

Annual Report **2020**



QUALITY POLICY

KCE commits to provide products and services to meet or exceed agreed requirements for all of our customers through continuous improvement and by doing it right the first time.

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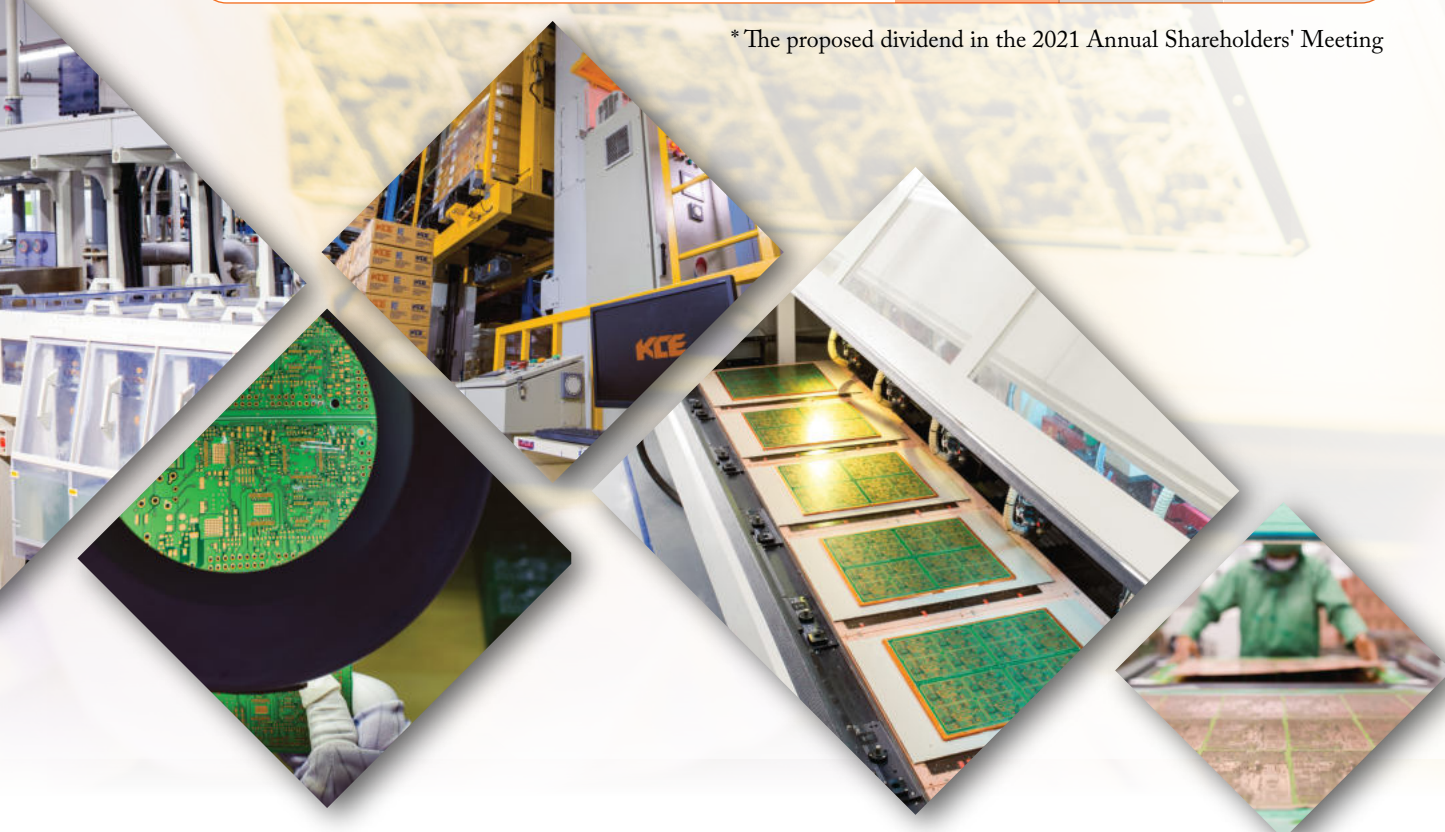
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FINANCIAL HIGHLIGHTS

Unit : Million Baht

	2020	2019	2018
Total Revenues	11,741.86	12,288.69	14,325.94
EBITDA	2,327.61	2,059.36	3,174.83
Net profit	1,126.79	934.49	2,014.87
Net cash from operating activities	2,271.62	2,327.24	2,774.03
Earnings per share (in Baht)	0.96	0.80	1.72
Weighted average number of shares outstanding* (Thousand Shares)	1,173,607	1,172,794	1,172,794
Number of employees (person)	5,371	5,624	6,665
Total assets	17,377.04	16,501.00	18,121.01
Total liabilities	5,315.02	4,739.06	6,113.91
Total shareholders' equity	12,062.02	11,761.94	12,007.10
Issued and paid up capital	589.03	586.40	586.40
Dividend Payout ratio* (%)	83.45%	100.40%	64.03%

* The proposed dividend in the 2021 Annual Shareholders' Meeting



SUMMARIZED FINANCIAL DATA

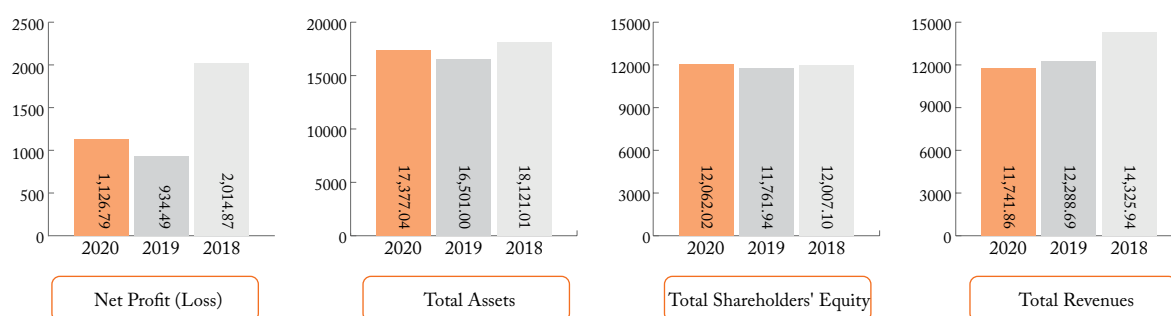
Unit : Million Baht

Financial Data	2020	2019	2018
Total Assets	17,377.04	16,501.00	18,121.01
Total Liabilities	5,315.02	4,739.06	6,113.91
Total Shareholders' Equity	12,062.02	11,761.94	12,007.10
Sales and Service Income	11,527.16	12,097.37	13,982.50
Total Revenues	11,741.86	12,288.69	14,325.94
Gross Margin	2,512.10	2,453.77	3,631.13
Operating profit before interest and tax	1,279.55	1,044.57	2,183.86
Net Profit (Loss)	1,126.79	934.49	2,014.87
Net cash from Operating Activities	2,271.62	2,327.24	2,774.03

Unit : Million Baht

Financial Ratios	2020	2019	2018
Gross Profit Margin / Total Sales	21.79%	20.28%	25.97%
EBIT / Total Sales	11.10%	8.63%	15.62%
Net profit / Total Sales	9.78%	7.72%	14.41%
Return on Shareholders' Equity	9.34%	7.95%	16.78%
Return on Assets	6.48%	5.66%	11.12%
Net cash from operating activities / Sales	19.71%	19.24%	19.84%
Net cash from operating activities / Shareholders' equity	18.83%	19.79%	23.10%
Earning Per Share (Baht)	0.96	0.80	1.72
Dividend Per Share* (Baht)	0.80	0.80	1.10
Book Value Per Share (Baht)	10.28	10.03	10.24

*The proposed dividend in the 2021 Annual Shareholders' Meeting



Unit : Million Baht

2020 DIRECTORS REPORT

BUSINESS REVIEW

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for fiscal year 2020 based on the audited consolidated financial statements for the period ended December 31, 2020. The Group's sales and net profit totalled Bt11,527.2 million and Bt1,126.8 million, respectively, compared to Bt12,097.4 million and Bt934.5 million in fiscal year 2019. A summary of the Company's operating performance in 2020 and 2019 is shown in the following table:

(Amount in Baht Million)	FY2020	FY2019	% Change Y-o-Y (2020 VS. 2019)	FY2018	% Change Y-o-Y (2019 VS. 2018)
FX: THB/USD	30.9757	30.7824		32.0815	
FX: THB/EUR	35.2339	34.3100		37.7391	
Sales Revenue	11,527.2	12,097.4	-4.7%	13,982.5	-13.5%
[Sales Revenue, USD	\$372.1	\$393.0	-5.3%	\$435.9	-9.8%
Cost of Sales	9,015.1	9,643.6		10,351.4	
Gross margin, (%)	21.8%	20.3%		26.0%	
Selling & Administration	1,449.2	1,612.8		1,804.3	
Net Profit	1,126.8	934.5	+20.6%	2,014.9	-53.6%
	9.8%	7.7%		14.4%	

We began the first quarter of 2020 with good results that continued from the last quarter of 2019 following a recovery of the automotive market from the impact of the WLTP matter and the US-China trade war. Unfortunately, by the end of the first quarter of 2020, the automotive industry once again faced a major economic crisis due to the COVID-19 pandemic. KCE was inevitably affected by this situation, as seen by a sharp fall in customer orders and nearly reaching the breakeven level. In this unprecedented situation, KCE had to indefinitely close one of its PCB factories in May 2020 and implemented various measures to cope with the market slowdown so as to minimize the impact of COVID-19.

By the end of the third quarter, following a recovery of the automotive industry due to the easing of COVID-19 lockdown measures, customer orders returned nearly to normal levels as consignment stock was utilized. The situation continued to improve during the fourth quarter of 2020 when customer orders reached a record high in December. As a result, the fourth quarter was the best quarter of the year despite the unexpected appreciation of the Thai baht, an increase in the price of copper, and recent transportation logistics problems that caused some shipments to be delayed.

In addition, the Company set aside an impairment provision in the amount of Bt56.5 million for unproductive machinery under an expired BOI project in the second quarter of 2020 and recognized share warrants (ESOP-W6) that were subscribed in the amount of Bt7.2 million for the year 2020. Besides, administrative expense also included an one-off expense of about Bt19.3 million, which was related to the temporary closure of a subsidiary (KCE International 'KCEI') in 2Q20.

PERFORMANCE HIGHLIGHTS

Sales Revenue

Consolidated sales revenue in Thai baht terms declined slightly from Bt12,097.4 million in 2019 to Bt11,527.2 million in 2020, representing a reduction of 4.7% Y-o-Y, while sales revenue in USD terms declined by 5.3% Y-o-Y to USD372.1 million.

The Y-o-Y decrease in revenue was due mainly to a 12% decrease in sales volume, as customer orders dropped sharply in 2Q20 following a major economic crisis that faced the automotive industry due to COVID-19 and lockdown measures. However, sales orders improved at end of the third quarter and continued to ramp up in the fourth quarter of 2020 after a recovery occurred in the automotive market. In 2020, despite a decline in sales volume, special grade PCB (HDI) sales grew considerably by 44% Y-o-Y, and customer orders reached a record high in December 2020.

Changes in foreign currency exchange rates had an impact on revenue recognition in Thai baht terms, which resulted in a gain of Bt82.4 million Y-o-Y.

Cost of Sales and Gross Profit

In 2020, the cost of sales decreased slightly to 78.2% from 79.7% in 2019, which resulted in the gross profit margin increasing to 21.8% from 20.3% the previous year. The cost of goods produced during the second half of 2020 declined gradually following an increase in orders and production capacity utilization, particularly in the fourth quarter. As a result, the gross profit margin increased to 24.2% of sales in 4Q20 that enabled the average gross profit margin widened slightly Y-o-Y despite the Thai baht's appreciation and a higher price of copper used.

Sales and Administrative Expenses

Selling, general, and administrative expense amounted to Bt1,449.2 million in 2020, or 12.5% of sales, a decrease from Bt1,612.8 million the previous year. Selling expense, such as freight costs and sales commissions, decreased in line with lower sales. The decrease in administrative expense was mainly due to cost control measures in place, a reduction in headcount, a decrease in working hours and overtime and other employee expense together with expense cuts in all areas. In addition, administrative expense also included the shutdown expense of the KCEI plant in the amount of Bt47.6 million, which was related to labor compensation payments, factory shutdown expense, and depreciation cost on non-productive machines.

In addition, the Group set aside an impairment provision in the amount of Bt56.5 million for unproductive machinery under an expired BOI project in the second quarter of 2020 and recognized share warrants (ESOP-W6) that were subscribed in the amount of Bt7.2 million in 2020.

Net Profit

The Group reported a consolidated net profit of Bt1,126.8 million for FY2020, representing an increase of 20.6% Y-o-Y. Normalized profit in FY2020 totalled Bt1,093.9 million (excluding a foreign exchange gain of Bt108.7 million, an impairment cost of Bt56.5 million and an one-off expense related to KCEI closure of Bt19.3 million), compared to Bt889.8 million the previous year, representing an increase of 22.9% Y-o-Y. The improvement in operating results was due mainly to a recovery of sales post-COVID-19 and a reduction in the cost of goods sold that led to a higher gross profit margin. Moreover, the transfer of KCEI operations to the KCE Latkrabang plant created synergy and helped boost capacity utilization to achieve economies of scale, which eventually improved costs and consolidated operating results. This resulted in an increase in basic earnings per share from Bt0.80 for 2019 to Bt0.96 for 2020.

Total Assets

Total assets as of December 31, 2020, amounted to Bt17,377 million, consisting of current assets of Bt8,185 million; property, plant and equipment of Bt8,107 million net; intangible assets of Bt246 million; contract costs assets of Bt374 million; investment property of Bt159 million; goodwill of Bt153 million; investments in associates of Bt28 million; deferred tax assets of Bt101 million; and other non-current assets of Bt24 million.

An increase in assets of Bt876 million from Bt16,501 million at the end of 2019, was due mainly to an increase in cash of Bt1,385 million for a liquidity reserve, an increase in the value of trade receivable and other receivable of Bt202 million, a decrease in inventory of Bt107 million, an increase in contract costs of Bt142 million and a decrease in the value of property, plant and equipment of Bt732 million.

Total Liabilities

Total liabilities increased from Bt4,739 million at the end of 2019 to Bt5,315 million as of December 31, 2020. An increase was due mainly to an increase in short-term debt of Bt216 million due to liquidity reserve measure during the crisis, an increase in trade and other current payables of Bt164 million, an increase in corporate tax payable of Bt55 million, an increase in long-termed loan of Bt80 million and an increase in employee benefit provision of Bt66 million.

As of December 31, 2020, Net Interest-bearing Debt to Equity increased slightly from 0.18 to 0.20 times as a result of higher debts and a bit higher equity.

Shareholders' Equity

As of December 31, 2020, shareholders' Equity was Bt12,062 million, an increase of Bt300 million, mainly due to operating profit from the period and dividend payment.

BUSINESS OUTLOOK

The global Automotive electronics market is recovering rapidly from the lows suffered during the early months of the 2020 crisis. Although Global light vehicle unit sales are expected to show an +8% recovery in 2021 from 75m cars produced in 2020 to a forecast of 81m cars in 2021, the rate of electronic content in automobiles is recovering at a faster rate. The rating agency, Moody's predicts a rebound of 11 to 12% in 2021 for the auto part manufacturing sector.

The pandemic of COVID-19 appears to have accelerated the proliferation of new electric cars (EVs), rather than slow it down. Several European countries have adopted targets for a 100% EV-share in new sales for 2025, 2030 or 2035. Norway leads the pack in Europe with a share of 54% in new registrations last year followed by the Netherlands with 20.5% and Germany, France and the UK (all three slightly above 6.5%). China also has its own ambitious goals and targets 25% of new sales in 2025 compared with some 5% last year.

Manufacturers have been shifting their innovation budgets accordingly in an attempt to keep pace with the introduction of a whole new range of vehicles in the years to come. Ford has confirmed its passenger vehicle line-up in Europe will be all-electric by 2030 and by the middle of 2026, all its cars will be available as electric or hybrid models. Volkswagen currently has 22 electric models planned for 2022 and is aiming to have up to 70 electric models on sale by 2028. Worldwide electric car sales are estimated to account for 22 million cars a year by 2028. Jaguar Land Rover's Jaguar brand will be all-electric by 2025. KCE as a world class, top 10 supplier of electronics to the automotive industry, already manufactures printed circuit boards for the major new EV's platforms and will ready to benefit from this surge in demand.

KCE continues to be a major supplier of PCB's to the telecoms, consumer and Industrial electronics sector which are also experiencing similar growth patterns following the emergence of worldwide economies from the Covid pandemic.

Anticipating the growth in the PCB market, and particularly in high density interconnect PCB's, in 2H 2020, KCE embarked on an initial plant capacity expansion program. KCE is on target to increase PCB production output by 24% from the current output of 2.9 million sqft of PCB per month to 3.6 million sqft of PCB output per month. Construction of new buildings and infrastructure commenced 4Q 2020 and new equipment is on order with first deliveries arriving towards the end of 1Q 2021. KCE is aiming to complete construction 2Q 2021 and start production during 2H 2021.

The Board of Directors would like to thank its staff, customers, shareholders, suppliers and business partners for their support during what has proven to be a very challenging 2020. We look forward to seeing the Covid pandemic firmly in our rear view mirrors as we meet the exciting challenges and rewards of automotive electrification over the next coming years.



Mr. Bancha Ongkosit
Chairman of the Board of Directors
KCE Electronics Public Company Limited

REPORT OF THE AUDIT COMMITTEE

To the Shareholders

The Audit Committee of KCE Electronics Public Company Limited consists of three qualified independent directors and is chaired by Mr. Paitoon Taveebhol, who is deemed to possess the necessary qualifications, knowledge and experience to attest to the reliability of the Company's financial statements, and Mr. Kanchit Bunajinda, and Dr. Sutee Mokkhavesa as committee members. The Audit Committee performed its duties in accordance within the scope and responsibilities that were assigned to it by the Board and as stated in the Audit Committee's charter, which is in line with the regulations of the Stock Exchange of Thailand.

In 2020, the Audit Committee met 5 times. The executive management did not attend any of the meetings. All Committee members attended each meeting. At each session, the Committee consulted with an external auditor, the chief of the internal audit unit and the accounting director, and also provided candid and independent views and recommendations. The Committee reported the results of its audits of the Company's business operations to the Board on a quarterly basis, with a summary of its performance, as follows:

The accuracy, completeness and reliability of financial reports

The Audit Committee reviewed the quarterly and annual financial statements, all significant accounting policies and material financial transactions, as well as compliance to the Federation of Accounting Professions' Accounting standard, including the sufficient disclosure of key data in the notes to the financial statements in accordance with the financial reporting standard. With considering to the scope, audit plan, internal auditor's report, methodology of the audit and the findings from the auditor's review, in cooperation with the responsible executives, the Audit Committee's opinion is that the Company's financial reports were prepared in accordance with accounting principles prescribed by the Federation of Accounting Professions and are accurate, complete and reliable. In addition, the adoption of accounting policies was sensible, and the disclosure was adequate.

The adequacy of internal controls, internal audit systems, risk management and corporate governance

The Committee reviewed the assessment reports of the Internal Audit Unit and of the external auditor on internal control systems, risk management and corporate governance, as well as provided necessary suggestions to support and monitor the improvement of executive performance as recommended in the audit reports. It is the Committee's view that the Company's internal control systems and risk management systems are adequate and appropriate.

The Audit Committee reviewed and endorsed the annual internal audit plan, which was prepared in accordance with a Risk-Based Audit Approach and with consideration of the audit performance; and also regularly consulted with the Internal Audit Unit on the auditor's observations in the absence of management. Following this, the Audit Committee concluded that the Internal Audit Unit's activities were independent and appropriate.

Oversight of Anti-Corruption

Subsequent to CAC membership certification that was awarded on April 3, 2015, the Company retained CAC membership for the 3rd consecutive year on December 31, 2020. The Committee placed increased importance on corporate governance procedures and compliance with anti-corruption guideline practices. The Committee assigned the Internal Audit Unit to review KCE's anti-corruption guideline practices and report the result to the Audit Committee.

Transactions that may cause conflicts of interests

The Audit Committee reviewed the financial reports and significant financial activities among the Company's subsidiaries and associated companies with a particular focus on connected transactions as well as transactions that may lead to conflicts of interests, to ensure they are in compliance with the applicable laws and regulations of the Stock Exchange of Thailand. Additionally, the external auditor was requested to undertake a full review of these connected transactions occurred during 2020, in a quarterly basis. The Audit Committee concluded that these related-party transactions were part of the company's normal course of business and based on regular commercial terms, sensible and fair conditions and were undertaken for the maximum benefit of the Company.

Suitability, selection and recommendation regarding the appointment of the external auditor

The Committee assessed the independence of the external auditor and its performance in 2020 and found that its overall performance to be good. It also concluded that the Company was fully independent in its audit activities. The Committee also consulted with the external auditor on one occasion in the absence of management in order to perceive other opinions regarding the audit activities and the coordination with management of the concerned departments.

In selecting and proposing a firm to serve as the Company's auditor for the year 2021, the Committee considered the Company's performance, work experience, knowledge and competency, audit expertise, trustworthiness, sufficiency of human resources, the volume of audit work and the auditor's independence. The auditor must be approved by the Securities and Exchange Commission. The Committee concluded that the performance of KPMG Phoomchai Audit Ltd. had been suitable in relation to the proposed remuneration fee for 2021. The Audit Committee suggested that the Board of Directors propose to the Shareholders' Meeting that KPMG Phoomchai Audit be reappointed as the auditor for the Company and its subsidiaries in 2021.

Compliance with Securities and Exchange laws, SET regulations, and other applicable laws

The Audit Committee ensured that the Company's corporate practice was in line with Securities and Exchange Commission (SEC) laws, SET regulations and other laws relating to the Company's operations. The Committee also assigned management to keep up with any substantial amendments concerning the Securities and Exchange Act and other related SEC Notifications and continuously report such changes to the Committee. The Committee also provided oversight of the readiness for a revision of the Company's code of conduct and corporate governance under the SEC's Code of Corporate Governance. To this end, it assigned management to review the compliance the Code of Corporate Governance in order to be prepared for the SEC's implementation. For 2020, the Audit Committee's opinion is that the Company is fully compliant with the SEC's laws and SET's regulations, as well as other laws pertaining to the Company's business.

Overall view of the performance in compliance with the Charter

The Committee conducted a self-assessment of the overall performance of the Audit Committee in 2020, where by an assessment was made of the overall activities and specific activities of the Audit Committee, which consist of 6 activities, as follows: 1) the review of financial reports to ensure their accuracy and completeness; 2) the review of the efficiency and effectiveness of the Company's internal control systems and Internal Audit Unit; 3) the review of connected transactions or transactions with conflicts of interests; 4) the selection and recommendation regarding the appointment of the external auditor; 5) the review of the compliance with Securities and Exchange laws, SET regulations, and other applicable laws; and 6) the preparation of the Audit Committee's report.

The Audit Committee's overall view was that the members had performed their duties and responsibilities as stated in the Audit Committee's charter, which was approved by the Board, sufficiently and thoroughly with due competence, care, prudence and independence for the equitable interest of all stakeholders.



Mr. Paitoon Taveebhol
Chairman of the Audit Committee

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

To the Shareholders

The Corporate Governance Committee comprises 2 directors, Mrs. Chantima Ongkosit, MD, as the chairperson, and Mrs. Voraluk Ongkosit, a Director, and includes two executives as committee members. The Committee performed its duties according to the scope and responsibilities as assigned by the Board. In 2020, the Committee met two times to consider and follow up the operations of corporate governance and provide suggestions in compliance with the principle of good corporate governance. The Committee regularly reported a summary of its performance to the Audit Committee and the Board. A summary of the Committee's performance in 2020 is as follows:

1. The Committee reviewed the preparation work for the 2020 Annual General Meeting of Shareholders (AGM) and provided necessary suggestions to ensure that the Meeting was well organized, transparent and efficient and was carried out in accordance with the criteria of good corporate governance and in line with the Stock Exchange of Thailand's AGM checklist. As a result, the Thai Investors Association and the Stock Exchange of Thailand rated the Company's AGM that was held in past consecutive years a "very good" level.

2. The Committee stipulated the conditions and timeframe for Shareholders to propose agenda items as well as qualified candidates to be nominated for election to the Board of Directors for the 2021 AGM in advance between September 10, 2020, and December 31, 2020.

3. The Committee reviewed the results of last year's performance, including the stipulation of the Disclosure Policy, and considered and endorsed a corporate governance management plan for 2021 that placed importance on the ESG in order to drive the company to the organizational sustainability.

4. The Company achieved an "Excellent" corporate governance score in the 2020 annual survey for the sixth consecutive year.

5. KCE was awarded the 'ASEAN Corporate Governance Award in 2019' in the category of 'ASEAN Asset Class Publicly Listed Companies,' an award organized by the ASEAN Capital Markets Forum (ACMF) and the Asia Development Bank (ADB).

6. The Committee reviewed the reporting of corporate governance activities in the 2020 Annual Report and in Form 56-1 to ensure that information was completely disclosed and complied with good corporate governance guidelines, which was continuously developed in concept and reporting form. The committee targeted to establish the SD report and prepared to do the Annual Registration Statement/ Annual Report (Form 56-1 One report) for the year ended December 31, 2021.

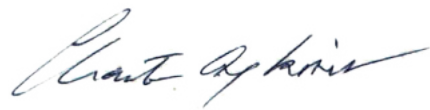
7. The Committee determined the Company's policy regarding Corporate Social Responsibility (CSR) and Sustainable Development (SD). The Sustainability topic was proposed to be added as one of the main targets in the Company's 5-year business plan. The Committee initiated a long-term project regarding road safety and a reduction in pollution for a better environment.

8. The Committee reviewed and advised the working team regarding anti-corruption training, including the communication of various campaign activities to create a corporate culture that values honesty, transparency, and anti-corruption.

9. The Committee reviewed the anti-corruption measures that were implemented in 2020 and endorsed an action plan on anti-corruption for the year 2021.

10. The Committee approved the submission of the recertification of Thailand's private sector Collective Action Coalition (CAC) membership. The CAC already approved an extension of the certification in its third quarter meeting on Dec 31, 2020. The extension will last for another 3 years after the approval date.

The Board of Directors places a high degree of importance on operating its business with integrity, transparency, and accountability and is against corruption in any form. In this way, it is committed to adhering to strict standards of corporate governance, ethics and Code of Business Conduct. The Corporate Governance Committee oversaw the conduct of directors, executive management and employees at all levels to ensure that they fully comply with the principles of good governance, which has helped to instill confidence among stakeholders and support the development of sustainable growth.



Chantima Ongkosit, MD
Chairperson of the Corporate Governance Committee

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

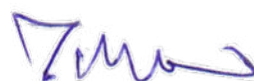
To the Shareholders

The Nomination and Remuneration Committee consists of 3 directors, and is chaired by Mr. Paitoon Taveephoh, an Independent Director, together with Panja Senadisai, Ph.D, and Mr. Kanchit Bunajinda, as members. The Committee's duties and responsibilities are to select and nominate suitable persons for appointment as a director or member of executive management through selection procedures and criteria that are transparent. The Committee's duty is also to deliberate fair and sensible guidelines for the determination of compensation for directors and executives.

In 2020, the Committee met two times with all Committee members attending each meeting. The Committee's operations and important matters were reported continuously to the Board for its acknowledgement, as follows:

1. The Committee reviewed the policy and criteria in regard to the nomination and remuneration of directors, including the criteria and selection procedure, the remuneration structure and other benefits, in line with their duties and responsibilities, and considering information in reference to other companies in the same industry, including the report on the remuneration of directors surveyed by the Thai Institute of Directors (IOD).
2. Suitable candidates were nominated for appointment as directors to the Board and the 2020 Annual Shareholders' meeting (AGM), and Directors who were retiring by rotation in 2020 were reelected to resume their positions as Directors for another term. The AGM approved the appointment of all nominated Directors.
3. The Committee promoted, supported and provided opportunities for minor shareholders to jointly manage and propose any suggestions regarding the Company's business. The Committee allowed minor Shareholders to propose an agenda item as well as a qualified candidate to be nominated for election to the Board of Directors in advance of the 2020 AGM, not less than 90 days, between September 10, 2019, and December 31, 2019. However no candidate was proposed to be nominated as a Director.
4. The Committee considered the remuneration of the Board, the Audit Committee and Sub-committee for 2020 and proposed this to the Board and the AGM for consideration. The Committee's proposal was endorsed by the 2020 AGM. For the purpose of transparency, the remuneration of Directors was disclosed in the annual report.
5. Evaluated the CEO's performance in 2020, with CEO's participation in goal setting and appraisal method for his performance self-assessment.
6. The Committee acknowledged the result of its self-assessment for 2020. The results of the assessment were used for further improvement of the Committee's performance according to the principles of good governance.
7. The Nomination and Remuneration's Charter was reviewed and updated once a year.
8. Nominated suitable candidates for appointment as directors to replace the directors who will be retiring by rotation in 2021, and to propose this to the Board and the 2021 AGM for consideration.
9. The Committee considered the remuneration of the Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Enterprise Risk Policy Committee for 2021, and to propose this to the Board and the 2021 AGM for consideration.

The Nomination and Remuneration Committee performed its duties as stipulated in the Charter with prudence, transparency and fairness, and adhered to the principle of good governance in a manner deemed sufficient and appropriate for the equitable interest of all stakeholders.



