

Hana Microelectronics Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **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 2019, 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 2019, 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 the Note 4.4 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 the 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: 24 February 2020

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	5,434,979,009	4,081,336,162	577,211,336	237,904,042
Short-term investments	8	3,132,585,955	3,985,333,619	-	-
Trade and other receivables	7, 9	3,340,723,349	3,831,672,196	1,508,440,693	1,523,937,147
Inventories	10	4,518,387,301	5,222,839,582	2,332,078,879	2,459,278,112
Current portion of long-term fixed deposits					
with financial institution	12	450,179,552	480,072,336	-	-
Other current assets		137,873,840	155,141,408	58,722,840	50,433,780
<b>Total current assets</b>		<b>17,014,729,006</b>	<b>17,756,395,303</b>	<b>4,476,453,748</b>	<b>4,271,553,081</b>
<b>Non-current assets</b>					
Investments in subsidiary companies	11	-	-	3,583,449,264	3,583,449,338
Other long-term investments	13	135,790,090	146,121,100	97,000	97,000
Investment property	14	72,303,750	72,303,750	72,303,750	72,303,750
Property, plant and equipment	15	6,901,862,057	7,179,238,446	2,727,807,057	2,637,492,387
Land leasehold rights	16	115,504,445	127,127,511	-	-
Intangible assets	17	160,934,116	51,507,746	30,154,598	34,666,062
Deferred tax assets	24	1,173,780	13,071,409	2,276,247	2,065,930
Other non-current assets		23,885,071	22,547,441	10,000	10,000
<b>Total non-current assets</b>		<b>7,411,453,309</b>	<b>7,611,917,403</b>	<b>6,416,097,916</b>	<b>6,330,084,467</b>
<b>Total assets</b>		<b>24,426,182,315</b>	<b>25,368,312,706</b>	<b>10,892,551,664</b>	<b>10,601,637,548</b>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	18	500,000,000	-	500,000,000	-
Short-term loan from related party	7	-	-	210,000,000	-
Trade and other payables	7, 19	2,252,054,338	3,421,408,524	1,381,316,534	1,332,899,464
Short-term provisions	20	301,540,000	324,498,000	-	-
Income tax payable		22,447,412	37,278,272	6,595,456	2,400,609
Other current liabilities		105,660,618	130,407,869	21,727,972	24,918,884
<b>Total current liabilities</b>		<b>3,181,702,368</b>	<b>3,913,592,665</b>	<b>2,119,639,962</b>	<b>1,360,218,957</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	21	698,864,226	371,589,984	327,677,243	142,704,747
<b>Total non-current liabilities</b>		<b>698,864,226</b>	<b>371,589,984</b>	<b>327,677,243</b>	<b>142,704,747</b>
<b>Total liabilities</b>		<b>3,880,566,594</b>	<b>4,285,182,649</b>	<b>2,447,317,205</b>	<b>1,502,923,704</b>
<b>Shareholders' equity</b>					
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	22	456,462,666	456,462,666	100,000,000	100,000,000
Unappropriated		18,441,803,280	18,237,930,334	5,817,136,617	6,470,616,002
Other components of shareholders' equity		(880,748,067)	(139,360,785)	-	-
<b>Total shareholders' equity</b>		<b>20,545,615,721</b>	<b>21,083,130,057</b>	<b>8,445,234,459</b>	<b>9,098,713,844</b>
<b>Total liabilities and shareholders' equity</b>		<b>24,426,182,315</b>	<b>25,368,312,706</b>	<b>10,892,551,664</b>	<b>10,601,637,548</b>

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

Directors

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales	26, 27	20,384,421,819	22,264,260,113	9,246,883,112	8,970,635,269
Interest income		183,557,023	196,114,572	1,008,285	4,983,551
Dividend income	11	66,375	2,014,305	176,066,360	892,563,000
Gain on exchange		334,338,305	15,125,213	27,873,159	76,455,347
Other income		347,883,131	375,334,838	35,429,412	43,435,115
<b>Total revenues</b>		<b>21,250,266,653</b>	<b>22,852,849,041</b>	<b>9,487,260,328</b>	<b>9,988,072,282</b>
<b>Expenses</b>					
Cost of sales	23	18,070,411,302	19,060,852,408	8,204,337,469	7,720,777,397
Selling and distribution expenses		145,183,198	157,596,459	42,077,230	38,217,959
Administrative expenses		1,108,588,601	1,111,889,106	375,196,877	339,020,090
<b>Total expenses</b>		<b>19,324,183,101</b>	<b>20,330,337,973</b>	<b>8,621,611,576</b>	<b>8,098,015,446</b>
<b>Profit before finance cost and income tax expenses</b>					
Finance cost		(13,234,384)	(6,751,744)	(9,521,264)	(2,193,730)
<b>Profit before income tax expenses</b>		<b>1,912,849,168</b>	<b>2,515,759,324</b>	<b>856,127,488</b>	<b>1,887,863,106</b>
Income tax expenses	24	(108,264,709)	(140,536,726)	(9,820,826)	(6,035,764)
<b>Profit for the year</b>		<b>1,804,584,459</b>	<b>2,375,222,598</b>	<b>846,306,662</b>	<b>1,881,827,342</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>1,804,584,459</u>	<u>2,375,222,598</u>	<u>846,306,662</u>	<u>1,881,827,342</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.24</u>	<u>2.95</u>	<u>1.05</u>	<u>2.34</u>
Number of weighted average ordinary shares (shares)		<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the year</b>		<u>1,804,584,459</u>	<u>2,375,222,598</u>	<u>846,306,662</u>	<u>1,881,827,342</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments	8.2	140,226,245	(145,926,981)	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	24	<u>(881,613,527)</u>	<u>(207,293,463)</u>	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(741,387,282)</u>	<u>(353,220,444)</u>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	21, 24	<u>(272,661,394)</u>	<u>(18,992,426)</u>	<u>(171,735,928)</u>	<u>(7,419,702)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(272,661,394)</u>	<u>(18,992,426)</u>	<u>(171,735,928)</u>	<u>(7,419,702)</u>
<b>Other comprehensive income for the year</b>		<u>(1,014,048,676)</u>	<u>(372,212,870)</u>	<u>(171,735,928)</u>	<u>(7,419,702)</u>
<b>Total comprehensive income for the year</b>		<u><u>790,535,783</u></u>	<u><u>2,003,009,728</u></u>	<u><u>674,570,734</u></u>	<u><u>1,874,407,640</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u><u>790,535,783</u></u>	<u><u>2,003,009,728</u></u>	<u><u>674,570,734</u></u>	<u><u>1,874,407,640</u></u>

