883,594	7,752,052,175
Operating profit		1,491,560,598	1,837,324,464	1,803,377,533	1,660,964,748
Finance income	22	113,952,749	139,610,372	789,900	1,207,651
Finance cost		(7,491,596)	(9,066,211)	(2,606,518)	(4,610,247)
Profit before income tax expenses		1,598,021,751	1,967,868,625	1,801,560,915	1,657,562,152
Income tax expenses	24	(52,708,390)	(60,127,306)	(17,688,770)	(8,644,302)
Profit for the year		1,545,313,361	1,907,741,319	1,783,872,145	1,648,917,850
Profit attributable to:					
Equity holders of the Company		1,545,313,361	1,907,741,319	1,783,872,145	1,648,917,850
Earnings per share					
25					
Basic earnings per share					
Profit attributable to equity holders of the Company		1.92	2.37	2.22	2.05
Number of weighted average ordinary shares (shares)		804,878,860	804,878,860	804,878,860	804,878,860

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit for the year		<u>1,545,313,361</u>	<u>1,907,741,319</u>	<u>1,783,872,145</u>	<u>1,648,917,850</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency -					
net of income tax	24	1,350,757,322	195,408,630	-	-
Gain (Loss) on changes in value of debt instruments designated					
at fair value through other comprehensive income					
- net of income tax		(69,164,056)	74,831,556	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods -					
net of income tax		1,281,593,266	270,240,186	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax	19, 24	26,112,316	11,450,616	7,216,654	11,211,287
Loss on changes in value of equity investments designated					
at fair value through other comprehensive income					
- net of income tax		-	(75,092,840)	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods -					
net of income tax		26,112,316	(63,642,224)	7,216,654	11,211,287
Other comprehensive income for the year		<u>1,307,705,582</u>	<u>206,597,962</u>	<u>7,216,654</u>	<u>11,211,287</u>
Total comprehensive income for the year		<u>2,853,018,943</u>	<u>2,114,339,281</u>	<u>1,791,088,799</u>	<u>1,660,129,137</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>2,853,018,943</u>	<u>2,114,339,281</u>	<u>1,791,088,799</u>	<u>1,660,129,137</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	1,598,021,751	1,967,868,625	1,801,560,915	1,657,562,152
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,285,171,182	1,162,234,580	378,584,932	406,006,714
Amortisation expenses	16,246,883	13,044,062	8,680,545	7,741,899
Allowance for expected credit losses	4,996,862	1,632,987	-	2,492,191
Reduction of inventories to net realisable value (reversal)	(16,784,464)	61,552,195	(27,081,894)	43,023,850
Write-off obsolete and damaged inventories	58,480,117	6,537,812	46,853,315	6,537,812
Dividend income from subsidiary companies	-	-	(279,999,972)	(535,999,957)
Dividend income from other companies	(2,066,188)	(1,991,642)	(72,000)	(72,000)
Loss on disposals/write-off of equipment and intangible assets	29,851,352	7,636,086	23,501,451	2,912,039
Allowance for impairment loss on assets	34,299,909	-	34,299,909	-
Provision for vacation	6,552,045	4,012,245	2,880,757	1,635,437
Provision for long-term employee benefits	56,580,067	60,041,474	25,478,088	26,792,396
Gain on sales of debt instruments at fair value through other comprehensive income	(21,218,932)	(15,179,622)	-	-
Loss (gain) on fair value adjustments of financial instruments	421,023,330	(30,282,810)	-	-
Allowance for impairment loss on other current financial assets (reversal)	(525,780)	25,510,466	-	-
Unrealised loss on exchange	81,982,126	4,428,278	44,656,965	6,749,625
Unrealised loss (gain) on derivative assets	34,888,040	(8,214,839)	-	-
Finance income	(113,952,749)	(139,610,372)	(789,900)	(1,207,651)
Finance cost	86,088	1,593,822	-	2,206,616
Profit from operating activities before changes in operating assets and liabilities	3,473,631,639	3,120,813,347	2,058,553,111	1,626,381,123

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Operating assets (increase) decrease				
Trade and other receivables	(1,092,088,089)	(117,080,535)	(15,860,601)	(96,678,342)
Inventories	(2,402,125,637)	(45,845,170)	(1,242,754,771)	(12,727,974)
Other current assets	(86,457,117)	9,935,224	(7,701,541)	24,715,280
Operating liabilities increase (decrease)				
Trade and other payables	1,065,267,655	(15,245,798)	199,596,700	(126,470,201)
Other current liabilities	25,929,701	19,562,615	(2,650,054)	1,940,227
Cash from operating activities	984,158,152	2,972,139,683	989,182,844	1,417,160,113
Cash paid for long-term employee benefits	(32,836,230)	(26,171,559)	(18,945,265)	(10,022,157)
Cash paid for income tax	(43,825,059)	(40,701,027)	(15,007,845)	(10,117,132)
Net cash from operating activities	907,496,863	2,905,267,097	955,229,734	1,397,020,824
Cash flows from investing activities				
Increase in other current financial assets	854,729,640	(718,002,835)	-	-
Increase in long-term fixed deposit	(56,600)	-	-	-
Interest received	116,724,532	138,699,534	790,541	1,198,369
Proceeds from sales of financial instruments	214,145,801	182,704,562	-	-
Dividend income from subsidiary companies	-	-	279,999,972	535,999,957
Dividend income from other company	2,066,188	1,991,642	72,000	72,000
Acquisitions of property, plant and equipment and intangible assets	(4,129,321,869)	(1,200,505,167)	(236,454,144)	(131,086,587)
Proceeds from disposals of equipment	32,693,098	33,546,491	11,603,410	22,418,607
Proceeds from redemption of debt instruments at amortised costs	-	62,669,933	-	-
Increase in other non-current assets	(30,367,587)	(61,780,594)	-	-
Net cash from (used in) investing activities	(2,939,386,797)	(1,560,676,434)	56,011,779	428,602,346

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	-	(500,000,000)	-	(500,000,000)
Decrease in short-term loan from related party	-	-	-	(210,000,000)
Payment of principal portion of lease liabilities	(11,385,170)	(22,822,212)	-	-
Interest paid	-	(2,038,185)	-	(3,608,870)
Dividend paid	(1,408,538,005)	(1,046,342,518)	(1,408,538,005)	(1,046,342,518)
Net cash used in financing activities	(1,419,923,175)	(1,571,202,915)	(1,408,538,005)	(1,759,951,388)
Increase (decrease) in cash and cash equivalents	(3,451,813,109)	(226,612,252)	(397,296,492)	65,671,782
Translation adjustment	1,355,725,307	191,893,747	-	-
Net increase (decrease) in cash and cash equivalents	(2,096,087,802)	(34,718,505)	(397,296,492)	65,671,782
Cash and cash equivalents at beginning of year	5,400,260,504	5,434,979,009	642,883,118	577,211,336
Cash and cash equivalents at end of year (Note 6)	3,304,172,702	5,400,260,504	245,586,626	642,883,118