Mr. Paitoon Taveebhol

Chairman of the Nomination and Remuneration Committee

REPORT OF THE ENTERPRISE RISK POLICY COMMITTEE

To the Shareholders

Sustainable risk management has been an essential management tool for KCE Electronics Public Company Limited throughout the years. It has enabled the Company to drive business growth and minimize risks associated with it. In Board of Directors meeting of KCE Electronics Public Company Limited 1/2020 on January 9, 2020, there was a resolution approving the appointment of Mr. Kanchit Bunajinda as the Chairman of the Enterprise Risk Policy Committee and appointed Dr. Sutee Mokkhavesa as an additional member of the Corporate Risk Policy Committee. At present, the Enterprise Risk Policy Committee consists of 6 members. Under the supervision of the Enterprise Risk Policy Committee In 2020, the Enterprise Risks Policy Committee held a total of 4 meetings comprising the following details:

1. Reviewed annual corporate risk issues of five key risks: strategic, operational, financial, compliance, and hazard risks. Details about each of these present under “Risk Factors”.
2. Consider the emerging risk, which the risk arising from the effects of the COVID-19 epidemic.
3. Focus and follow up on key risks and reviewed risk response plans of risk owners.
4. To consider the Charter of the Enterprise Risk Policy Committee to ensure its compliance, appropriateness and support for efficient and effective risk management.
5. To report risk management result to the Board of Directors on a regular basis.

In the next years, the Enterprise Risks Policy Committee is committed to still monitoring and assessing the significant risk to ensuring that our risk-mitigation measures remain dynamic and effective. Our goal is to safeguard the interests of all stakeholders concerned.



Mr. Kanchit Bunajinda
Chairman of the Enterprise Risk Policy Committee

NATURE OF BUSINESS

KCE Electronics Public Company Limited (KCE) was established on Nov. 5, 1982 with an initial registered capital of Bt12 million. The Company's core business is the production and distribution of printed circuit boards (PCBs), under the "KCE" trademark.

The Company listed on the Stock Exchange of Thailand in August 1988, and converted its status from a limited company to a limited public company in December 1992. As of Dec.31, 2020, the Company's registered capital was Bt591,396,798, with paid-up capital of Bt589,031,048.

PCB Products

Printed circuit boards are an essential part of a wide range of electronic products. PCBs are the foundation component of electronic circuits, and almost all electronic devices used in everyday life contain one or more of them. The boards have a copper track printed onto them that acts as a pathway for electrical signals. The boards' main function is to mechanically support electronic components and electrically connect the circuit, and are used instead of the more complicated wiring method.

PCBs consist of two main parts: the base, or substrate, and the conductor. The base is a thin layer of non-conductive board that acts as a platform for the components mounted onto it, while the copper conductor connects the different components on the PCB. The base material is made from epoxy fiberglass, which consists of a woven glass epoxy and a coat of epoxy resin, and can be used with many different types of products due to its good performance amid high humidity, its high temperature resistance, and its rigidity (it doesn't bend easily). The base is usually made in a green or blue color.

PCBs can be single or double sided, and in cases where the circuit is thick and very complex, a multilayer PCB can be configured depending on the board designer's requirements.

The main types are:

- 1) Single-sided PCBs: The circuit line for the electrical signal connection is printed on one side of the copper layer.
- 2) Double-sided plated-through-hole PCBs: The circuit line that carries the electrical signal is printed on both sides of the copper layer. The board is drilled to make holes for leaded components; copper is then plated through holes called vias, so that the electrical signal on both sides of the board can be connected.
- 3) Multilayer PCBs: The circuit lines are on different copper layers: the inner and the outer layers, which are connected with plated-through holes.

The PCB products that the Company produces are as follows:

- 1) Double-sided plated-through hole PCBs
- 2) Multilayer PCBs (4-24 layers), which are more complex, higher technology board.

Both types of PCBs are used in many industries, i.e. the automotive industry, industrial equipment industry, telecommunications industry, as well as for medical equipment, mobile phones and computer equipment. Due to the fact that the production of PCBs requires modern technology, special techniques and must comply with accepted industry standards, the Company has continuously focused on improving quality control, the production technology and the skill level of operators. The Company has repeatedly expanded its production capacity and appointed several sales representatives in overseas countries in order to tap the growing demand for PCBs in the global electronics industry.

VISION AND MISSION

The Board joined with management in establishing the Company's vision, mission, strategies, goals and business direction, in aiming that management and employee focus on the same direction. In the recent year, the Board has reviewed and approved the Company's vision and the business direction, in addition, monitored management performance accordingly.

VISION



"KCE is an industry leader in providing both the products and services that are critically important to its customers' success. KCE is dedicated to meet and exceed not only today's strategic requirements but tomorrow's as well."

MISSION



- To provide both quality products and exceptional services to our customers
- Dedication to its responsibilities to all stakeholders in a professional manner
- To achieve excellence by continuously seeking to perform better
- To continually train and develop staff to a high level of competence
- To be a responsible and contributing member of society

To drive the Company's vision and mission, in 2020 the Company has determined the Company's long-term operational objectives in achieving the world leading PCB producer, with utmost potential and resources.

- | | |
|--|---|
| <ul style="list-style-type: none">• Deliver a better quality product, by dedicated and professional team | <ul style="list-style-type: none">• Fully utilize current assets to its utmost benefits to reach the maximum production efficiency and environmental friendly |
| <ul style="list-style-type: none">• Keeping a long term relationship with its customers | <ul style="list-style-type: none">• Enhanced competitiveness to a top-tier of the industry |
| <ul style="list-style-type: none">• Introducing new technologies in production and upgrade IT system | <ul style="list-style-type: none">• Create appropriated value for shareholders and all stakeholders, which will ensure sustainable growth |
| <ul style="list-style-type: none">• Emphasis on personal development and good compensation | |

MANUFACTURING FACILITIES

The Company and its subsidiaries have factories and offices for manufacturing as follows:



LAMINATE,
PREPREG

THAI LAMINATE MANUFACTURER CO., LTD (SUBSIDIARY)

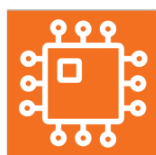
Located at 70, 70/1 Lat Krabang Industrial Estate
Soi Chalongkrung 31, Kwang Lumplataw, Lat Krabang, Bangkok



PCB

KCE ELECTRONICS PUBLIC COMPANY LIMITED

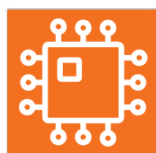
Located at 72-72/1-3 Lat Krabang Industrial Estate
Soi Chalongkrung 31, Kwang Lumplataw, Lat Krabang, Bangkok



PCB

K C E INTERNATIONAL CO., LTD. (SUBSIDIARY)

Located at 677 Moo 4 Sukhumvit Road
Bangpoo Industrial Estate, Tambol Prangasa
Ampur Muang, Samutprakarn Province



PCB

KCE TECHNOLOGY CO., LTD. (SUBSIDIARY)

Located at 117, 118 Moo 1 Hi-Tech Industrial Estate
Asia Road, Tambol Banlain, Amphu Bang Pa-In, Ayutthaya Province



CHEMICAL
PRODUCT

CHEMTRONIC TECHNOLOGY (THAILAND) CO., LTD. (SUBSIDIARY)

Located at 1/28 Moo 5 Tambol Karnharm
Amphur Uthai, Ayutthaya Province



CHEMICAL
PRODUCT

CHEMTRONIC PRODUCTS CO., LTD. (SUBSIDIARY)

Located at 1/97 Moo 5 Tambol karnharm
Amphur Uthai, Ayutthaya Province

Major changes and developments in the past 5 years

2016

April

The Shareholders' Meeting No. 33/2016 approved the following:

- The Company's financial statements for the year ended Dec. 31, 2015
- A dividend payment in respect of the Company's operating results of 2015.

May

Payment of a dividend in respect of the Company's operating results for 2015 at Bt1.00 per share for 576,244,203 shares totaling Bt576,244,203.

The Board approved the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

June

The office of the Securities and Exchange Commission (SEC) endorsed the Company's Employee Joint Investment Program.

Announced June 17, 2016, being the last exercise date of the Warrant KCE-W2.

July

KCE was listed in SET50 for the period of July 1 - 31 December 2016.

The Board approved the acquisition of asset transactions:

- Established a new subsidiary company (Chemtronic Products Co., Ltd.)
- Investment in capacity expansion in a subsidiary (KCE Technology Co., Ltd.).

September

Payment of an interim dividend in respect of the Company's operating results for the first half of 2016 at Bt1.00 per share for 586,010,798 shares totaling Bt586,010,798.

October

The Company achieved an "Excellent" corporate governance in the 2016 Annual survey for the second consecutive year.

The Company is categorized the Top Quartile under the group of companies with the Market Capitalize of greater than Bt10,000 million.

The Board passed a resolution approving the purchase of asset, which is the Land and an Office Building in Japan to support the future business expansion in Japan.

The Board approved an establishment of the Enterprise Risk



Policy Committee. The Committee's responsibilities are to stipulate the risk management policy at corporate level and provide support to the Risk Management Committee.

Announced Feb. 2, 2017

SET Awards 2016 jointly organized by the Stock Exchange of Thailand and the Money and Banking magazine, awarded KCE; the "Best Company Performance", under the group of companies with the Market Capitalization of Bt30,000 - 100,000 million, and awarded KCE's CEO the "Outstanding CEO" and the "Young Rising Star CEO" in 2016.



2017

February

The Board approved an additional investment in share capital in Chemtronic Products Co., Ltd. with the same shareholding percentage (94.96%) of 227,900 ordinary shares, totaling Baht 22.79 million.

April

The Shareholders' Meeting No. 34/2017 approved the following:

- The Company's financial statements for the year ended Dec. 31, 2016.
- A dividend payment in respect of the Company's operating results in 2016.
- A reduction in the Company's registered capital from Bt587,426,511 to Bt586,396,798, based on 586,396,798 shares at a par value of Bt1 per share.



May

Payment of a dividend in respect of the Company's operating results for 2016 at Bt1.10 per share for 586,396,798 shares totaling Bt645,010,050.

July

Started the 2nd year of the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

October

The Company achieved an "Excellent" corporate governance in the 2017 Annual survey for the third consecutive year. The Company is categorized the Top Quartile under the group of companies with the Market Capitalize of greater than Bt10,000 million.

December

The Company filed the recertification of Thailand's private sector Collective Action Coalition (CAC) membership.

The Board passed a resolution approving the acquisition of ordinary shares of KCE America, Inc., an associate company, from its existing shareholders of 22,500 shares, representing a proportion of 45% of total shares, resulting in its shareholding increasing from 50% to 95%. Transaction date is with in January 1, 2018.

September

Payment of an interim dividend in respect of the Company's operating results for the first half of 2017 at Bt1.10 per share for 586,396,798 shares totaling Bt645,015,990.

2018

January

The Group obtained control of an associate, KCE America, Inc., which is engaged in the business of sale agent in foreign countries, and has a subsidiary, KCE America Partners LLC, which its business is rental building, by acquiring additional ordinary shares at the proportion of 45%, amounting to US\$4.95 million dollar or equivalent to Baht160.7 million, resulting in the Group's total controlling interest in KCE America, Inc. increase from 50% to 95%, and indirect controlling interest in KCE America Partners LLC at 95%. On such date, KCE America, Inc. has changed status from associate to direct subsidiary, and KCE America Partners LLC is indirect subsidiary of the Group. Taking control of such companies will enable the Group to align the subsidiaries' policy and market strategy with those of the Group.

February

The Company submitted the recertification of Thailand's private sector Collective Action Coalition (CAC) membership on December 15, 2017, which the CAC already approved the extension of the certification on Feb. 12, 2018.

April

The Board of Directors approved the appointment of Mr. Pitharn Ongkosit, 1st Vice Chairman and Panja Senadisai, Ph.D. 2nd Vice Chairman.

The Shareholders' Meeting No. 35/2018 approved the following:

- The Company's financial statements for the year ended Dec. 31, 2017
- A dividend payment in respect of the Company's operating results in 2017.
- A change in par value of the Company's shares from 1 Baht per share for 586,396,798 shares to 0.50 Baht per share for 1,172,793,596 shares.

May

Payment of a dividend in respect of the Company's operating results for 2017 at Bt1.10 per share for 586,396,798 shares totaling Bt645,036,478.

July

Started the 3rd year of the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

The Board of Directors of the Company approved the disposal of ordinary shares of KCE Singapore Pte., Ltd. of 2,500 shares with a par value of US\$1 dollar at price of US\$12.55 dollar per share to K C E International Co., Ltd, a subsidiary, totalling US\$0.03 million dollar or equivalent to Baht1.04 million which represented 0.50% of total issued and paid-up ordinary shares, resulted in decreasing the Company's ownership from 75.50% to 75.00%.

September

The Board passed a resolution approving the purchase of asset, a land,

2 rai, 2 ngan and 52 square wah totaling Baht 36,820,000, by Thai Laminate Manufacturer Co., Ltd., the company's subsidiary to build a warehouse.

Payment of an interim dividend in respect of the Company's operating results for the first half of 2018 at Bt0.55 per share for 1,172,793,596 shares totaling Bt645,036,478.

October

The Company achieved an "Excellent" corporate governance in the 2018 Annual survey for the fourth consecutive year. The Company is categorized the Top.

Quartile under the group of companies with the Market Capitalize of greater than Bt10,000 million.

December

The Board approved an additional investment in share capital in Chemtronic Products Co., Ltd. with the same shareholding percentage (94.96%) of 303,880 ordinary shares, at a par value of Baht 100 per share, totaling Baht 30.39 million for the investment in Tin Ingot Project.





2019

April

The Shareholders' Meeting No. 36/2019 approved the following:

- The Company's financial statements for the year ended Dec. 31, 2018.
- A dividend payment in respect of the Company's operating results in 2018.
- The issuance and offering of warrants to purchase ordinary shares of the Company (ESOP-W6) to directors, managements and employees of the Company and its subsidiaries in the amount of not exceeding 10,000,000 units.
- The increase of the Company's registered capital in the amount of Baht 5,000,000 from Baht 586,396,798 to Baht 591,396,798 by issuing 10,000,000 new ordinary shares at Baht 0.50 par value per share, and amendment to Article 4 of the Company's Memorandum of Association regarding the registered capital to reflect the increase in registered capital.
- The amendment of the Company's Articles of Association, Article 31; calling an Extraordinary General Meeting of Shareholders.

May

Payment of a dividend in respect of the Company's operating results for 2018 at Bt0.55 per share for 1,172,793,596 shares totaling Bt645,036,478.

July

Started the 4th year of the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

August

The Master of Science in Branding and Marketing Program (MBM) of Chulalongkorn Business School (CBS), the Stock Exchange of Thailand and the Manager Media Group announced that The Company achieved Thailand's Top Corporate Brands 2019 Awards in electronics industry sector with 34,207 million Baht of brand value.

September

Payment of an interim dividend in respect of the Company's operating results for the first half of 2019 at Bt0.40 per share for 1,172,793,596 shares totaling Bt469,117,438.

October

The Company achieved an "Excellent" corporate governance in the 2019 Annual survey for the fifth consecutive year.





2020

March

The Board approved the allocation of warrants to purchase ordinary shares of the Company (ESOP-W6) to directors, managements and employees of the Company and its subsidiaries in the amount of not exceeding 10,000,000 units on March 13, 2020. The qualification and condition of the allocation to each directors, managements and employees detailed in the ESOP-W6 project.

April

Payment of an interim dividend in respect of the Company's operating results for July-December, 2019 at Bt0.40 per share for 1,172,793,596 shares totaling Bt469,117,438.

May

The temporary closure of one of our subsidiary, (KCE International Co., Ltd.), due to the impact of the COVID-19 outbreak on the current market and decline in demand from automotive customers worldwide. The temporary closure will begin on May 7, 2020, and end when the COVID-19 outbreak is under control and the automotive market recovers and returns to normality.

July

The Shareholders' Meeting No. 37/2020 the agendas are as follow:

- Approved the Company's financial statements for the year ended Dec. 31, 2019.
- Acknowledge interim dividend payment for the operating result of 2019.
- No dividend payment in respect of the Company's operating results in 2019 Started the 5th year of the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

August

The Company was ategorized under the "Universe" of 2020 ESG100 companies, who have an outstanding sustainability performance regarding the Environment, Social and Governance, in 2020, rated by THAIPAT's ESG Rating unit, the Foundation for Thailand Rural Reconstruction Movement (TRRM) under theroyal patronage of His Majesty the King.

September

Payment of an interim dividend in respect of the Company's operating results for the first half of 2020 at Bt0.40 per share for 1,172,793,596 shares totaling Bt469,117,438.

November

The Company achieved an "Excellent" corporate governance in the 2020 Annual survey for the sixth consecutive year.

The Company is categorized the Top Quartile under the group of companies with the Market Capitalize of greater than Bt10,000 million.

The Master of Science in Branding and Marketing Program (MBM) of Chulalongkorn Business School (CBS), the Stock Exchange of Thailand and the Manager Media Group announced that The Company achieved Thailand's Top Corporate Brands 2020 Awards in electronics industry sector with 25,547 million Baht of brand value for the second consecutive year.

December

The Company achieved an ASEAN Asset Class Publicly Listed Companies Award in the 2019 ASEAN CG Scorecard which receives support from the ASEAN Capital Markets Forum (ACMF) and Asian Development Bank (ADB) to acknowledge the listed companies in ASEAN with outstanding good corporate governance practices.

The Company submitted the recertification of Thailand's private sector Collective Action Coalition (CAC) membership on September 23, 2020, which the CAC already approved the extension of the certification on December 31, 2020.

Policy and Overview of the Company

KCE Electronics PCL and its subsidiaries are involved in the manufacturing and distributing of printed circuit boards (PCBs), which are the foundation component for a wide range of electronic devices. Its key customer base includes manufacturers of automotive electronic equipment, telecommunication devices, computer networks, industrial equipment, medical equipment and consumer product. Almost all of the Company's production is for exporting worldwide; Europe, United States of America and Asia.

The Group's operational policy is mainly committed to achieving the excellent in manufacturing capability, by initiating various strategies to obtain a better quality product, at a lower cost. The Company continues to seek opportunity to increase profit, by introducing new technologies in production and fully utilize current assets to its utmost benefits, which will be resulted in reaching the maximum efficiency level. Another important policy is the commitment in keeping a long term relationship with its customers by providing the most valuable service the reputation of quality product, that gain trust from customers ever since. In addition, the Company place an importance on stakeholders and social responsibility by developing "Green technology".

Regarding the management of operations, the

Board is responsible for the determination of strategies and key policies. In the early of January 2020, a meeting was organized for CEO and Management, for the purpose of communicating such strategies and setting up the operational objectives (KPI) for the factory as well as for each section of operation. Management of each section then continued to arrange separate meetings to further communicate the strategies and targets down to employee level. During the year, the targets were seriously monitored by comparing actual results with the planned KPI. Managements also regularly reported the operation results to the CEO in the monthly Management meeting. CEO then summarized the operation results for the strategies and reported to the Board in each quarter.

Revenue structure by segment

The Group has three business segments, as described below. The strategic divisions provided different products and services, and are managed separately as they require different technologies and marketing strategies.

Segment 1	Segment 2	Segment 3
Manufacture and distribution of printed circuit boards	Manufacture and distribution of prepreg and laminates	Manufacture and distribution of chemical products

Information regarding the results of each segment are included in the Notes to the Financial Statement No. 20.

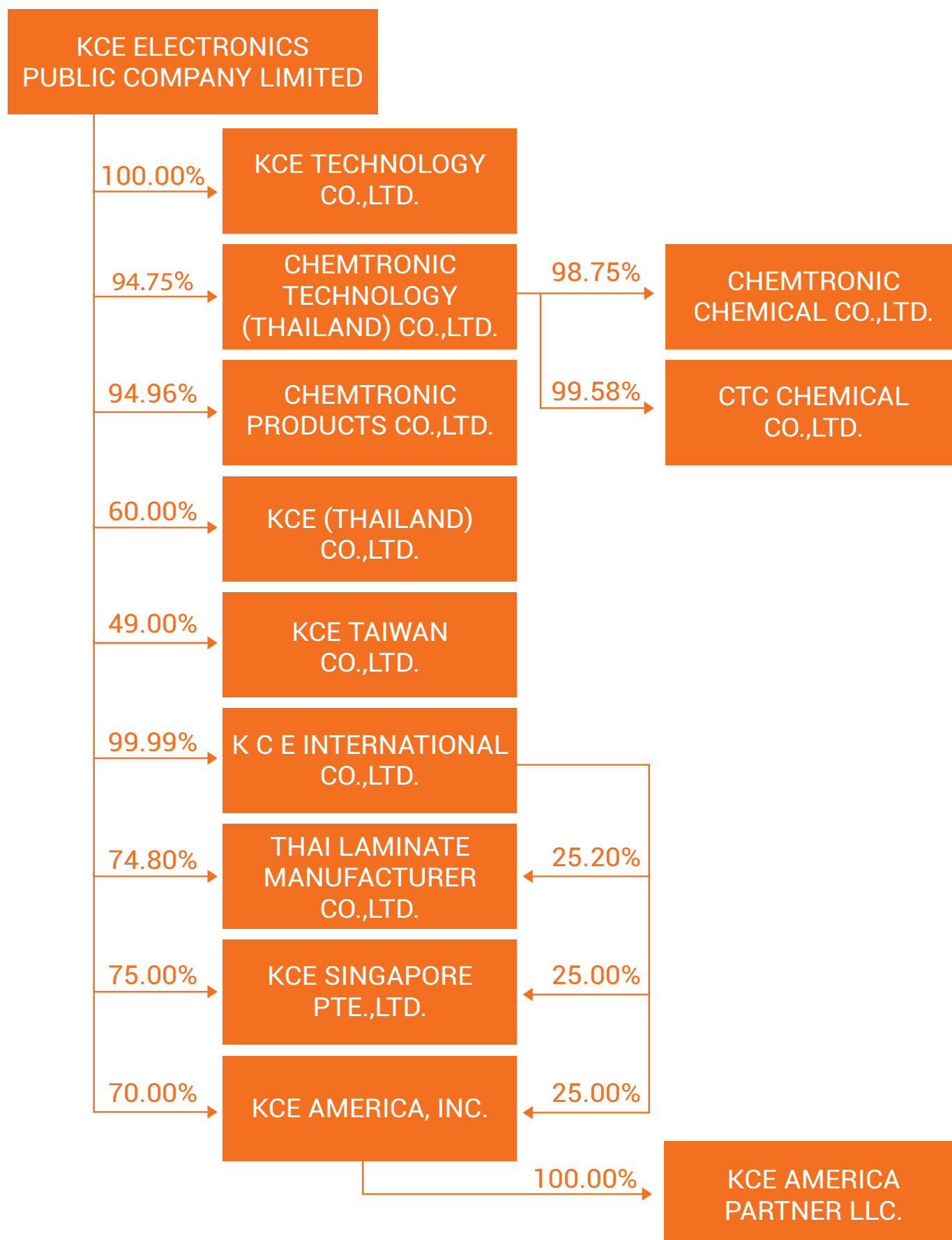
Revenue Structure	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales revenues*						
- Printed Circuit Board business						
Double Sided	1,280.63	11.11	1,641.36	13.57	2,003.17	14.33
Multilayer	9,105.17	78.99	9,966.41	82.38	11,512.77	82.33
- Prepreg and Laminate business	756.75	6.56	174.53	1.44	74.84	0.54
- Chemical Business	384.61	3.34	315.07	2.61	391.72	2.80
Total sales revenues	11,527.16	100.00	12,097.37	100.00	13,982.50	100.00

* Revenue from external customers

BOI Promotional Privileges

The Group and its subsidiaries have been granted promotional privileges under Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company and its subsidiaries are included in the Notes to Financial Statement No. 20.

COMPANY STRUCTURE



INDUSTRY STATUS AND COMPETITION

Electronics market and Industry

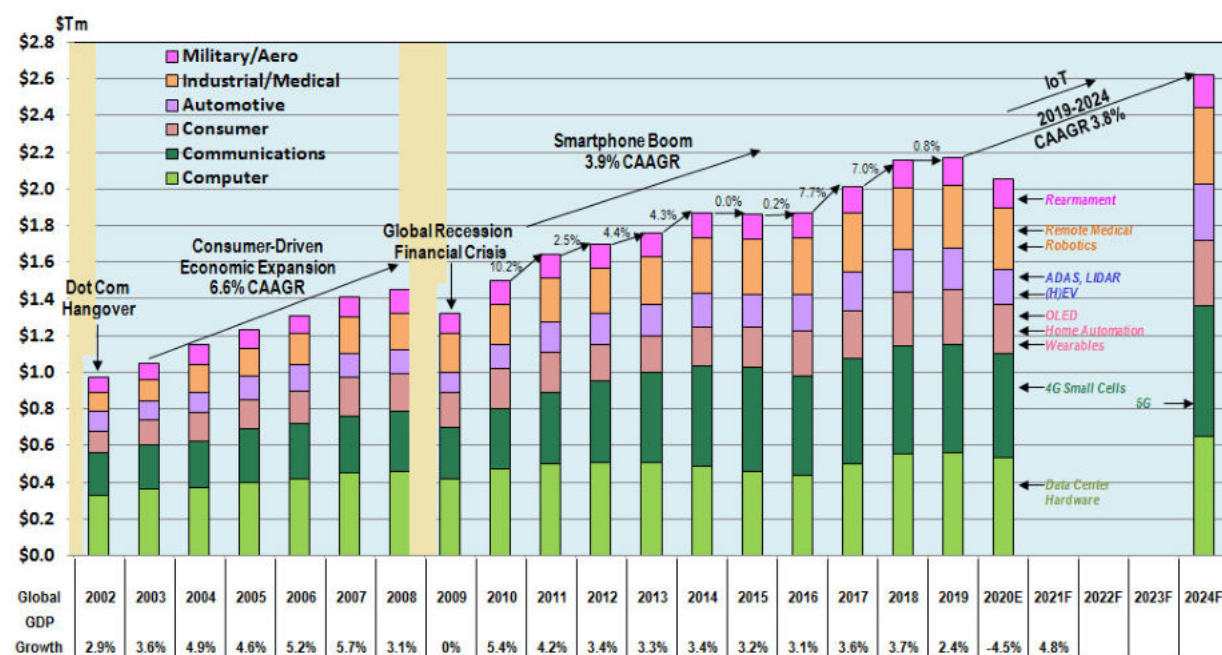
Growth in the electronics industry is tied to the health of the global economy as well as that of the many individual industrial segments that use electronic components, such as the computer and peripherals industry, telecommunication industry, automotive industry, and high-technology product makers. Over many years, the electronics industry has grown continuously. Generally speaking, the electronics industry is characterized by intense competition, rapid technological change, relatively short product lifecycles and intense pressure on pricing and profitability.

2020 was an unprecedented year for all industries. The impact of COVID-19 in global automotive sector has been swift and significant. The automotive electronics

segment was initially hit hard because everyone was forced to stay at home, did not need to communicate, and was reluctant to spend much money on a new car during a time of high economic uncertainty. Once the social distancing restrictions were relaxed, however sales of new and used cars actually shot up because commuters preferred private cars over public transportation. Having said that, automotive electronics market was hit so hard in 1H, that even a strong recovery in Q3 (and uncertainty in Q4), will not reverse the decline this year.

In the midst of a pandemic, the PCB market has performed surprisingly well. Even though the market declined by 16% Q-o-Q in Q1, it rebounded by 8% and 12% Q-o-Q, respectively in Q2 and Q3. A professional expected a 5% growth Q-o-Q in Q4.

A HISTORY AND FORECAST OF THE ELECTRONICS INDUSTRY



Data source: PRISMARK PARTNERS LLC: ELECTRONICS SUPPLY CHAIN REPORTER, Q2 2020)

ELETRONICS SYSTEMS MARKET FORECAST

\$Bn		2018	'19/'18	2019E	'20/'19	2020F	2024F	CAAGR '19-'24*
Computer	PC	247	4.0%	257	-8.1%	236		233	-1.9%
	Infrastructure ⁺	183	-6.7%	171	7.6%	184		277	10.2%
	Other Computer	124	6.5%	132	-12.5%	115		141	1.4%
Communication	Mobile Phones	388	-2.1%	380	-9.9%	343		444	3.2%
	Wired Infrastructure	131	4.6%	137	5.1%	144		161	3.3%
	Wireless Infrastructure	73	1.4%	74	8.0%	80		105	7.2%
Consumer	TV	102	-6.6%	95	-12.9%	83		89	-1.3%
	Audio Video/Personal	102	8.8%	111	-9.9%	100		138	4.4%
	Other Consumer	86	7.0%	92	-8.8%	84		130	7.1%
Automotive		233	-2.1%	228	-14.0%	196		309	6.3%
Industrial	Automation/Control	55	-1.8%	54	-13.0%	47		68	4.9%
	Other Industrial	137	2.2%	140	-5.0%	133		171	4.1%
	PV	32	0.0%	32	-0.9%	32		40	4.6%
Medical		113	2.7%	116	4.2%	121		135	3.1%
Military/Aerospace		149	2.7%	153	2.9%	158		178	3.1%
Total With PV		\$2,155	0.8%	\$2,172	-5.4%	\$2,054		\$2,620	3.8%

* Assumes constant currency exchange rate / Update June 2020

⁺ Added accelerator cards for machine learning, edge servers, and crypto-currency servers to the server/storage sector

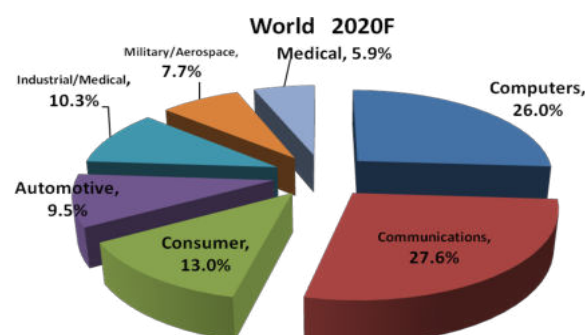
World automotive electronic market

The value of the electronic components per car accounts for 30% of the total car cost in 2010, and it is forecasted that the ratio will continue to increase to 35% in 2020, and 50% in 2030. Nearly all of the innovation currently taking place in the automotive industry is in electronics. Moreover, innovations introduced to the luxury end of the market are being implemented in standard vehicles faster than ever as costs continue to fall.