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

**Hana Microelectronics Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before tax	1,912,849,168	2,515,759,324	856,127,488	1,887,863,106
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,124,916,350	1,097,447,509	396,275,286	380,613,735
Amortisation expenses	13,218,037	13,181,599	4,828,714	4,679,701
Allowance for doubtful accounts (reversal)	(17,071,058)	10,396,743	-	-
Reduction of inventories to net realisable value (reversal)	8,489,115	42,690,044	(6,948,334)	32,781,543
Write-off obsolete and damaged inventories	(24,939,813)	(15,828,268)	(15,560,919)	(15,828,268)
Dividend income from subsidiary companies	-	-	(175,999,985)	(892,500,000)
Dividend income from other companies	(66,375)	(2,014,305)	(66,375)	(63,000)
Loss (gain) on disposals/write-off equipment and intangible assets	1,477,034	25,536,081	976,308	(6,937,355)
Reduction of allowance for impairment loss on assets	(47,022,123)	(20,875)	(4,936,485)	(20,875)
Provision for vacation	707,725	4,019,058	-	2,112,040
Provision for long-term employee benefits	89,845,003	33,089,806	37,829,082	12,316,616
Gain on sales/redemption of short-term investments	(20,580,472)	(7,304,835)	-	-
Revaluation gain on investments in securities held for trading	(28,812,533)	(12,493,870)	-	-
Unrealised loss (gain) on exchange	(47,777,395)	18,515,850	(28,495,253)	18,961,559
Unrealised gain on forward contracts	(45,838,544)	(50,138,831)	-	-
Interest income from short-term investments	(114,166,796)	(134,156,492)	-	-
Interest paid	6,795,479	-	7,278,767	-
Profit from operating activities before changes in operating assets and liabilities	2,812,022,802	3,538,678,538	1,071,308,294	1,423,978,802

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating assets (increase) decrease				
Trade and other receivables	481,962,970	2,933,095	(19,382,508)	(216,935,389)
Inventories	720,902,979	(1,166,827,701)	149,708,486	(729,319,734)
Other current assets	58,808,752	62,434,855	(11,087,606)	(28,572,931)
Operating liabilities increase (decrease)				
Trade and other payables	(689,159,370)	152,498,034	112,107,256	278,711,922
Other current liabilities	(26,587,538)	28,716,953	(3,190,911)	805,770
Cash from operating activities	3,357,950,595	2,618,433,774	1,299,463,011	728,668,440
Cash paid for long-term employee benefits	(36,190,944)	(7,855,331)	(25,551,704)	(5,202,967)
Cash paid for income tax	(110,394,684)	(130,616,291)	(4,877,107)	(6,351,382)
<b>Net cash from operating activities</b>	<b>3,211,364,967</b>	<b>2,479,962,152</b>	<b>1,269,034,200</b>	<b>717,114,091</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in fixed deposits with financial institutions	29,892,784	(14,681,539)	-	-
Decrease in short-term investments	736,028,095	2,122,148	-	250,000,000
Interest income from short-term investments	108,548,781	169,107,185	-	-
Proceeds from sales/redemption of				
short-term investments	306,338,819	403,998,228	-	-
Decrease in investments in subsidiary companies	-	-	74	-
Dividend income from subsidiary companies	-	-	175,999,985	892,500,000
Dividend income from other company	66,375	2,014,305	66,375	63,000
Acquisitions of property, plant and equipment				
and intangible assets	(1,407,023,401)	(1,908,216,736)	(482,980,248)	(426,827,030)
Proceeds from disposals of equipment	73,693,502	11,696,932	1,121,931	9,375,814
(Increase) decrease in other long-term investments	10,331,010	(80,662,300)	-	-
(Increase) decrease in other non-current assets	(1,337,630)	75,923,564	-	3,413,113
<b>Net cash from (used in) investing activities</b>	<b>(143,461,665)</b>	<b>(1,338,698,213)</b>	<b>(305,791,883)</b>	<b>728,524,897</b>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	500,000,000	-	500,000,000	-
Increase in short-term loan from related party	-	-	210,000,000	-
Interest paid	(5,884,904)	-	(5,884,904)	-
Dividend paid	(1,328,050,119)	(1,609,757,720)	(1,328,050,119)	(1,609,757,720)
<b>Net cash used in financing activities</b>	<b>(833,935,023)</b>	<b>(1,609,757,720)</b>	<b>(623,935,023)</b>	<b>(1,609,757,720)</b>
Increase (decrease) in cash and cash equivalents	2,233,968,279	(468,493,781)	339,307,294	(164,118,732)
Translation adjustment	(880,325,432)	(206,708,227)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,353,642,847</b>	<b>(675,202,008)</b>	<b>339,307,294</b>	<b>(164,118,732)</b>
Cash and cash equivalents at beginning of year	4,081,336,162	4,756,538,170	237,904,042	402,022,774
<b>Cash and cash equivalents at end of year (Note 6)</b>	<b>5,434,979,009</b>	<b>4,081,336,162</b>	<b>577,211,336</b>	<b>237,904,042</b>

**Supplemental cash flow information**

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable

for purchases of plant and equipment

(420,313,686) 350,801,768 1,088,712 (31,740,371)

Revaluation gain (loss) from changes in fair value of

investments

140,226,245 (145,926,981) - -

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

<b>Consolidated financial statements</b>								
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus (deficit)			
					on changes in	Exchange differences	Total other	
					value of	on translation of	components of	Total
					available-for-sale	financial statements	shareholders'	shareholders'
					investments	in foreign currency	equity	equity
Note	Issued and paid up share capital	Share premium	Retained earnings					
			Appropriated - Statutory reserve	Unappropriated				
<b>Balance as at 31 December 2017</b>	804,878,860	1,723,218,982	443,691,136	17,504,229,412	214,568,508	(708,849)	213,859,659	20,689,878,049
Profit for the year	-	-	-	2,375,222,598	-	-	-	2,375,222,598
Other comprehensive income for the year	-	-	-	(18,992,426)	(145,926,981)	(207,293,463)	(353,220,444)	(372,212,870)
Total comprehensive income for the year	-	-	-	2,356,230,172	(145,926,981)	(207,293,463)	(353,220,444)	2,003,009,728
Dividend paid	-	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve	-	-	12,771,530	(12,771,530)	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>804,878,860</b>	<b>1,723,218,982</b>	<b>456,462,666</b>	<b>18,237,930,334</b>	<b>68,641,527</b>	<b>(208,002,312)</b>	<b>(139,360,785)</b>	<b>21,083,130,057</b>
<b>Balance as at 31 December 2018</b>	804,878,860	1,723,218,982	456,462,666	18,237,930,334	68,641,527	(208,002,312)	(139,360,785)	21,083,130,057
Profit for the year	-	-	-	1,804,584,459	-	-	-	1,804,584,459
Other comprehensive income for the year	-	-	-	(272,661,394)	140,226,245	(881,613,527)	(741,387,282)	(1,014,048,676)
Total comprehensive income for the year	-	-	-	1,531,923,065	140,226,245	(881,613,527)	(741,387,282)	790,535,783
Dividend paid	-	-	-	(1,328,050,119)	-	-	-	(1,328,050,119)
<b>Balance as at 31 December 2019</b>	<b>804,878,860</b>	<b>1,723,218,982</b>	<b>456,462,666</b>	<b>18,441,803,280</b>	<b>208,867,772</b>	<b>(1,089,615,839)</b>	<b>(880,748,067)</b>	<b>20,545,615,721</b>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated Statutory reserve	Unappropriated	
Note					
<b>Balance as at 31 December 2017</b>	804,878,860	1,723,218,982	100,000,000	6,205,966,082	8,834,063,924
Profit for the year	-	-	-	1,881,827,342	1,881,827,342
Other comprehensive income for the year	-	-	-	(7,419,702)	(7,419,702)
Total comprehensive income for the year	-	-	-	1,874,407,640	1,874,407,640
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
<b>Balance as at 31 December 2018</b>	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>6,470,616,002</u>	<u>9,098,713,844</u>
<b>Balance as at 31 December 2018</b>	804,878,860	1,723,218,982	100,000,000	6,470,616,002	9,098,713,844
Profit for the year	-	-	-	846,306,662	846,306,662
Other comprehensive income for the year	-	-	-	(171,735,928)	(171,735,928)
Total comprehensive income for the year	-	-	-	674,570,734	674,570,734
Dividend paid	-	-	-	(1,328,050,119)	(1,328,050,119)
<b>Balance as at 31 December 2019</b>	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>5,817,136,617</u>	<u>8,445,234,459</u>

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 2019**

#### **1. General information**

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.