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase in accounts payable				
for purchases of plant and equipment	50,631,060	95,339,008	24,098,335	5,019,088
Revaluation gain (loss) on changes in fair value of				
debt instruments at FVOCI	(69,164,056)	74,831,556	-	-
Transfer equipment to intangible assets	-	35,126,287	-	35,126,287
Increase in right-of-use assets from lease agreement	2,361,121	42,836,396	-	-

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

Hana Microelectronics Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity
 For the year ended 31 December 2021

(Unit: Baht)

		Consolidated financial statements							
		Other components of shareholders' equity							
				Retained earnings		Fair value	Exchange differences	Total other	Total
		Issued and	Share	Appropriated -		reserve of	on translation of	components of	shareholders'
Note		paid up	premium	Statutory reserve	Unappropriated	financial assets	financial statements	shareholders'	shareholders'
		share capital				at FVOCI	in foreign currency	equity	equity
	Balance as at 1 January 2020	804,878,860	1,723,218,982	456,462,666	18,441,803,280	208,867,772	(1,089,615,839)	(880,748,067)	20,545,615,721
	Profit for the year	-	-	-	1,907,741,319	-	-	-	1,907,741,319
	Other comprehensive income for the year	-	-	-	(63,642,224)	74,831,556	195,408,630	270,240,186	206,597,962
	Total comprehensive income for the year	-	-	-	1,844,099,095	74,831,556	195,408,630	270,240,186	2,114,339,281
	Dividend paid	-	-	-	(1,046,342,518)	-	-	-	(1,046,342,518)
	Balance as at 31 December 2020	804,878,860	1,723,218,982	456,462,666	19,239,559,857	283,699,328	(894,207,209)	(610,507,881)	21,613,612,484
	Balance as at 1 January 2021	804,878,860	1,723,218,982	456,462,666	19,239,559,857	283,699,328	(894,207,209)	(610,507,881)	21,613,612,484
	Profit for the year	-	-	-	1,545,313,361	-	-	-	1,545,313,361
	Other comprehensive income for the year	-	-	-	26,112,316	(69,164,056)	1,350,757,322	1,281,593,266	1,307,705,582
	Total comprehensive income for the year	-	-	-	1,571,425,677	(69,164,056)	1,350,757,322	1,281,593,266	2,853,018,943
	Dividend paid	-	-	-	(1,408,538,005)	-	-	-	(1,408,538,005)
	Unappropriated retained earnings transferred to statutory reserve	-	-	58,494,990	(58,494,990)	-	-	-	-
	Balance as at 31 December 2021	804,878,860	1,723,218,982	514,957,656	19,343,952,539	214,535,272	456,550,113	671,085,385	23,058,093,422

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated Statutory reserve	Unappropriated	
Note					
Balance as at 1 January 2020	804,878,860	1,723,218,982	100,000,000	5,817,136,617	8,445,234,459
Profit for the year	-	-	-	1,648,917,850	1,648,917,850
Other comprehensive income for the year	-	-	-	11,211,287	11,211,287
Total comprehensive income for the year	-	-	-	1,660,129,137	1,660,129,137
Dividend paid	-	-	-	(1,046,342,518)	(1,046,342,518)
Balance as at 31 December 2020	804,878,860	1,723,218,982	100,000,000	6,430,923,236	9,059,021,078
Balance as at 1 January 2021	804,878,860	1,723,218,982	100,000,000	6,430,923,236	9,059,021,078
Profit for the year	-	-	-	1,783,872,145	1,783,872,145
Other comprehensive income for the year	-	-	-	7,216,654	7,216,654
Total comprehensive income for the year	-	-	-	1,791,088,799	1,791,088,799
Dividend paid	-	-	-	(1,408,538,005)	(1,408,538,005)
Balance as at 31 December 2021	804,878,860	1,723,218,982	100,000,000	6,813,474,030	9,441,571,872

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2021

1. General information

1.1 General information of the Company

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company operates its business in Thailand and is principally engaged in the manufacture and trading of electronic components. The registered office of the Company is at 65/98, Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

1.2 Coronavirus disease 2019 pandemic

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 Percent	2020 Percent
<u>Held by the Company</u>				
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	58	58
Hana Semiconductor (BKK) Company Limited	Holding company	Thailand	100	100
Omac Sales Limited	Purchasing of electronic components and equipment	Hong Kong	100	100
Hana Microelectronics International Company Limited	Holding company	British Virgin Islands	100	100
Hana Microelectronics Investments Company Limited	Holding company	British Virgin Islands	100	100
Hana Microelectronics (Cambodia) Company Limited	Manufacture and trading of electronic components	Cambodia	100	100
<u>Held through the subsidiary companies</u>				
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	42	42
Hana Semiconductor International Limited	Trading of electronic components	British Virgin Islands	100	100
Hana Microelectronics Enterprises Company Limited	Holding company	British Virgin Islands	100	100
Hana Technologies, Inc.	Manufacture and trading of electronic components	USA	100	100
Hana Microelectronics, Inc.	Agent and customer services	USA	100	100
Hana Macao Commercial Offshore Limited	Customer services	Macao	100	100
Hana Microelectronics (Jiaxing) Company Limited	Manufacture and trading of electronic components	China	100	100
Power Master Semiconductor Company Limited	Manufacture and trading of electronic components	South Korea	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Thai Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

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

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

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

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

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sales of goods is recognised 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, allowances.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance cost

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

4.2 Cash and cash equivalents

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

4.3 Inventories

Raw materials, work in process, and finished goods are valued at the lower of cost (under weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost. Cost of finished goods and work in process include direct materials, direct labour, and factory overheads.

Allowance for diminution in inventory value is set up for obsolete, slow-moving or deteriorated inventories.

4.4 Investments in subsidiaries

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

4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

No depreciation is provided on investment property in land.

4.6 Property, plant and equipment and depreciation

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

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

Leasehold improvements	period of lease
Buildings	20 - 50 years
Fixtures	3 - 10 years
Other assets	3 - 20 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

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

4.7 Intangible assets

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

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

The useful lives of the intangible assets, which are computer software, are 5 - 10 years.