Automotive electronics sale is increasing at 4.4% YoY ('20/'19), and it was forecasted to be growing at 4.9% YoY ('21/'20) and 5.2% YoY ('24/'21). The main innovations and trends that will drive automotive electronics growth in the future are:

- The increased Energy Efficiency as mechanical systems are replaced by smart electronics.
- The growth of ADAS/ Autonomous driving systems to enhance vehicle systems for safety and better driving, i.e. parking assistance system, automatic emergency braking system (AEB) crash avoidance system and etc.
- Continued development of advanced "connected car" that will allow the car to make use of the Internet, while also functioning as part of the network, i.e. the

ELECTRONICS SYSTEMS MARKET FORECAST 2020



(Data source: PRISMARK PARTNERS LLC: ELECTRONICS SUPPLY CHAIN REPORTER, Q2 2020)

automatic notification of the car's speed and of nearby crashes, along with other alerts.

- Advanced Safety and Security features, both the passive safety and active safety, which includes DADS (driver alertness detection system), infrared night vision, lane departure warning, braking and stability, as well as driver assistance system such as camera and radar systems and communication devices embedded in the vehicle.
- Popularity of EVs

New Automotive Electronics Technology introduced recently are HUD (Head up Display), Smart room mirrors, Pre-crash Safety system, Self Drive cars, Lighting with Laser/LED, whereas many kinds of radar,

sensor, camera and display modules are embedded in a car and being interconnected to coordinate self-driving, i.e. Radar sensor, Ultrasonic sensor, Stereo camera, Infrared camera and etc.

Printed circuit board market and Industry

PRINTED CIRCUIT BOARD PRODUCTION YEAR-ON-YEAR GROWTH RATE FORECAST

(Unit: USD Million)

	2016		2017		2018		2019		2020		2021F		2024F		CAAGR '20-'24
	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
AMERICAS	-0.9%	2,752	-0.4%	2,742	2.7%	2,817	-1.9%	2,763	4.5%	2,888	3.2%	2,980	3.0%	3,253	3.3%
EUROPE	-1.2%	1,910	2.8%	1,963	2.7%	2,016	-9.7%	1,820	-14.5%	1,557	6.0%	1,660	4.0%	1,935	1.2%
JAPAN	-7.1%	5,253	0.0%	5,255	3.5%	5,439	-2.8%	5,288	6.4%	5,628	4.7%	5,894	3.7%	6,512	4.3%
CHINA	1.5%	27,123	9.6%	29,732	10.0%	32,702	0.7%	32,942	4.1%	34,296	5.5%	36,181	4.5%	42,605	5.3%
ASIA (xJpnxCN)	-5.8%	17,169	11.5%	19,151	1.4%	19,423	-4.8%	18,498	6.0%	19,613	4.2%	20,430	7.0%	24,396	5.7%
TOTAL	-2.0%	54,207	8.6%	58,843	6.0%	62,397	-1.7%	61,311	4.4%	63,981	4.9%	67,145	5.2%	78,701	5.1%

(Data source: PRISMARK PARTNERS LLC: PCB Q3 2020: NOVEMBER 2020)

According to NTI-100 World's Top PCB Makers, produced by N.T. Information Ltd., the number of fabricators that topped USD100 million in revenue was just 122, and they accounted for 82% of total world production. KCE was ranked the 48th- largest PCB manufacturer in the world in 2019.

2020 PCB PRODUCTION (VALUE)

Multilayer

(\$M)	Paper	Composite	Rigid DS	4 Layer	6 Layer	8 - 16 Layer	18+ Layers	HDI	Package Substrate	Flex	Total
AMERICAS	\$5	\$13	\$272	\$301	\$320	\$1,034	\$387	\$259	\$11	\$285	\$2,888
EUROPE	\$4	\$58	\$452	\$355	\$215	\$161	\$56	\$101	\$5	\$150	\$1,557
JAPAN	\$14	\$159	\$117	\$410	\$416	\$663	\$196	\$390	\$2,506	\$757	\$5,628
CHINA	\$666	\$1,228	\$3,700	\$6,616	\$4,249	\$4,400	\$458	\$5,854	\$1,421	\$5,703	\$34,296
ASIA (xJP/CN)	\$159	\$246	\$568	\$976	\$1,067	\$1,885	\$310	\$2,972	\$6,088	\$5,342	\$19,613
TOTAL	\$848	\$1,705	\$5,108	\$8,658	\$6,267	\$8,144	\$1,407	\$9,575	\$10,031	\$12,238	\$63,981

2020/2019 PCB YEAR-ON-YEAR GROWTH (VALUE)

Multilayer

(%Value) Y/Y	Paper	Composite	Rigid DS	4 Layer	6 Layer	8 - 16 Layer	18+ Layers	HDI	Package Substrate	Flex	Total
AMERICAS	-6.1%	-5.1%	-0.1%	1.7%	3.1%	3.6%	5.3%	22.3%	14.5%	2.7%	4.5%
EUROPE	-20.2%	-22.1%	-23.7%	-12.2%	-10.9%	-7.2%	-1.8%	-10.6%	13.5%	-3.0%	-14.5%
JAPAN	-4.1%	-4.0%	-1.1%	-5.9%	-0.2%	1.1%	5.7%	-18.5%	22.9%	-2.6%	6.4%
CHINA	-6.6%	-5.9%	-1.0%	0.4%	3.1%	9.6%	10.1%	7.1%	31.0%	3.8%	4.1%
ASIA (xJP/CN)	-9.5%	-9.9%	-9.2%	-5.2%	-1.6%	5.5%	5.9%	8.4%	21.7%	-2.7%	6.0%
TOTAL	-7.2%	-7.0%	-4.4%	-1.1%	1.5%	6.8%	6.7%	6.3%	23.2%	0.3%	4.4%

(Data source: PRISMARK PARTNERS LLC: PCB Q3 2020: NOVEMBER 2020)

The main drivers of PCB growth in the recent years have been mobile phones, automotive and the emergence of 5G. The long-term PCB industry outlook for growth is forecasted at 5.1% CAAGR over five years (2020-2024). The growth assumes emerging economies with large, growing, and more affluent populations representing an untapped market. In addition, an uptake of advanced electronics in automation, health, transportation, power, and myriad sensor applications will provide some potential “catch-up” driven by pent-up demand when the global economy improves.

World Automotive PCB market and growth forecasts

An important part of the PCB industry is the PCB for automotive electronics segment, which is KCE’s core end market. The automotive PCB market was worth about USD7.3 Bn. in 2020, accounting for about 10% of world PCB production. This segment is growing rapidly as automakers look to add more and more electronic components to cars. Demand for more electric cars (PHV, EV, and FCR, etc.) will require a large number of inverters and converters with heavy copper. Automotive PCB demand is expected to grow at a rate of 5-6% annually, which is faster than vehicle sales (2-3% annually) in the last several years and the overall PCB market (2.9% CAAGR for 2018-20).

Auto Shipments* & PCB Usage for Automotive Electronics

Year	2013	2014	2015	2016	2017	2018	2019	2020E
Auto Shipment (M Units)	87.93	89.75	93.50	94.10	94.30	93.60	92.00	82.00
PCB Usage (\$M)	4,680	4,960	5,500	5,900	6,500	7,630	7,850	7,300

(Data source: NTI Digest, January 2021, PCB Industry in 2020 & Forecast for 2021, Part I : N.T. Information Ltd)

*Including passenger cars, trucks and buses

The automotive electronics sector that KCE serves is highly competitive by the standards of the overall electronics industry. The Company faces competition from local, regional and large international providers of PCBs. However, the Company also believes that product reliability, responsive customer service and support and

fair pricing, all areas where KCE is strong, are of greater importance to customers.

According to the N.T. Information, the top 10 automotive PCB makers have an aggregate output of 60% of world production. KCE was ranked the 8th largest automotive PCB maker of the world.

Automotive market and Industry

The automotive industry is one of the most capital-intensive industries in the world with global sales of over USD2 trillion a year, while creating revenue of more than USD500 billion for automakers in more than 26 countries. Due to the increasingly complex applications being deployed in cars, constant electronic innovation is required.

CAPITAL STRUCTURE

Capital (as of December 30, 2020)

Registered capital	591,396,798	Baht
Issued and Paid-up capital	589,031,048	Baht
Ordinary share (par value Baht 0.50 per share)	1,178,062,096	Shares

Shareholders List of the Top 10 major shareholders (as at December 30, 2020)

Name List	Number of shares held	Percentage of Total shares
Ongkosit Group*	405,296,325	34.40
Mr. Panja Senadisai	55,213,500	4.69
Thai NVDR Co., Ltd.	54,554,236	4.63
SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	35,198,496	2.99
BANK OF NEW YORK MELLON	16,255,900	1.38
Mr. Mahithorn Pongsarat	15,410,400	1.31
SCB DIVIDEND STOCK 70/30 LONG TERM EQUITY FUND	14,341,700	1.22
RAFFLES NOMINEES (PTE) LIMITED	14,328,600	1.21
K FLEXIBLE EQUITY RMF	13,761,500	1.17
Mrs. Siriphan Suntanaphan	11,209,800	0.95
Total	635,570,457	53.95

Ongkosit Group* comprises of the followings:

Mr. Pitharn	Ongkosit	Number of shares	174,754,244	Percentage	14.83
Mr. Athasidh	Ongkosit	Number of shares	71,596,683	Percentage	6.08
Miss Chutinart	Ongkosit	Number of shares	66,312,138	Percentage	5.63
Mrs. Rossarin	Ongkosit	Number of shares	2,349,000	Percentage	0.20
Mrs. Voraluksana	Ongkosit	Number of shares	1,879,500	Percentage	0.16
Mr. Bancha	Ongkosit	Number of shares	404,760	Percentage	0.03
MORGAN STANLEY & CO. INTERNATIONAL PLC		Number of shares	88,000,000	Percentage	7.47

As at December 30, 2020, the Company's shares held by foreign investor was 22.73%.

BOARD OF DIRECTORS



Mr. Bancha Ongkosit

Chairman of the Board of Directors

Chairman of the Executive Board

Age : 69 years

Appointed as the Company Director in : April 29, 1982

Shareholding in the Company : 404,760 shares or 0.03%

Education

- SIAD, SURREY DIP. GRAPHIC DESIGN (Second Class Honours) REIGATE COLLEGE OF ARTS, ENGLAND

Completed Programs from Thai Institute of Directors (IOD)

- 2004
Director Accreditation Program (DAP)

Holding a position of Director Listed company
1 company

Holding a position of Director Non-listed company
None

Experiences

- 2016 - Present
 - Chairman of the Board, Chemtronic Products Co., Ltd.
 - Chairman of the Board, CTC Chemical Co., Ltd.
- 2012 - Present
 - Director, KCE (Taiwan) Co., Ltd
 - Chairman of the Board, Chemtronic Chemical Co., Ltd.
 - Chairman of the Board, Chemtronic Technology (Thailand) Co., Ltd.
- 2007 - Present
Chairman of the Board, KCE (Thailand) Co., Ltd.
- 2000 - Present
Chairman of the Board, KCE Technology Co., Ltd.
- 1995 - Present
Chairman of the Board, Thai Laminate Manufacturer Co., Ltd.
- 1991 - Present
Chairman of the Board, KCE Singapore PTE.
- 1988 - Present
Chairman of the Board, K C E International Co., Ltd.
- 1982 - Present
Chairman of the Board, KCE Electronics Public Company Limited
- 1990 - 2016
Director, KCE America, Inc.
- 1981 - 1982 Kuang Charoen Electronics Co., Ltd.
- 1974 - 1981 Kenyon & Eckhardt (Thailand) Ltd.



Panja Senadisai, Ph.D.

Vice Chairman of the Board of Directors
Nomination and Remuneration Committee Member
Enterprise Risk Policy Committee Member

Age : 72 years

Appointed as the Company Director in : April 28, 1983

Shareholding in the Company : 55,213,500 shares or 4.69%

Education

- Ph.D. (Industrial Business Administration), 2014
King Mongkut's Institute of Technology Ladkrabang
- Master's Degree in Business Administration, Suffolk University, Massachusetts, U.S.A.

Completed Programs from Thai Institute of Directors (IOD)

- 2018
Risk Management Program for Corporate Leaders (RCL)
- 2016
Corporate Governance for Capital Market Intermediaries (CGI)
- 2007
Role of the Compensation Committee
- 2004
Audit Committee Program (ACP)
- 2002
Directors Certification Program (DCP)

Holding a position of Director Listed company

4 companies

Holding a position of Director Non-listed company

2 companies

Experiences

- **2016 - Present**
Enterprise Risk Policy Committee member, KCE Electronics Public Company Limited
- **2005 - Present**
Director & Chairman of the Audit Committee, Pylon PCL.
- **2002 - Present**
Director, Audit Committee & Chairman of the Remuneration Committee, Trinity Watthana PCL.
- **2000 - Present**
Director, Chairman of the Audit Committee, Nomination & Remuneration Committee, Somboon Advance Technology PCL.
- **1983 - Present**
Director, Nomination & Remuneration Committee, KCE Electronics Public Company Limited
- **2006 - 2009**
Director, Executive Director & Remuneration Committee, Government Saving Bank
- **2004 - 2011**
Chairman of the Board, Deva Development PCL.
- **2003 - 2014**
Director & Audit Committee, Rasa Property Development PCL.
- **2003 - 2008**
Advisor, Technicolor (Thailand) Co., Ltd.
- **1999 - 2006**
Director, Advisor & Remuneration Committee, CVD Entertainment PCL.
- **1994 - 1997**
President, Raimon Co., Ltd.
- **1993 - 2007**
Director & Remuneration Committee, SMC Motor PCL.
- **1991 - 1994**
Managing Director, H&Q (Thailand) Co., Ltd.
- **1976 - 1991**
Vice President, Bangkok Bank PCL.
- **1974 - 1976**
Treasury Manager, Commercial Credit Corp. (Thailand)
- **1972 - 1974**
Senior Sales, Planning Analyst, Ford Motor (Thailand) Co., Ltd.
- **1971 - 1972**
Administrative Officer, Ministry of Commerce

Directorship in Other Company

- **2006 - Present**
Director, PAC (Siam) Co., Ltd. (Manarom Hospital)
- **2014 - Present**
Director, Sukhumvit 62 Medical Co., Ltd. (Ruamjaiarak Hospital)

Awards

- **2014**
Awarded "Quality person of the year 2014" in Electronics sector, by the Foundation of Science and Technology Council of Thailand.



Chantima Ongkosit, MD

Director

Chairman of the Corporate Governance Committee

Age : 74 years

Appointed as the Company Director in : April 28, 1983

Shareholding in the Company : 8,267,650 shares or 0.70%

Education

- M.D. (1st Class Honors), Chiangmai University
- Diplomate, American Board of Psychiatry and Neurology
- Residency Training in Psychiatry and Neurology, Department of Psychiatry, University of Illinois, Chicago, Illinois, U.S.A.

Completed Programs from Thai Institute of Directors (IOD)

- **2014**
Director Certification Program Update (DCPU)
- **2008**
Directors Certification Program (DCP)
- **2004**
Finance for Non - Finance Director
- **2003**
Directors Accreditation Program (DAP)

Holding a position of Director Listed company
1 company

Holding a position of Director Non-listed company
1 company

Experiences

1983 - Present

Director, Chairperson of the Corporate Governance Committee, KCE Electronics Public Company Limited

1985 - 2018

Special Lecturer of Psychiatry, Faculty of Medicine at Ramathibodi Hospital Mahidol University and Somdet Chaopraya Institute of Psychiatry

2000 - 2007

Director, KCE Technology Co., Ltd.

1997 - 2004

Director, Thai Laminate manufacturer Co., Ltd.

1988 - 2007

Director, K C E International Co., Ltd.

1980 - 1984

Assistant Professor of Psychiatry, Faculty of Medicine at Ramathibodi Hospital, Mahidol University

1978 - 1980

Lecturer of Psychiatry, Faculty of Medicine at Ramathibodi Hospital, Mahidol University

1976 - 1998

Chief of In-patient and Research Unit, Westside Veteran Administration Hospital, Chicago, Illinois, U.S.A.

1976 - 1978

Associate Director of Affective Disorders Clinic, University of Illinois, Chicago, Illinois, U.S.A.

1976 - 1978

Assistant Professor of Psychiatry, University of Illinois, Chicago, Illinois, U.S.A.

Directorship in Other Company

2003 - Present

Chairman, PAC (Siam) Co., Ltd. (Manarom Hospital)



Mr. Paitoon Taveebhol

Independent Director / Chairman of Audit Committee
Chairman of Nomination & Remuneration Committee
Enterprise Risk Policy Committee Member

Age : 70 years

Appointed as the Company Director in : April 27, 2012

Shareholding in the Company : None

Education

- MBA, Kasetsart University
- Certificate in Auditing, Thammasat University
- B.A. (Accounting), Ramkhamhaeng University

Holding a position
of Director Listed company
5 companies

Holding a position of
Director Non-listed company
1 company

Completed Programs from Thai Institute of Directors (IOD)

- 2020
 - GRC Series Ep.3: ESG Driven Boardroom for "Purpose" to "Performance"
 - Director Forum: "Board's Role in Strategy for Business Sustainability"
- 2019
 - Thailand Responsible Business Network - TRBN
 - CAC National Conference 2019 - Innovations in the Fight against Corruption
 - Chairman Forum 2019 - Successful Corporate Culture Change : from Policy to Practices
 - IOD National Director Conference 2019 - Board of the Future
 - Independent Director Forum 1/2019 - Tips and Tricks for Dealing with Questions in AGM
 - Annual General Meeting 2019 - Business transformation
- 2018
 - Thailand's 9th National Conference on Collective Action against Corruption - Disruption Corruption, CAC
 - Independent Director Forum - Tough Boardroom Situations (Independent Directors Share Lessons Learned), IOD and PwC
 - Inaugural Corporate Governance Conference 2018 - Building Trust in a Transforming Economy, SEC
 - Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management , Thammasat University & SET
- 2017
 - 2017 Independent Director Forum
 - Chairman Dinner Talk
 - 8th CAC National Conference, CAC & IOD
- 2016
 - Internal Control and the Audit Committee's work, FAP
 - Enhancing Growth Through Governance in Family-Controlled Business
 - CG Forum
 - Good Principle of business Administration, CG for Institution investment, related to the listed company
 - National Conference of CAC

2015

- IOD Director Conference 2015, Re - energizing Growth through better Governance
- IOD Director Forum - Building Better Board through Effective Independent Director
- 2015 OECD Asian roundtable on Corporate Governance, By OECD, IOD, SET and SEC

2013

The 2nd National Director Conference 2013 Board Leadership Evolution

2012

Anti-Corruption for Executive Program (ACEP)

2010

- Monitoring the Internal Audit Function (MIA)
- Monitoring the System of Internal Control and Risk Management (MIR)
- Monitoring the Quality of Financial Reporting (MFR)
- Role of the Compensation Committee (RCC)

2009

Monitoring Fraud Risk Management (MFM)

2008

Chartered Director Class (R - CDC)

2005

- Audit Committee Program (ACP)
- Role of Chairman Program (RCP)

2003

- Director Certification Program (DCP)
- Director Accreditation Program (DAP)

Experiences

2020 - Present

Chairman of the Nomination and Remuneration Committee, Enterprise Risk Policy Committee Member KCE Electronics PCL.

2014 - Present

- Chairman of the Board of Director Zen Corporation Group PCL.
- Chairman of the Risk Management Committee Central Pattana PCL.

2012 - Present

- Independent Director, Chairman of Audit Committee KCE Electronics PCL.
- Independent Director, Audit Committee Member Easy Buy PCL.

2008 - Present

Independent Director, Chairman of the Nomination & Remuneration Committee, Audit and Corporate Governance Committee Member Somboon Advance Technology PCL.

2002 - Present

Independent director, Chairman of the Audit Committee Central Pattana PCL.

2016 - 2019

Chairman of the Enterprise Risk Policy Committee, Nomination and Remuneration Committee Member KCE Electronics PCL.

2011 - 2013

Independent Director, Chairman of Audit Committee, Member of Corporate Governance Committee, Big C Super Center PCL.

2009 - 2011

- Audit, Following and Evaluation Committee, Walailak University
- Director, Executive Director, SGV-Na Thalang Co., Ltd.
- Managing Director, Arthur Andersen Business Advisory Ltd.

2008 - 2011

- Vice Chairman, Mater Dei Institute Foundation
- President, Mater Dei Institute Parent and Teacher Association

2003 - 2005

Managing Director, BT Business Consulting Co., Ltd.

1998 - 2000

Vice President, Council Member, The Institute of Internal Auditors of Thailand

1991 - 2005

President, Secretary General, The ASEAN Federation of Accountants

1991 - 2003

Vice President, Council Member, The Institute of Certified Accountants and Auditors of Thailand

Directorship in Other Company

2004 - Present

Board Member, Mater Dei Institute



Mrs. Voraluksana Ongkosit

Director / Executive Vice Chairperson

Corporate Governance Committee Member

Age : 69 years

Appointed as the Company Director in : April 27, 1989

Shareholding in the Company : 1,879,500 shares or 0.16%

Education

- PITMAN DIP. BUSINESS & SECRETARIAL
ST. JAMES COLLEGE,
ENGLAND

Completed Programs from Thai Institute of Directors (IOD)

- 2014
Director Certification Program Update (DCPU)
- 2011
Financial Instrument for Directors
- 2008
Directors Certification Program (DCP)
- 2005
Thai Directors Compensation Survey 2004
- 2004
Finance for Non - Finance Director
- 2003
Directors Accreditation Program (DAP)

Holding a position of Director Listed company

1 company

Holding a position of Director Non-listed company

None

Experiences

- 2007 - Present
Director
KCE (Thailand) Company Limited
- 2000 - Present
Director
KCE Technology Company Limited
- 1995 - Present
Director
Thai Laminate Manufacturer Company Limited
- 1991 - Present
Director
KCE Singapore Pte., Ltd.
- 1990 - Present
Director
KCE America, Inc.
- 1989 - Present
Director, Member of Corporate Governance Committee
KCE Electronics Public Company Limited
- 1988 - Present
Director
K C E International Company Limited
- 1979 - 1988
Kenyon & Eckhardt (Thailand) LTD.
- 1974 - 1979
Grant Advertising
- 1972 - 1973
Federal Electric Corporation



Mrs. Siriphan Suntanaphan

Director

Enterprise Risk Policy Committee Member

Age : 65 years

Appointed as the Company Director in : April 29, 1992

Shareholding in the Company : 11,209,800 shares or 0.95%

Education

B.A., Chulalongkorn University

Completed Programs from
Thai Institute of Directors
(IOD)

2018

Risk Management Program for
Corporate Leaders (RCL)

2014

Director Certification Program
Update (DCPU)

2008

Directors Certification Program
(DCP)

2004

- Finance for Non-Finance Director
- Directors Accreditation Program
(DAP)

Holding a position
of Director Listed company
1 company

Holding a position of
Director Non-listed company
None

Experiences

2016 - Present

Enterprise Risk Policy Committee member
KCE Electronics Public Company Limited

1995 – Present

Director / Managing Director
Thai Laminate Manufacturer Co.,Ltd.

1992 – Present

Director
KCE Electronics Public Company Limited

1992 – 2008

General Manager
KCE Electronics Public Company Limited

1986 – 1992

Deputy of Managing Director
STK Computer Co., Ltd



Mr. Kanchit Bunajinda

Independent Director / Audit Committee Member / Chairman of Enterprise Risk Policy Committee / Nomination & Remuneration Committee Member

Age : 53 years

Appointed as the Company Director in : April 28, 2016

Shareholding in the Company : None

Education

- MBA Finance, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- B.S of Civil Engineering Chulalongkorn University

Completed Programs from Thai Institute of Directors (IOD)

- 2009
 - Monitoring the Quality of Financial Reporting (MFR 8)
 - Monitoring the Internal Audit Function (MIA 5)
 - Monitoring the System of Internal Control and Risk Management (MIR 4)
- 2006
Audit Committee Program (ACP 14)
- 2005
Directors Accreditation Program (DAP 35)
- 2003
Directors Certification Program (DCP 30)

Holding a position of Director Listed company
2 companies

Holding a position of Director Non-listed company
2 companies

Experiences

- 2020 - Present
Chairman of the Enterprise Risk Policy Committee, Nomination and Remuneration Committee Member
KCE Electronics PCL.
- 2019 - Present
Independent Director, Chairman of Risk Policy Committee
Central Retail Corporation PCL.
- 2016 - Present
 - Independent Director, Audit Committee member
KCE Electronics PCL.
 - Director, Thai Listed Companies Association
- 2015 - Present
Director, Center for Building Competitive Enterprises, Thai Listed Company Association
- 2016 - 2019
Enterprise Risk Policy Committee Member
KCE Electronics PCL.
- 2014 - 2017
 - Vice Chairman, Investor Relation Club, Thai Listed Company Association
 - Advisor Market for Alternative Investment (MAI)
- 2014 - 2016
Director, Risk Committee member
Nomination & Remuneration Committee
Zen Corporation Company Limited
- 2009 - 2018
Director
Robinson Department Store PCL.
- 2007 - 2012
Alternate Director of Asian Corporate Governance Association Singapore
- 2006 - 2015
Director, Risk Committee member
Pruksa Real Estate PCL.
- 2006 - 2014
Director, Audit Committee member, Chairman of Risk Committee
Central Plaza Hotel PCL.
- 2003 - 2015
Director, Risk Committee member, Nomination & Remuneration Committee member
Central Pattana PCL.

Directorship in Other Company

- 2019 - Present
Director
Kallayanamit Chucherd Co., Ltd.
- 2020 - Present
Independent Director, Chairman of Risk Policy Committee
Bluebik Group Co., Ltd.



Sutee Mokkhavesa, Ph.D.

Independent Director / Audit Committee Member

Enterprise Risk Policy Committee Member

Age : 45 years

Appointed as the Company Director in : January 1, 2020

Shareholding in the Company : None

Education

- Ph.D. Applied Mathematical Finance, Imperial College, London
- MSci. Mathematics, Imperial College, London

Completed Programs from Thai Institute of Directors (IOD)

- 2016
Director Certification Program (DCP)
Holding a position of Director Listed company
5 companies

Holding a position of Director Non-listed company
3 companies

Experiences

- 2020 – Present
Independent Director, Audit Committee member, Enterprise Risk Policy Committee Member
KCE Electronics PCL.
- 2018 – Present
Board of Director, Investment Committee, Risk Management Committee Member
Thaire Life Assurance PCL.
- 2009 – Present
Director, Member of The Executive Committee, Advisor to the President, Risk Management Committee, Investment Committee
Phatra Leasing PCL.
- 2006 – Present
Advisor to the President, Risk Management Committee Member
Muang Thai Insurance PCL.
- 2006 – Present
Advisor Market and Liquidity Risk Consultant, Securitization Member, Mortgage Insurance Member, ALM System Implementation
Government Housing Bank
- 2003 – Present
Senior Executive Vice President Risk, Strategy & Transformation, Secretary of The Executive Committee, Member of Risk Management, Investment Committee,
Muang Thai Life Assurance PCL.

Directorship in Other Company

- 2019 – Present
Director and Chairman of the Board, Aigen Co., Ltd.
- 2017 – Present
Board of Director, Investment Committee
Fuchsia Venture Capital Co., Ltd.
- 2016 – Present
Member of The Supervisory Board,
Member of Risk Management Committee, Member of Investment committee
ST - Muang Thai Insurance Co., Ltd.
(Lao People's Democratic Republic)



Mr. Pitharn Ongkosit

Vice Chairman of the Board of Directors
President and Chief Executive Officer
Chairman of Risk Management Committee
Enterprise Risk Policy Committee Member

Age : 39 years

Appointed as the Company Director in : April 29, 2014

Shareholding in the Company : 174,754,244 shares or 14.83%

Education

- Master of Business Administration, Cornell University, Johnson Graduate School of Management
- B.S. of Computer Engineering (Honors), University of California, Riverside
- B.S. of Electrical Engineering (Honors), University of California, Riverside

Completed Programs from Thai Institute of Directors (IOD)

- **2014**
Director Certification Program (DCP 194-195/2014)

Holding a position of Director Listed company
1 company

Holding a position of Director Non-listed company
2 companies

Experiences

2016 - Present

- Director
Chemtronic Products Co., Ltd.
- Director
CTC Chemical Co., Ltd.
- Enterprise Risk Policy Committee member
KCE Electronics PCL.
- Director
KCE America, Inc.

2014 - Present

- Director, Chairman of Risk Management Committee
KCE Electronics PCL.
- Director
KCE Singapore PTE.