#### **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 dated 11 October 2016, 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”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<b><u>Held by the Company</u></b>				
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 Technologies Group Limited	Holding company	Cayman Islands	-	100
Hana Microelectronics (Cambodia) Company Limited	Manufacture and trading of electronic components	Cambodia	100	100
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	58	58
<b><u>Held through the subsidiary companies</u></b>				
Hana Semiconductor International Limited	Trading of electronic components	British Virgin Islands	100	100
Hana Semiconductor Holdings Limited	Holding company	British Virgin Islands	-	100
Hana Technologies Investments Limited	Holding company	Cayman Islands	-	100
Hana Technologies, Inc.	Manufacture and trading of electronic components	USA	100	100
Hana Microelectronics, Inc.	Agent and customer services	USA	100	100
Hana Microelectronics Enterprises Company Limited	Holding company	British Virgin Islands	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
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	42	42
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**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements. However, the new standard involves changes to key principles, which are summarised below.

## **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

## **Financial reporting standards related to financial instruments**

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

### Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

### Accounting Standard:

TAS 32	Financial Instruments: Presentation
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### Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

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

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue 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 recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

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

### **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 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **4.4 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.

### **4.5 Investments**

- a) Investments in securities held for trading of a subsidiary are stated at fair value. Changes in fair value of these securities are recorded in the income statement.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in the income statement when securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the subsidiary classifies as other investments, are stated at cost net of allowance for impairment loss.
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchanges in which the securities are issued. The fair value of debt instruments is determined based on quoted market price in the debt instruments markets.

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

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment which is reclassified.

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

#### **4.6 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.

#### **4.7 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.

#### **4.8 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 a systematic 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.

#### **4.9 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 assets**

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

An impairment loss is recognised in 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 Company and its subsidiaries estimate 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 Company, the subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed to by the employees, the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company's and the subsidiaries' contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company'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 Company and the subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **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 Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise 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 Company and its subsidiaries review and reduce 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.15 Derivatives**

The Company and its subsidiaries have 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.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure 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 Company and its subsidiaries determine 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 2019 and 2018 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	1,260	2,306	258	246
Bank deposits	4,111,374	2,114,985	576,953	237,658
Fixed deposits with maturity not over 3 months	1,322,345	1,964,045	-	-
Total cash and cash equivalents	<u>5,434,979</u>	<u>4,081,336</u>	<u>577,211</u>	<u>237,904</u>

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 2.250 percent per annum (2018: 0.001 and 3.500 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		Transfer pricing policy
	financial statements		
	<u>2019</u>	<u>2018</u>	
<b><u>Transactions with subsidiary companies</u></b>			
(eliminated from the consolidated financial statements)			
Sales of goods	153	146	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	176	892	Declared rate
Purchase of materials	423	259	Cost plus mark up
Service fee expenses	8	9	Rates stipulated in the agreement
Purchase of assets	27	-	Cost plus mark up

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Trade receivables (Note 9)</b>				
<b>Trade receivables - related parties</b>				
Subsidiary companies	-	-	21,259	23,706
<b>Total trade receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>21,259</b>	<b>23,706</b>
<b>Trade and other payables (Note 19)</b>				
<b>Trade payables - related parties</b>				
Subsidiary companies	-	-	709,103	329,110
<b>Total trade payables - related parties</b>	<b>-</b>	<b>-</b>	<b>709,103</b>	<b>329,110</b>
<b>Other payables - related parties</b>				
Subsidiary companies	-	-	483	-
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>483</b>	<b>-</b>
<b>Total trade and other payables</b>	<b>-</b>	<b>-</b>	<b>709,586</b>	<b>329,110</b>

Movements of short-term loan from related party during the year were as follows:

(Unit: Thousand Baht)

	Balance as at	During the year		Balance as at
	31 December			31 December
	2018	Increase	Decrease	2019
<b>Short-term loan from related party</b>				
Hana Semiconductor (BKK) Company Limited	-	210,000	-	210,000
<b>Total short-term loan from related party</b>	<b>-</b>	<b>210,000</b>	<b>-</b>	<b>210,000</b>

#### **Short-term loan from related party**

As at 31 December 2019, the Company had short-term loan from the subsidiary amounting to Baht 210 million, which is due in May 2020, bearing interest at a rate of 1.50 percent per annum.

#### **Directors and management's benefits**

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	98.0	98.3	16.1	14.8
Post-employment benefits	1.6	1.6	0.7	0.7
Total	<b>99.6</b>	<b>99.9</b>	<b>16.8</b>	<b>15.5</b>

## 8. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Securities held for trading (Note 8.1)</b>				
Overseas marketable equity securities	1,115,698	1,170,769	973,495	999,753
Total	1,115,698	1,170,769	973,495	999,753
Add: Gain on changes in fair value of investments	55,071		26,258	
Investments in securities held for trading	1,170,769		999,753	
<b>Available-for-sale securities (Note 8.2)</b>				
Overseas marketable corporate bonds	861,671	1,010,220	1,123,441	1,198,459
Overseas quoted bonds	690,026	750,345	678,792	672,416
Total	1,551,697	1,760,565	1,802,233	1,870,875
Add: Gain on changes in fair value of investments	208,868		68,642	
Investments in available-for-sale securities	1,760,565		1,870,875	
<b>Fixed deposits with financial institutions</b>				
Fixed deposits within 1 year	201,252	201,252	1,114,706	1,114,706
Fixed deposits with financial institutions	201,252	201,252	1,114,706	1,114,706
<b>Total short-term investments</b>	<b>3,132,586</b>	<b>3,132,586</b>	<b>3,985,334</b>	<b>3,985,334</b>

As at 31 December 2019, fixed deposits with financial institutions carried interest between 1.65 and 2.10 percent per annum (2018: 1.82 and 3.05 percent per annum).

## 8.1 Securities held for trading

Movements of investments in securities held for trading for the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

As at 31 December 2019							
Consolidated financial statements							
	Cost as at	Proceeds from			Cost as at	Revaluation	Fair value
	31 December	sales of	Gain on sales	Translation	31 December	gain	as at
	2018	investments	of investments	adjustment	2019		31 December
		Purchase					2019
Overseas marketable equity securities							
Mutual funds	97,350	-	(99,630)	2,566	(286)	-	-
Investment trusts	64,900	-	-	-	(4,592)	13,014	73,322
Supply chain finance funds	811,245	10,000	-	-	234,145	42,057	1,097,447
Total investments in securities held for trading	973,495	10,000	(99,630)	2,566	229,267	55,071	1,170,769

(Unit: Thousand Baht)

As at 31 December 2018

## Consolidated financial statements

	Cost as at		Proceeds from			Cost as at		Fair value
	31 December		sales of	Loss on sales	Translation	31 December	Revaluation	as at
	2017	Purchase	investments	of investments	adjustment	2018	gain	31 December
								2018
Overseas marketable equity securities								
Mutual funds	98,043	-	-	-	(693)	97,350	6,987	104,337
Investment trusts	65,362	-	-	-	(462)	64,900	8,810	73,710
Supply chain finance funds	-	820,563	-	-	(9,318)	811,245	10,461	821,706
Total	163,405	820,563	-	-	(10,473)	973,495	26,258	999,753
Unsecured subordinated notes	24,162	-	(23,380)	(260)	(522)	-	-	-
Total investments in securities held for trading	187,567	820,563	(23,380)	(260)	(10,995)	973,495	26,258	999,753

As at 31 December 2019, the subsidiary assessed the fair value of the above securities held for trading by referring to the value quoted by the banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 1.83 million or equivalent to approximately Baht 55.07 million (2018: surplus of USD 0.8 million or equivalent to approximately Baht 26.26 million). The gain on change in the fair value of approximately Baht 28.81 million (2018: Baht 12.49 million) was recognised in the income statements.