4.8 Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

Land	50	years
Buildings	2 - 28	years
Machinery and equipment	3	years

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

4.9 Related party transactions

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

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

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

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

An impairment loss is recognised in the income statement.

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

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

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

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the restructuring-related costs are recognised.

Provision for vacation

The Group has set up provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

4.13 Provisions

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

Provision for product warranty

The subsidiaries record provision for product warranty, which is estimated by reference to obligation for product warranty under manufacturing contract.

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets at FVOCI (debt instruments)

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

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statement.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to the income statement.

Dividends are recognised as other income in the income statement, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

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

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

Dividends on listed equity investments are recognised as other income in the income statement.

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

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

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

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

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

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

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

Offsetting of financial instruments

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

4.16 Derivatives

The Group has no policy to speculate in or engage in the trading of any financial derivative instruments, other than for managing the foreign currency risk by entering into forward exchange contracts to mitigate such exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value, which is determined by reliable financial institutions. Gains on losses arising from changes in the fair value of the contracts are recognised in the income statement.

4.17 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 Group 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 Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

5. Significant accounting judgements and estimates

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

5.1 Allowance for diminution in inventory value

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

5.2 Property plant and equipment and depreciation

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

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

5.3 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan 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.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2021 and 2020 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	1,259	615,372	190	214
Bank deposits	2,935,295	3,426,752	245,397	642,669
Fixed deposits with maturity				
not over 3 months	367,619	1,358,137	-	-
Total cash and cash equivalents	<u>3,304,173</u>	<u>5,400,261</u>	<u>245,587</u>	<u>642,883</u>

As at 31 December 2021, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 0.500 percent per annum (2020: 0.001 and 0.900 percent per annum).

7. Related party transactions

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

(Unit: Million Baht)

	Separate financial statements		Transfer pricing policy
	2021	2020	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	195	151	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	280	536	Declared rate
Purchase of materials	480	318	Cost plus mark up
Management fee	10	9	Rates stipulated in the agreement
Service fee	2	-	Cost plus mark up
Purchase of assets	1	1	Cost plus mark up

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2021	2020	2021	2020
Trade receivables (Note 8)				
Trade receivables - related parties				
Subsidiary companies	-	-	24,100	10,800
Total trade receivables - related parties	-	-	24,100	10,800
Trade and other payables (Note 16)				
Trade payables - related parties				
Subsidiary companies	-	-	519,073	623,083
Total trade payables - related parties	-	-	519,073	623,083
Other payables - related parties				
Subsidiary companies	-	-	2,115	-
Total other payables - related parties	-	-	2,115	-
Total trade and other payables	-	-	521,188	623,083

Directors and management's benefits

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

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2021	2020	2021	2020
Short-term employee benefits	107.0	90.7	16.8	16.2
Post-employment benefits	2.0	2.0	0.8	0.7
Total	109.0	92.7	17.6	16.9

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Age of receivable</u>				
Trade receivables - subsidiary companies				
Not yet due	-	-	16,662	6,077
Past due				
Up to 3 months	-	-	2,711	459
3 - 6 months	-	-	1,908	2,650
6 - 12 months	-	-	444	1,612
Over 12 months	-	-	2,375	82
Total trade receivables - subsidiary companies (Note 7)	-	-	24,100	10,880
Trade receivables - unrelated parties				
Not yet due	3,614,000	2,833,017	1,207,027	1,375,442
Past due				
Up to 3 months	638,339	485,573	324,128	187,186
3 - 6 months	52,465	18,861	27,357	962
6 - 12 months	5,720	3,203	459	2,876
Over 12 months	5,408	2,418	2,790	-
Total trade receivables - unrelated parties	4,315,932	3,343,072	1,561,761	1,566,466
Less: Allowance for expected credit losses	(11,114)	(6,117)	(2,492)	(2,492)
Total trade receivables - unrelated parties - net	4,304,818	3,336,955	1,559,269	1,563,974
Total trade receivables - net	4,304,818	3,336,955	1,583,369	1,574,854
Receivables from the Revenue Department	113,967	52,293	11,308	3,110
Other receivables - unrelated parties	133,998	71,672	36,094	15,971
Total other receivables	247,965	123,965	47,402	19,081
Trade and other receivables - net	4,552,783	3,460,920	1,630,771	1,593,935

The normal credit term is 30 to 60 days.

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Finished goods	1,032,919	747,733	(41,713)	(28,078)	991,206
Work in process	604,623	629,167	(3,181)	(4,708)	601,442	624,459
Raw materials	5,270,407	3,254,033	(154,840)	(183,732)	5,115,567	3,070,301
Goods in transit	148,357	81,727	-	-	148,357	81,727
Total	7,056,306	4,712,660	(199,734)	(216,518)	6,856,572	4,496,142

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Finished goods	688,625	561,235	(18,040)	(24,697)	670,585
Work in process	215,365	223,946	(3,181)	-	212,184	223,946
Raw materials	2,660,621	1,601,283	(61,244)	(84,850)	2,599,377	1,516,433
Goods in transit	36,083	18,328	-	-	36,083	18,328
Total	3,600,694	2,404,792	(82,465)	(109,547)	3,518,229	2,295,245

Detailed movements of the reduction of cost to net realisable value are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	(216,518)	(154,966)	(109,547)	(66,524)
Add: Increase during the year	(189,049)	(158,168)	(117,902)	(88,217)
Less: Reversal during the year	207,863	96,691	144,984	45,194
Add: Translation adjustment	(2,030)	(75)	-	-
Balance at the ending of the year	(199,734)	(216,518)	(82,465)	(109,547)

10. Other current financial assets

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2021</u>	<u>2020</u>
<u>Debt instruments at amortised cost</u>		
Fixed deposits	831,535	1,283,941
Total debt instruments at amortised cost	<u>831,535</u>	<u>1,283,941</u>
<u>Debt instruments at FVOCI</u>		
Overseas marketable corporate bonds	1,023,889	1,059,877
Overseas quoted bonds	758,192	697,813
Total		
Less: Allowance for expected credit losses	<u>(24,984)</u>	<u>(25,510)</u>
Total debt instruments at FVOCI - net	<u>1,757,097</u>	<u>1,732,180</u>
<u>Financial assets at FVTPL</u>		
Overseas marketable equity securities	86,898	1,196,726
Derivative assets (Note 32)	<u>19,165</u>	<u>54,053</u>
Total financial assets at FVTPL	<u>106,063</u>	<u>1,250,779</u>
Total other current financial assets - net	<u><u>2,694,695</u></u>	<u><u>4,266,900</u></u>

As at 31 December 2021, fixed deposits with financial institutions carried interests between 0.100 and 2.325 percent per annum (2020: 0.300 and 1.950 percent per annum).