2013 - Present

- President and Chief Executive Officer
KCE Electronics PCL.

2012 - Present

- Director
KCE (Thailand) Co., Ltd.
- Director
KCE Taiwan Co. Ltd.
- Director
Chemtronic Chemical Co., Ltd.
- Director
Chemtronic Technology (Thailand) Co., Ltd.

2010 - Present

- Director
Thai Laminate Manufacturer Co., Ltd.

2009 - Present

- Director, Assistant to Managing Director
K C E International Co., Ltd.
- Director/ Assistant to Managing Director
KCE Technology Co., Ltd.

2009 - 2012

- Deputy Managing Director
KCE Electronics PCL.

2008

- Investment Banking Intern, Phatra Securities Public Company Limited

2005 - 2007

- Sales and Production Planning Strategist,
KCE Electronics PCL.

Directorship in Other Company

2019 - Present

- Director
Mos Burger (Thailand) Co., Ltd.

2017 - Present

- Director
The Face Shop Co., Ltd.

Awards

2016

- Outstanding CEO Awards
SET AWARDS 2016
- Young Rising Star CEO Awards
SET AWARDS 2016

2015

- Outstanding CEO Awards
SET AWARDS 2015

MANAGEMENT TEAM

Mr. Bancha	Ongkosit	Chairman of the Executive Board 1982 – Present: KCE Electronics Public Company Limited
Mrs. Voraluksana	Ongkosit	Executive Vice Chairperson 1989 – Present: KCE Electronics Public Company Limited
Mr. Pitharn	Ongkosit	President and Chief Executive Officer 2009 – Present: KCE Electronics Public Company Limited
Mr. Fredrick	Gharapet Ohanian	Executive Vice President of Operations 2008 – Present: KCE Electronics Public Company Limited
Mrs. Tanyarat	Tessalee	Executive Vice President of Finance and Administration 2004 – Present: KCE Electronics Public Company Limited
Mr. Athasidh	Ongkosit	Senior Vice President of Information Technology 2010 – Present: KCE Electronics Public Company Limited
Mr. Pairoj	Tarawatcharasart	Vice President of Engineering 1987 – Present: KCE Technology Co., Ltd.
Mr. Sunan	Sripetch	Vice President of Operations 1993 – Present: KCE Electronics Public Company Limited
Mr. Viboon	Sunthornwiwath	Senior Vice President of Human Resources 2016 – Present: KCE Electronics Public Company Limited
Ms. Kanokporn	Sukprasitpredee	Senior Vice President of Supply Chain 2017 – Present: KCE Electronics Public Company Limited

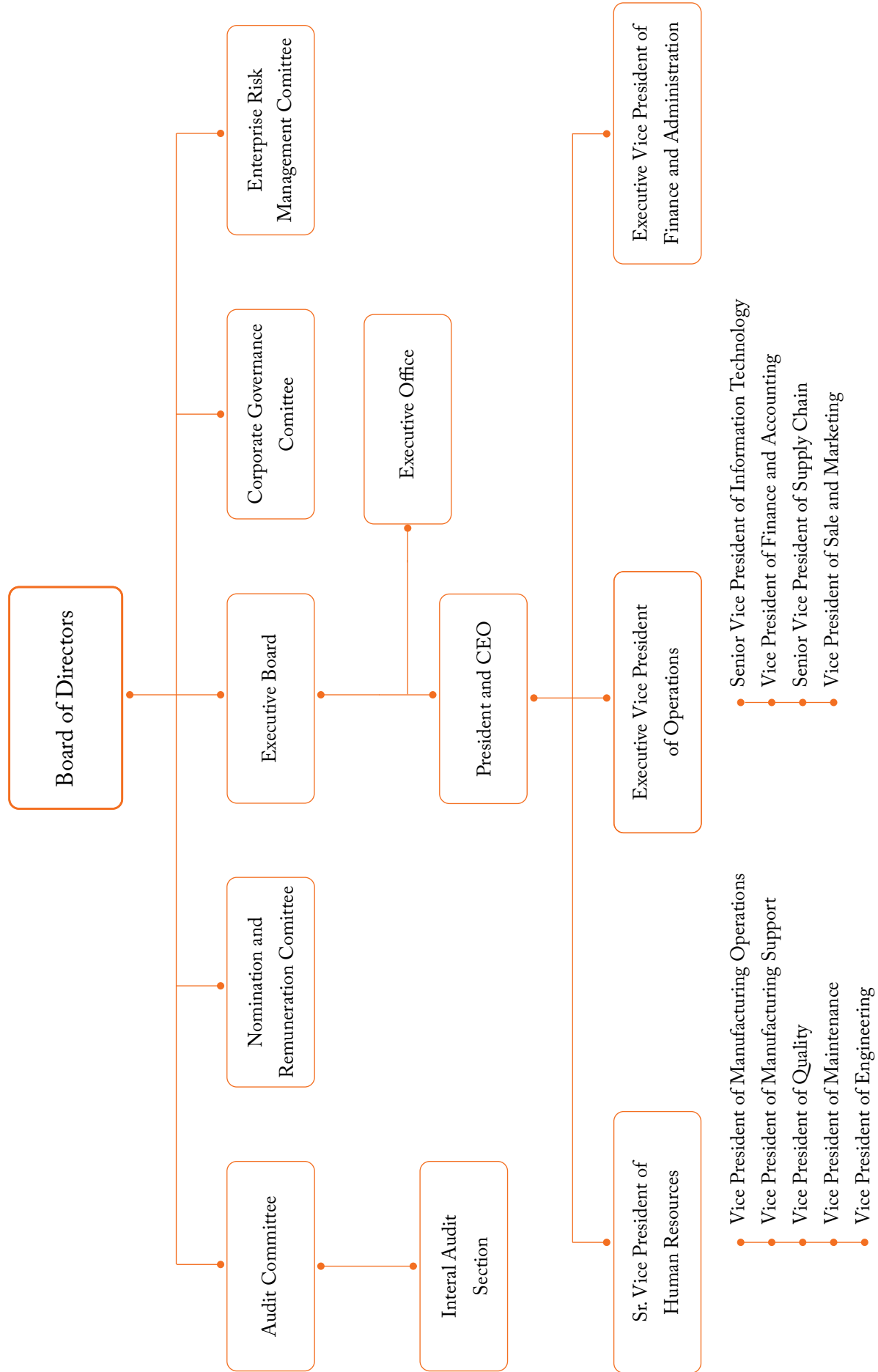
Name list of Directors and Management holding the company shares, as at December 30, 2020.

Name	Position	No. of shares Dec 30, 2019	No. of shares* Dec 30, 2020	Share held (%) Dec. 30, 2020	Type of holding
Mr. Bancha Ongkosit	Chairman, Chairman of the Executive Board	4,760	404,760	0.03%	Direct
		1,679,500	1,879,500	0.16%	Indirect (wife)
Mrs. Voraluksana Ongkosit	Director Executive Vice Chairperson CG Committee member	1,679,500	1,879,500	0.16%	Direct
		4,760	404,760	0.03%	Indirect (husband)
Mr. Pitharn Ongkosit	Vice Chairman of the Board Director President & CEO Chairman of the Risk Management Committee Enterprise Risk Policy Committee member	160,152,444	174,754,244	14.83%	Direct
		-	-	-	Indirect
Chantima Ongkosit, MD	Director Chairman of the CG Committee	8,067,650	8,267,650	0.70%	Direct
		-	-	-	Indirect
Dr. Panja Senadisai	Vice Chairman of the Board Director Nomination & Remuneration Committee member Enterprise Risk Policy Committee member	54,633,500	55,213,500	4.69%	Direct
		-	-	-	Indirect
Mrs. Siriphan Suntanaphan	Director Enterprise Risk Policy Committee member	11,009,800	11,209,800	0.95%	Direct
		1,490,000	1,490,000	0.13%	Indirect (husband)
Mr. Paitoon Taveebhol	Independent Director Chairman of the Audit Committee Chairman of the Nomination & Remuneration Committee Enterprise Risk Policy Committee member	-	-	-	Direct
		-	-	-	Indirect
		-	-	-	
		-	-	-	

Name		Position	No. of shares Dec 30, 2019	No. of shares* Dec 30, 2020	Share held (%) Dec. 30, 2020	Type of holding
Mr. Kanchit Bunajinda		Independent Director	-	-	-	Direct
		Audit Committee member	-	-	-	Indirect
		Chairman of the Enterprise Risk Policy Committee				
		Nomination & Remuneration Committee member				
Dr. Sutee Mokkhavesa		Independent Director	-	-	-	Direct
		Audit Committee member	-	-	-	Indirect
		Enterprise Risk Policy Committee member				(wife)
Mrs. Tanyarat Tessalee		Executive Vice President of Finance and Administration	564,600	664,600	0.06%	Direct
			-	-	-	Indirect
Mr. Fredrick Gharapet Ohanian		Executive Vice President of Operations	1,750,000	1,950,000	0.17%	Direct
			1,000,000	1,000,000	0.08%	Indirect (child)
Mr. Athasidh Ongkosit		Senior Vice President of Information Technology	71,287,541	71,596,683	6.08%	Direct
			2,349,000	2,349,000	0.20%	Indirect (wife)
Mr. Sunan Sripetch		Vice President of Operations	61,754	69,349	0.006%	Direct
			-	-	-	Indirect
Mr. Pairoj Tarawatcharasart		Vice President of Engineering	1,143,342	1,185,283	0.10%	Direct
			-	-	-	Indirect
Mr. Viboon Sunthornwiwath		Senior Vice President of Human Resources	28,302	56,189	0.005%	Direct
			-	-	-	Indirect
Ms. Kanokporn Sukprasitpredee		Senior Vice President of Supply Chain	27,724	48,115	0.004%	Direct
			-	-	-	Indirect

(*Book Closing Date : December 30, 2020)

ORGANIZATION CHART



MANAGEMENT STRUCTURE

The Company's management structure consists of six boards and sub-committees comprising the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Enterprise Risk Policy Committee. The details of each committee and their scope, duties and responsibilities are as follows:

6 DIRECTORS AS FOLLOWS

- 1 BOARD OF DIRECTORS
- 2 EXECUTIVE BOARD
- 3 AUDIT COMMITTEE
- 4 NOMINATION AND
REMUNERATION COMMITTEE
- 5 CORPORATE GOVERNANCE
COMMITTEE
- 6 ENTERPRISE RISK POLICY
COMMITTEE

1

BOARD OF DIRECTORS

The Board of Directors consists of nine directors as follows:

- The Chairman, who is a different person from the President and Chief Executive Officer, so there is a clear segregation of roles, duties and a balance of power in operations.
- Three Independent Directors, accounting for one-third of the Board of Directors, to ensure board representation meets good corporate governance standards as set by the SET.
- Six of the Board members are non-executive directors and three are executive directors.

The names and positions of the Board of Directors are as follows:

1. Mr. Bancha	Ongkosit ⁽¹⁾	Chairman of the Board of Directors Chairman of the Executive Board
2. Dr. Panja	Senadisai	Vice Chairman of the Board of Director Nomination & Remuneration Committee member Enterprise Risk Policy Committee member
3. Mr. Paitoon	Taveebhol	Independent Director Chairman of the Audit Committee Chairman of the Nomination & Remuneration Committee Enterprise Risk Policy Committee member
4. Dr. Chantima	Ongkosit	Director Chairman of the Corporate Governance Committee
5. Mrs. Voraluksana	Ongkosit ⁽¹⁾	Director, Executive Vice Chairperson Corporate Governance Committee member
6. Mrs. Siriphan	Suntanaphan	Director, Enterprise Risk Policy Committee member
7. Mr. Pitharn	Ongkosit ⁽¹⁾	Vice Chairman of the Board of Director Chief Executive Officer Chairman of the Risk Management Committee Enterprise Risk Policy Committee member
8. Mr. Kanchit	Bunajinda	Independent Director, Audit Committee member Chairman of the Enterprise Risk Policy Committee member Nomination & Remuneration Committee member
9. Dr. Sutee	Mokkhavesa	Independent Director, Audit Committee member Enterprise Risk Policy Committee member

Remark: ⁽¹⁾Executive Director

The Authorized Directors

The directors with company signatory rights are Mr. Bancha Ongkosit, Dr. Panja Senadisai, Dr. Chantima Ongkosit, Mrs. Voraluksana Ongkosit, Mrs. Siriphan Suntanaphan and Mr. Pitharn Ongkosit. Two directors are empowered to jointly sign on behalf of the Company with the company seal.

Duties and Responsibilities of the Board of Directors:

1. Acting in the best interests of shareholders (fiduciary duty) by adhering to the following four main practices:

1. Performing duties with all circumspection and caution (duty of care).

3. Performing duties in compliance with laws, objectives, Articles of Association, and resolutions of Shareholders' Meetings (duty of obedience).

2. Performing duties with faithfulness and honesty (duty of loyalty).

4. Disclosing information to shareholders accurately, completely, and transparently (duty of disclosure).

2. Approving and reviewing the Company's vision, mandate, policy, operational and budget plan, and supervising the performance of top executives to ensure they efficiently and effectively comply with policies for the security and balanced and sustainable interest of all stakeholders.

3. Undertake management in compliance with the law, the Company's objectives and Articles of Association and the resolutions of Shareholders' Meetings with integrity and in good faith, to protect the Company interest.

4. In supervising the Company's business, the Board has determined the following matters to be the authority and responsibility of the Board, who shall consider for the approval:

1. Policy, strategic management, targets, plans and annual budget of the company and subsidiaries.

4. The purchase or sale of assets, the acquisition of business and the participation in joint venture that complies to the SET's criteria, and the value do not exceeding the President's authority.

2. The Company's monthly and quarterly performance, compare to the plan and budget.

5. Any transactions or actions that will result in a major impact to the Company's financial status, debt burden, business operational strategy and reputation.

3. Investment projects that were not included in the annual capital budget, and approving any regular trade transactions which exceed the CEO's authorization limit.

6. Any contract execution that is not related to the usual business operations, as well as any important contract on the usual business activities.

7. Opening and closing a Company's bank account with any financial institutes.

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| <p>8. Related Transactions between the Company, subsidiaries, associate company and related persons, which do not meet with the requirements of the SET and SEC.</p> | <p>13. Empowerment to either Chairman of the Board, CEO or Director, including the revision, change, amendment of the said empowerment, where the action does not contradict to the criteria and regulations of SET or SEC.</p> |
| <p>9. Payment of the interim dividend.</p> | <p>14. The appointment and determination of the sub-committee's duties and responsibilities.</p> |
| <p>10. The change of policy and procedure that significantly affect accounting, risk management or internal control.</p> | <p>15. The appointment of the Director in subsidiaries.</p> |
| <p>11. Determination and change of the approval authority conferred to CEO and executive management.</p> | <p>16. The change or reorganizing the Company structure, for the Executive VP position up.</p> |
| <p>12. The proposed appointment and the termination of the Company's directorship and the Company secretary status.</p> | <p>17. Any other actions to comply with laws, the Company's objectives, the Articles of Association and the resolutions of the Board.</p> |
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5. Supervising and examining the financial reporting system for accuracy, transparency and adequacy.
 6. Complying strictly with the Company's good corporate governance policy.
 7. Initiate and be in part in determining the Corporate Governance policy, corporate governance guideline practice, roles and duty of the Company directors, and approve the CG policy.
 8. To establish the Internal Audit Unit to perform the duty within the Company, having a direct reporting line to the Audit Committee.
 9. Reviewing resolutions on director and executive remuneration for the best and sustainable interest of the Company and its shareholders.
 10. Supervising the process of appointment and election of directors for the purpose of transparency and clarity.
 11. Monitoring and managing any conflict of interest that may occur. Promoting awareness of the importance of the internal control system and internal audits to reduce the risk of fraud, abuse of authority and to prevent any illegal acts.
 12. Protecting the rights of all shareholders and stakeholders. Monitoring and supervising the disclosure of information and communications in an accurate, complete and transparent manner.
 13. Reviewing the recruitment and nomination of executives as needed.
 14. Policy placement, the administration of Company and including the auditing of the company's performance.
 15. Overseeing and developing the risk management system, and corporate governance to achieve internationally accepted standards.
 16. Assessing the performance of the Board and its committees annually (in addition, each individual director performs a self-assessment).
 17. Attending all meetings of the Board of Directors and shareholder meetings except in unavoidable circumstances with advance notification to the Board or the secretary to the Board.

The Company has defined the role and qualifications of the **Independent Directors** in compliance with the Securities and Exchange Commission's and the Stock Exchange of Thailand's criteria, as follows:

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| <ul style="list-style-type: none"> • Shall not hold an amount of shares exceeding 0.5% of the voting shares of KCE, its subsidiaries, associated or related companies (including the shares held by connected parties under Section 258 of the SEC's laws). | <ul style="list-style-type: none"> • Have absolutely no vested interest in KCE, its subsidiaries, associates or related companies, or juristic persons with possible conflicts of interest that could hamper the independent exercise of discretion including customers, business partners, and trade or loan creditors/debtors. |
| <ul style="list-style-type: none"> • Have not been or are not involved in the Company in any of the following positions: <ul style="list-style-type: none"> - Management - Current or former employees of the current external auditor. - Former wage-earners including audit advisors, legal or other advisors of KCE. - Employed by KCE, or - Have some form of control over KCE, its subsidiaries and associates. - Juristic persons whose roles could result in a conflict of interest, except when such responsibilities have ended for more than two years. - Have had business relationship with the company in the past two years. | <ul style="list-style-type: none"> • Are not a close relation by blood or by registration or have another relationship that could undermine the independence from management, major shareholders of KCE, KCE Group companies, associated companies, or juristic persons. • Have not been appointed as an agent to preserve the interests of certain directors or major shareholders. • Thoroughly independence for management and major shareholders of the Company. |

Roles and Duties of the Chairman of the Board

The Chairman functions as the leader of the board. He has the responsibility of setting the board agenda, providing information to directors, and to lead open boardroom discussions, enabling the directors to engage in constructive debate and effective discussions that are beneficial to the Company.

The Chairman works to create and maintain a culture of openness and constructive challenge which allows for a diversity of views to be expressed. The Chairman should also be available to shareholders for dialogue on key matters of Company governance, particularly in areas where shareholders have concerns.

Even though the Chairman is not an independent director, the Nomination and Remuneration Committee is of the opinion that this management structure is suitable to the nature of KCE's business, and that his talents have been instrumental in the success and continued growth of the business. As the Chairman was the first person to bring PCB production technology to Thailand, he therefore has many years of expertise in the PCB business and is capable of performing his duties with an accountability to the benefit of all stakeholders, particularly minor shareholders.

The Chairman of the Board has neither absolute nor superior powers. The Public Company Act describes the additional responsibilities and duties of the Chairman as:

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|---|--|
| <ul style="list-style-type: none"> • Acting as a chairman at the board meeting and overseeing board meetings to ensure they are efficient and open for comments, suggestions and independent recommendations by the directors. | <ul style="list-style-type: none"> • Having a casting vote in the board meeting and shareholder meetings. • Calling board meetings • Acting as chairman at shareholder meetings |
|---|--|

In addition to his roles and responsibilities as director, the Chairman must strictly comply with the ethics and good corporate governance practices and act as a role model for the directors, and all employees of the Company.

2

EXECUTIVE BOARD

The Board of Directors appoints the Executive Committee, which comprises the directors and senior executive management as follows:

The names and positions of the members of the Executive Committee are as follows:

1. Mr. Bancha	Ongkosit	Chairman of the Executive Committee
2. Mrs. Voraluksana	Ongkosit	Executive Vice Chairperson
3. Mr. Pitharn	Ongkosit	President & CEO
4. Mr. Fredrick Gharapet	Ohanian	Executive Vice President of Operations
5. Mrs. Tanyarat	Tessalee	Executive Vice President of Finance & Administration

Duties and Responsibilities of the Executive Committee:

1. Review the policy, direction, strategic plan to conduct the business, Management structure and the annual budget of the Company and Subsidiaries, all investment projects and Manpower plan.
2. Approving the nomination, selection, and appointment of a new executive management (Assistance VP position or higher), and determine compensation in line with the Nomination & Remuneration Committee's criteria
3. Supervising the performance of Management in accordance with Company policy, having overall responsibility for and taking control of the expenses and investment funds as outlined in the Company's Annual Plan as approved by the Board of Directors.
4. Reviewing the performance results in line with management policy and determining the positioning, strategic and operational plans in order to achieve the Company's ultimate goals.
5. Taking responsibility for the performance results of management and providing troubleshooting advice in order to ensure the Company's goals are efficiently achieved.
6. Taking control of the Company's expense budget as assigned by the Board of Directors or as outlined in the Company's Annual Plan.
7. Providing information and advice to the Board of Directors in support of any decision-making for the Company.
8. Solving problems or conflicts that have an impact on the organization of the Company.
9. Maintaining efficient communications with stakeholders.
10. Reviewing the Company's fundraising plans for further submission to the Board of Directors.
11. Approving the appointment of advisors for specific areas, as required by the Company's business operations.

3

AUDIT COMMITTEE

The Board of Directors appointed the Audit Committee, whose qualifications are fully compliant with the criteria of the Stock Exchange of Thailand, to review business operations, financial reports and internal control systems, to select independent auditors, and to review conflicts of interest. The members of the Audit Committee have the necessary qualifications and experience to ensure the reliability of the financial statements.

The Audit Committee consists of three directors who meet the following the criteria:

- The directors are independent.
- The committee chairman has adequate knowledge and experience to review and attest to the reliability of the financial statement.

The names and positions of the members of the Audit Committee are as follows:

1. Mr. Paitoon	Taveebhol	Chairman
2. Mr. Kanchit	Bunajinda	Member
3. Dr. Sutee	Mokkhavesa	Member

Ms. Chayanee Chaidetkhajorn was appointed as the Audit Committee's secretary.

Duties and Responsibilities of the Audit Committee:

1. Conducting audits to ensure that the Company has prepared accurate and adequate financial reports and ensure the auditor attends the committee meetings on a quarterly basis.
2. Conducting audits to ensure that the Company complies with the Securities and Exchange Act, the requirements of the Stock Exchange of Thailand and other laws relating to the Company's business.
3. Reviewing the disclosure of Company information in instances of connected transactions or transactions that may cause conflicts of interest, to ensure that such reported transactions are accurate and complete.
4. Conducting audits to ensure that the Company has proper and effective systems of internal control, including reviews of the internal audit report, the auditing procedures, and assessing the review of Company operations in accordance with generally accepted procedures and standards and coordinating with the Company's auditor.
5. Reviewing, selecting, nominating or terminate the Company's external auditor, as well as deciding on a suitable auditing fee, and meeting with the auditor at least once a year, in absent of management.
6. Making assessments of the Company's major risks and giving advice to minimize such risks.

7. Approving the nomination, appointment, transfer or dismissal, and rewards to the chief of the Company Internal Audit Unit
8. Approving the audit plan of the Internal Audit Unit; reviewing the budget plan and the manpower needs of the Internal Audit Unit.
9. Reviewing and making an assessment of the supervisory performance of the Audit Committee and preparing the report of the Audit Committee to be disclosed in the Company annual report.

1. Accuracy and reliability of the financial report

5. Transactions with potential conflict of interests

2. Adequacy of the internal control

6. Audit Committee's meetings and the attendance of individual member

3. Compliance with the law on securities, SET requirements and applicable law

7. Opinion or notice arising out of performing duties

4. Auditor's suitability

8. Any other matters the shareholders and general investor should know

10. The Chairman or the members of the Audit Committee shall attend Shareholders' Meetings in order to provide explanations on matters relating to the Audit Committee or the appointment of the Company's auditor.
11. Reviewing and revising updates of the Charter of the Audit Committee annually (if deemed appropriate).
12. Ensuring the risk management systems to be in appropriated standard, conferring with the Risk Management Committee regarding the main policy related to risk management and risk assessment in all areas, including the risk of corruption.
13. Taking any other action as assigned by the Board of Directors.
14. Regularly report its performance to the Board every quarter.

4

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors is responsible for the appointment of the Nomination and Remuneration Committee, which comprises three directors as follows:

- Two independent directors and one non-executive director.
- The chairman is the independent director.

The names and positions of the members of the Nomination and Remuneration Committee are as follows:

1.	Mr. Paitoon	Taveebhol	Chairman
2.	Dr. Panja	Senadisai	Member
3.	Mr. Kanchit	Bunajinda	Member

Duties Related to Nomination Tasks

1. Considering the appropriate structure and the composition of the Board, for the Committee and individual, to suit the organization in terms of the size, business type and the complexity of the Company's business; the qualification of each director in terms of education, knowledge, expertise, skill, experience and specialization that related to the Company's business or industry that the Company currently operate.
2. Considering the qualification of the Independent Director that conforms to the SEC's regulations.
3. Considering the qualification of top executive director who suits the Company's business management to achieve the Company's vision, covering the education, experience, knowledge and skill, and concerned factors of the business environment that is important must also be considered.
4. Creating policy, rules, methodology and procedure in nominating a person for the Company's director, which conform to the structure and qualifications as determined and suit to the Company's organization.
5. Recommending a development plan in order to enhance the knowledge for both current directors and new director, to understand the business, roles and responsibilities of the director and the important development. Coordinating with management to arrange orientation program to the new director, providing documents and information that are useful for the director to perform his duties.
6. Recommending a succession plan for the Company's top executive in order to be prepared for the successor in the event that such top executive will retire or not in the position to perform the duty, so that the Company's business could be continued to operate as usual.

7. Providing minority shareholders with an opportunity to propose qualified persons for selection as directors.
8. Selecting qualified director to be a member of the sub-committee and nominating the director to the Board of Directors for consideration.
9. Identifying qualified candidates to replace directors retiring at the end of their term or whatever the case may be, and submitting a list of nominees to the Board of Directors and/or the Shareholders' Meeting for resolution
10. Hold meetings and regularly report its performance to the Board at least twice a year.

Duties Related to Remuneration Tasks

1. Reviewing and proposing compensation form and methodologies, so that remuneration is appropriately corresponds to respective assigned duties and responsibilities, by linking remuneration to the performance assessment, business plan and overall Company's operating results. The directors' remuneration should be adequate to provide incentives for the directors and to retain the capable directors. The Board of Directors should consider and propose to the Shareholders' Meeting for approval resolution.
2. Considering the Assessment form for the Board of Directors and propose to the Board for approval. The form will be used and reviewed by the Nomination Committee and the assessment results will be considered in determining the Director's compensation.
3. Considering the Assessment form of the annual performance for the Company's CEO
4. Reviewing and approving compensation structure and standards for the Company's CEO, including other compensation in every year.
5. Evaluating the CEO's annual performance and determine appropriate remuneration, and propose to the Board of Directors for approval.
6. Hold meetings and regularly report its performance to the Board of Directors at least twice a year.

5

CORPORATE GOVERNANCE COMMITTEE

The Board of Directors is responsible for the appointment of the Corporate Governance Committee, which comprises 2 directors and 2 senior executive managements as follows:

The names and positions of the members of the Corporate Governance Committee are as follows:

1. Dr. Chantima	Ongkosit	Chairperson
2. Mrs. Voraluksana	Ongkosit	Member
3. Mr. Viboon	Sunthornwiwath	Member
4. Mrs. Tanyarat	Tessalee	Member / Secretary

Mr. Paitoon Taveebhol was appointed as the advisor to the Committee

Duties and Responsibilities of the Corporate Governance Committee:

1. Defining policy and proposing appropriate and practical guidance to the Company's Board of Directors.
2. Managing and controlling Company operations in accordance with the Company's good corporate governance standards, policies, and related laws.
3. Defining and reviewing important policies and procedures and revising them to be more appropriate on a regular basis.
4. Reporting to the Board of Directors on the results of good corporate governance including comments and for further proposed improvements
5. Covering the scope of CSR activities.
6. The CG Committee is obliged to conduct at least two meetings a year, depending on the necessity and appropriateness. The results of the meetings are reported to the Board of Directors.

6

ENTERPRISE RISK POLICY COMMITTEE

On October 11, 2016, the Board of Directors passed a resolution approving an establishment of the Enterprise Risk Policy Committee and appointing the Company Director and the CEO to be member of the Committee.

The names and positions of the members of the Enterprise Risk Policy Committee are as follows:

1. Mr. Kanchit	Bunajinda	Chairman
2. Mr. Paitoon	Taveebhol	Member
3. Dr. Panja	Senadisai	Member
4. Mr. Pitharn	Ongkosit	Member
5. Mrs. Siriphan	Suntanaphan	Member
6. Dr. Sutee	Mokkhavesa	Member

Mr. Somchai Artruksa was appointed as Secretary

Duties and Responsibilities of the Enterprise Risk Policy Committee:

1. Create a policy and practical guideline for risk management to cover all dimensions of the risk for the Board of Directors to consider and approve.
2. Define essential risk for the Company and propose the preventive actions or minimizing the risk at an acceptable level.
3. Review the suffice of the risk policy and the risk management system, including the effectiveness of the system and practices in compliance with the policy.
4. Oversee, follow up and assess the performance, including the adjustment of the operation plan, in order to continually reduce the risk and be suitable for the Company's business situation.
5. Performing other duties as assigned by the Board of Directors.
6. Hold meetings and regularly report its performance to the Board at least twice a year

Risk Management Committee

The Board of Directors has established a Risk Management Committee and appointed the following members, who come from the senior executive management of operations.