## 8.2 Available-for-sale securities

Movements of investments in available-for-sale securities for the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2019							
	Consolidated financial statements							
	Cost as at	Proceeds from			Cost as at	Fair value		
	31 December	sales/	Gain on sales/	Translation	31 December	Revaluation	31 December	
2018	Purchase	redemption of	redemption of	adjustment	2019	gain (loss)	2019	
		investments	investments					
Overseas marketable corporate bonds	1,123,441	61,222	(203,818)	18,014	(137,188)	861,671	148,549	1,010,220
Overseas quoted bonds	678,792	38,191	(2,891)	-	(24,066)	690,026	60,319	750,345
Total investments in available-for-sale securities	1,802,233	99,413	(206,709)	18,014	(161,254)	1,551,697	208,868	1,760,565

(Unit: Thousand Baht)

As at 31 December 2018

Consolidated financial statements								
	Cost as at		Proceeds from			Cost as at		Fair value
	31 December	Purchase	sales/ redemption of	Gain on sales/ redemption of	Translation	31 December	Revaluation	as at
	2017		investments	investments	adjustment	2018	gain (loss)	31 December
								2018
Overseas marketable corporate bonds	1,263,322	94,040	(215,053)	(325)	(18,543)	1,123,441	75,018	1,198,459
Local quoted bonds	32,683	-	(32,891)	66	142	-	-	-
Overseas quoted bonds	783,357	30,264	(132,674)	7,268	(9,423)	678,792	(6,376)	672,416
Total investments in available-for-sale securities	2,079,362	124,304	(380,618)	7,009	(27,824)	1,802,233	68,642	1,870,875

As at 31 December 2019, the subsidiary assessed the fair value of the bonds by referring to the values quoted by the five overseas banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 6.93 million or equivalent to approximately Baht 208.87 million (2018: surplus of USD 2.12 million or equivalent to approximately Baht 68.64 million). The gain on change in the fair value of approximately Baht 140.23 million (2018: loss of approximately Baht 145.93 million) was recognised in other comprehensive income in the statements of comprehensive income.

## 9. Trade and other receivables

Age of receivable	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Trade receivables - subsidiary companies</b>				
Not yet due	-	-	535	6,681
Past due				
Up to 3 months	-	-	14,301	14,911
3 - 6 months	-	-	885	2,075
6 - 12 months	-	-	3,412	-
Over 12 months	-	-	2,126	39
Total trade receivables - subsidiary companies (Note 7)	-	-	21,259	23,706
<b>Trade receivables - unrelated parties</b>				
Not yet due	2,560,541	2,869,463	1,132,621	979,957
Past due				
Up to 3 months	651,968	799,019	337,359	477,417
3 - 6 months	9,054	34,940	4,685	22,995
6 - 12 months	3,579	7,737	2,195	3,103
Over 12 months	3,626	1,480	1,490	94
Total trade receivables - unrelated parties	3,228,768	3,712,639	1,478,350	1,483,566
Less: Allowance for doubtful accounts	(4,485)	(21,556)	-	-
Total trade receivables - unrelated parties - net	3,224,283	3,691,083	1,478,350	1,483,566
Total trade receivables - net	3,224,283	3,691,083	1,499,609	1,507,272
Input tax receivables	43,740	52,878	3,826	6,344
Other receivables - unrelated parties	72,700	87,711	5,006	10,321
Total other receivables	116,440	140,589	8,832	16,665
Trade and other receivables - net	<u>3,340,723</u>	<u>3,831,672</u>	<u>1,508,441</u>	<u>1,523,937</u>

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	667,383	693,925	(12,839)	(40,930)	654,544	652,995
Work in process	593,193	747,397	-	(14,576)	593,193	732,821
Raw materials	3,317,790	3,882,045	(142,127)	(115,911)	3,175,663	3,766,134
Goods in transit	94,987	70,890	-	-	94,987	70,890
<b>Total</b>	<b>4,673,353</b>	<b>5,394,257</b>	<b>(154,966)</b>	<b>(171,417)</b>	<b>4,518,387</b>	<b>5,222,840</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	432,631	443,181	(4,785)	(26,549)	427,846	416,632
Work in process	259,717	321,337	-	-	259,717	321,337
Raw materials	1,694,036	1,737,657	(61,739)	(62,484)	1,632,297	1,675,173
Goods in transit	12,219	46,136	-	-	12,219	46,136
<b>Total</b>	<b>2,398,603</b>	<b>2,548,311</b>	<b>(66,524)</b>	<b>(89,033)</b>	<b>2,332,079</b>	<b>2,459,278</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at the beginning of the year	(171,417)	(144,555)	(89,033)	(72,079)
Add: Increase during the year	(102,231)	(59,884)	(41,891)	(46,769)
Less: Write off obsolete and damaged inventories during the year	24,940	15,828	15,561	15,828
Less: Reversal during the year	92,180	16,592	48,839	13,987
Add: Translation adjustment	1,562	602	-	-
<b>Balance at the ending of the year</b>	<b>(154,966)</b>	<b>(171,417)</b>	<b>(66,524)</b>	<b>(89,033)</b>

## 11. Investments in subsidiary companies

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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			Percent	Percent				
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	112,000	630,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	64,000	262,500
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	-	-	-	-
Hana Technologies Group Limited	-	-	-	100	-	-	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,583,449</u>	<u>176,000</u>	<u>892,500</u>

During the year, Hana Technologies Group Limited, a subsidiary company, and Hana Technologies Investments Limited, a subsidiary company of Hana Technologies Group Limited, registered for dissolution of their business. There was no gain/loss on investments in these subsidiary companies.

During the year, Hana Semiconductor Holdings Limited, a subsidiary company of Hana Microelectronics International Company Limited, registered for dissolution of its business. There was no gain/loss on investments in this subsidiary company.

In June 2019, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary company, additionally invested in 5,910,000 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 2.5 million or equivalent to Baht 76.86 million. In September 2019, it additionally invested in 5,922,600 ordinary shares, amounting to USD 2.5 million or equivalent to Baht 76.48 million. In December 2019, It additionally invested in 5,781,500 ordinary shares, amounting to USD 2.5 million or equivalent to Baht 75.39 million.

As at 31 December 2019, the overseas subsidiary company has invested in 24,158,257 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 10.49 million or equivalent to Baht 326.30 million, representing 100% of the issued and paid-up share capital of that company.