In 2021, the Group reversed provision of Baht 0.53 million for expected credit losses on its debt instruments at FVOCI (2020: recognised provision of Baht 25.51 million).

In March 2021, Credit Suisse Asset Management (Switzerland) AG, a fund management company, announced the termination of Supply Chain Fund, in which the Group has the investment in securities of USD 37.3 million or equivalent to Baht 1,169.8 million as at date of termination. The pay back amounts by the fund were as follows:

Date received	Consolidated financial statements	
	(Million USD)	(Million Baht)
10 March 2021	11.7	365.4
15 April 2021	7.2	226.3
7 July 2021	0.6	17.6
6 August 2021	1.8	58.9
29 September 2021	1.8	62.5
15 December 2021	1.5	50.2
	<u>24.6</u>	<u>780.9</u>

The remaining will be paid after either the obligors pay the amounts outstanding to the fund or the insurance companies pay the amounts to the fund.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
			Percent	Percent				
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	280,000	266,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	-	270,000
Omac Sales Limited	325	325	100	100	273,492	273,492	-	-
Hana Microelectronics (Cambodia) Company Limited	155,947	155,947	100	100	155,947	155,947	-	-
Hana Microelectronics International Company Limited	-	-	100	100	-	-	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,583,449</u>	<u>280,000</u>	<u>536,000</u>

During the year 2020, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary, additionally invested in 21,310,740 ordinary shares of Power Master Semiconductor Company Limited, in total amount of USD 9 million or equivalent to Baht 284.65 million.

During the year 2021, the subsidiary additionally invested in 56,237,700 ordinary shares of Power Master Semiconductor Company Limited, in total amount of USD 24.5 million or equivalent to Baht 802.70 million.

As at 31 December 2021, the overseas subsidiary has invested in 101,706,697 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 43.99 million or equivalent to Baht 1,413.65 million (2020: 45,468,997 ordinary shares, amounting to USD 19.49 million or equivalent to Baht 610.95 million), representing 100% of the issued and paid-up share capital of that company.

12. Investment property

The net book value of investment property, representing land, as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost	72,304	72,304	72,304	72,304
Net book value	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>

As at 31 December 2021, the fair value of the investment property based on market price amounted to approximately Baht 96 million (2020: Baht 96 million).

13. Property, plant and equipment

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value				
Property, plant and equipment	9,484,419	6,764,483	2,203,638	2,392,024
Right-of-use assets (Note 17)	<u>178,247</u>	<u>173,773</u>	-	-
Total	<u>9,662,666</u>	<u>6,938,256</u>	<u>2,203,638</u>	<u>2,392,024</u>

Movement of property, plant and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Buildings	Leasehold improvement	Fixtures	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2020	487,692	3,767,433	114,845	1,061,235	14,346,080	696,944	57,230	597,185	21,128,644
Additions	-	23,714	5,251	22,314	272,248	23,917	3,476	704,882	1,055,802
Disposals	-	-	-	(96)	(309,713)	(8,818)	(2,096)	-	(320,723)
Transfer in (out)	-	118,698	280	(2,440)	832,157	13,333	-	(1,007,805)	(45,777)
Translation adjustment	(509)	45,240	5,608	136	178,514	3,492	609	11,274	244,364
As at 31 December 2020	487,183	3,955,085	125,984	1,081,149	15,319,286	728,868	59,219	305,536	22,062,310
Additions	-	2,602	14,574	22,375	1,332,745	51,286	2,605	2,469,120	3,895,307
Disposals	-	(17,096)	-	(84,568)	(411,431)	(12,988)	(7,708)	-	(533,791)
Transfer in (out)	-	177,043	1,320	15,483	670,862	16,126	-	(880,834)	-
Translation adjustment	14,745	133,960	16,312	59	389,170	9,511	1,666	15,044	580,467
As at 31 December 2021	501,928	4,251,594	158,190	1,034,498	17,300,632	792,803	55,782	1,908,866	26,004,293
Accumulated depreciation									
As at 1 January 2020	15,940	1,829,040	93,608	785,134	10,721,923	599,611	40,983	-	14,086,239
Depreciation for the year	2,747	195,162	8,837	58,397	849,706	40,502	6,883	-	1,162,234
Accumulated depreciation for disposed assets	-	-	-	(96)	(268,966)	(8,517)	(1,961)	-	(279,540)
Transfer in (out)	-	-	-	(10,651)	(2,320)	2,320	-	-	(10,651)
Translation adjustment	(176)	24,867	4,381	4	108,565	2,621	504	-	140,766
As at 31 December 2020	18,511	2,049,069	106,826	832,788	11,408,908	636,537	46,409	-	15,099,048
Depreciation for the year	2,800	184,597	5,540	55,694	986,272	45,087	5,181	-	1,285,171
Accumulated depreciation for disposed assets	-	(6,882)	-	(72,771)	(371,752)	(12,347)	(7,494)	-	(471,246)
Translation adjustment	2,198	69,421	14,010	3	274,100	7,994	1,418	-	369,144
As at 31 December 2021	23,509	2,296,205	126,376	815,714	12,297,528	677,271	45,514	-	16,282,117
Allowance for impairment loss									
As at 1 January 2020	-	-	-	150	24,872	17	-	-	25,039
Decrease during the year	-	-	-	-	(25)	(1)	-	-	(26)
Translation adjustment	-	-	-	-	(7)	-	-	-	(7)
As at 31 December 2020	-	-	-	150	24,840	16	-	-	25,006
Increase during the year	-	-	-	-	34,300	-	-	-	34,300
Translation adjustment	-	-	-	-	204	-	-	-	204
As at 31 December 2021	-	-	-	150	59,344	16	-	-	59,510
Net book value									
As at 31 December 2020	468,672	1,906,016	19,158	248,211	3,885,538	92,315	12,810	305,536	6,938,256
As at 31 December 2021	478,419	1,955,389	31,814	218,634	4,943,760	115,516	10,268	1,908,866	9,662,666
Depreciation for the year									
2020 (Baht 992 million included in manufacturing cost, and the balance in administrative expenses)									1,162,234
2021 (Baht 1,084 million included in manufacturing cost, and the balance in administrative expenses)									1,285,171