The names and positions of the members of the Risk Management Committee are as follows:

1.	Mr. Pitharn	Ongkosit	Chairman
2.	Mr. Fredrick Gharapet Ohanian		Member
3.	Mrs. Tanyarat	Tessalee	Member
4.	Mr. Athasidh	Ongkosit	Member
5.	Mr. Viboon	Sunthornwiwath	Member
6.	Ms. Kanokporn	Sukprasitpredee	Member
7.	Ms. Nitaya	Rojanakamphol	Member
8.	Mrs. Wanvadee	Patasart	Member
9.	Mrs. Sunee	Ekteerajit	Member
10.	Mr. Lin	Po-Chiung	Member
11.	Mr. Sunan	Sripetch	Member
12.	Mr. Pol	Duriyabanleng	Member
13.	Mrs. Suthinee	Lerdpisan	Member
	Mr. Somchai	Artruksa	Secretary

Duties and Responsibilities of the Risk Management Committee:

1. Defining potential risk factors that could impact the Company's business, and oversee the operations in line with the Risk Policy Committee's plan.
2. Defining risk management policies to keep risk at an acceptable level.
3. Defining the risk-management process according to risk-management policies, and following up to check on the effectiveness of the practice compared with the predefined process.
4. Reviewing and ensuring that the practices of risk management are adequate, appropriate and practiced continuously so that risks can be maintained at an acceptable level.
5. Presenting the overall risks facing the Company including the management process, and the results of performance to the Board of Directors on a quarterly basis.

Summary of the appointment of directors to subcommittees

Directors		Board of Directors	Audit Committee	Nomination & Remuneration Committee	Corporate Governance Committee	Enterprise Risk Policy Committee
Mr. Bancha	Ongkosit	C	-	-	-	-
Dr. Panja	Senadisai	VC	-	M	-	M
Mr. Paitoon	Taveebhol	M	C	C	-	M
Dr. Chantima	Ongkosit	M	-	-	C	-
Mrs. Voraluksana	Ongkosit	M	-	-	M	-
Mrs. Siriphan	Suntanaphan	M	-	-	-	M
Mr. Pitharn	Ongkosit	VC	-	-	-	M
Mr. Kanchit	Bunajinda	M	M	M	-	C
Dr. Sutee	Mokkhavesa	M	M	-	-	M

Remark: C – Chairman/Chairperson VC – Vice Chairman M – Member

Summary of meeting attendance of the Board of Directors in 2020

Directors		Attendance (Meeting)				
		Board of Directors	Audit Committee	Nomination & Remuneration Committee	Corporate Governance Committee	Enterprise Risk Policy Committee
Mr. Bancha	Ongkosit	13 / 13	-	-	-	-
Dr. Panja	Senadisai	13 / 13	-	2 / 2	-	4 / 4
Mr. Paitoon	Taveebhol	13 / 13	5 / 5	2 / 2	-	4 / 4
Dr. Chantima	Ongkosit	11 / 13	-	-	2 / 2	-
Mrs. Voraluksana	Ongkosit	13 / 13	-	-	2 / 2	-
Mrs. Siriphan	Suntanaphan	12 / 13	-	-	-	4 / 4
Mr. Pitharn	Ongkosit	13 / 13	-	-	-	4 / 4
Mr. Kanchit	Bunajinda	13 / 13	5 / 5	2 / 2	-	4 / 4
Dr. Sutee	Mokkhavesa	11 / 13	5 / 5	-	-	3 / 4

Executive Management

As at December 31, 2020, the names of 10 executive managements are as follows:

1. Mr. Bancha Ongkosit Chairman of the Executive Board
2. Mrs. Voraluksana Ongkosit Executive Vice Chairperson/Dir. of the Executive Office
3. Mr. Pitharn Ongkosit President and Chief Executive Officer
4. Mr. Fredrick Gharapet Ohanian Executive Vice President of Operations
5. Mrs. Tanyarat Tessalee Executive Vice President of Finance & Administration
6. Mr. Athasidh Ongkosit Senior Vice President of Information Technology
7. Mr. Pairoj Tarawatcharasart Vice President of Engineering
8. Mr. Sunan Sripetch Vice President of Operations
9. Mr. Viboon Sunthornwiwath Senior Vice President of Human Resources
10. Ms. Kanokporn Sukprasitpredee Senior Vice President of Supply Chain

The Chief Executive Officer has the authority and duties in respect to the management of the Company as assigned by the Board of Directors and shall manage the Company by strictly complying with the plan and budget as approved by the Board of Directors honestly, faithfully and carefully, and to protect the interests of the Company and shareholders.

The authority and duties of the Chief Executive Officer include the following:

1. Supervising the business operations and/or general management of the Company.
2. Employing, appointing, removing, transferring, promoting, demoting, reducing salaries or wages, or taking disciplinary action against staff and employees, and, as required, summarily dismissing staff and employees except for the position of head of department or equivalent for which the dismissal requires the approval of the Board of Directors, as stipulated in the Working Rules.
3. Being authorized to approve the employment of executive management; Sr. Vice President, Vice President and Manager.

4. Being authorized to direct, contact, instruct, take action, enter into legal acts, agreements, directives, notices or any letters in order to communicate with government agencies, state enterprises and other persons, as well as taking any necessary and appropriate action to complete the aforementioned interactions.
5. Giving approval or authorizing sub-agents to grant approval for the payment for the procurement of property and services for the Company's benefit. The Managing Director's authority to approve payment is limited to Bt800 million for normal commercial transactions and Bt400 million for procurement of other property. Payment exceeding the limit of the Managing Director's approval shall be proposed for the approval of the Board of Directors.
6. Being authorized to approve the salary adjustment, bonus payment and adjust annual compensation for Management and employee.
7. Directing the preparation and submission of the Company's business policy, as well as business and budget plans for the approval of the Board of Directors, and reporting on the progress under the approved business and budget plans to the Board of Directors quarterly.
8. Managing or undertaking business in accordance with the policy, business and budget plans approved by the Board of Directors and/or the Executive Committee.
9. Being eligible to authorize sub-agents and/or assign other persons to perform certain duties. Such authorization and/or assignments shall be subject to the extent of authorization under this Power of Attorney and/or in accordance with the regulations, rules or directives stipulated by the Board of Directors and/or the Company.
10. Approving the appointment of the authorized signatory for checks or money-ordering documents of the Company, as well as agreements, accounting and financial documents and general documents.
11. Acting as management advisor in respect of the financial, marketing, human resources and other operational policies that involve the Company's business operations.
12. Approving the appointment of advisors for specific tasks as required for the Company's business operations.
13. Acting as the authorized person in managing the Company's business, in all respects, in accordance with the Company's objectives, rules, policies, regulations, codes of conduct, directives, resolutions of shareholder meetings and/or resolutions of the Board of Directors or Executive Committee.

Company Secretary

To comply with good governance practice, the Board of Directors appointed Mrs. Tanyarat Tessalee, to be the Company Secretary, assisting the directors in ensuring that the Company has an appropriate, efficient and transparent operation. On behalf of the Company or the Board, the Company Secretary's responsibilities are as follows;

1. Preparing and keeping the following documents:
 - 1) Directors' Profiles
 - 2) Invitation letters to meetings and minutes of Board meetings and the Company's annual report.
 - 3) Invitation letters to shareholders and minutes of shareholder meetings.
2. Keeping track of the company's connected transaction disclosures, as reported by directors or members of management.
3. Performing other duties as assigned by the Board of Directors.
4. Organizing Shareholders' Meetings and Board of Directors' meetings in accordance with the laws, the Company's Articles of Association and other relevant requirements.
5. Drafting management policies.
6. Recording the minutes of Shareholder and Board meetings, and following up to ensure compliance of the resolutions of these meetings.
7. Ensuring the disclosure of Company data and information to the authorized supervising bodies in accordance with the regulations and requirements of the Government authorities.
8. Ensuring Company and Board compliance with the laws and requirements of the SEC/SET.

9. Promoting and standardizing good corporate governance in the company.
10. Communicating with the shareholders to ensure that they receive their entitlements and information from the Company.
11. Managing the activities of the Board of Directors.

Biographies of the Company Secretary

Mrs. Tanyarat Tessalee

- Currently, being the Executive Vice President of Finance and Administration.
- Education: Master degree in Accounting, Roosevelt University, USA.
- Qualification: Knowledge of relevant Accounting matters and be able to make a conclusion, prepare the Board Meeting's minutes, organize a Shareholders' Meeting. She is also flexible in performing the duty, possesses a good interpersonal relationship, creative thinking and possesses leadership skill. In addition, she is capable of communication and co-ordination with others and being honest.
- Attended the seminar in Company Secretary related courses, organized by Thailand Institute of Directors (IOD) and by other accredited seminar organizer.

REMUNERATION OF DIRECTORS AND EXECUTIVE MANAGEMENT

Remuneration of Directors

The Nomination and Remuneration Committee has considered the principle and the form of the remuneration of directors and executive management, taking into account the fairness which reflects the extent of their duties and responsibilities and the suitability against the achievements, the Company's operating performance and other related factors, including a comparison to the remuneration of other similar companies in the same industry. The company also made a reference to the survey of remuneration of directors which was jointly undertaken by the Stock Exchange of Thailand and the Thai Institute of Directors Association (IOD).

1. The policy and criteria of the remuneration for the Company Directors

The director remuneration policy and criteria is established by the Board of Directors. Currently, the form of remuneration of the directors comprises of 2 types; the meeting allowance and yearly bonus, which considers the tasks, responsibilities and performance of directors, including a comparison to the remuneration of other similar companies in the same industry. The remuneration criteria is application to all directors, including the executive directors.

The Nomination and Remuneration Committee has reviewed and proposed the remuneration of directors to the Board of Directors for consideration and concurrence in submitting it to the Annual General Meeting each year. The 2019 and 2020 remuneration of directors was approved by AGM No. 36/2019 on April 25, 2019 and AGM No. 37/2020 on July 15, 2020 respectively.

Remuneration of Board of Directors

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2020	2019	2020	2019
1	Mr. Bancha	Ongkosit	Chairman	2,000,000	2,000,000	480,000	460,000
2	Dr. Panja	Senadisai	Vice Chairman	1,000,000	1,000,000	420,000	400,000
3	Mr. Pitharn	Ongkosit	Vice Chairman	1,000,000	1,000,000	420,000	400,000
4	Mr. Paitoon	Taveebhol	Director	1,000,000	1,000,000	420,000	400,000
5	Dr. Chantima	Ongkosit	Director	1,000,000	1,000,000	420,000	400,000
6	Mrs. Voraluksana	Ongkosit	Director	1,000,000	1,000,000	420,000	400,000
7	Mrs. Siriphan	Suntanaphan	Director	1,000,000	1,000,000	420,000	400,000
8	Mr. Kanchit	Bunajinda	Director	1,000,000	1,000,000	420,000	400,000
9	Dr. Sutee	Mokkhavesa	Director	1,000,000	-	420,000	-
	*Lt. Gen Dr. Suprija	Mokkhavesa	Director	-	1,000,000	-	400,000
Total				10,000,000	10,000,000	3,840,000	3,660,000

* Retired from the Directorship on December 31, 2019

Remuneration of Audit Committee

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2020	2019	2020	2019
1	Mr. Paitoon	Taveebhol	Chairman	560,000	560,000	200,000	235,000
2	Mr. Kanchit	Bunajinda	Member	480,000	480,000	175,000	205,000
3	Dr. Sutee	Mokkhavesa	Member	480,000	-	175,000	-
	*Lt. Gen. Dr. Suprija	Mokkhavesa	Member	-	480,000	-	205,000
Total				1,520,000	1,520,000	550,000	645,000

* Retired from the Directorship on December 31, 2019

Remuneration of Nomination and Remuneration Committee

No.	Name		Position	Meeting allowance (Baht)	
				2020	2019
1	Mr. Paitoon	Taveebhol	Chairman	30,000	-
			Member	-	50,000
2	Dr. Panja	Senadisai	Member	25,000	50,000
3	Mr. Kanchit	Bunajinda	Member	25,000	-
	*Lt. Gen. Dr. Suprija	Mokkhavesa	Chairman	-	30,000
Total				80,000	130,000

* Retired from the Directorship on December 31, 2019

Remuneration of Enterprise Risk Policy Committee

No.	Name		Position	Meeting allowance (Baht)	
				2563	2562
1	Mr. Paitoon	Taveebhol	Chairman	-	90,000
			Member	75,000	-
2	Mr. Kanchi	Bunajinda	Chairman	90,000	-
			Member	-	75,000
3	Dr. Panja	Senadisai	Member	75,000	75,000
4	Mr. Pitharn	Ongkosit	Member	75,000	75,000
5	Mrs. Siriphan	Suntanaphan	Member	75,000	75,000
6	Dr. Sutee	Mokkhavesa	Member	75,000	-
Total				465,000	390,000

2. The policy and criteria of the remuneration for the Executive management

The Board determines the policy and criteria of the remuneration for the Executive management, which is proposed by the Nomination & Remuneration Committee to consider and approve. Such remuneration is appropriately determined and based on the remuneration structure of the Company, taken into account of a reference to the survey of remuneration by a recognized institute, inflation rates, the Company's operating results, as well as the individual's performance, and in line with the assigned duties and responsibilities. The Company contributes remuneration in form of salary, annual bonus and contribution to provident fund.

Remuneration of Executive Management

Type of remuneration	2020		2019	
	Number	Amount (Baht)	Number	Amount (Baht)
Salary	10	25,806,794	10	28,486,872
Bonus/Contribution to Provident fund		3,248,273		6,516,416

Other remunerations of Directors and Management

On April 25, 2019, the meeting of Shareholders approved the issuance and offering of the warrants to purchase ordinary shares of the Company (ESOP-W6), in the amount of not exceeding 10,000,000 units, to directors, managements and employees of the Company and/or its subsidiaries. As of December 31, 2020, the outstanding warrant is amounted to 4,731,500 units.

Personnel

Total number of employees of the Company, as at December 31,

Number of employees	2020 (person)	2019 (person)	2018 (person)	2017 (person)
Management (Assistant MGR and up)	66	65	59	57
Sales & Administration staffs	117	123	129	125
Manufacturing operations	801	831	854	839
Subcontracted workers	1,441	1,614	2,083	1,975
Total employees*	2,425	2,633	3,125	2,996

*Include subcontracted personnel

Total personnel of the Company and Subsidiaries, as of December 31,

Number of personnels	2020 (person)	2019 (person)	2018 (person)	2017 (person)
KCE Electronics PCL.	2,425	2,633	3,125	2,996
KCE Technology Co., Ltd	1,785	1,887	2,140	2,073
K C E International Co., Ltd.	307	623	877	883
Thai Laminate Manufacturer Co., Ltd.	328	345	389	388
Chemtronic Technology (Thailand) Co., Ltd.	51	53	61	61
Chemtronic Product Co., Ltd.	12	9	-	-
KCE (Thailand) Co., Ltd.	15	16	14	14
KCE Singapore Pte., Ltd.	32	32	33	32
KCE America Inc.	26	26	26	-
Total personnel*	4,982	5,624	6,665	6,447

*Include subcontracted personnel

Remuneration to Employee

As at December 31, 2020, total number of the Company's employee was 2,425 and total remuneration paid to employee was at a totaling of Baht 888 million, which consisted of the salary and wages, overtime pay, cost of living allowance, the annual bonus, other compensations, the company contribution to social security fund, the contribution to provident fund and employee joint investment program, and other employee benefit projects. In addition, the Company's subsidiaries have also paid the same form of remuneration to employees at a totaling of Baht 1,166 million during 2020.



CORPORATE GOVERNANCE

Corporate Governance Policy

The Board of Directors of KCE Electronics Public Company Limited firmly recognizes the importance of good Corporate Governance by conducting its business within the framework of the principles of Good Corporate Governance of the Stock Exchange of Thailand and in compliance with the law. Compliance with Corporate Governance is critical in enabling the Company to gain the trust and confidence of Shareholders, customers, employees, and the public in order to achieve the highest sustainable benefit for all stakeholders. The Company complies with the principles of the SET's Good Corporate Governance and of the Organization for Economic Co-operation & Development (OECD)'s international standard. The Board of Directors provides a "Corporate Governance Policy" to encourage the principles of Corporate Governance by focusing on business operations with transparency, morality and integrity and to be applied as the good practices for the directors, executive managements and employees of KCE group; and to reduce conflicts of interest among stakeholders. The Company's compliance with policies, procedures, rules, and codes of conduct ensures the success of good Corporate Governance. The Company aims to achieve sustainable development and to continually review its corporate governance policy on an annual basis.

The Board of Director stipulates a "Code of Conduct" handbook and a written practice guideline for working and reviews such guideline annually, as well as disclose the guideline on the company's website.

The Company fosters awareness and the participation of good Corporate Governance throughout the organization. The Company disseminates its Corporate Governance Policy among the Company's management and employees via various channels, such as the Company's website, with the aim to instill the principles of good Corporate Governance into the corporate culture. The Company's Board of Directors, management, and all employees perform their respective duties in compliance with the law, rules and regulations, and business ethics. The Company's businesses are conducted with a vision to create long-term value with a high degree of ethical standards and to follow these important characteristics: accountability, responsibility, transparency, and fair and equitable treatment. The Company acts in a fair, lawful, and ethical manner with all stakeholders and their representatives.

In 2020, the Board of Directors has completely complied with the principles of the good Corporate Governance and the good practice guideline of the Stock Exchange of Thailand. The Company achieved a score of "Excellent", for the sixth consecutive year, in the 2020 annual surveys conducted by the Thai Institute of Directors Association (IOD) in collaboration with the Stock Exchange of Thailand and the Securities and Exchange Commission. Surveys of the IOD assess the level of Corporate Governance of each company. The consistently high rating for the past years reflects the Company's dedication to integrate sound ethics and the principles of good Corporate Governance into its business practices continuously.

5 PRINCIPLED STANDARDS

The Board of Director stipulates a “Code of Conduct” handbook and a written practice guideline for working and reviews such guideline annually, as well as disclose the guideline on the company’s website.

1 RIGHTS OF THE
SHAREHOLDERS

2 EQUITABLE TREATMENT
OF SHAREHOLDERS

3 ROLES OF THE
STAKEHOLDERS

4 DISCLOSURE AND
TRANSPARENCY

5 ROLES AND
RESPONSIBILITIES OF THE
BOARD

RIGHTS OF THE SHAREHOLDERS

The Company protects the rights and interests of Shareholders, both as investors and owners of the Company, whether majority, minority, foreign, or institutional Shareholders. The Company facilitates the needs of its Shareholders and ensures that they receive fair and equitable treatment by complying with applicable laws and guidelines that protect Shareholders' basic rights. The rights of Shareholders are stipulated in the Company's Corporate Governance Policy to ensure fair treatment and to protect each Shareholder's right to register as an owner of shares of the Company; to buy, sell, or to transfer shares; the right to share a portion of the profits of the Company in the form of dividends; the right to obtain relevant and adequate information about the Company in a timely manner and on a regular basis; the right to participate and vote in Shareholders' Meetings by self or by Proxy; the right to elect or terminate members of the Board; the right to decide on all forms of remuneration for the Board of Directors; the right to appoint and terminate the external auditor and set the auditor's fees; the right to propose agenda items for Shareholder Meetings; the right to participate in and to be informed of major decisions concerning fundamental corporate changes; and the right to be informed of and to make decisions on any key transactions that could affect the Company, such as dividend payments, amendments to the Company's Articles of Association or the Company's bylaws, capital increases or decreases, the approval of extraordinary transactions, etc.

Details regarding the exercise of the rights of Shareholders were distributed via the SET's information channels and the Company's website to ensure the equitable treatment of Shareholders in having equal access to information.

The Company sends significant and sufficiently detailed information regarding Shareholders' Meetings to all Shareholders prior to the date of the Meeting. The right of Shareholders to attend and vote on resolutions in Annual General Meeting of Shareholders is clearly stated in the letter of invitation to attend the Meeting. Any Shareholder who is unable to attend the AGM may appoint a representative, who may be another person or an independent Director, to act as a Proxy by using the Proxy Form attached to the notice of the Meeting. Proxy Forms are prepared in compliance with the specifications defined by the Department of Business Development of the Ministry of Commerce whereby Shareholders are allowed to vote on each individual agenda according to their wish. The Company provides the duty stamp to be placed on the Proxy Form. Shareholders who arrive late may vote on an agenda of which a resolution has not been reached.



In 2020, the AGM was held on July 15, 2020 in the Meeting Room, 3rd floor, Thai Laminate Manufacturer Co., Ltd. 70 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok, at 15.00 p.m. The venue of the Meeting was chosen because it was easily accessible to Shareholders, and as the Meeting room was large enough to host the number of Shareholders who were interested in attending the Meeting. In addition, in order to facilitate Shareholders who wish to attend the Meeting, ask questions, or offer suggestions, the Meeting was arranged in a single room so that it could be conducted smoothly and efficiently.

A barcode system was utilized at the 2020 AGM for the purpose of facilitating Shareholder registration and vote counting. Ballots were provided for Shareholders to vote to either Approve, Disapprove, or Abstain to any agenda item. An independent observer and inspector were appointed to validate the voting procedure and vote counting. Shareholders were entitled to verify each voting result after the Meeting.

Three Directors must retire from office on a rotational basis in each AGM. Shareholders are informed of the Board's opinion to reelect any Directors. Information regarding Directors to be nominated is provided to the Shareholders. The age, education, experience, training, as well as important positions held currently or in the past by Directors to be nominated were provided to Shareholders so that they could make an informed decision. An agenda item regarding all forms of remuneration for Board members were included together with the remuneration policy and principle for determining the remuneration of each Board member and position held.

The agenda of the AGM was considered as appeared in the letter of invitation to the AGM. Each Meeting agenda dealt with only one item without any change in order, and no other agenda items were raised in the AGM.

Shareholders were allowed to freely express their opinions, offer suggestions, and raise questions before casting their votes. The executive responsible was present to answer any questions or inquiries.

The 2020 Annual General Meeting of Shareholders (AGM)

The Company holds annual general Meetings of Shareholders in accordance with the legal procedures and requirements of the Stock Exchange of Thailand as well as the Securities and Exchange Commission (SEC). The AGM is held within 4 months after the end of the fiscal year, and in urgent situations regarding issues that concern any major interest of Shareholders or that require Shareholders' approval, an extraordinary Meeting of Shareholders can be called. There was no Extraordinary Meeting of Shareholders in 2020.

Prior to the Meeting

The Board of Directors adopted a resolution to convene the 2020 Annual General Meeting of Shareholders No. 37/2020. The notice of the Meeting, including the Meeting agenda both in Thai and English, were announced through the SET's information channels on June 9, 2019, and was posted on the Company's website (www.kce.co.th) on June 12, 2020. The Company provided sufficient time for Shareholders to review the Meeting agenda and necessary information regarding the issues to be decided at the Meeting. The invitation to the AGM was also announced in both the Thai and English press from June 24 – 26, 2020, for 3 consecutive days. The Thai version of the invitation letter for AGM No. 37/2020 was distributed to Shareholders by Thailand Securities Depository Co., Ltd. on June 24, 2020. The documents provided to Shareholders were as follows:

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- The letter of invitation to KCE's AGM No. 37/2020 stating the date, the time, and the venue for the Meeting and information regarding the issues to be decided at the Meeting. Each agenda item was clearly specified as to whether it was for acknowledgement, approval, or consideration. The Board's opinion of each agenda was also provided.
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- Minutes of AGM No. 36/2019.
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- The 2019 Annual Report (QR CODE).
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- Nomination of Directors: Resumes of Directors who were to retire by rotation of whom the Board had recommended to be reelected for another term. The Company provided basic information of the candidates, which included the name, age, type of Directorship, education, training courses attended, experience, the holding of positions in other businesses, participation in Meetings during the previous year, and other relevant information.
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- Appointment of External Auditors: Details of the proposed auditors, including the names of the auditors and their affiliation for consideration.
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- The Company's bylaws relating to Shareholders' Meetings.
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- The Proxy Form as recommended by the Department of Business Development of the Ministry of Commerce which allows each individual agenda to be voted on specifically.
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- A list of documents and identification required to be showed in order to attend the AGM with an explanation of the appointment of a Proxy, the registration process, voting procedure, and the counting of votes.
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- A Map of the Meeting venue.
-

Shareholders who were unable to attend the Meeting could appoint a Proxy to attend the Meeting on their behalf or appoint a Proxy through Proxy Form B on which Shareholders can state their voting preference. The names and profiles of independent Directors were provided for Shareholders who voted by Proxy.

The Meeting

Annual General Meeting of Shareholders No. 37/2020 was chaired by the Chairman of the Board Mr. Bancha Ongkosit. The Company's Directors, Audit Committee, Nomination and Remuneration Committee, Enterprise Risk Policy Committee, Management, Auditor, and Legal Advisor attended the Meeting. A total of 924 Shareholders attended the Meeting, comprising 15 Shareholders holding 218,632,607 shares and 909 Shareholders represented by authorized Proxy holding 565,079,542 shares, or a total of 783,712,149 shares accounting for 66.8244 percent of the Company's total paid-up 1,172,793,596 shares, and more than one-third of the Company's paid-up capital constituting a quorum. The members of the Board of Directors were present at this AGM, which included the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Enterprise Risk Policy Committee.

The Company provided a registration period of two hours and used a computerized barcode system for registration of Shareholders and Proxy holders and vote counting. Separate voting slips were provided for each agenda item. This process provided convenience and facilitated speed in vote counting. During the Meeting, Shareholders were able to register to attend the Meeting and cast votes on agenda items that were not yet resolved.

Mrs. Tanyarat Tessalee, the Company's Secretary, welcomed the Shareholders and provided a summary regarding the votes represented at the Meeting, explained the voting procedure, vote-counting process, the voting process via computerized barcode, the vote collection process, and the summation of votes via E-Voting system, as follows:

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- At the registration point, Shareholders received one set of ballot papers. Each ballot paper showed the Shareholder's name, the Proxy's name, and the number of shares held. An agenda item number printed on the top right-hand corner of each ballot paper ensured that Shareholders used the right ballot paper for each agenda item.
 - Shareholders/proxies cast their votes by marking and signing their relevant ballot papers. To expedite the counting of votes, the officer collected only ballot papers marked "Disapproved" or "Abstained". Only votes marked as "Disapproved" and "Abstained" were counted for each agenda item, the result being deducted from the total number of votes of Shareholders present at the Meeting, with the rest considered an approved vote. The result of the votes cast appeared on the screen located in the front of the Meeting room.
 - The number of votes cast by a Shareholder equaled the number of shares he/she or the Proxy grantor held: one share equals one vote. A Shareholder could cast the total number of their votes by ticking Approved, Disapproved, or Abstained for each agenda item.
 - Before a Shareholder cast a vote for an agenda item, the Chairman allowed Shareholders to ask questions relevant to said agenda item.
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- Shareholders/proxies who wished to leave the Meeting before its conclusion could cast votes in advance and leave their relevant ballot papers for the remaining agenda items with the officer at the exit.

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- In the event that Shareholders/proxies did not return their ballot paper marked “Disapproved” or “Abstained” to the officer before the Chairman closed each agenda, the vote was regarded as “Approved.”

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- In the event that Shareholders/proxies joined the Meeting during any agenda item, he/she could cast votes for that particular agenda item and onward.

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- Invalid ballots considered null and void:
 1. Ballot papers with more than one mark (except for voting by the custodian in Thailand).
 2. Ballot papers that have a correction or crossed-out mark without a signature.
 3. Ballot papers that are completely crossed out.
 4. Damaged ballot papers that cannot conclude a vote.

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- The Meeting resolution: In general, if the majority of Shareholders vote to approve an agenda item and the voting is in accordance with the company’s Articles of Association, it is deemed that the Meeting passed the resolution for said agenda item. If a law or regulation determines a different system be used, the Chairman would notify Shareholders before they cast their votes for the relevant agenda item.

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- Asking questions/ proposing a suggestion: During the Meeting, Shareholders who wished to ask questions or make a suggestion were requested to raise their hands to be recognized by the Chairman. For the minutes, the Shareholder/Proxy was requested to state his/her name, surname and whether the person was a Shareholder or Proxy before asking the question or proposing a suggestion. To ensure that the Meeting was conducted in an efficient manner, Shareholders were required to keep their views or questions concise and to the point and relevant to the particular agenda item.

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- After the Meeting, the Company collected all ballot papers from Shareholders to be used as evidence that their votes were cast.

The Secretary of the Meeting announced that in compliance with best practices in respect of Shareholders’ rights, the Company provided minor Shareholders an opportunity to propose agenda items in advance as well as an opportunity for qualified candidates to be nominated for election to the Board of Directors for the 2020 AGM. Information regarding this was announced on the Company’s website and the SET’s portal system between September 10, 2019, and December 31, 2019; however, no Shareholders submitted proposals in advance.

The Meeting commenced

Mr. Bancha Ongkosit, the Chairman of the Shareholders' Meeting, opened the Meeting and welcomed Shareholders and all participants to the 2020 AGM. He then introduced the Company's Board of Directors, Audit Committee members, Nomination and Remuneration Committee members, the company's management, auditors from KPMG Phoomchai Audit Co., Ltd., and the legal advisor from Seri Manop & Doyle Co., Ltd., who was assigned to be auditors and inspectors of the vote count.

The Chairman of the Shareholders' Meeting conducted the Meeting by addressing each agenda item as stated in the invitation to AGM No. 37/2020, and no other agenda item was added to the 2020 AGM.