## 12. Long-term fixed deposits with financial institution

As at 31 December 2019, an overseas subsidiary had long-term fixed deposits with financial institution of China Yuan 104.3 million or equivalent to Baht 450.2 million, which are portion due within one year between January to April 2020, carrying interest between 2.25 and 2.33 percent per annum (2018: China Yuan 101.6 million or equivalent to Baht 480.1 million, which are portion due within one year by March and April 2019, carrying interest between 2.10 and 2.24 percent per annum).

## 13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Cost/Amortised cost		Cost/Amortised cost	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Other long-term investments</u></b>				
<b>Available-for-sale securities</b>				
Local marketable equity securities	97	97	97	97
	97	97	97	97
<b>Held-to-maturity debt securities</b>				
Overseas debt securities	60,308	64,900	-	-
	60,308	64,900	-	-
<b>Other investments</b>				
Preferred shares issued by an overseas company	78,080	78,080	-	-
Overseas equity securities	9,046	9,735	-	-
Total	87,126	87,815	-	-
Less: Allowance for impairment loss	(9,046)	(9,735)	-	-
Translation adjustment	(2,695)	3,044	-	-
	75,385	81,124	-	-
<b>Total other long-term investments - net</b>	<b>135,790</b>	<b>146,121</b>	<b>97</b>	<b>97</b>

During the third quarter of 2017, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in a 3-year fund linked capital return note issued by an overseas bank amounting to USD 2 million or equivalent to Baht 64.90 million, with maturity date on 14 July 2020. The parties mutually agreed that the subsidiary will receive the principal amount of USD 2 million at the maturity date and gain from rise of fund price, between the reference price at initial valuation date and the final closing index of the fund upon maturity date at the agreed rate in a case that the closing index of the fund upon maturity date is higher than the initial reference price. This investment is classified as investment in held-to-maturity debt securities.

During the first quarter of 2018, Hana Microelectronics Investment Company Limited, an overseas subsidiary company, has invested in 1,250,000 preferred shares of MAPS, Inc., a company incorporated in South Korea and principally engaged in semiconductor business, amounting to USD 2.5 million or equivalent to Baht 78.08 million, representing 8.7% of issued and paid-up capital of that company.

#### 14. Investment property

The net book value of investment property, representing land, as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost	72,304	72,304	72,304	72,304
Net book value	72,304	72,304	72,304	72,304

As at 31 December 2019, the fair value of the investment property based on market price amounted to approximately Baht 96 million (2018: Baht 96 million).

## 15. Property, plant and equipment

(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
<b>Cost</b>									
As at 1 January 2018	356,248	3,574,337	116,863	917,920	12,980,858	614,900	53,911	274,216	18,889,253
Additions	-	65,839	14,262	16,865	1,515,514	30,963	8,223	680,967	2,332,633
Disposals	-	(7,975)	(1,451)	(3,742)	(341,049)	(10,244)	(1,450)	-	(365,911)
Transfer in (out)	-	50,927	-	61,638	435,874	32,789	-	(581,228)	-
Translation adjustment	-	(41,592)	(5,369)	-	(150,928)	(3,337)	(719)	(2,803)	(204,748)
As at 31 December 2018	356,248	3,641,536	124,305	992,681	14,440,269	665,071	59,965	371,152	20,651,227
Additions	-	18,455	767	32,433	204,356	29,054	2,222	789,720	1,077,007
Disposals	-	-	-	(2,445)	(348,004)	(6,321)	(3,814)	(2,640)	(363,224)
Transfer in (out)	-	193,139	-	38,619	295,196	15,068	-	(542,022)	-
Translation adjustment	-	(85,697)	(10,227)	(53)	(245,737)	(5,928)	(1,143)	(19,025)	(367,810)
As at 31 December 2019	356,248	3,767,433	114,845	1,061,235	14,346,080	696,944	57,230	597,185	20,997,200
<b>Accumulated depreciation</b>									
As at 1 January 2018	-	1,565,607	82,536	684,832	9,848,748	534,952	32,138	-	12,748,813
Depreciation for the year	-	161,303	14,553	49,793	822,366	42,198	7,235	-	1,097,448
Accumulated depreciation for disposed assets	-	(4,386)	(1,451)	(2,868)	(302,524)	(9,553)	(1,450)	-	(322,232)
Translation adjustment	-	(21,029)	(3,563)	-	(98,538)	(2,634)	(495)	-	(126,259)
As at 31 December 2018	-	1,701,495	92,075	731,757	10,270,052	564,963	37,428	-	13,397,770
Depreciation for the year	-	164,180	9,347	55,088	843,306	44,993	8,002	-	1,124,916
Accumulated depreciation for disposed assets	-	-	-	(1,710)	(230,148)	(5,545)	(3,629)	-	(241,032)
Translation adjustment	-	(36,635)	(7,814)	(1)	(161,287)	(4,800)	(818)	-	(211,355)
As at 31 December 2019	-	1,829,040	93,608	785,134	10,721,923	599,611	40,983	-	14,070,299
<b>Allowance for impairment loss</b>									
As at 1 January 2018	-	-	-	763	73,788	17	-	-	74,568
Decrease during the year	-	-	-	-	(21)	-	-	-	(21)
Translation adjustment	-	-	-	-	(328)	-	-	-	(328)
As at 31 December 2018	-	-	-	763	73,439	17	-	-	74,219
Decrease during the year	-	-	-	(613)	(46,409)	-	-	-	(47,022)
Translation adjustment	-	-	-	-	(2,158)	-	-	-	(2,158)
As at 31 December 2019	-	-	-	150	24,872	17	-	-	25,039
<b>Net book value</b>									
As at 31 December 2018	356,248	1,940,041	32,230	260,161	4,096,778	100,091	22,537	371,152	7,179,238
As at 31 December 2019	356,248	1,938,393	21,237	275,951	3,599,285	97,316	16,247	597,185	6,901,862
<b>Depreciation for the year</b>									
2018 (Baht 898 million included in manufacturing cost, and the balance in administrative expenses)									1,097,448
2019 (Baht 896 million included in manufacturing cost, and the balance in administrative expenses)									1,124,916

(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
<b>Cost</b>								
As at 1 January 2018	249,865	1,818,914	410,548	3,248,929	201,122	18,070	146,529	6,093,977
Additions	-	53	15,726	28,748	10,151	-	333,303	387,981
Disposals	-	-	-	(95,741)	(1,827)	-	-	(97,568)
Transfer in (out)	-	-	3,211	266,196	10,315	-	(279,722)	-
As at 31 December 2018	249,865	1,818,967	429,485	3,448,132	219,761	18,070	200,110	6,384,390
Additions	-	11,418	25,632	66,549	18,349	1,237	365,503	488,688
Disposals	-	-	(2,445)	(59,654)	(1,542)	(1,432)	-	(65,073)
Transfer in (out)	-	184,439	20,459	228,974	10,190	-	(444,062)	-
As at 31 December 2019	249,865	2,014,824	473,131	3,684,001	246,758	17,875	121,551	6,808,005
<b>Accumulated depreciation</b>								
As at 1 January 2018	-	710,469	232,141	2,331,419	169,973	12,454	-	3,456,456
Depreciation for the year	-	85,833	30,130	246,764	16,067	1,820	-	380,614
Accumulated depreciation for disposed assets	-	-	-	(93,334)	(1,775)	-	-	(95,109)
As at 31 December 2018	-	796,302	262,271	2,484,849	184,265	14,274	-	3,741,961
Depreciation for the year	-	92,235	32,183	253,242	16,712	1,903	-	396,275
Accumulated depreciation for disposed assets	-	-	(1,710)	(53,723)	(1,173)	(1,432)	-	(58,038)
As at 31 December 2019	-	888,537	292,744	2,684,368	199,804	14,745	-	4,080,198
<b>Allowance for impairment loss</b>								
As at 1 January 2018	-	-	613	4,345	-	-	-	4,958
Decrease during the year	-	-	-	(21)	-	-	-	(21)
As at 31 December 2018	-	-	613	4,324	-	-	-	4,937
Decrease during the year	-	-	(613)	(4,324)	-	-	-	(4,937)
As at 31 December 2019	-	-	-	-	-	-	-	-
<b>Net book value</b>								
As at 31 December 2018	249,865	1,022,665	166,601	958,959	35,496	3,796	200,110	2,637,492
As at 31 December 2019	249,865	1,126,287	180,387	999,633	46,954	3,130	121,551	2,727,807
<b>Depreciation for the year</b>								
2018 (Baht 246 million included in manufacturing cost, and the balance in administrative expenses)								380,614
2019 (Baht 253 million included in manufacturing cost, and the balance in administrative expenses)								396,275