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Fixtures	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost								
As at 1 January 2020	249,865	2,014,824	473,131	3,684,001	246,758	17,875	121,551	6,808,005
Additions	-	-	22,071	16,826	17,152	-	74,632	130,681
Disposals	-	-	(96)	(180,718)	(1,810)	(1,359)	-	(183,983)
Transfer in (out)	-	-	(2,440)	104,927	4,466	-	(152,730)	(45,777)
As at 31 December 2020	249,865	2,014,824	492,666	3,625,036	266,566	16,516	43,453	6,708,926
Additions	-	-	7,324	16,030	19,300	1,257	215,693	259,604
Disposals	-	(5,171)	(84,567)	(304,973)	(9,917)	(5,174)	-	(409,802)
Transfer in (out)	-	-	3,199	181,181	5,556	-	(189,936)	-
As at 31 December 2021	249,865	2,009,653	418,622	3,517,274	281,505	12,599	69,210	6,558,728
Accumulated depreciation								
As at 1 January 2020	-	888,537	292,744	2,684,368	199,804	14,745	-	4,080,198
Depreciation for the year	-	95,428	34,960	258,419	15,634	1,566	-	406,007
Accumulated depreciation for disposed assets	-	-	(96)	(155,427)	(1,771)	(1,358)	-	(158,652)
Transfer in (out)	-	-	(10,651)	(2,320)	2,320	-	-	(10,651)
As at 31 December 2020	-	983,965	316,957	2,785,040	215,987	14,953	-	4,316,902
Depreciation for the year	-	87,427	33,584	238,946	18,116	512	-	378,585
Accumulated depreciation for disposed assets	-	(4,993)	(72,771)	(282,192)	(9,567)	(5,174)	-	(374,697)
As at 31 December 2021	-	1,066,399	277,770	2,741,794	224,536	10,291	-	4,320,790
Allowance for impairment loss								
As at 1 January 2020	-	-	-	-	-	-	-	-
As at 31 December 2020	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	34,300	-	-	-	34,300
As at 31 December 2021	-	-	-	34,300	-	-	-	34,300
Net book value								
As at 31 December 2020	249,865	1,030,859	175,709	839,996	50,579	1,563	43,453	2,392,024
As at 31 December 2021	249,865	943,254	140,852	741,180	56,969	2,308	69,210	2,203,638
Depreciation for the year								
2020 (Baht 382 million included in manufacturing cost, and the balance in administrative expenses)								406,007
2021 (Baht 357 million included in manufacturing cost, and the balance in administrative expenses)								378,585

As at 31 December 2021, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to approximately Baht 14,131 million (2020: Baht 10,947 million) and for the Company amounted to approximately Baht 2,509 million (2020: Baht 2,394 million).

14. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2020	231,788	52,718
Additions	171,372	5,425
Transfer in	45,777	45,777
Translation adjustment	9,267	-
As at 31 December 2020	458,204	103,920
Additions	68,030	949
Translation adjustment	11,231	-
As at 31 December 2021	537,465	104,869
Accumulated amortisation		
As at 1 January 2020	70,854	22,563
Amortisation for the year	13,044	7,742
Transfer in	10,651	10,651
Translation adjustment	1,391	-
As at 31 December 2020	95,940	40,956
Amortisation for the year	16,247	8,681
Translation adjustment	3,372	-
As at 31 December 2021	115,559	49,637
Net book value		
As at 31 December 2020	362,264	62,964
As at 31 December 2021	421,906	55,232
Amortisation for the year		
2020	13,044	7,742
2021	16,247	8,681

15. Other non-current financial assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Debt instruments at amortised cost</u>				
Fixed deposits	57	-	-	-
Total debt instruments at amortised cost	57	-	-	-
<u>Equity instruments designated at FVOCI</u>				
Local marketable equity securities	97	97	97	97
Total equity instruments designated at FVOCI	97	97	97	97
Total other non-current financial assets	154	97	97	97

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade payables - subsidiary companies (Note 7)	-	-	519,073	623,083
Trade payables - unrelated parties	2,610,024	1,644,679	865,418	551,357
Other payables - subsidiary companies (Note 7)	-	-	2,115	-
Advance received from customers	294,510	213,311	63,195	26,725
Other payables for purchase of machinery	222,279	171,648	58,036	33,938
Accrued expenses	379,063	325,109	36,288	32,804
Total trade and other payables	<u>3,505,876</u>	<u>2,354,747</u>	<u>1,544,125</u>	<u>1,267,907</u>

17. Leases

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 and 28 years.

a) Right-of-use assets (Note 13)

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land	Buildings	Machinery and equipment	Total
1 January 2020	115,504	45,578	-	161,082
Additions	-	23,714	19,123	42,837
Depreciation for the year	(2,747)	(20,902)	(5,799)	(29,448)
Translation adjustment	(333)	189	(554)	(698)
31 December 2020	112,424	48,579	12,770	173,773
Additions	-	2,361	-	2,361
Depreciation for the year	(2,800)	(7,604)	(6,012)	(16,416)
Translation adjustment	12,547	4,787	1,195	18,529
31 December 2021	<u>122,171</u>	<u>48,123</u>	<u>7,953</u>	<u>178,247</u>

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Lease payments	10,941	18,744
Less: Deferred interest expenses	(92)	(105)
Total	10,849	18,639
Less: Portion due within one year	(7,965)	(10,728)
Lease liabilities - net of current portion	<u>2,884</u>	<u>7,911</u>

A maturity analysis of lease payments is disclosed in Note 32.1 under the liquidity risk.

c) Expenses relating to leases that are recognised in income statements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	16,416	29,448	-	-
Interest expense on lease liabilities	86	458	-	-
Expense relating to short-term leases	10,564	9,629	346	341
Expense relating to leases of low-value assets	748	158	88	158

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 23 Million (2020: Baht 34 million), including the cash outflow related to short-term lease and leases of low-value assets.

18. Short-term provisions

(Unit: Thousand Baht)

	Consolidated financial statements
	Provision for product warranty
As at 1 January 2020	301,540
Translation adjustment	(1,169)
As at 31 December 2020	300,371
Translation adjustment	33,828
As at 31 December 2021	334,199

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Provision for long-term employee benefits				
at beginning of year	721,243	698,864	333,196	327,677
Included in the income statement:				
Current service cost	47,384	49,307	21,372	21,877
Interest cost	9,196	10,734	4,106	4,915
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	26,969	(47,618)	23,473	(24,810)
Financial assumptions changes	(66,431)	25,991	(41,133)	14,598
Experience adjustments	13,326	10,137	10,419	(1,039)
Benefits paid during the year	<u>(32,836)</u>	<u>(26,172)</u>	<u>(18,945)</u>	<u>(10,022)</u>
Provision for long-term employee benefits				
at end of year	<u><u>718,851</u></u>	<u><u>721,243</u></u>	<u><u>332,488</u></u>	<u><u>333,196</u></u>

Line items in the income statements under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost of sales	11,217	12,069	5,769	5,897
Selling and administrative expenses	<u>45,363</u>	<u>47,972</u>	<u>19,709</u>	<u>20,895</u>
Total expenses recognised in the income statements	<u><u>56,580</u></u>	<u><u>60,041</u></u>	<u><u>25,478</u></u>	<u><u>26,792</u></u>

The Group expects to pay Baht 69 million of long-term employee benefits during the next year (the Company only: Baht 32 million) (2020: Baht 48 million, the Company only: Baht 31 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 13 years (the Company only: 14 years) (2020: 13 years, the Company only: 15 years).