During the AGM, the Chairman of the Shareholders' Meeting allowed Shareholders the full opportunity to ask questions and to make recommendations, and provided comprehensive clarification when requested. Other Directors and management also clarified and answered related issues. The Meeting minutes and votes on each agenda item were recorded by the Company's Secretary. Shareholders were given sufficient time to pose questions or make suggestions. Detailed and encompassing answers were provided by Board members and management in response to questions posed by Shareholders prior to voting. In counting votes, the Company abided strictly by its own guideline of one share one vote, and approval was based on majority vote. The vote was counted as one vote per share and the resolution was by majority vote. If there are an equal number of votes for and against a particular agenda item, the Chairman of the Meeting may exercise his deciding vote.

The Company's Secretary recorded the resolution of the Meeting by classifying votes for each agenda in writing in terms of Approval, Objection, or Abstention and recorded questions, answers, and opinions made during the Meeting. Resolutions with voting results were recorded in the Shareholders' Meeting minutes. Registration for the 2020 AGM started at 13.00 p.m. The Meeting commenced at 15.00 hours and ended at 16.40 hours.

After the AGM

The Company posted resolutions of the AGM through the Stock Exchange of Thailand on the same day after the Meeting ended. The Company submitted the minutes of the 2020 AGM to provide information regarding the vote-casting procedure, a detailed record of the questions, answers, resolutions, and voting results of each agenda item, together with a name list of all Directors who participated in the AGM, to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) within 14 days after the AGM, and also posted said information on the Company's website www.kce.co.th on July 22, 2020, as an additional channel of providing information to Shareholders.

The Thai Investors Association and the Stock Exchange of Thailand rated the Company's 2020 AGM a score of 100, for the second consecutive year. Any recommendations that were made through the assessment will still be integrated in future AGMs for further improvement.

2

EQUITABLE TREATMENT OF SHAREHOLDERS

Shareholders are protected from abusive action by or in the interest of controlling Shareholders acting directly or indirectly. The Company's guidelines to foster equitable treatment of Shareholders include the following.

"The Company attaches considerable importance to following Good Corporate Governance practices to ensure the fair and equitable treatment of all Shareholders. There is no discrimination of Shareholders, whether major or minor, foreign or institutional."

2.1 Designation of Proxies to the Annual General Meeting of Shareholders

All Shareholders receive equitable and fair treatment to maintain the right to attend the AGM either in person or by Proxy. Shareholders may also delegate their votes to any of the Company's independent Directors. The names and details of each independent Director were sent with the Proxy Form as defined by the Ministry of Commerce without condition. All information was provided both in Thai and in English. All documents sent to foreign Shareholders were translated into English. The Company's Proxy Forms comply with the regulations of the Department of Business Development of the Ministry of Commerce, which recommended that each agenda can be voted on specifically and separately. In 2020, Proxy Forms sent with the annual report to all Shareholders 21 days prior to the AGM contained the following instructions for Shareholders:

1. In the event a Shareholder is a natural person

- 1.1 Attendance in person: A valid official ID card with a photograph, e.g., personal ID card, driver's license, or passport.
- 1.2 Attendance by Proxy:
- A Proxy Form together with the notice for calling the Annual General Meeting of Shareholders completely filled in and signed by the Proxy grantor (the Shareholder) and the Proxy;
 - A copy of the Proxy grantor's official ID card as referred to in 1.1 certified as being true and correct by the Proxy grantor; and
 - An original of the Proxy's official ID card as referred to in 1.1.

2. In the event the Shareholder is a juristic person

- 2.1 Attendance in person by an authorized representative of the Shareholder:
- An original of such authorized representative's official ID card as referred to in 1.1; and
 - A copy of the affidavit or certificate of incorporation of the Shareholder showing the name of such authorized representative as a person having the power and authority to act on the Shareholder's behalf, and such copy of the affidavit or certificate of incorporation must be certified true and correct by such authorized representative.
- 2.2 Attendance by Proxy
- A Proxy Form, which is attached hereto together with the notice for calling the Annual General Meeting of Shareholders, completely filled in and signed by the Proxy grantor (the Shareholder) and the Proxy;
 - A copy of the affidavit or certificate of incorporation of the Shareholder showing that the name of the person who signs the Proxy form as the Proxy grantor is an authorized representative of the Shareholder having the power and authority to act on the Shareholder's behalf, and such copy of the affidavit or certificate of incorporation must be certified as true and correct by such authorized representative; and
 - An original of the Proxy's official ID card as referred to in 1.1.

3. In the event that a Shareholder is a non-Thai Shareholder or a juristic person incorporated under foreign laws

Provisions specified in paragraph Nos. 1 and 2 above shall be applied mutatis mutandis to a non-Thai Shareholder or, as the case may be, a Shareholder who is a juristic person incorporated under foreign laws subject to the following conditions:

- An affidavit or certificate of incorporation of such juristic person may be issued by either the governmental authority of the country in which such juristic person is situated or by an officer of such juristic person, provided that such an affidavit or certificate of incorporation must contain the name of the juristic person, the address of the head office of the juristic person, and the name(s) of the person(s) having authority to sign on behalf of the juristic person, together with any restrictions or conditions of the power of such person(s); and
- An English translation is required to be attached for any original document which is not made in English, and such translation must be certified by the authorized representative(s) of such juristic person.

2.2 Facilitation of Shareholders' attendance and participation in the AGM

The Company has a policy to encourage and facilitate Shareholders in attending the AGM and ensures the equitable treatment of all Shareholders, including minority, institutional and foreign Shareholders. All Shareholders have the right to fair practice without discrimination and to participate in the AGM until its conclusion.

Registration to attend the AGM began 2 hours prior to the commencement of the Meeting and continued through the end of the AGM. Registration for the AGM commenced at 15.00 hours in the Meeting Room, 3rd floor, Thai Laminate Manufacturer Co., Ltd. 70 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok. The venue for the AGM was chosen due to its convenient location and to facilitate accessibility to public transportation for the Shareholders, and the meeting room is large enough to host the number of participants.

The Company's staff was present at the Meeting to provide information regarding registration, to collect and to count vote ballots, to collect questions, and to provide any assistance that was required.

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- The Company organized a systematic and effective barcode registration process to facilitate Shareholders in attending the Meeting. Shareholders and their proxies were expedited through the registration process with a large number of staff on hand to facilitate the process.
-
- All Shareholders and proxies were provided with one voting slip for each agenda.
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- Shareholders were offered appropriate hospitality.
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Voting card procedure at the AGM

The Company uses voting cards for all items on a meeting agenda and retains voting cards of those who did not agree with Meeting resolutions or who abstained from exercising their right. For the agenda regarding the election of Directors, the proposed nominees for vacancies arising by rotation were considered individually.

2.3 Prevention of the use of internal information by Board members, executive management, employees and related persons

Measures have been taken to prevent insider trading for one's self-interest or for that of another which is unfair to other investors. Such an act is not only illegal but could also impact the trustworthiness of the Company. The Company stipulates practices in managing confidential internal information that may affect the Company's share price, which conforms with the main principles, as follows:

-
1. Established an internal control system to prevent the leakage of information
 - 1.1 A clear written policy to determine the standard behavior and procedures related to managing confidential internal information. The policy must be communicated to all employees to be put into practice and shall be regularly reviewed.
 - 1.2 Strict management of documentation and accessibility to information
 - 1.3 A control system by IT in which confidential information is stored in a database that is strictly controlled and accessible only by authorized personnel.
 - 1.4 A clear policy regarding communication with mass media and other outsiders
 - 1.5 Conduct an audit and execute steps to deal with a leakage of information. Stipulate a policy to carry out an investigation in case of a suspected leakage of information and communicate said procedures to employees. Provide a whistle-blowing policy.
 2. Register a list of names of insiders who are involved with confidential transactions, including both personnel within and without the Company, who are considered an "insider" and limit the list to the least number of persons.
 3. Proceed with necessary actions to remind Board members, management and staff who have access to internal information to carry out their duty in treating confidential data.
 - 3.1 Impose a duty of confidentiality and restrictions in stock trading in employment contracts or other agreements for all staff, including temporary staff, who have potential access to internal information.
 - 3.2 Conduct a training course for staff who may be exposed to confidential information in their work in order to prevent the unintentional or inappropriate disclosure of internal information. Continually communicate internally the duty of keeping confidential information and the civil and criminal liabilities on an individual and corporate level.
 - 3.3 In case of a resignation, an exit interview will be conducted and all internal information must be returned to the Company.
 - 3.4 The stock trading policy should state the restrictions concerning inside trading according to law that covers Board members, executives, management and all staff who are registered as insiders. There is also a measure that covers securities trading during which the Company enters into confidential transactions that are not yet disclosed to the public. Board members and those who have retired from office for no more than 6 months are prohibited from making any transactions in regard to KCE shares from 30 calendar days prior to 1 day after disclosure of the Company's financial performance. The Company's Board members and its executives are required to disclose their investments in the Company's shares. Reports of their holding must be updated and submitted to the Board of Directors on a regular basis.

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4. The Company enters into non-disclosure agreements with consultants prior to their accessing internal information. In engaging with any consultant, all consultants must countersign the non-disclosure agreement as soon as practical.

Penalty regarding the use of internal information by executives and employees

-
1. The Company has instituted measures to prevent the use of the Company's information by prohibiting the units to which the information is made known from disclosing such information to irrelevant units or persons.
-
2. Company executives who obtain the financial information about the Company shall not personally use such information prior to public disclosure and will refrain from the trading of the Company's securities for a period of 1 month prior to the public disclosure of the Company's financial statements.
-
3. Upon listing of the Company's securities on the Stock Exchange of Thailand, the Company requires that Directors and executives shall have the duty to report their holding of the Company's securities under Section 59 of the Securities and Exchange Act B.E. 2535 and shall comply with the Notification of the Office of the Securities and Exchange Commission No. Sor Jor 14/2540, dated May 21, 1997, re: Preparation and Disclosure of the Holding of Securities. Non-compliance with this provision will be subject to a penalty under the Securities and Exchange Act B.E. 2535 and under the requirements of the Stock Exchange of Thailand. The Company will also take any disciplinary action deemed appropriate, which could be a verbal or written reprimand, probation, termination of employment by summary dismissal, discharge or deposition, against any person who obtains benefit from using or disclosing internal information of the Company that may result in damage to the Company. The severity of the punishment shall be appropriate to the intention and severity of such offence.

Conflicts of interest and related party transactions

The Board of Directors does not allow Directors, Executives and staff to seek personal gain or to engage in any business in direct competition with the Company or in transactions that may lead to a conflict of interest with the Company. If such a transaction is unavoidable, the Board of Directors shall ensure that the transaction is carried out with transparency and fairness similar to transactions carried out with unrelated parties. In all Meetings, including the AGM Meeting, a third party who may have a conflict, interest, or any other conflict of interest is to inform the members of the Meeting of such conflict of interest or relatedness and is to refrain from considering or approving that transaction.

The Company follows the guidelines and procedures as stipulated by the SET since September 2004 in that:

- Information disclosure is a must; should there be any relationship that falls within the definition as stipulated by the SEC, disclosure is made on the person or entity that is related.
- Each time there is a new management appointment, the Company Secretary sends the “Details of Related Persons Form” as per the SEC’s guidelines relating to information disclosure for listed companies on related party transactions, B.E. 2546, for the newly-appointed person to fill in and to sign off on the integrity of the information provided. The document is to be returned to the Company’s Secretary, who is responsible for summarizing the information of related persons and business entities for review purposes.
- The information provided to each business unit serves as a reference for screening proposals that seek approval of management or the board of Directors.
- Related party transactions are to be disclosed in the annual report (Form 56-2) and the annual disclosure of the Company’s information (Form 56-1).

The Company ensures fair treatment for all Shareholder groups and an equal right to access the Company’s information through various channels.



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Soi Chalongkrung 31, Kwang Lumplatew
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ROLES OF THE STAKEHOLDERS

The Company is aware of the responsibilities to stakeholders and respects their legal rights and ensures that those rights are protected. The Company provides fair treatment and takes into account the interests of stakeholders, which include but are not limited to, various groups: Shareholders, employees, management, customers, suppliers, creditors, the community, society, the government, the environment, the public, etc. Recognizing the role of the Company as a leading Thai manufacturer, the Company places the protection of the environment and safety as one of its priorities.

The Company encourages active cooperation between the Company and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprise and ensures that all business decisions and actions comply with all applicable laws and regulations. Stakeholders of the Company are treated fairly in accordance with their legal rights as specified in relevant laws.

The Company has a clear policy in regard to the fair treatment of each and every stakeholder. The rights of stakeholders as established by law or through mutual agreements are respected. Any actions that can be considered in violation of stakeholders' legal rights are prohibited. Any violation will be effectively redressed. In 2020, there were no legal issues regarding any stakeholders. The Company provides a mechanism by which stakeholders can participate in improving the Company's performance in order to help ensure the firm's sustainability. In order for stakeholders to participate effectively, all relevant information is disclosed to them in the Annual Report (form 56-2), the Annual Registration Statement (form 56-1), and the Company's website (www.kce.co.th).

In the case of stakeholders who engage in an illegal act or who engage in unethical practices, incorrect financial reporting, insufficient internal control etc., stakeholders can report said behavior through mail, email : whistleblower@kce.co.th , telephone, or intranet to KCE Home, and to the above-mentioned website of the Company via Whistleblower Channel, and the rights and confidentiality of the person who communicates such practices will be protected. The internal audit assesses the efficiency and adequacy of the internal control system. There were no complaints in 2020. The Company honors its commitments to stakeholders, competes in business fairly and ethically, provides fair and equal treatment to employees, and acknowledges its responsibility to society. Its policies are clearly stated in the Corporate Governance Handbook.

1. Shareholders

The Company continually strives for a superior performance taking into account the current and potential risk environment. It is our duty to ensure that the Company's operations are fully transparent and to do our utmost to safeguard the Company's assets, as well as to uphold our reputation. The Company strives to perform its duties with honesty, integrity, and fairness for the benefit of major and minor Shareholders as well as other related parties in order to:

- | | |
|---|---|
| <ul style="list-style-type: none">• Ensure stable long-term sustainable growth while maximizing Shareholders' wealth. | <ul style="list-style-type: none">• Safeguard the Company's assets. |
| <ul style="list-style-type: none">• Knowledgeably execute responsibilities with the utmost care and professionalism. | <ul style="list-style-type: none">• Disclose sufficient and accurate financial and non-financial information on the Company's operating and financial status. |

2. Employees

The Company's workforce represents the most valuable asset. Staff development both professionally and personally are encouraged so that employees can attain the highest level of competence. The Board clearly defines the policy and practice guideline concerning compensation and welfare to employees, which includes a long-term compensation. The Company's employees receive fair treatment with salary and benefits comparable to or better than those in the same industry. Each employee receives an Employee Handbook that defines the rules, regulations, procedures, and welfare of the Company's employees. The Company's Welfare Committee looks after employee benefits.

The Company has a reward policy that takes into account the performance of employees beyond short-term financial measures. In the past, the Company offered an Employee Stock Option Program (ESOP) to motivate and reward employees for their dedication in helping the Company attain its goals.

Board of Directors Meeting No. 5/2016 held on May 10, 2016, passed a resolution to approve an Employee Joint Investment Program of KCE Electronics Public Company Limited - No. 1 ("EJIP"). The EJIP serves as another means of compensation for employees, executives of the Company and subsidiaries, to promote a sense of ownership, to serve as a work incentive, and to encourage personnel to make a long-term commitment to the Company. Qualified employees can apply to participate in the project on a voluntary basis. Each month, the Company will deduct a rate of 4% to 20% of the basic salary of each employee who joins the EJIP, and the Company will contribute 100% of such deducted amount. However, EJIP participants must strictly comply with a silent period. The Company has already proposed the terms and conditions of the EJIP to the SEC and received approval.

Details of benefits offered to employees and listed in the Employee Handbook are as follows:



- Provident fund
- Health and accident insurance for employees.
- Health insurance for employees' family.
- Various bonus payments that include a shift bonus, and an attendance bonus for employees who are absent, take leave, or are late in a month not exceeding a certain number of days.
- Stipend to assist with cost-of-living for all employees.
- General physical and medical examinations annually for employees.
- Twenty-four hour first-aid nursing service at every plant.
- Financial assistance for funeral cremations, weddings, and gifts for those hospitalized.
- Transportation and uniforms, including safety shoes.
- The right to leave, e.g., personal leave, sick leave, annual leave, maternity leave, ordination leave, etc.
- Schooling scholarships for children of employees.
- Long-service award of 10, 20 years
- Professional training programs to enhance work efficiency through Human Resource Development Seminars and Training Courses, which include discipline, team building, teamwork, and leadership.
- Free rice and sales of low-cost consumer goods.
- Religious ceremonies and merit-making on New Year.
- Annual recreation activity.
- New Year Party.
- Sales of general products at special price.
- Safe driving with a no alcohol project on various holidays.
- Sprinkling of water onto a Buddha image during Songkran festival.
- A stop-smoking project.
- 5-S project.
- Safety exhibitions on safety day.
- A white factory project.

Training and Development Policy

"The Company offers an employee development program to enhance knowledge and the potential to be ready to take part in the Company's "Operation Excellent" program by continuous training and development, which is aimed at ensuring sustainable growth."

In 2014, a "Talent Management" program was introduced aimed at personnel development, which is already incorporated in the SAP system. Its principle is based on heightening the competency of management to further career planning and development for individual personnel, including a succession plan for key positions.

Throughout 2020, the Company provided various work-related training programs for employees in all sections:

1. quality, e.g., standard quality system, reduction of scrappage, process control;
2. safety, e.g., training of an emergency response team, work procedures for X-rays;
3. human resources, e.g., the role of a leader, KPI; and
4. environment, e.g., storage procedures for chemicals, measurement and reporting of energy management, etc. In addition, the Company provided an opportunity for employees to self-study or continued higher education.

(More details are in the Annual Registration Statement (Form 56-1) for the year 2020.)

Safety Policy

1. Work safety at the Company is every employee's responsibility; individuals at all levels must collaborate to contribute to the safety of oneself and of others.
2. The Company encourages and supports every form of safety-related activity, such as training courses, motivation, improvement of workplace conditions, and the environment.
3. Every supervisor and higher has the responsibility to monitor the safety of their subordinates and to ensure that all safety rules are strictly adhered to.
4. All employees will participate and cooperate with all of the Company's safety and occupational health projects.
5. The Company will monitor and evaluate the results of the implementation of safety and occupational health policies in order to ensure their strict compliance and maximum effectiveness.



During 2020, the Company participated in safety, occupational health and environmental workplace activities, as follows:

1. Reported a 87% achievement rate in compliance with the safety plan of 2020.

2. The Safety Unit performed the following activities:

- An emergency drill for LPG leakage
- An emergency drill for chemical substance leakage
- An emergency drill for natural gas leakage
- An emergency drill for hot oil leakage
- An emergency drill for X-ray leakage
- A safety week exhibition
- An annual medical examination
- An annual emergency fire drill and evacuation procedure, performed twice in 2020
- An assessment regarding safety environment in the workplace
- Improvement of fire safety equipment



Accident Statistics in 2017-2020

Type	Unit	2020	2019	2018	2017
First aid	Times	11	14	5	8
Lost days ≤ 3 days	Times	15	18	18	9
Lost days > 3 days	Times	10	11	8	7
Total number of lost days	Days	302	185.5	334	119
Incident Frequency Rate (IFR)		4.49	5.00	4.27	4.16
Incident Severity Rate (ISR)		37.64	21.58	46.04	20.47

3. Customers

The Company endeavors to achieve customer satisfaction by providing quality products that meet or exceed customers' expectations and delivering exceptional service to customers. The Company believes in strong ethical standards by engaging in uncompromising integrity and honesty in all respects. The Company protects its customers and maintains the trust placed in us by ensuring that all information relating to our customers' business affairs remains confidential at all times. The Company has set up sales and support offices globally to ensure customer satisfaction. The Company develops and maintains a sustainable relationship with our customers.

Quality Policy

“KCE is committed to providing products and services to meet or exceed agreed requirements for all of our customers through continuous improvement and by doing it right the first time.”

All KCE employees recognize that customers are the priority and aim to provide satisfaction to customers of all levels, and covers research and development, process improvements and changes in working environment that conforms with customers' requirements. Customers' satisfaction was evaluated throughout the supply chain, starting from accepting customers' order, raw materials procurement, production, quality inspection before delivery and after-sales service. Customer satisfaction surveys are conducted annually, results of which are utilized to improve service quality. In each year, all KCE customers conducted plant visits and audited the manufacturing process 1-2 times per year. The Customer satisfaction surveys results for 2020 was satisfactory.

4. Suppliers

The Company believes in being fair and defining conduct ethics in dealings with all parties having a business relationship with the Company. The procurement policy and the service acquisition process are clearly defined. The terms and conditions of the material purchasing procedure and the supplier and subcontractor qualification procedure are set to ensure fairness between the Company and suppliers by way of a transparent procurement system.

The supplier selection criteria are as follows:

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| 1. Financial Position | 3. Business Growth |
| 2. Business Capability | 4. Innovation & Technology Development |

There were no disputes with the Company's suppliers in 2020.

5. Creditors

The Company places the importance to the fair treatment to all trade partners and creditors, and the Board has established a policy and practice guideline for creditors with fairness and responsiveness;

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| 1. A clear process, qualifications and criteria of trade partner/creditor selection | 4. The event of payment default |
| 2. The term of the guarantee | 5. Conflict of Interest/ Related Transaction |
| 3. The capital management | 6. Anti-Corruption and Quality Policy |

The Company is committed to discipline in the operation of our business and to ensure that all business decisions and actions comply with the terms of loans and obligations as well as with all applicable laws and regulations. The Company observes good standards of behavior and honors all commitments made to creditors. The Company performs according to the terms of the loans and respects obligations towards creditors with prompt communication and information when deemed necessary. Billing dates, documents and conditions for payment are clearly provided to the Company's creditors. There were no disputes with the Company's creditors in 2020.

6. Competitors

Business transactions of the Company are performed in an ethical and transparent manner. Business competition is conducted fairly without illegal or unethical practices. The Company does not seek secret information owned by competitors in an unethical matter or unsuitably such as by payment to a competitor's employee to leak valuable information. KCE also does not intentionally damage the competitor's reputation. There were no disputes with the Company's competitors in 2020.

Environment Social and Community

Recognizing the importance of the environment, in 2007 KCE became a member of the Global Compact established by the United Nations (UN) and commits to the 10 principles in respect to human rights, labor rights, the protection of the environment, and anti-corruption, as follows:

1. Human Rights

1. Support and respect the protection of internationally proclaimed human rights; and
2. Will not condone human rights abuses.

3. Environment

7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmental friendly technologies.

2. Labor Standards

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Elimination of all forms of forced and compulsory labor;
5. Effective abolition of child labor; and
6. Elimination of discrimination in respect of employment and occupation.

4. Anti-Corruption

10. Work against corruption in all its forms, including extortion and bribery.

The company strictly maintains high environmental standards by complying with associated laws and regulatory requirements. Energy and natural resources are utilized effectively and efficiently with major investments in waste treatment systems. All KCE plants are located within industrial estates that have standard environmental protection systems in place in order to minimize any impact on the environment.

Human Rights

The Company recognizes its responsibility to respect human rights of all people irrespective of differences in age, sex, etc. The Company's guidelines supporting human rights are as follows:

- The Company respects the rights of all employees in any form, not only as stated by law or constitution but also general principles, and will not obstruct or deny employees their fundamental rights.
- The Company will keep all personal information of employees confidential and will not disclose it to others without their permission.
- The Company will not support or encourage employees to violate the human rights or general rights of other people.
- All Company employees will treat others equally and fairly, and will not violate or threaten the rights of other people.

Policy on Intellectual Property

The Company acknowledges the importance of intellectual property created from an individual's knowledge and ability. The Company, therefore, always makes sure that information used in the Company will not violate the intellectual property of others.

- The Company does not permit or encourage its employees to use illegal software for any Company business.
- Employees are not allowed to use any intellectual initiatives created for the Company's business for personal purposes unless they receive permission from the Company. Employees have to return any intellectual property to the Company as soon as their employment is terminated.
- Employees who use the Company's computers must strictly follow the rules and conditions of the manufacturer and only with the permission of the Company.
- Employees will ensure that external information used for the Company's business purposes is legal and does not violate the intellectual property of others.

4

DISCLOSURE AND TRANSPARENCY

The Company recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. The Company discloses accurate and complete corporate information, both financial and non-financial, as specified in relevant regulations in a timely and transparent manner through various channels, such as through the SET Community Portal (of the Stock Exchange of Thailand), Annual Statement (Form 56-1), annual reports, as well as via the Company's website (www.kce.co.th) (Thai and English) to ensure a factual presentation of vital information and transparent business practices. The Company distributes the annual report, financial statement and information explaining features of the Company's performance in the previous year to Shareholders annually at the Annual General Meeting of Shareholders.

The Company has established policies in regard to external communications as recommended by the Principles for Ongoing Disclosure and Material Development Reporting by Listed Entities to be practiced by staff members, as follows:

1. The Company strives to give all parties equal treatment consistently within the set framework by avoiding favoritism or situations where conflicts of interest may arise.
2. Dissemination of the Company's information will be made clearly, accurately and transparently. The information is to be credible and straightforward and distributed to stakeholders in a clear, easily understood, and timely manner.
3. The Company ensures that any release of information will not jeopardize client relationships, or breach regulations concerning confidential information of clients, Shareholders or other stakeholders.
4. The Company's employees must follow the Company's code of conduct where sensitive information is involved.
5. Spokespersons for the Company concerning sensitive information are limited to the Chairman of the Board. The Managing Director, a Director, or an executive can be designated by the Chairman of the Board to act as a spokesperson to release information about selected important issues.

The Company emphasizes disclosure of information by consistently adhering to the principle of transparency, fairness, completeness, promptness and accuracy, as follows:

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| <hr/> <ul style="list-style-type: none"> • The Company discloses accurate, complete and timely financial information and non-financial information. <hr/> <ul style="list-style-type: none"> • The Board is responsible for the Company's and subsidiaries' financial reports, the Board's statements, and the Audit Committee's reports are presented in the company's annual report. All information presented in the financial reports is correct in accordance with generally accepted accounting principles and standards, and has been audited by an independent external auditor and is up to date. <hr/> <ul style="list-style-type: none"> • A summary of the Company's Corporate Governance Policy together with implementation of the policy is presented through various channels such as the Company's annual reports and the Company's website (www.kce.co.th). <hr/> <ul style="list-style-type: none"> • Remuneration of Directors and executives with the amount of payment that corresponds to the contributions and responsibilities of each person are also disclosed via the Company's annual reports and the Company's website (www.kce.co.th). <hr/> | <hr/> <ul style="list-style-type: none"> • Disclosure of audit and non-audit fees. • The Corporate Governance report describes the roles and responsibilities of Directors as well as provides the number of Meetings and the attendance of each Director each year. <hr/> <ul style="list-style-type: none"> • All Directors are to disclose and/or report their securities trading and holding, connected transactions and the equity, via the Company Secretary; to the Board of Director's Meeting each quarter. <hr/> <ul style="list-style-type: none"> • The Board of Directors specifies the principle for the Company's directors and Executive managements to report on conflict of interest and related person according to the Section 89/14 of the Securities and Exchange Act B.E. 2551. The report is required to be reviewed each year and/or at the time there is a change, and to be submitted to the Company Secretary. <hr/> <ul style="list-style-type: none"> • The Board of Directors provides a policy to prevent the use of internal information acquired by being the directors, executive managements or the employees of the Company, to exploit the benefit for themselves or to enter into a competing business or related business, including the benefit for company stock trading or giving internal information to other party for the benefit of stock trading. <hr/> |
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All annual reports can be downloaded in both languages from our website. Further information can be obtained by contacting the Company's investor relations at 02-3260196-9 ext. 1201, 1501.

The Company provides a mechanism to facilitate stakeholders' involvement in improving the Company's performance to ensure the firm's continuous growth and success. In order for stakeholders to participate effectively, all relevant information is disclosed in Form 56-1, the annual report, and the Company's website (www.kce.co.th).

Procedure Concerning Complaint Reporting and the Protection Mechanism

The Company believes that good Corporate Governance is vital for the achievement of sustainable long-term growth. Therefore, the Company provides a channel for employees, stakeholders, and concerned third parties to send comments or useful suggestions, or to report or submit information concerning wrongdoing, violations of the law, regulations, or good Corporate Governance principles via email to whistleblower@kce.co.th. Furthermore, to ensure that those who make such a report receive proper protection, the Company has a policy to receive complaints directly through the Audit Committee. All details are kept confidential, and there is a mechanism in place when investigating a party who is accused to ensure fair treatment before disciplinary or legal action is taken.



Investor Relations

The member of the Board of Directors appointed as the Company's public relations representative meets regularly with analysts and the press as requested. Analyst briefings and press conferences are additional channels by which corporate information is distributed.

In 2020, the Chairman of the Board, the Directors and senior executives provided information to investors

- 2 times "One on One Meeting" with analysts and investors
- 9 times Conference Call
- 2 Events (Corporate Day / Exclusive Talk)
- 1 time press interview
- 4 times Analysts' Meeting

Meeting Investors

The Company joined investor Meeting activities to ensure that senior executives and Investor Relations meet investors and explain specific information on performance, strategic plans, guidelines on business growth and a summary of major events, including answering questions.