As at 31 December 2019, 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 10,512 million (2018: Baht 10,064 million) and for the Company amounted to approximately Baht 2,255 million (2018: Baht 2,080 million).

#### 16. Land leasehold rights

During the year 2013, an overseas subsidiary entered into land leasehold agreements for building of factory and dormitory for its employees for the period of 50 years.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Cost	153,418	153,418
Less: Accumulated amortisation	(17,509)	(14,809)
Translation adjustment	(20,405)	(11,481)
Net book value	115,504	127,128
Amortisation for the year	2,700	2,818

## 17. Intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
As at 1 January 2018	102,553	45,275
Additions	12,575	7,126
Translation adjustment	(1,647)	-
As at 31 December 2018	113,481	52,401
Additions	120,807	317
Translation adjustment	(2,500)	-
As at 31 December 2019	231,788	52,718
<b>Accumulated amortisation</b>		
As at 1 January 2018	52,611	13,055
Amortisation for the year	10,364	4,680
Translation adjustment	(1,002)	-
As at 31 December 2018	61,973	17,735
Amortisation for the year	10,518	4,828
Translation adjustment	(1,637)	-
As at 31 December 2019	70,854	22,563
<b>Net book value</b>		
As at 31 December 2018	51,508	34,666
As at 31 December 2019	160,934	30,155
<b>Amortisation for the year</b>		
2018	10,364	4,680
2019	10,518	4,828

## 18. Short-term loans from financial institutions

As at 31 December 2019, the Company had short-term loans in form of unsecured promissory notes of Baht 500 million, carrying interests between 1.90 and 2.00 percent per annum.

Movements in short-term loans from financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2018</b>	-	-
Add: Increase during the period	1,570,000	1,570,000
Less: Repayment during the period	(1,070,000)	(1,070,000)
<b>Balance as at 31 December 2019</b>	<u>500,000</u>	<u>500,000</u>

## 19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - subsidiary companies (Note 7)	-	-	709,103	329,110
Trade payables - unrelated parties	1,703,256	2,466,170	597,884	928,615
Other payables - subsidiary companies (Note 7)	-	-	483	-
Advance received from customers	177,899	159,149	17,236	16,165
Other payables for purchase of machinery	75,965	496,279	28,919	27,831
Accrued expenses	294,934	299,811	27,692	31,178
Total trade and other payables	<u>2,252,054</u>	<u>3,421,409</u>	<u>1,381,317</u>	<u>1,332,899</u>

## 20. Short-term provisions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Provision for product warranty	Total
As at 1 January 2018	326,809	326,809
Translation adjustment	(2,311)	(2,311)
As at 31 December 2018	324,498	324,498
Translation adjustment	(22,958)	(22,958)
As at 31 December 2019	<u>301,540</u>	<u>301,540</u>

## 21. 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	371,590	327,302	142,705	128,110
Included in profit or loss:				
Current service cost	48,905	24,203	22,963	8,991
Interest cost	9,474	8,887	3,272	3,326
Past service cost	31,466	-	11,594	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	148,770	(260,319)	105,290	(266,632)
Financial assumptions changes	59,833	(40,143)	26,178	(42,578)
Experience adjustments	65,017	319,515	41,227	316,691
Benefits paid during the year	(36,191)	(7,855)	(25,552)	(5,203)
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>698,864</u>	<u>371,590</u>	<u>327,677</u>	<u>142,705</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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of sales	15,905	5,430	8,529	2,765
Selling and administrative expenses	73,940	27,660	29,300	9,552
Total expenses recognised in the income statements	<u>89,845</u>	<u>33,090</u>	<u>37,829</u>	<u>12,317</u>

The Company and its subsidiary expect to pay Baht 43.6 million of long-term employee benefits during the next year (the Company only: Baht 27.3 million) (2018: Baht 27.1 million, the Company only: Baht 19.8 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 14 years (the Company only: 15 years) (2018: 13 years, the Company only: 14 years).

Significant actuarial assumptions are summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.7	2.8	1.7	2.8
Future salary increase rate (depending on age)	5.0	5.0	5.0	5.0
Staff turnover rate	7.2 - 38.4	8.3 - 40.1	7.2 - 25.4	8.3 - 28.6

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

31 December 2019

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(89)	108	(44)	55
Salary increase rate	63	(115)	12	(72)
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Turnover rate	(126)	173	(81)	117

(Unit: Million Baht)

31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(43)	52	(17)	21
Salary increase rate	51	(43)	20	(17)
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Turnover rate	(99)	157	(61)	110

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional long-term employee benefit liabilities of Baht 66.4 million (the Company only: Baht 25.8 million) as a result.

In addition, during the second quarter of 2019, the Company and its subsidiary made amendment to their post-employment benefit plan, resulting in a decrease in long-term employee benefit liabilities of the Company and its subsidiary of Baht 34.9 million (the Company only: Baht 14.2 million).

As a result of the above change in the law and the post-employment benefits plan amendment, the Company and its subsidiary have net additional long-term employee benefit liabilities of Baht 31.5 million (the Company only: Baht 11.6 million). The Company and its subsidiary reflected the effect of the changes by recognising past service costs as expenses in the income statements for the current year.

## 22. 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.

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Raw materials and consumables used	12,848,600	13,927,293	6,231,878	6,035,149
Changes in inventories of finished goods and work in process	138,079	(208,488)	50,406	(143,585)
Salaries and wages and other employee benefits	3,668,562	3,884,540	1,346,568	1,294,152
Management benefit expenses	99,570	99,866	16,825	15,501
Depreciation and amortisation expenses	1,138,134	1,110,630	401,103	385,294

## 24. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	98,447	129,547	9,502	6,776
Adjustment in respect of income tax of previous year	(1,750)	(2,125)	(430)	(127)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	11,568	13,115	749	(613)
<b>Income tax expense reported in the income statements</b>	<b>108,265</b>	<b>140,537</b>	<b>9,821</b>	<b>6,036</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial loss	(959)	(61)	(959)	(61)
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	1,288	585	-	-
	<b>329</b>	<b>524</b>	<b>(959)</b>	<b>(61)</b>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	1,912,849	2,515,759	856,127	1,887,863
Applicable tax rate	0 - 30%	0 - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	259,886	463,495	171,225	377,573
Adjustment in respect of income tax of previous year	(1,750)	(2,125)	(430)	(127)
Effects of:				
Promotional privileges (Note 26)	(159,132)	(339,289)	(127,786)	(195,147)
Dividend income not subject to tax	(13)	(13)	(35,213)	(178,513)
Income not subject to tax	(828)	(2,730)	-	-
Unused temporary differences and tax losses	5,885	25,915	-	-
Non-deductible expenses	1,073	979	13	529
Additional expense deductions allowed	(8,081)	(1,796)	(512)	(869)
Others	11,225	(3,899)	2,524	2,590
Total	(149,871)	(320,833)	(160,974)	(371,410)
Income tax expenses reported in the income statements	108,265	140,537	9,821	6,036