Significant actuarial assumptions are summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.0 - 2.3	1.4	2.3	1.4
Future salary increase rate	4.0	4.0	4.0	4.0
Staff turnover rate (depending on age)	5.0 - 36.9	6.1 - 35.8	5.0 - 19.1	6.1 - 22.8

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

(Unit: Million Baht)

	31 December 2021			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(82)	98	(42)	51
Salary increase rate	97	(82)	50	(42)
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Staff turnover rate	(101)	140	(66)	98

(Unit: Million Baht)

	31 December 2020			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(86)	105	(43)	53
Salary increase rate	102	(86)	52	(43)
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Staff turnover rate	(90)	132	(72)	105

20. Statutory reserve

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

At present, the statutory reserve has fully been set aside.

21. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gain arising on FVTPL debt/equity instruments	-	31,770	-	-
Gain on sales of FVOCI debt instruments	21,219	15,306	-	-
Other income	333,536	341,090	42,822	46,638
Total	<u>354,755</u>	<u>388,166</u>	<u>42,822</u>	<u>46,638</u>

22. Finance income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest income on bank deposits	29,515	51,617	790	1,208
Interest income on debt instruments measured at FVOCI	84,438	87,993	-	-
Total	<u>113,953</u>	<u>139,610</u>	<u>790</u>	<u>1,208</u>

23. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	14,987,429	12,037,726	6,711,702	5,692,848
Changes in inventories of finished goods and work in process	(266,593)	(98,823)	(122,285)	(77,056)
Salaries and wages and other employee benefits	4,091,350	3,425,090	1,304,876	1,172,042
Management benefit expenses	108,959	92,734	17,633	16,898
Depreciation and amortisation expenses	1,301,418	1,175,279	387,266	413,749

24. Income tax

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	52,949	28,830	15,460	9,256
Adjustment in respect of income tax of previous year	(935)	454	2,195	(1,234)
Deferred tax:				
Relating to origination and reversal of temporary differences	694	30,843	34	622
Income tax expenses reported in the income statements	52,708	60,127	17,689	8,644

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to actuarial gain	24	40	24	40
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	3,734	(70)	-	-
	<u>3,758</u>	<u>(30)</u>	<u>24</u>	<u>40</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	1,598,022	1,967,869	1,801,561	1,657,562
Applicable tax rate	0 - 30%	0 - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	429,506	374,726	360,312	331,512
Adjustment in respect of income tax of previous year	(935)	454	2,195	(1,234)
Effects of:				
Promotional privileges (Note 26)	(514,828)	(295,443)	(289,130)	(217,150)
Dividend income not subject to tax	(14)	(14)	(56,014)	(107,214)
Income not subject to tax	(3)	(316)	-	-
Unused temporary differences and tax losses	144,140	2,970	-	-
Non-deductible expenses	6,437	859	123	127
Additional expense deductions allowed	(8,631)	(5,930)	-	-
Others	(2,964)	(17,179)	203	2,603
Total	<u>(375,863)</u>	<u>(315,053)</u>	<u>(344,818)</u>	<u>(321,634)</u>
Income tax expenses reported in the income statements	<u>52,708</u>	<u>60,127</u>	<u>17,689</u>	<u>8,644</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets				
Allowance for expected credit losses	620	9	8	9
Allowance for diminution in value of inventories	5,839	1,779	272	392
Allowance for asset impairment	113	-	113	-
Provision for long-term employee benefits	1,096	1,151	1,096	1,151
Provision for vacation	437	404	67	62
Accrued expenses	23,520	19,149	-	-
Others	13,227	-	-	-
Total	<u>44,852</u>	<u>22,492</u>	<u>1,556</u>	<u>1,614</u>
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	<u>(78,943)</u>	<u>(52,131)</u>	-	-
Total	<u>(78,943)</u>	<u>(52,131)</u>	-	-
Deferred tax assets (liabilities) - net	<u>(34,091)</u>	<u>(29,639)</u>	<u>1,556</u>	<u>1,614</u>
Statements of financial position				
Deferred tax assets	10,069	1,614	1,556	1,614
Deferred tax liabilities	<u>(44,160)</u>	<u>(31,253)</u>	-	-
Deferred tax assets (liabilities) - net	<u>(34,091)</u>	<u>(29,639)</u>	<u>1,556</u>	<u>1,614</u>

As at 31 December 2021, the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 395 million (2020: Baht 401 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by the year 2031.

25. Earnings per share

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

26. Promotional privileges

The Group has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to certain imposed conditions, significant promotional privileges received with respect to tax are as follows:

Particulars	The Company									
	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557	59-0178-0-00-1-0	60-1432-1-00-1-0	63-1072-1-00-1-0	64-0816-1-00-1-0	64-0104-1-00-1-0
1. Certificate No.										
2. Promotional privileges for	Production of PCBA	Production of Semiconductor i.e. Wireless Sensor	Production of Integrated Circuit (IC) and Die Testing	Production of Electronic Control Unit	Production of PCBA	Production of PCBA	Production of Telecommunication and Wafer Die Test	Production of Semiconductor i.e. Integrated Circuit	Production of Electro-Magnetic	Production of Semiconductor i.e. Wafer Testing and Wafer Sawing
3. The significant privileges are										
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	8 years (expired) (tax exempted according with investment)	8 years (expired) (tax exempted according with investment)	8 years	8 years	8 years (tax exempted according with investment)	8 years (tax exempted according with investment)	6 years (tax exempted according with investment)	6 years (tax exempted according with investment)	4 years (tax exempted according with investment)	6 years (tax exempted according with investment)
3.2 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years	5 years	5 years	5 years	5 years	5 years	-	-	-	-
3.3 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 2 times deduction of transportation, electricity and water expenses from the first earning operating income	10 years	10 years	10 years	10 years	10 years	10 years	-	-	-	-
4. Date of first earning operating income	3 December 2007	2 December 2009	26 February 2016	3 January 2014	3 April 2015	4 February 2020	1 January 2018	Had not yet started utilising the privileges	8 October 2021	Had not yet started utilising the privileges