5

ROLES AND RESPONSIBILITIES OF THE BOARD

5.1 Structure of the Board of Directors

The structure of the Board of Directors comprises the following:

The Board of Directors

4 Subcommittees

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. The Corporate Governance Committee
4. The Risk Management Committee

The Executive Board

The Company's Board of Directors is composed of 9 Directors, three of whom are independent Directors equivalent to more than one-third of the Board size. All independent Directors are independently qualified as specified in the announcement of the Company. The names and the roles and responsibilities of the independent Directors are reported in the "Board of Directors" section.

The Company's Board of Directors participate in setting the direction of the growth and development of the Company through determining the strategies, policies, vision, and mission and giving advice and recommendations, as well as in directing, overseeing and monitoring the status and progress of the various operational aspects of the Company on a regular basis. Vision and mission will be revised every 5 years. The Company's Board of Directors has a key role in setting the ethical tone of the Company which goes beyond compliance with the law.

Diversification of the Board's structure

The Company stipulates a policy of diversification in relation to Board members in the Nomination & Remuneration Charter as well as Corporate Governance policy. The Board considers it appropriate that the Board structure comprises qualified members who possess diversified knowledge and experience and who are committed to maintaining a high degree of personal and professional ethics, honesty and integrity. In addition, Board members are selected without discrimination in terms of gender, race, religion, age, professional skill or other qualifications.

Each Board member is knowledgeable and competent with the skills, experience, and expertise that are useful to the Company. Each Board member has contributed both time and dedication to the Company in creating a strong Board of Directors to determine the business direction and policies, and to supervise and monitor the Company's operations to ensure that all activities are conducted in accordance with relevant laws and ethical standards. All Directors understand their roles and responsibilities and the nature of the Company's business. They express their ideas independently with vision and leadership and always update themselves. The Company's Directors perform their duties in good faith and with due diligence and care in the best interests of the Company and all Shareholders and in accordance with the principles of good Corporate Governance.

As of December 31, 2020 the Company's Board of Directors comprised 9 Directors, as follows:

- three executive Directors
- six non-executive Directors

The names and roles and responsibilities of the Company's Board of Directors are reported in the "Management Structure" section.

For the efficient performance of Directors, the Company has implemented a policy to limit the number of listed companies in which a Director can hold the position of Director to not exceeding five listed companies. The Company also has a policy to limit the number of non-listed companies in which a director can hold the position of Director to not exceeding five companies. The policy sets the procedure by which the Company's Board of Directors approves the chief executive officer being a Director of another company.

The policy limits the number of non-listed companies, not accounting for the Company's subsidiaries or associates, due to management being centralized for the group; therefore, key members of the Company's management who may be a Director in that period may be appointed a Director of the Company's subsidiary. This is for the purpose of streamlining management policy throughout the Group.

5.2 Subcommittees

The Board of Directors established two subcommittees to assist in reviewing necessary subjects for effective decision-making. In 2013, the Board appointed two new subcommittees: the Corporate Governance Committee and the Risk Management Committee. In 2016, the Board appointed the Enterprise Risk Policy Committee. The Company has four subcommittees, as follows:

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| 1. Audit Committee | 3. Corporate Governance Committee |
| 2. Nomination and Remuneration Committee | 4. Enterprise Risk Policy Committee and Risk Management Committee |

The composition of each subcommittee and the duties and responsibilities of each are provided in the "Management Structure" section.

Nomination of the Directors

Term of Directorship

The term for all Directors is 3 years. There is a restriction to the number of terms of Independent Directors of not more than 3 consecutive terms and not more than 9 years in total. The Board of Directors may consider the extension of the term for Independent Directors as deem appropriate. In the year that the Independent Director will retire, the Board could propose the retiring Director to the Annual General Meeting of Shareholders, for reelection to be an Independent Director for another term. In accordance with the Public Company Limited Act and the Company's articles of association, one-third of the Company's Directors are required to end their term at each AGM. If the number of Directors cannot be divided evenly into three parts, the number of Directors to end their Directorship must be closest to a ratio of 1/3 as much as possible. The order of retirement is based on the length of time a Director has served in his/her current term, so that Directors who have served the longest on the Board are the most eligible to retire. Nevertheless, a retiring Director is eligible for reelection. The policy of the Board of Directors is that the term of Directorship of the Audit Committee is in line with the term of Directorship of the Company's Directors.

Criteria to Nominate Directors

The Board institutes a policy, criteria and procedures for nominating Directors by which it assigns the Nomination and Remuneration Committee to search for and select persons it deems qualified to act as a Director. The Committee proposes the appropriate selection criteria to the Board according to the present circumstances of the Company. The Committee allows various channels, such as major shareholders, minor shareholders and current Directors, to nominate potential candidates. It also considers the Director Pool of the Thai Institute of Directors (IOD) as well as other channels as it deems appropriate.

The Nomination and Remuneration Committee is responsible for selecting and screening candidates to hold the position of Director, with qualifications of candidates prescribed in the Company's regulations and in compliance to the business strategies, as well as the defined Board skill matrix which determines the required qualifications and other related criteria. The name of a candidate is proposing to the Board of Directors for consideration and approval before being submitted to the Shareholders' Meeting for a vote in accordance with the following criteria and procedures:

1. Each Shareholder shall have one vote per one share.
2. Each Shareholder may exercise all votes as stated in item 1 for voting for one or several persons to be a Director or Directors.
3. Persons who receive the highest vote sequencing from higher to lower are elected to be a Director of the Company per the number required that year. In the case where the a vote is even for the last required Director making the number of Directors more than that required, the Chairman of the Meeting will cast the deciding vote.
4. When there is a vacancy for a Director due to other conditions rather than by rotation, the Board of Directors appoints a qualified person who meets the criteria as required by the Company's articles of association to fill the position and attend the next Board of Director's Meeting. The appointed Director will remain in office for the remaining term of the replaced Director.

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5. The Company has implemented a policy to limit the number of listed companies in which a Director can hold the position of Director to not exceeding five listed companies.

Nomination of Management

Nomination of the CEO

The Executive Board primarily considers the selection of qualified persons who are deemed highly knowledgeable and capable and who possess a high degree of experience and understanding of the business. The Executive Board then proposes the candidate to the Nomination and Remuneration Committee to be put forward to the Board for approval.

Nomination of Executive management

The Board of Directors authorizes the Chief Executive Officer to select and appoint candidates with the qualifications, knowledge, skills and experience suitable for each executive position. The recruitment will be processed under the Company's human resources procedure.

5.3 Roles and Responsibilities of the Board of Directors and Chief Executive Officer

The Company has a clear separation of roles and responsibilities between the Company Directors and the chief executive officer in which the Director's role is to monitor management's performance in achieving targets and ensuring that there are systems in place to enhance the legal and ethical integrity of business operations. All Directors understand the responsibility of the Board of Directors and the business operations of the Company. They perform their duties with honesty and in good faith, using due care and diligence with regards to the highest benefits of the Company and the fair treatment of all Shareholders. They have to express their opinion independently and are completely dedicated to their duties. The role and responsibilities of the Board of Directors are provided in the "Management Structure" section.

5.4 Leadership and Vision

The Board of Directors provides leadership, vision and independent decision-making. It is responsible for overseeing Corporate Governance in order to optimize the benefits of the Company and Shareholders. The Board approves the Company's vision, mission, business plan and annual operating budget, and monitors to ensure the business plan is followed in accordance with the approved budget to maximize the economic value added to the business and for the benefit of all stakeholders.

5.5 The Performance of the Board of Directors in 2020

The Board is determined to lead the business successfully and to create the greatest benefit for Shareholders according to the Company's vision and mission while considering business ethics, future risks and good governance. In this regard, the Board uses independent judgment and discloses important information to Shareholders and investors correctly, completely, fairly and timely.

In 2020, the Board continued to undertake the following activities:

1. Establish the Company's Policy and Business Direction

The Board joined with management in establishing and reviewing the Company's vision, mission, strategies, operation budget and business plan in each year. The Board also discussed with management regarding the operation plan, investment plan, dividend payment plan, as well as any problems, and monitored management's performance according to the preset target in Board Meetings that are scheduled once a month, or 12 times per year.

2. Promote Corporate Governance

To promote the efficiency in the practice of Corporate Governance, the Board:

- | | |
|--|---|
| <ul style="list-style-type: none">• Endorsed an action plan on CG and Anti-corruption for the year 2020, together with the annual goals for cascading the plan to all for implementation. | <ul style="list-style-type: none">• Oversaw the Corporate Governance Committee in reviewing, adjusting, assessing and updating Corporate Governance principles and business ethics to conform with the law, regulations of the SET and SEC, and good practices of international standards, and reported such compliance to the Board. |
| <ul style="list-style-type: none">• Encouraged the distribution of Corporate Governance Policy, business ethics and a code of conduct. | |
| <ul style="list-style-type: none">• Reviewed and updated the corporate governance and code of conduct handbook. | <ul style="list-style-type: none">• Designated the Internal Auditor unit to take role of the "Compliance Unit", and directly reported to the Audit Committee. |
| <ul style="list-style-type: none">• Had all subcommittees and the CEO conduct a self-performance appraisal. | |
| <ul style="list-style-type: none">• Established a channel for claims and suggestions on any matter so that employees and stakeholders could express their opinions independently, which led to improvements. | <ul style="list-style-type: none">• The Committee determined the policy of CSR and sustainability development. |

3. Foster necessary risk management and continuously followed up the results through the Enterprise Risk Policy Committee's Report.

4. Considered the management plan of the Risk Management Committee.

5. Have non-executive Directors organize their own Meetings at least twice a year without the participation of management.

6. Held one meeting among the independent directors.

7. Oversight the preparation of practical guidelines for anti-corruption policy, and promote communication regarding an anti-corruption measures through all subsidiaries in the group.

8. Arrange for the Board to visit the new plant, including encouraging all Directors and management to attend various seminars or courses, which would be beneficial in performing their duties.
9. Conduct an internal control self-assessment by related management, then reviewed by the Audit Committee and propose the result to the Board.
10. Reviewed the policy and criteria in regard to the nomination and remuneration for directors and executive, including the selection procedure, the remuneration structure and the criteria for the determination of compensation, in line with their duties and responsibilities, as recommended by the Nomination and Remuneration Committee.
11. The Nomination and Remuneration Committee revised the Committee's Charter once a year.
12. Continue to improve the Annual Meeting of Shareholders. As a result, the Thai Investors Association and the Stock Exchange of Thailand rated the Company's AGM that was held in the past six consecutive years a "very good" level.
13. The Board has committed to place importance in conducting business within the framework of Good Corporate Governance. As a result, the Company achieved an "Excellent" corporate governance score in the 2020 Annual survey by the Thai Institute of Directors Association (IOD), for the sixth consecutive year.
The Company achieved the ASEAN Asset Class Publicly Listed companies Award in the 2019 ASEAN CG Scorecard which receives support from The ASEAN Capital Markets Forum (ACMF) and Asian Development Bank (ADB) to acknowledge the listed companies in ASEAN with outstanding good corporate governance practices.
14. Assessed the Board of Directors' performance (overall and individual) with "excellent" outcome for the year.



5.6 Board of Directors' Meetings

The Board jointly schedules monthly Meeting dates for the entire year in advance, and extra Meetings may be called as deemed necessary. In 2020, 13 Meetings were held to discuss regular agendas.

The Chairman and the Company's Secretary jointly set a clear agenda before each Board Meeting. All Directors are able to freely propose their agenda items for consideration by the Chairman before inclusion in a Meeting.

The Company Secretary, Mrs. Tanyarat Tessalee, is professionally qualified in terms of education and experience in accountancy and finance. The Secretary submits Meeting documents that can be revealed in written form without affecting the Company's business operations to the Directors at least 7 days in advance for their consideration, together with invitation letters specifying the agenda, Meeting date, time and place. In emergencies, to protect the Company's rights or interests, an appointment for such a Meeting through other methods could be given at shorter notice. Requests for more information could be obtained from the executive office. Members of the Board may also request additional agenda items for the Board's monthly Meeting.

During each Meeting, the Chairman allocates enough time for discussion of each significant issue and encourages all Directors to express their ideas with the Company's Secretary and legal department in attendance. Executives who are directly responsible for pertinent issues discussed during the Meeting could be invited to clarify and provide information. The Company's attorney attended all of the Meetings, recorded the minutes, and managed all documents as well as gave advice to the Board of Directors and executives regarding compliance issues. Directors who has a vested interest in an agenda item must abstain from voting or from attending the Meeting. The Company requires a quorum of at least 2/3 of the board members present to make a decision. The regular Meeting time usage is three hours.

Non-executive Directors arrange informal Meetings as necessary in order to review miscellaneous issues of interest in the absence of management. In 2020, 2 Meetings were held in April and December.

The Board considered the monthly results of operations report compared with the targets. The Board also regularly considers and acknowledges any changes in relevant laws, rules, and regulations related to the Company, including following up the operations report in order to conform with rules, regulations, and best guidelines.

5.7 Policy to Appoint a Director or Management to be the Director of a Subsidiary/ Associate Company

In case the Company invests in a new subsidiary of an associate company, the Company will appoint a Company Director or member of Management to be the Director of such subsidiary/ associate company. This is for the purpose of streamlining management policy throughout the Group for efficient operational management and to create the most value-added for all stakeholders. Taking a position in another subsidiary company is considered part of the duty of Directors and Management.

5.8 Evaluation of the Performance of the Board of Directors

The Board of Directors stipulates (1) a self-assessment of the Board; (2) a self-evaluation of individual Directors; and (3) a self-assessment of all 4 sub-committees (the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, the Enterprise Risk Policy Committee), in order that the Directors can jointly review their performances and jointly solve problems in order to ensure an overall improvement in performance.

Self-assessment of the Overall Performance of the Board

The Board has established a self-assessment for the overall performance of the Board of Directors. It serves as a tool to reflect the operational efficiency of the Board in accordance with the principles of Good Corporate Governance and to facilitate a regular review of the performance of the Board. The process aims to set a standard of practice for the assessment of the performance of the Board of Directors, which is conducted on an annual basis and led by the Chairman of the Board. The Board of Directors' performance and accomplishments are reported in the annual report.

Self-assessment procedure - the entire Board

1. The Board reviews and approves the form and format used in the assessment. In 2020, the Board endorsed using an evaluation form established by the SET and modified some questions to cover all areas of its responsibilities and to suit the characteristics and structure of the Company's Board of Directors.
2. The Company's Secretary concludes and analyses the assessment results of the Board's performance and reports the results to the Board.
3. The Company's Secretary summarizes the results of the analysis and additional comments from the Board to develop an improvement plan.

The criteria of the self-assessment - The entire Board

1. Structure and Qualifications of the Board consisting of the diversification of Directors, independent director ratio and qualifications of sub-committee members.
2. Roles, duties and responsibilities of Directors, which consist of a sufficient time in considering important issues, transactions involving a conflict of interest, the internal control system and risk management.
3. The Board Meeting, which consists of arranging the meeting schedule for the entire year in advance, quality of documents for the Meeting that is sufficient for the Board's decision-making.
4. Duties of Directors, which include a regular attendance of meetings and the opportunity to express opinions freely.
5. The relationship with management, which consists of an opportunity to discuss and jointly resolve problems.
6. The self-development of Directors and the development potential provided to executives, which consists of understanding roles, knowledge of the Company's business, the promotion of training for Directors and succession planning.

The result of the 2020 self-assessment - the entire Board of Directors

The average score was "excellent."

Self-assessment of the Performance - individual Directors

Self-assessment procedure – the individual Directors

- | | |
|---|--|
| <hr/> <ol style="list-style-type: none">1. The Board reviewed and approved the form and format used in the assessment in accordance with the criteria set by the CG Committee. <hr/> | <hr/> <ol style="list-style-type: none">3. The Company's Secretary concluded and analyzed the assessment result and reported said results to the Board to establish a development plan for individual Directors. <hr/> |
| <ol style="list-style-type: none">2. Individual Directors completed the self-evaluation themselves, giving opinions regarding the roles of Directors, their independence, management structure, knowledge development and comments on the administration of the organization. | |

The criteria of the self-assessment – the individual Directors

- | | |
|--|---|
| <hr/> <ol style="list-style-type: none">1. The qualification of Directors, the Board's diversity, performance of Directors. <hr/> | <hr/> <ol style="list-style-type: none">3. Meetings: meeting attendance, expressing opinions and studying the agenda before the meetings. <hr/> |
| <ol style="list-style-type: none">2. Roles, duties and responsibilities: independence, expressing opinions, participating in activities, the internal control system, risk management and disclosure of information. | <ol style="list-style-type: none">4. Providing other recommendations that are useful for management of the organization. |

The result of the 2020 self-assessment – the individual Directors

The average score was "excellent."

Self-assessment of the Overall Performance - the Subcommittees

All Subcommittees: The Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Enterprise Risk Policy Committee conducted a self-assessment of their performances on a yearly basis. The results are used to improve their performances and to subsequently make the Board and the Company's operations more effective.

1. The Audit Committee

Assessed topics:

- The overall performance of Directors
- Review of Financial Reporting
- Independence of Directors
- Compliance with the law
- The Committee's performance reported to the Board

The result of the 2020 self-assessment: The average score was "excellent."

2. The Nomination and Remuneration Committee

Assessed topics:

- Qualifications of Directors
- Independence of Directors
- Structure and continued development plan for Directors
- The Remuneration policy
- Method/criteria for fair remuneration

The result of the 2020 self-assessment: The average score was "excellent."

3. The Corporate Governance Committee

Assessed topics:

- The overall performance of Directors
- The CG Policy and Code of Conduct
- Anti-corruption measures
- Follow-up compliance with the policy
- Auditing compliance with the SET's regulations and related laws
- The Committee's performance reported to the Board

The result of the 2020 self-assessment: The average score was "excellent."

4. The Enterprise Risk Policy Committee

Assessed topics:

- The supervision and execution of risk management
- Monitoring and assessment of the results
- Stipulation of measures regarding risk management
- The Committee's performance reported to the Board

The result of the 2020 self-assessment: The average score was "excellent."

Evaluation of the Performance of the CEO

The Board of Directors requires an evaluation of the CEO's performance be conducted on a yearly basis against target and evaluation criteria that are linked to the successful carrying out of the Company's strategic plans in order to appropriately determine his remuneration and incentive rewards.

The Board considered approving the use of an assessment form for the CEO based on a preliminary format set by the SET. At the end of the year, the Company's Secretary will distribute an evaluation form to all Directors and to the CEO for his self-assessment. The results will be summarized and used for a potential development plan for the CEO.

The Company's Secretary will gather and report the evaluation results to the Nomination and Remuneration Committee and the Board in order to determine an appropriate remuneration for the CEO.

5.9 Remuneration

The Company has a policy to compensate Directors, the Chief Executive Officer and Management at an appropriate level relative to other companies in the same business. This is to motivate and retain capable personnel. Remuneration is related to the Company's performance. The Nomination and Compensation Committee sets the remuneration policy and payment procedure and proposes the remuneration package to the Board of Directors for consideration, which proposes the package to the Meeting of Shareholders Meeting for approval. Details of the remuneration paid to Directors and Executives in 2020 are reported in the section "Remuneration of Directors & Management."

The Nomination and Remuneration Committee set criteria concerning remuneration for the CEO and executives on both a short-term and long-term basis, as follows:

Short term

Remuneration is to be paid in the form of salary and annual bonus based on performance results.

Long term

An Employee Stock Option Project (ESOP) is offered to the CEO and executives, and an Employee Joint Investment Program (EJIP) is offered to employees at the management level.

5.10 Professional Development for Directors and Management

The Board of Directors supports and facilitates attending various training programs and seminars as necessary to ensure the continuing education of those associated with the Corporate Governance system, such as Directors, Audit Committee members, Executives and the Company's Secretary. This is aimed at enabling Directors to operate and govern the Company's operations more effectively. In addition, in the case of a new Director, the Company organizes an orientation program and provides training, information and documents beneficial to performing the new Director's duties. The program for a new Director includes sessions to introduce the nature of the business, the business structure, operating policy, the Company's rules and regulations, and Corporate Governance guidelines and practice, as well as a plant tour.

Summary of Director training programs

Mr. Bancha Ongkosit

- Director Accreditation Program (DAP) - 2004

Dr. Panja Senadisai

- Director Certification Program (DCP) - 2002
- Audit Committee Program (ACP) - 2004
- Role of the Compensation Committee, Thai Institute of Director Association (IOD) - 2007
- Corporate Governance for Directors and Executives of State Enterprises and Public Organizations - 2009
- Executive Director's Course by Capital Market Academy - 2009
- Top Executive Program in Commerce and Trade (TEPCoT) #4 - 2009

- Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute of Director Association (IOD) - 2016
- Risk Management Program for Corporate Leaders (RCL), Thai Institute of Director Association (IOD) - 2018

Chantima Ongkosit, M.D.

- Director Accreditation Program (DAP) - 2003
- Finance for a Non-Finance Director - 2004
- Director Certification Program (DCP) - 2008
- CG Forum 3/2013 Conflict of Interest: Fighting Abusive RPT (SET) - 2013
- The Principles of Good Corporate Governance (SET) - 2013
- IOD Breakfast talk "The Governance role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" - 2014
- Director Briefing: The Four Pillars of Board Effectiveness - 2014
- CG Forum: Corporate Governance in the Perspective of Investors - 2014
- Director Certification Program Update (DCPU - 1/2014)
- Audit Committee Forum by KPMG, in 2015

Mrs. Voraluksana Ongkosit

- Director Accreditation Program (DAP) - 2003
- Finance for a Non-Finance Director - 2004
- Thai Directors Compensation Survey - 2005
- Director Certification Program (DCP) - 2008
- Financial Instrument for Directors - 2011
- CG Forum 3/2013 Conflict of Interest: Fighting Abusive RPT (SET) -2013
- IOD Breakfast talk "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" - 2014
- Director Certification Program Update (DCPU 1/2014)
- Director Briefing: The Four Pillars of Board Effectiveness - 2014
- CG Forum: Corporate Governance in the Perspective of Investors - 2014

Mrs. Siriphan Suntanaphan

- Director Accreditation Program (DAP) - 2004
- Finance for a Non-Finance Director - 2004
- Director Certification Program (DCP) - 2008
- The Principles of Good Corporate Governance (SET) - 2013
- CG Forum 3/2013 Conflict of Interest: Fighting Abusive RPT (SET) -2013
- IOD Breakfast Talk "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" - 2014
- Director Briefing: The Four Pillars of Board Effectiveness - 2014
- Director Certification Program Update (DCPU 1/2014)

Mr. Paitoon Taveebhol

- Director Certification Program (DCP) - 2003
- Director Accreditation Program (DAP) - 2003
- Audit Committee Program (ACP) - 2005
- Role of Chairman Program (RCP) - 2005
- Chartered Director Class (R-CDC) - 2008
- Monitoring Fraud Risk Management (MFM) - 2009
- Monitoring the Internal Audit Function (MIA) - 2010
- Monitoring the System of Internal Control and Risk Management (MIR) - 2010
- Monitoring the Quality of Financial Reporting (MFR) - 2010
- Role of the Compensation Committee (RCC) - 2010
- Financial Reporting Standard for Non-Public Accountable Entities - 2011
- Corruption Prevention and Reporting under NACC's Law - 2011
- Audit Committee Forum - KPMG - 2011
- 11th Asian Forum on Corporate Social Responsibility (AFCSR) - 2012
- Anti-Corruption Day: Power of Change to Thailand - 2012
- The 2nd National Director Conference 2013 Board Leadership Evolution, IOD - 2013
- National Director Conference - 2014
- CG in Substance (by SET) - March 2015
- IOD Director Conference 2015 "Re-energizing Growth Through Better Governance" - June 2015
- CG Forum "Risk Oversight High Priority Roles of the Board" (Lecturer) (by SET) - September 2015
- IOD Director Forum "Building Better Board Through Effective Independent Director" - October 2015
- Thailand CG Forum "Governance as a Driving Force for a Business Sustainability" (by SET & SEC) - October 2015
- 2015 OECD Asian Roundtable on Corporate Governance, by OECD/ IOD/ SET/ SEC - October 2015
- Internal Control and the Audit Committee's work, by FAP, March 2016
- Enhancing Growth through Governance in Family-Controlled Business, June 2016
- CG Forum, August 2016
- Good Principle of Business Administration, CG for Institution investment, related to the listed company, August 2016
- National Conference of CAC, October 2016
- 2017 Independent Director Forum by IOD – November 2017
- Chairman Dinner Talk by IOD – November 2017
- 8th CAC National Conference by CAC & IOD – November 2017
- Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management by Faculty of Commerce and Accountancy – Thammasat University and SET – March 2018
- Inaugural Corporate Governance Conference 2018 – Building Trust in a Transforming Economy by SEC – September 2018
- Independent Director Forum – Tough Boardroom Situations (Independent Directors Share Lessons Learned) by IOD and PwC – October 2018

- Thailand's 9th National Conference on Collective Action against Corruption – Disruption Corruption by CAC – October 2018
- Annual General Meeting 2019 - Business transformation, IOD – May 2019
- Independent Director Forum 1/2019 - Tips and Tricks for Dealing with Questions in AGM, IOD – June 2019
- IOD National Director Conference 2019 - Board of the Future, IOD – July 2019
- Chairman Forum 2019 - Successful Corporate Culture Change: from Policy to Practices, IOD – September 2019
- CAC National Conference 2019 - Innovations in the Fight against Corruption, IOD – October 2019
- Thailand Responsible Business Network - TRBN, IOD – December 2019
- GRC Series Ep.3: ESG Driven Boardroom for "Purpose" to "Performance", IOD – August 2020
- Director Forum: "Board's Role in Strategy for Business Sustainability", IOD – September 2020

Mr. Pitharn Ongkosit

- Director Certification Program (DCP 194-195/2014)

Mr. Kanchit Bunajinda

- Monitoring the Quality of Financial Reporting (MFR 8)
- Monitoring the System of Internal Control and Risk Management (MIR 4)
- Audit Committee Program (ACP 14)
- Directors Accreditation Program (DAP 35)
- Directors Certification Program (DCP 30)
- Monitoring the Internal Audit Function (MIA 5)

Dr. Sutee Mokkhavesa

- Director Certification Program (DCP)

5.11 Company's Secretary

The Company has a policy to appoint a Secretary to the Board and a Company Secretary in compliance with the Securities and Exchange Act and good Corporate Governance. The roles and responsibilities of the Company's Secretary are described in the "Management Structure" section.

5.12 Internal Control

The Board of Directors emphasizes having an efficient and effective Internal Control system. The Internal Audit system monitors and ensures that the Company has and is in compliance with the prescribed policies and guidelines regarding operating control, financial reporting, information technology as well as applicable rules and regulations as required by competent authorities. The compliance unit determines an audit plan that fully covers operations of all functions, and the plan shall be evaluated every quarter. The sufficiency of the internal control system shall also be evaluated every quarter. In 2020, the Company was in full compliance with its operating policies and applicable rules, regulations and guidelines as prescribed by the relevant authorities.

The Company has established an internal control assessment by management and internal audit every year. The Audit Committee reviewed and reported the result to the Company's Board of Directors. In the 2020, it is the Committee's view that the Company's internal control systems and risk management systems are adequate and appropriate. The comment was based on the "Internal control self-assessment questionnaire", suggested by the SEC, that can be summarized as follows:

1. Internal control within the organization

The Company has a clear and solid target for the business operations, by preparing the business plan, the annual budget, enhance well being of personnel, having production process that is friendly to the environment, responsive to customer's expectation and responsible for social.

For the corporate governance, the company creates management structure which is consist of the Board of Directors and the sub-committees, being the Audit committee, the Nomination & Remuneration Committee, the Enterprise Risk Policy Committee and the Corporate Governance Committee. Each committee is responsible for oversight the management to achieve the target, within the framework of ethic and social responsibility.

Regarding the anti-corruption, the company is a certified member of the Thailand's private sector Collective Action Coalition (CAC) since 2015, and get the extension in 2020 for three more years. The company conducted a risk assessment concerning fraud within the organization, including review policy practice, to ensure sufficient measures are in place to prevent and to identify the corruption efficiently.

2. Risk assessment

The Board considers the Risk management policy an essential policy, which is governed through 2 committees; the Enterprise Risk Policy committee and the Risk Management Committee, which covers entire operations in all units in the company and all subsidiaries. The Enterprise Risk Policy committee is responsible for considering the risk factors that could affect the Company ability to achieve its strategic targets, to provide necessary suggestions, do the assessment and support the operational activities of the Risk Management Committee, and regularly report its performance to the Board.

3. Monitoring the operations

The Board controls the operations through its 4 sub-committees, which is consist of the Audit Committee, the Nomination and Remuneration Committee, the Enterprise Risk Policy Committee and the Corporate Governance Committee, who perform the work under the scope of duty and responsibility as assigned in monitoring operational activities of management team. Furthermore, the Audit Committee reviewed and approved the annual internal audit plan to cover all high-risk operational processes to ensure that sufficient monitoring is in place. The Audit Committee strictly considered key issue and problem found from the audit, and gave advise to concerned management for corrective action, follow up on the correction progress and provide preventive measures so that the problem will not repeat.

In case of entering a transaction with a connected company or connected person, the transaction must be approved according to the company's procedure, and the concerned person doing the transaction must consider that the transaction is reasonable, being the normal course of business and considered the best benefit to the company and shareholder.