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	-	2,116	-	-
Allowance for diminution in value of inventories	1,319	4,983	370	729
Allowance for assets impairment	-	2,509	-	40
Provision for long-term employee benefits	1,820	1,169	1,820	1,169
Provision for vacation	352	368	86	128
Accrued expenses	16,060	17,615	-	-
Total	<u>19,551</u>	<u>28,760</u>	<u>2,276</u>	<u>2,066</u>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - plant and equipment	<u>(18,377)</u>	<u>(15,689)</u>	-	-
Total	<u>(18,377)</u>	<u>(15,689)</u>	-	-
<b>Deferred tax assets - net</b>	<u>1,174</u>	<u>13,071</u>	<u>2,276</u>	<u>2,066</u>

As at 31 December 2019, the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 291 million (2018: Baht 253 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 2024.

## 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 Company and its subsidiaries have 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							
	1328(2)/2548	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
1. Certificate No.								
2. Promotional privileges for	Production of PCBA, RFID, TAG reader	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
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 (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)
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	5 years	-
3.3 Exemption from import duty on machinery as approved by the Board.	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	10 years	-
4. Date of first earning operating income	24 March 2006	3 December 2007	2 December 2009	26 February 2016	3 January 2014	3 April 2015	Had not yet started utilising the privileges	1 January 2018

	<b>Subsidiary</b>						
Particulars	Hana Semiconductor (Ayutthaya) Company Limited						
1. Certificate No.	1034(2)/2552	1458(1)/2553	2371(1)/2553	2687(1)/2556	59-1374-1-00-1-0	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 Integrated Circuit (IC)	Production of Semiconductor	Production of Integrated Circuit (IC)	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 9 May 2018)	8 years (Until 27 November 2022)	8 years (Until 2 January 2026)	6 years	6 years	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	5 years	-	-	-
3.3 Exemption from import duty on machinery as approved by the Board.	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	-	-	-
4. Date of first earning operating income	2 January 2013	10 May 2010	28 November 2014	3 January 2018	Has not yet started utilising the privileges	Has not yet started utilising the privileges	Has not yet started utilising the privileges

The Company's and its subsidiaries' operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Sales</b>						
Domestic sales	245,726	224,913	692	1,280	246,418	226,193
Export sales	<u>15,645,108</u>	<u>16,187,853</u>	<u>4,492,896</u>	<u>5,850,214</u>	<u>20,138,004</u>	<u>22,038,067</u>
Total sales	<u>15,890,834</u>	<u>16,412,766</u>	<u>4,493,588</u>	<u>5,851,494</u>	<u>20,384,422</u>	<u>22,264,260</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Sales</b>						
Domestic sales	128,327	54,143	692	1,694	129,019	55,837
Export sales	<u>9,907,166</u>	<u>8,913,525</u>	<u>20,698</u>	<u>1,273</u>	<u>9,117,864</u>	<u>8,914,798</u>
Total sales	<u>9,225,493</u>	<u>8,967,668</u>	<u>21,390</u>	<u>2,967</u>	<u>9,246,883</u>	<u>8,970,635</u>

## 27. Operating segments

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 Company and its subsidiaries are 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 Company's and its subsidiaries' operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Other			
<b>Year ended 31 December 2019</b>						
Revenue from external customers	11,965	7,581	838	20,384	-	20,384
Inter-segment revenue	3,030	715	981	4,726	(4,726)	-
<b>Total revenue</b>	<b>14,995</b>	<b>8,296</b>	<b>1,819</b>	<b>25,110</b>	<b>(4,726)</b>	<b>20,384</b>
<b>Segment profit</b>	1,515	516	279	2,310	4	2,314
Interest income						184
Other income						348
Gain on exchange						334
Selling and distribution expenses						(145)
Administrative expenses						(1,109)
Finance cost						(13)
Income tax expenses						(108)
<b>Profit for the year</b>						<b>1,805</b>
<b>Segment total assets</b>						
Additions to property, plant and equipment	552	171	354	1,077	-	1,077

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Other			
<b>Year ended 31 December 2018</b>						
Revenue from external customers	12,575	8,649	1,040	22,264	-	22,264
Inter-segment revenue	3,630	784	1,449	5,863	(5,863)	-
Total revenue	16,205	9,433	2,489	28,127	(5,863)	22,264
<b>Segment profit</b>	1,794	994	412	3,200	5	3,205
Interest income						196
Other income						375
Dividend income						2
Gain on exchange						15
Selling and distribution expenses						(158)
Administrative expenses						(1,112)
Finance cost						(7)
Income tax expenses						(141)
<b>Profit for the year</b>						<b>2,375</b>
<b>Segment total assets</b>						
Additions to property, plant and equipment	572	1,474	287	2,333	-	2,333

*Geographic information*

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

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Malaysia	3,828,860	5,398,804
United States of America	3,369,538	2,611,376
Singapore	2,944,391	2,058,750
China	2,255,778	2,774,380
Hong Kong	1,589,435	2,092,175
Others	6,396,420	7,328,775
Total	<u>20,384,422</u>	<u>22,264,260</u>

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Non-current assets (other than deferred tax assets)		
Thailand	5,163,938	5,497,580
China	952,977	1,200,081
Korea	597,402	177,585
Cambodia	433,884	446,146
Hong Kong	118,234	131,220
Others	143,845	146,234
Total	<u>7,410,280</u>	<u>7,598,846</u>

#### *Major customers*

For the year 2019, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 9,360 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2018: Baht 10,279 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

#### **28. Provident fund**

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries 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 2019 amounting to approximately Baht 85 million (2018: Baht 79 million) and for the Company amounting to approximately Baht 43 million (2018: Baht 41 million) were recognised as expenses.