Particulars	Subsidiary				
	Hana Semiconductor (Ayutthaya) Company Limited				
1. Certificate No.	1034(2)/2552	2371(1)/2553	2687(1)/2556	60-0686-1-00-1-0	61-1275-1-00-1-0
2. Promotional privileges for	Production of Wafer Saw, Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Semiconductor	Production of Integrated Circuit (IC), Wafer sawing, Wafer Grinding and Wafer Testing	Production of Integrated Circuit (IC)
3. The significant tax privileges are					
3.1 Exemption from corporate income tax on net profit from promoted operations and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted	8 years (Until 1 January 2021)	8 years (Until 27 November 2022)	8 years (Until 2 January 2026)	6 years (Until 31 December 2026)	6 years
3.2 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years	5 years	5 years	-	-
3.3 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted
3.4 2 times deduction of transportation, electricity and water expenses from the first earning operating income	10 years	10 years	10 years	-	-
4. Date of first earning operating income	2 January 2013	28 November 2014	3 January 2018	1 January 2021	Has not yet started utilising the privileges

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales						
Domestic sales	279,937	260,258	132	790	280,069	261,048
Export sales	18,094,241	15,046,053	5,405,869	3,975,419	23,500,110	19,021,472
Total sales	<u>18,374,178</u>	<u>15,306,311</u>	<u>5,406,001</u>	<u>3,976,209</u>	<u>23,780,179</u>	<u>19,282,520</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales						
Domestic sales	226,433	191,945	132	790	226,565	192,735
Export sales	10,160,598	8,564,877	3,971	10,560	10,164,569	8,575,437
Total sales	<u>10,387,031</u>	<u>8,756,822</u>	<u>4,103</u>	<u>11,350</u>	<u>10,391,134</u>	<u>8,768,172</u>

27. Segments information

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

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

1. The Printed Circuit Board Assembly (PCBA) Segment, which produces and sells Printed Circuit Board Assembly (PCBA).
2. The Integrated Circuit (IC) Segment, which produces and sells Integrated Circuit (IC).

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

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

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Others			
For the year ended 31 December 2021						
Revenue from external customers	13,425	9,343	1,012	23,780	-	23,780
Inter-segment revenue	3,096	739	1,112	4,947	(4,947)	-
Total revenue	<u>16,521</u>	<u>10,082</u>	<u>2,124</u>	<u>28,727</u>	<u>(4,947)</u>	<u>23,780</u>
Segment profit	2,221	1,194	(133)	3,300	5	3,287
Dividend income						2
Other income						355
Selling and distribution expenses						(210)
Administrative expenses						(1,214)
Loss on exchange rate						(274)
Loss on derivatives						(35)
Reversal of impairment loss on financial assets						1
Loss on FVTPL equity instrument						(421)
Finance income						114
Finance cost						(7)
Income tax expenses						(53)
Profit for the year						<u>1,545</u>
Segment total assets						
Additions to property, plant and equipment	825	1,080	1,990	3,895	-	3,895

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Others			
For the year ended 31 December 2020						
Revenue from external customers	11,306	7,290	687	19,283	-	19,283
Inter-segment revenue	2,623	529	663	3,815	(3,815)	-
Total revenue	13,929	7,819	1,350	23,098	(3,815)	19,283
Segment profit	1,849	535	156	2,540	8	2,548
Dividend income						2
Gain on exchange rate						127
Gain on derivatives						8
Other income						388
Selling and distribution expenses						(185)
Administrative expenses						(1,026)
Impairment loss on financial assets						(25)
Finance income						140
Finance cost						(9)
Income tax expenses						(60)
Profit for the year						1,908
Segment total assets						
Additions to property, plant and equipment	277	266	513	1,056	-	1,056

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Revenue from external customers		
United States of America	5,088	4,410
Malaysia	4,763	3,850
Singapore	3,540	3,067
China	2,979	2,268
Taiwan	878	626
Others	6,532	5,062
Total	23,780	19,283

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Non-current assets (other than deferred tax assets)		
Thailand	4,965	4,643
Korea	3,064	1,159
China	1,601	1,061
Cambodia	408	398
United States of America	175	140
Hong Kong	58	55
Others	2	3
Total	<u>10,273</u>	<u>7,459</u>

Major customers

For the year 2021, the Group has revenue from 5 major customers in amount of Baht 10,730 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2020: Baht 8,576 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

28. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 91 million (2020: Baht 88 million) and for the Company amounting to approximately Baht 46 million (2020: Baht 44 million) were recognised as expenses.

29. Dividend paid

During the years 2021 and 2020, the Group had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2021</u>			
Dividends on 2020 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2021	604	0.75
Interim dividends in respect of the income for the period from 1 January 2021 to 30 June 2021	Board of Directors' Meeting on 15 October 2021	805	1.00
Total for the year 2021		<u>1,409</u>	<u>1.75</u>
<u>For the year 2020</u>			
Dividends on 2019 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2020	523	0.65
Interim dividends in respect of the income for the period from 1 January 2020 to 30 June 2020	Board of Directors' Meeting on 9 October 2020	523	0.65
Total for the year 2020		<u>1,046</u>	<u>1.30</u>
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
<u>For the year 2021</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 7 April 2021	480	4.0
Total for the year 2021		<u>480</u>	<u>4.0</u>
<u>For the year 2020</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 7 April 2020	456	3.8
Total for the year 2020		<u>456</u>	<u>3.8</u>

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>Subsidiary companies</u>			
Hana Semiconductor (BKK) Company Limited			
<u>For the year 2020</u>			
Interim dividends in respect of the	Board of Directors' Meeting		
income for period from 1 January 2020	on 29 April 2020		
to 30 April 2020		270	2.7
Total for the year 2020		270	2.7

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2021, the Group had capital commitments relating to acquisitions of machinery totaling USD 11 million, CNY 12 million and Baht 123 million or equivalent to Baht 563 million (2020: USD 9.8 million, CNY 6 million and Baht 29 million or equivalent to totaling Baht 354 million) and the Company only of approximately Baht 123 million (2020: Baht 29 million).