## 29. Dividend paid

During the years 2019 and 2018, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b><u>The Company</u></b>			
<b><u>For the year 2019</u></b>			
Dividends on 2018 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2019	805	1.00
Interim dividends in respect of the income for the period from 1 January 2019 to 30 June 2019	Board of Directors' Meeting on 10 October 2019	523	0.65
Total for the year 2019		<u>1,328</u>	<u>1.65</u>
<b><u>For the year 2018</u></b>			
Dividends on 2017 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2018	805	1.00
Interim dividends in respect of the income for the period from 1 January 2018 to 30 June 2018	Board of Directors' Meeting on 10 October 2018	805	1.00
Total for the year 2018		<u>1,610</u>	<u>2.00</u>
<b><u>Subsidiary companies</u></b>			
<b><u>Hana Semiconductor (Ayutthaya) Company Limited</u></b>			
<b><u>For the year 2019</u></b>			
Interim dividends in respect of the income for the period from 1 January 2019 to 30 September 2019 and unappropriated retained earnings	Board of Directors' Meeting on 29 October 2019	192	1.60
Total for the year 2019		<u>192</u>	<u>1.60</u>
<b><u>For the year 2018</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 18 April 2018	300	2.50
Interim dividends in respect of the income for the period from 1 January 2018 to 31 August 2018 and unappropriated retained earnings	Board of Directors' Meeting on 8 October 2018	150	1.25
Total for the year 2018		<u>450</u>	<u>3.75</u>

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<b><u>Subsidiary companies</u></b>			
<b>Hana Semiconductor (BKK) Company Limited</b>			
<b><u>For the year 2019</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2019	64	0.64
Total for the year 2019		64	0.64
<b><u>For the year 2018</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 27 April 2018	450	4.50
Interim dividends in respect of the income for the period from 1 January 2018 to 31 October 2018 and unappropriated retained earnings	Board of Directors' Meeting on 24 October 2018	180	1.80
Total for the year 2018		630	6.30

### 30. Commitments and contingent liabilities

#### 30.1 Capital commitments

As at 31 December 2019, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 4.3 million or equivalent to Baht 138 million (2018: USD 6.8 million or equivalent to Baht 230 million) and the Company only of approximately Baht 48 million (2018: Baht 97 million).

#### 30.2 Operating lease commitments

The Company and its subsidiaries have entered into the lease agreements in respect of the lease of equipment, lease of land and the lease of building, factory and services. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these operating lease contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	37.1	44.4	29.6	27.3
In over 1 year and up to 5 years	19.2	23.8	0.3	0.7

### 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 2019, there were outstanding bank guarantees of approximately Baht 28 million (2018: Baht 27 million) and the Company only of approximately Baht 28 million (2018: Baht 27 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries to guarantee electricity uses, among others.

## 31. Fair value hierarchy

As at 31 December 2019 and 2018, the Company and its subsidiaries 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 2019		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	1,170,769	-	1,170,769
Available-for-sale investments			
Marketable corporate bonds	1,010,220	-	1,010,220
Quoted bonds	750,345	-	750,345
Derivatives			
Forward exchange contracts	-	45,839	45,839
<b>Assets for which fair value was disclosed</b>			
Investment property	-	96,405	96,405

(Unit: Thousand Baht)

31 December 2018

	Consolidated Financial Statements		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	999,753	-	999,753
Available-for-sale investments			
Marketable corporate bonds	1,198,459	-	1,198,459
Quoted bonds	672,416	-	672,416
Derivatives			
Forward exchange contracts	-	50,139	50,139
<b>Assets for which fair value was disclosed</b>			
Investment property	-	96,405	96,405

## 32. Financial instruments

### 32.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", 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 Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

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

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

As at 31 December 2019 and 2018, 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 2019						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	1,437	-	3,571	427	5,435	0.001 - 2.250
Short-term investments	3,133	-	-	-	3,133	1.65 - 9.75
Trade and other receivables	-	-	-	3,341	3,341	-
Long-term fixed deposits						
with financial institution	-	450	-	-	450	2.25 - 2.33
Other long-term investments	-	-	-	136	136	-
	<u>4,570</u>	<u>450</u>	<u>3,571</u>	<u>3,904</u>	<u>12,495</u>	
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	500	-	-	-	500	1.90 - 2.00
Trade and other payables	-	-	-	2,252	2,252	-
	<u>500</u>	<u>-</u>	<u>-</u>	<u>2,252</u>	<u>2,752</u>	
Consolidated financial statements as at 31 December 2018						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
	(Million Baht)					
<b>Financial assets</b>						
Cash and cash equivalents	1,964	-	2,044	73	4,081	0.001 - 3.500
Short-term investments	3,985	-	-	-	3,985	1.82 - 9.75
Trade and other receivables	-	-	-	3,832	3,832	-
Long-term fixed deposits						
with financial institution	-	480	-	-	480	2.10 - 2.24
Other long-term investments	-	-	-	146	146	-
	<u>5,949</u>	<u>480</u>	<u>2,044</u>	<u>4,051</u>	<u>12,524</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	3,421	3,421	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,421</u>	<u>3,421</u>	

Separate financial statements as at 31 December 2019

	Fixed			Total	Effective interest rate
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	571	6	577	0.001 - 0.375
Trade and other receivables	-	-	1,508	1,508	-
	-	571	1,514	2,085	
<b>Financial liabilities</b>					
Short-term loans from financial institutions	500	-	-	500	1.90 - 2.00
Short-term loan from related party	210	-	-	210	1.50
Trade and other payables	-	-	1,381	1,381	-
	710	-	1,381	2,091	

Separate financial statements as at 31 December 2018

	Fixed			Total	Effective interest rate
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	237	1	238	0.050 - 0.375
Trade and other receivables	-	-	1,524	1,524	-
	-	237	1,525	1,762	
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,333	1,333	-
	-	-	1,333	1,333	

**Foreign currency risk**

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider 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 2019 and 2018 are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2019</u> (Million)	<u>2018</u> (Million)	<u>2019</u> (Million)	<u>2018</u> (Million)	<u>2019</u> (Baht per foreign currency unit)	<u>2018</u>
South Korean Won	6,859	196	167	9	0.0260	0.0290
US Dollar	272	240	47	69	30.1540	32.4498
China Yuan	226	232	92	110	4.3147	4.7237
Indian Rupee	40	40	-	-	0.4367	0.4647
Japan Yen	2	54	10	16	0.2759	0.2931
Hong Kong Dollar	2	10	-	-	3.8732	4.1416
Singapore Dollar	2	2	-	-	22.3245	23.6943
Macau Pataca	1	1	-	-	3.7037	4.0164
Euro	1	-	-	-	33.7311	37.1252
Brazilian Real	-	2	-	-	7.4609	8.5200

As at 31 December 2019 and 2018, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2019

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	21 January 2020 - 31 March 2020	30.120 - 30.560

As at 31 December 2018

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	15 January 2019 - 25 February 2019	32.700 - 33.210

## 32.2 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amount carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	5,435	5,435	4,081	4,081
Short-term investments	2,869	3,133	3,890	3,985
Current portion of long-term fixed deposits				
with financial institution	450	450	480	480
Trade and other receivables	3,341	3,341	3,832	3,832
Other long-term investments	136	136	146	146
<b>Financial liabilities</b>				
Short-term loans from financial institutions	500	500	-	-
Trade and other payables	2,252	2,252	3,421	3,421

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	577	577	238	238
Trade and other receivables	1,508	1,508	1,524	1,524
<b>Financial liabilities</b>				
Short-term loans from financial institutions	500	500	-	-
Short-term loan from related parties	210	210	-	-
Trade and other payables	1,381	1,381	1,333	1,333

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	As at 31 December 2019	As at 31 December 2018
	Fair value	Fair value
		gain
<b>Derivatives</b>		
Forward exchange contracts	45.8	50.1

The methods and assumptions used by the Company and its subsidiaries 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 Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position by reference to its debt-to-equity ratio. As at 31 December 2019, the Group's debt-to-equity ratio was 0.19:1 (2018: 0.20:1) and the Company's was 0.29:1 (2018: 0.17:1).

### **34. Event after the reporting period**

On 24 February 2020, the meeting of the Board of Directors of the Company No. 1/2020 passed the resolution approving the final dividend payment for the year 2019 to the Company's shareholders at Baht 0.65 per share. Thus, including the interim dividend of Baht 0.65 per share, the total dividend payment for the year 2019 will be Baht 1.30 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 24 February 2020.