30.2 Commitments under service agreements

The Group has future payments required under the service contracts as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Payable:				
In up to 1 year	67.9	100.8	33.6	35.7
In over 1 year and up to 5 years	10.6	11.6	8.4	1.5

30.3 Marketing supportive service agreement

Since the year 2001, the Company and three subsidiary companies entered into marketing supportive service agreement with an overseas subsidiary company. Under that agreement, the Company and the three subsidiary companies have to pay service fees to that subsidiary company at the rates stipulated in the agreement.

30.4 Sale representative agreements

Since the year 2015, an overseas subsidiary entered into sale representative agreement with an unrelated company with the annual service fees of approximately USD 0.6 million.

30.5 Guarantees

As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 27 million (2020: Baht 27 million) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group to guarantee electricity uses, among others, and the Company of approximately Baht 26 million (2020: Baht 26 million).

31. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2021		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Financial assets at FVTPL			
Overseas marketable equity securities	86,898	-	86,898
Derivatives assets	-	19,165	19,165
Financial assets at FVOCI			
Marketable corporate bonds	1,023,889	-	1,023,889
Quoted bonds	733,208	-	733,208
Local marketable equity securities	97	-	97
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405

(Unit: Thousand Baht)

31 December 2020

Consolidated Financial Statements			
Level 1	Level 2	Total	
Financial assets measured at fair value			
Financial assets at FVTPL			
Overseas marketable equity securities	1,196,726	-	1,196,726
Derivatives assets	-	54,053	54,053
Financial assets at FVOCI			
Marketable corporate bonds	1,059,877	-	1,059,877
Quoted bonds	672,303	-	672,303
Local marketable equity securities	97	-	97
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405

(Unit: Thousand Baht)

31 December 2021

Separate financial statements			
Level 1	Level 2	Total	
Financial assets measured at fair value			
Financial assets at FVOCI			
Local marketable equity securities	97	-	97
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405

(Unit: Thousand Baht)

31 December 2020

Separate financial statements			
Level 1	Level 2	Total	
Financial assets measured at fair value			
Financial assets at FVOCI			
Local marketable equity securities	97	-	97
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405

32. Financial instruments

32.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, investments and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Trade receivables

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

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

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at financial institutions and investments. Most of its financial assets and liabilities bear floating interest rates, or fixed interest rates which are close to the market rate.

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

Consolidated financial statements as at 31 December 2021						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
	(Million Baht)					(% p.a.)
Financial assets						
Cash and cash equivalents	510	-	2,153	641	3,304	0.001 - 0.500
Trade and other receivables	-	-	-	4,553	4,553	-
Other current financial assets	2,051	625	-	19	2,695	0.100 - 7.720
	<u>2,561</u>	<u>625</u>	<u>2,153</u>	<u>5,213</u>	<u>10,552</u>	
Financial liabilities						
Trade and other payables	-	-	-	3,506	3,506	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,506</u>	<u>3,506</u>	
Consolidated financial statements as at 31 December 2020						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
	(Million Baht)					(% p.a.)
Financial assets						
Cash and cash equivalents	1,779	-	3,105	516	5,400	0.001 - 0.900
Trade and other receivables	-	-	-	3,461	3,461	-
Other current financial assets	3,667	546	-	54	4,267	0.300 - 7.720
	<u>5,446</u>	<u>546</u>	<u>3,105</u>	<u>4,031</u>	<u>13,128</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,355	2,355	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,355</u>	<u>2,355</u>	

Separate financial statements as at 31 December 2021

	Fixed			Total	Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	-	228	18	246	0.05 - 0.10
Trade and other receivables	-	-	1,631	1,631	-
	-	228	1,649	1,877	
Financial liabilities					
Trade and other payables	-	-	1,544	1,544	-
	-	-	1,544	1,544	

Separate financial statements as at 31 December 2020

	Fixed			Total	Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	-	633	10	643	0.05 - 0.125
Trade and other receivables	-	-	1,594	1,594	-
	-	633	1,604	2,237	
Financial liabilities					
Trade and other payables	-	-	1,268	1,268	-
	-	-	1,268	1,268	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2021 and 2020 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
Cambodia Riel	1,694	2,370	-	-	0.0082	0.0074
US Dollar	102	98	56	63	33.4199	30.0371
Japan Yen	3	5	20	12	0.2906	0.2907
Hong Kong Dollar	2	2	-	-	4.2886	3.8753
Euro	1	-	1	-	37.8948	36.8764
Indian Rupee	-	40	-	-	0.4476	0.4091
Singapore Dollar	-	2	-	-	24.7357	22.6632

As at 31 December 2021 and 2020, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2021

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	31 January 2022 - 21 March 2022	33.2475 - 33.550

As at 31 December 2020

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	25 January 2021 - 22 June 2021	29.720 - 31.284

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	2021		2020	
	Change in	Effect on profit	Change in	Effect on profit
	FX rate	before tax	FX rate	before tax
	Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
US dollar	+1	15	+1	17
	- 1	(15)	- 1	(17)

Liquidity risk

The Group manages liquidity risk to meet its obligations and maintain cash balances to cover the liquidity needs. The Group has assessed that it has sufficient working capital to settle financial liabilities and concluded the risk to be low.

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

(Unit: Thousand Baht)

	As at 31 December 2021		
	Consolidated financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	3,505,876	-	3,505,876
Lease liabilities	8,031	2,910	10,941
Total non-derivatives	3,513,907	2,910	3,516,817

(Unit: Thousand Baht)

	As at 31 December 2020		
	Consolidated financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	2,354,747	-	2,354,747
Lease liabilities	10,797	7,947	18,744
Total non-derivatives	2,365,544	7,947	2,373,491

	(Unit: Thousand Baht)		
	As at 31 December 2021		
	Separate financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	1,544,125	-	1,544,125
Total non-derivatives	1,544,125	-	1,544,125

	(Unit: Thousand Baht)		
	As at 31 December 2020		
	Separate financial statements		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	1,267,907	-	1,267,907
Total non-derivatives	1,267,907	-	1,267,907

32.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	As at 31 December 2021	As at 31 December 2020
	Fair value	Fair value
	gain	gain
Derivatives		
Forward exchange contracts	19.2	54.1

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For fixed deposits with financial institution carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The subsidiaries have considered the counterparty credit risk when determining the fair value of derivatives

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

33. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 0.21:1 (2020: 0.16:1) and the Company's was 0.20:1 (2020: 0.18:1).

34. Event after the reporting period

On 25 February 2022, the meeting of the Board of Directors of the Company No. 1/2022 passed the resolution approving the final dividend payment for the year 2021 to the Company's shareholders at Baht 1.00 per share. Thus, including the interim dividend of Baht 1.00 per share, the total dividend payment for the year 2021 will be Baht 2.00 per share. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2022.