4. Information Technology and Communication

For the Board meeting, necessary information is provided sufficiently for decision making, and the information is sent 7 days before the meeting date. The Company Secretary gives suggestions regarding related rules and regulations, and co-ordinate for the Board resolutions in action, and being the center of document preparation and retaining of important documents; the Director's register, the Notice of Board meeting, the Minutes of Board Meeting, the Invitation of AGM, the Minutes of AGM, all are in good order for the audit of appropriateness in performing the Director's duty, in a later date. Regarding the accounting document keeping, all important documents are completely kept, for transparency and to support the accounting activities. In this regards, the company was never been informed of any deficiency by the auditor.

The Audit Committee consulted with an external auditor, the internal audit unit and a concerned personnel who prepared the financial statement, in each quarter to ensure that the adoption of accounting policy was in accordance with generally accepted accounting principles and is suitable for nature of Business, including the disclosure of key data is sensible and sufficient.

5. Monitoring procedure

The Board keeps track of the company performance against target. In 2020, there were 13 Board meetings to regularly monitor the target and oversee the operations in compliance with the strategic plan, as well as the annual operations plan that was approved by the Board, including resolve any problems that may occurred, or adjust the operation plan in according to the changing situation, and regularly report the performance to the Board. The Company regularly performed the audit of internal control practice, by the internal audit unit and independently reported the audit results to the Audit Committee.

At present, Ms. Chayanee Chaidetkhajorn is the chief of the Internal Audit Unit who was appointed and directly report by the Audit Committee.

5.13 Conflicts of Interest

The Company has a policy to conduct its business with honesty, transparency, and fairness. The Company's Directors, executives and employees must not engage in any business or undertake any connected transaction related to them or people/legal entities that could pose a conflict of interest to the Company.

The Board of Directors has established a clear policy regarding the consideration and approval of matters that may cause a conflict of interest. Directors shall disclose their conflict of interest, if any, prior to the Meeting. Directors are not allowed to attend or vote in a Meeting should there be a conflict of interest. In case there may be a transaction or matter in which there is a material conflict of interest, the Board of Directors may assign the Audit Committee to consider and propose its opinion to the Board of Directors. The Board of Directors must ensure strict conformance to the regulations and procedures for the disclosure of connected transactions specified by the law and the regulators.

The Company and subsidiaries have a connected transaction as shown in the Note of Financial Statement regarding Related Parties, for the year ended December 31, 2020. All of related party transactions were entered into as a normal trading transaction with subsidiaries that do not result in a conflict of interest.

5.14 Risk Management Policy

The Board of Directors entrusts the Enterprise Risk Policy Committee with management the Risk Management Policy and consider the adequacy and effectiveness of the Risk Management system so that a strategy, plan and measures can be adjusted or put in place at an appropriate time. The Committee establishes Risk Management guideline for the enterprise, as follows:

- The Enterprise Risk Policy Committee was established, and comprises of 5 Directors, chaired by Independent Director. The Committee's objective is to consider the risk factors that may affect the achievement of the Company's strategic plan, provide support to the Risk Management Committee and results reported to the Board.
- The Risk Management process is embedded into the working process. Management and employees are encouraged to take part in the process and to efficiently use the given resources to identify, appraise and manage risk.
- The Risk Management Committee is composed of the top Management of the Company with the Chief Executive Officer as the Chairman of the Committee. The Committee performs an external risk factor assessment, such as of the global economy, changes in technology, and marketing and business competition, and assess the internal risk factors that impact the Company's target, provides an overview of the business policy, closely monitors the risk management of the Company. The results of the assessment are presented to the Enterprise Risk Policy Committee.
- Risk management is implanted into the corporate culture.

In 2020, the Enterprise Risk Policy Committee undertook the following:

1. Reviewed annual corporate risk issues of five key risks: strategic, operational, financial, compliance, and hazard risks. Details about each of these present under "Risk Factors".
2. Consider the emerging risk, which the risk arising from the effects of the COVID-19 epidemic.
3. Focus and follow up on key risks and reviewed risk response plans of risk owners.
4. To consider the Charter of the Enterprise Risk Policy Committee to ensure its compliance, appropriateness and support for efficient and effective risk management.
5. To report risk management result to the Board of Directors on a regular basis.

5.15 Succession Plan for Top Executive Positions at KCE

The Board stipulates the succession plan for the position of CEO and the Executive VP of all business Unit. The succession plan for the CEO and the top Executives of the Company is carried out by the Nomination & Remuneration Committee and propose to the Board of Directors. The process begins with the selection of candidates who possess the required qualifications, competency and experience for each position. The focus of the recruitment is also on young talent, as persons of this age group can be trained and developed to be future leaders. The Company implements performance-based Pay in line with the achievement to target, in order to maintain its employees and encourage them to grow together with the Company for the long term. In a long term, the Nomination and Numeration Committee must review and conclude the successor plan for the CEO and the executive management and report to the Board once a year.

5.16 Anti-corruption

The Board is of the opinion that corruption is a major risk factor. On November 18, 2013, the Company signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption (CAC). The Company is certified as a member of CAC, on April 3, 2015, and got the 2 extensions of the certification on February 12, 2018 and December 31, 2020. The Anti-corruption is rated 4 (Certified.).

During 2020, the Company carried out the following tasks:

- Reviewed Anti-Fraud Corruption Policy
- Reviewed Fraud Risk Management Procedure
- Reviewed and communicated No Gift Policy to all stakeholders
- Monitored the implementation of control over the current residual risk in the fraud risk register
- Developed a fraud risk monitoring mechanism for the continuous monitoring of fraud risk
- Communicated throughout the organization regarding the anti-corruption news.
- Conducted a fraud risk awareness training workshop and class for all management, HR, and selected supervisors and personnel to ensure that principles and policies are communicated effectively to all levels of employees.
- Concern Departments: HR implemented the reference check before hiring and Purchasing Department also implemented the reference check on seller and subcontractor, before procurement.
- Provide additional whistle blowing channel and investigate the petition.



CORPORATE SOCIAL RESPONSIBILITY

*The Company's commitment to social responsibility
is one of our core values*

The Company's commitment to social responsibility is one of our core values. Projects and activities focus on the sustainable development of people, culture, and the environment and are supported by the active participation of all KCE employees. Working groups for specific projects have been established to maintain continuity in CSR activities with recommendations provided by Management. Therefore, our CSR projects have been largely driven by the "Volunteer Spirit" of the Company. Our Corporate Social Responsibility Working Group, which serves as a CSR project center, plans the direction of CSR, sets budgets, as well as organizes CSR projects and activities. Their duties also include following up project performances, reporting progress to Management and serving as a center to communicate with external organizations. All activities are performed in accordance with KCE's core values to create sustainable development in society.

8 PRINCIPLED STANDARDS

The Company operates its business in an ethical manner with a strong sense of social responsibility. These values are incorporated into Management's practices as an example for the younger generation to follow and to commit to the 8 principled standards according to the Stock Exchange of Thailand, as follows:



1

CORPORATE ETHICS



2

ANTI-CORRUPTION



3

RESPECT FOR
HUMAN RIGHTS



4

FAIR TREATMENT
TO LABOR



5

RESPONSIBILITY TO
CONSUMERS



6

ENVIRONMENTAL
CONSERVATION



7

COMMUNITY AND
SOCIAL DEVELOPMENT



8

INNOVATIVE TECHNOLOGY
THAT SUPPORTS CSR,
THE ENVIRONMENT, AND
STAKEHOLDERS



1

CORPORATE ETHICS

The Company includes a Code of Conduct in its employee manual. The code covers ethical and moral values that employees are required to abide by.

The Board of Directors has a policy to treat its partners in an equal, fair and honest manner, respect the right of intellectual property, promote political rights, and comply with contractual commitments to stakeholders, as follows:

1 Ensure fair competition

To strictly follow the various conditions agreed upon with a seller or creditor according to various agreements that have been entered into in conducting business together.

2 Promote social responsibility with trading partners

Notify and request cooperation in inspecting whether employment and work operations are fair in accordance with the labor law of the seller, sub-employee, or sub-contractor who are trading partners of the Company.

3 Respect the right of property

Promote and strictly comply with the right of property, intellectual property, copyrights, patents, and moral right.

4 Relate to politics in a responsible way

The Company operates its business devoid of political bias, will not participate or get involved with any political party or person who holds political power, and will not use funds or resources of the Company to support directly or indirectly any political party or politician. Executives and personnel are not allowed to use their power to manipulate, threaten or force others.

The Company has developed a process of monitoring and controlling operational risks. The Operating Risk Management working group was set up to monitor and ensure effective risk control for the Company. Operational risk assessment is carried out to ensure that the Company's operations are not unlawful or cause a negative impact on society and the environment.



ANTI-CORRUPTION

The Company committed to the Anti-corruption policy, and undertook the dissemination of the principles and changing of attitude toward practice. On November 18, 2013, the Company signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption (CAC). On April 3, 2015, CAC certified KCE as a member. The anti-corruption rating for the Company is in the level 4.

“The anti-corruption rating for the Company is in the level 4.”

The Company established the Anti-corruption Policy to ensure that operation management is performed honestly, efficiently and effectively. The Company encouraged the distribution of the policy and communicated with management and employees of all level in order that the policy is accounted for as a practical guideline.



RESPECT FOR HUMAN RIGHTS

The Company is dedicated and committed to upholding the United Nations Universal Declaration of Human Rights. The Board of Directors places great importance on human rights and considers this a key policy for the Company in operating its business. In this regard, respect for the dignity of every employee is the foundation of a quality and valuable business operation. The Company realizes that its success is linked to employees' satisfaction. Therefore, the Company ensures fair treatment; equal opportunity, appropriate remuneration, appointments and transfers; a safe and environmentally friendly operating system for all employees; and training to improve productivity. This helps to raise morale and consequently increase productivity.

“The Company realizes that its success is linked to employees' satisfaction..”

The Company is also committed to the Thai Labour Protection Act. B.E. 2551, Thai Labour Standard: TLS.8001 of the Department of Labour Protection and Welfare, which prohibits the hiring of forced labor, ensures fair compensation, equal treatment without discrimination, freedom of association, and the right to occupational safety, health, and environmental standards.

The Company strictly follows all laws, rules and regulations. The Company provides fair and equal opportunity for employees to file complaints or to freely express their opinions that may lead to the development of the organization and Management.



FAIR TREATMENT TO LABOR

The Company emphasizes the equal treatment of employees.

1 Respect the right to work according to the rule of human rights without discriminating in the workplace and without the use of force and with no use of child labor. The right and freedom of employees are respected

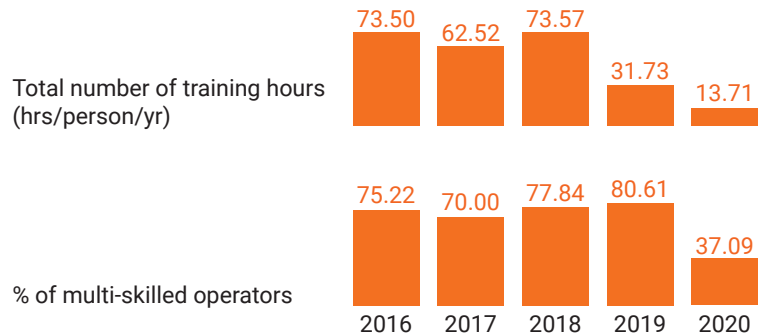
2 Promote social protection and work conditions of employees by providing fair working conditions and remuneration and other welfare that is appropriate and in accordance with the law. Avoid unfair action that would affect the stability of the employee or to threaten or create emotional pressure on an employee.

3 Promote protection against workplace health, safety and environmental hazards, and maintain a working system that ensures safety for life and property and good health.

The Company is also committed to supporting the professional advancement and self-development of all employees. We use a fair compensation and merit system to measure the performance of our employees. The Company encourages employees to participate in recreational activities. A corporate intranet system and performance evaluation system is available for employees to share their ideas and launch activities to improve the quality of life.

The Company's policies and objectives are delivered through "continuous training" and development programs, which include specific knowledge and skill training, basic training courses, and strategic policy training to enable our employees to easily adapt themselves to the Company's ethics. In 2020, the Human Resource & Organization Development Department arranged numerous training programs for employees throughout the year, which resulted in an increase in the total number of training hours and the number of multi-skilled employees.

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...resulted in an increase in
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hours and the number of
multi-skilled employees.
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2016



In 2016, the Company was awarded the TLS 8001-2010 Certificate Completion Level, Initiative Phase for the achievement of the requirements of Thai Corporate Social Responsibility issued by the Department of Labour Protection and Welfare, which is valid from August 15, 2016, to August 14, 2019.

In addition, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level in the year 2016 achievement, award organized by the Department of Labour Protection and Welfare, issued date August 17, 2016.

2017



In 2017, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level for the 5th consecutive year, award organized by the Department of Labour Protection and Welfare, issued date August 25, 2017; and a Certificate that

the Company is able to maintain Thai Labour Standard for 5 years continuously, issued by the Department of Labour Protection and Welfare, on August 25, 2017.

2018



In 2018, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level for the 5th consecutive year, award organized by the Department of Labour Protection and Welfare, issued date August 23, 2018.

The Company was awarded the Certificate of Good and Happy Workplace, award organized by The Association for

The Development of Environmental Quality, Thai Health Promotion Foundation, issued date August 22, 2018

The company has already prepared and planned to be qualified for the ISO 45001:2018 and has already certified the SGS Audit State 1 – Initial on 27 -28 August, 2019.

2019



In 2019, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level for the 5th consecutive year, award organized by the Department of Labour Protection and Welfare, issued date September 9, 2019.

The Company was awarded the Certificate of Good and Happy Workplace, award organized by The Association for The Development of Environmental

Quality, Thai Health Promotion Foundation, issued date August 22, 2019.

In 2019, the Company was awarded the TLS 8001-2010 Certificate Completion Level, for the achievement of the requirements of Thai Corporate Social Responsibility issued by the Department of Labour Protection and Welfare, which is valid from December 16, 2019, to December 15, 2022.

2020



In 2020, the Company received ISO 45001:2018 certification (March 6, 2020 - March 6, 2023), which is the standard for management systems of occupational health and safety.

The Company was awarded the

“Excellent Establishment on Labour Relations and Welfare” at the National level for the 5th consecutive year, award organized by the Department of Labour Protection and Welfare, issued date September 21, 2020.



RESPONSIBILITY TO CONSUMERS

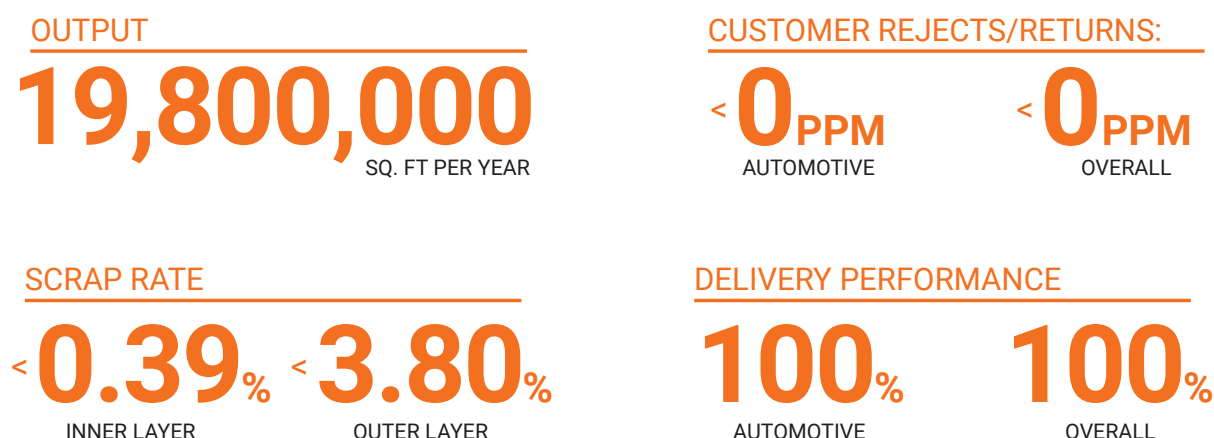
The Board of Directors is committed to principles and policies that maximize customer satisfaction and confidence in the quality of our products at a fair price. The Company strives to maintain the trust of customers by our high safety standards and our efforts to ensure as we care about our effect on society and the environment and avoids any action that would violate or cause customers to lose their rights.

“The Board of Directors is committed to principles and policies that maximize customer satisfaction and confidence in the quality of our products at a fair price.”

The Company, including all of its Sales Offices worldwide, has been awarded ISO/TS 16949:2016 Edition 1 (September 6, 2018 - September 6, 2021), Certificate of Quality Management System of Technical Specification for Automatic Productive and Relevant Service Part. SGS (Thailand) Limited conducts the audits, and the audit result is accredited by the IATF. The Company has been continuously audited to ensure adherence to all stipulations and strictly meets the quality standard. In 2020, the Company was capable to maintain its status even in Covid-19 outbreak situation. During the year, there was the Remote Audit via Video conference by customers such as VALEO, APTIV, CONTINANTAL, SAGEM to follow up on compliance with the Quality standard. There were no major deviations found.

During 2020, the Company conducted Customer Satisfaction surveys in various categories, such as technical area, quality, on-time delivery, problem responsiveness, logistics, accuracy of the document and communication. The results of which are satisfactory (in the level of 70 - 80%)

For 2020, the Company set quality target, as follows:



In the year 2020, the Company enhanced its standard quality system, as follows:

1 Improving quality management system, risk assessment, and conduct internal audit system to monitor all departments' performance to ensure the compliance to the customer's requirements and the IATF16949 quality standard.

2 Implement Paperless system to record and store data in electronic records so that it can be quickly and accurately and securely in the Company's data storage system.

3 Improve Measurement system analysis (MSA) by monitor all inspection equipment used in the production to ensure that the equipment was properly calibrated and compatible to the regulations of quality standard and the customer's requirements.

4 Provide training to the leaders in APQP, PPAP, FMEA, SPC, MSA, Risk management and new version of FMEA (AIAG & VDA), so employees will have knowledge, understanding and ability to produce and control product quality according to customer requirements.



ENVIRONMENTAL CONSERVATION

The Company is committed to the strict conservation of standard environmental systems under related regulations and laws. The Company's operational policy is to efficiently use energy and natural resources by investing in waste water and air treatment systems. All of the Company's factories are situated in industrial estates which have a standard environmental system in place to minimize any possible impact on the environment.

The Company has set an environment policy as a guideline for Management and staff, as follows:

ENVIRONMENTAL MANAGEMENT POLICY

"KCE Electronics Public Company, a manufacturer and exporter of printed circuit boards (PCBs) is committed to establish an Environmental Management System through complying with KCE's Environment Management Policy, as follows:



Continuously meet legal requirements as well as contribute to the improvement of environmental issues.



Reduce waste materials and natural resource usage.



Effectively and efficiently utilize natural resources



Continuously assess and evaluate environment management systems, and review objectives and targets to ensure the effectiveness of the system.



Promote and develop staff awareness and responsibility to the environment through communication, the provision of relevant information and cooperation among staff, suppliers, customers, government agencies, the private sector and the general public.

The Company encourages employees of all levels to participate in activities to improve the workplace environment through its “5 S” activities. In the production process, the Company maximizes the use of resources as well utilizes advanced wastewater treatment technology. Environmental quality assessments are undertaken in the plant and in nearby communities in order to ensure that the Company’s operations are environmentally friendly.

The Company received ISO 14001: 2015 certification (March 28, 2020 - March 28, 2023), which is the standard for environmental management. An audit is continually conducted by SGS (Thailand) to ensure that the Company complies with the policy and strictly operates according to environmental regulations. In 2020, 1 audit was performed in February.

In addition, the Company was certified by the “Green Industry”, the Ministry of Industry, that the Company is rated “Green industry-Level 3) in the Green system, as the Company has systematically manage the environment, monitor and assess the outcome and continuously improve the results, issued by August 24, 2018 - August 23, 2021.

In 2020, the Company’s environmental plans are as follows:

REDUCE ELECTRICITY CONSUMPTION USAGE

\leq 6.25 Kw. hr/sq.ft TARGET	=	6.84 Kw. hr/sq.ft RESULTS
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REDUCE WATER USAGE TO

\leq 0.08 m3/sq.ft TARGET	=	0.11 m3/sq.ft RESULTS
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WATER RECYCLE

\geq 43% TARGET	=	43.01% RESULTS
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ENVIRONMENTAL CONSERVATION

In terms of environmental operation, the Company has achieved the objectives specified by the legal rules and regulations as well as the environmental management system.

The company's environmental performance in 2020 has not met its targets due to the impact of the COVID-19 outbreak, resulting in a decrease in production volume, increase in electricity consumption and water consumption per production unit (square feet).

In 2020, the Company arranged several activities for employees to participate in with the aim to promote and encourage environmental safety in accordance with ISO 14001 practices, as follows:

1 Appointing KCE Group's environmental management system team to monitor and implement the environmental management system for all 3 plants.

2 Implement Paperless system in recording and storing data in electronic records to reduce the paper consumption of all departments in the Company.

3 Installation of Solar Roof-Top, which is clean energy helping reduce greenhouse gas emissions and reduce global warming. In 2021, more solar power generation will be installed.

4 The company has study and collected information about Carbon Footprint or CO₂ emission in production processes and supporting activities as a database to measure the results of future greenhouse gas emission reduction projects. This is a major environmental trend of the world, especially automotive industries.

5 Using of environment-friendly raw materials, by controlling the use of prohibited chemicals in the raw materials, which is in compliance to the regulations of RoHS 3 (EU Directive 2015/863), Packaging Directive (Directive 94/62/EC), End-of-Life Vehicle or ELV (Directive 2000/53/EC), REACH and Substance of Very High Concern (SVHC) (Directive 1907/2006/EC), Global Automotive Declarable Substance List (GASL) and Conflict Minerals.

6 PCBs that the Company produced is an environment-friendly product. This was certified by a third party certified laboratory in accordance with RoHS 3 (EU Directive 2015/863), and being recertified every year.

7 Arranged 2020 Environmental activities in the Safety week event in December.

ENVIRONMENTAL MEASUREMENTS IN 2020

ENVIRONMENTAL QUALITY	2020 ACTUAL MEASUREMENT		PER LAW
AIR QUALITY FROM CHIMNEYS			
JAN - JUN			
CO EMISSION (ppm)	4.21	4.21	690
NOX EMISSION (ppm)	36.00	42.30	200
SOX EMISSION (ppm)	63.96	<1.3	60
PARTICULATE (mg/Nm3)	2.15	8.09	400
NOISE QUALITY			
AVERAGE NOISE LEVEL 8 HRS.		81.70	85
MAXIMUM NOISE LEVEL		99.30	140
QUANTITY OF INDUSTRIAL WASTE			
NON-TOXIC INDUSTRIAL WASTE (PER YEAR)	3,347 Tons/Year		Properly Buried or Recycled Managed by licensed company
TOXIC INDUSTRIAL WASTE (PER YEAR)	3,201 Tons/Year		



ENVIRONMENTAL CONSERVATION

SUSTAINABLE PROCUREMENT

Across many industries around the world, the movement towards Sustainable Procurement is gaining momentum and broad adoption. This concept builds upon Environmentally Responsible Procurement, but sets further expectations for key business partners and suppliers to operate additionally with respect to human rights, responsible labor practices and good governance.

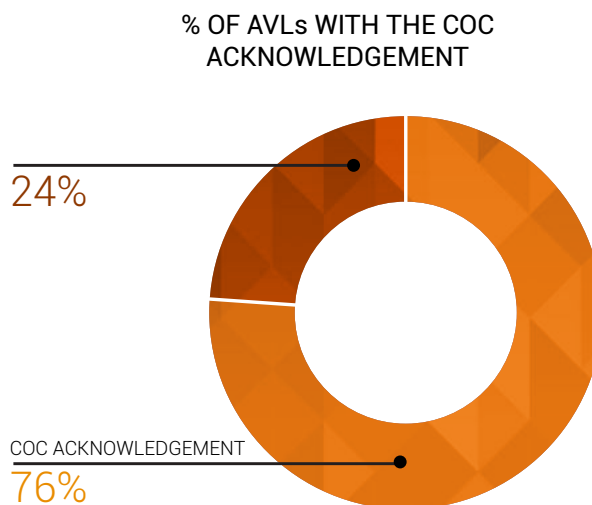
KCE Electronics Public Company Limited (KCE) is an international-trading company. Our customers, suppliers, service providers and business partners place their trust in us based on many years of reliable partnership and the solidity of an enterprise, and our constant efforts to continually develop and improve. We are therefore confident that our products and services comply with the highest international standards.

SUPPLY CHAIN MANAGEMENT

KCE is committed to strategizing procurement strategy that focuses on maintaining the highest quality of products and services, setting risk management processes that cover environmental, social and governance (ESG) issues in order to align management with risk level with consideration of quality, quantity, delivery of products and services as well as compliance to labor law, environmental law, and other quality management systems to protect and mitigate risks that may impact quality, quantity, delivery of products and services, and trust of stakeholders to the company's operations. KCE also developed a Supplier Sustainable Code of Conduct (COC) for suppliers. This document provides guidance concerning issues such as business ethics, human rights, occupational health and safety, and the environment.

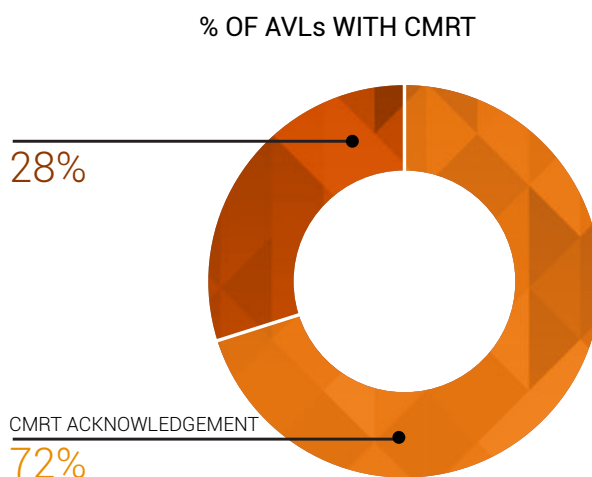
ENVIRONMENTAL, SOCIAL GOVERNANCE (ESG) & SUPPLIER CODE OF CONDUCT

KCE specifies expectation regarding ESG demonstration by suppliers in the KCE Group via a Code of Conduct (COC). We expect full not only for vendors in our AVL (Approved Vendor List) comply with the COC but all suppliers, as well. In order to ensure that suppliers fully understand the COC, the company also provides details of our Sustainable Procurement Policy for our suppliers through the KCE website. We achieved a 76% COC acknowledgement from AVLs supplier, as shown below:



HUMAN TRAFFICKING

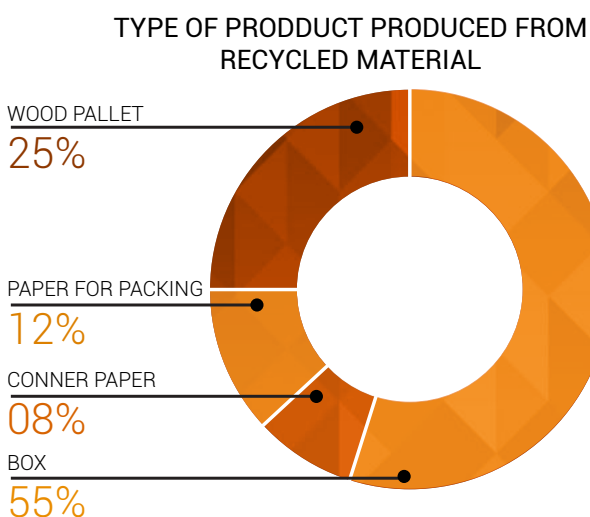
According to the U.K. Modern Slavery Act of 2015 and Thailand's Emergency Decree Amending the Anti-human Trafficking Act, B.E. 2551, B.E. 2562 (the "Act"), KCE implemented a "Conflict Mineral Policy" that bans the use of Tungsten, Tantalum, Tin, Gold (3TG) and Cobalt mined from countries with a record of human rights abuse in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). KCE requested AVL suppliers to declare the origin of 3TG as well as to sign an "Agreement of Non-Use of Conflict Minerals." KCE has obtained a Conflict Mineral Report Template (CMRT) of about 72% of AVLs.



GREEN LOGISTICS

KCE cooperates with logistics providers to implement transportation cost optimization, consolidated delivery, full truck load, packaging design, container packaging and selection of optimal delivery routes. We encourage our suppliers to utilize e-invoices and e-documents as much as possible to conserve natural resources and mitigate greenhouse gas from long distance transportation.

Regarding packaging material, 100% of our wooden pallets, paper for packing, Conner paper & boxes are produced from recycled materials.





COMMUNITY AND SOCIAL DEVELOPMENT

KCE set up a voluntary working group work to undertake long-term and short-term projects, such as donations of money or necessary items for temples, schools, and governmental places, including organizing recreational activities for disadvantaged persons.

On January 8, 2020, KCE donated money and the necessities to the monks, Wat Suthaphoch

On January 11, 2020, KCE donated teaching aids and gifts on Children's Day to a total of 12 schools and government units.

- Wat Lat Krabang School
- Wat Sap Samosorn School
- Wat Plooksattha School
- Suraomai School
- Nongchok Pitayanusorn School
- Banlumtonkluay School
- Surao Klong 17 School
- Wat Pakbueng School
- Rom Klao Community
- Tewson Ruamjit Maneeya Community
- Mit Samakkee Fuen Nakorn Romklao Community
- LatKrabang Industrial Estate Office



INNOVATIVE TECHNOLOGY THAT SUPPORTS CSR, THE ENVIRONMENT, AND STAKEHOLDERS

The Company began operating a new plant to expand capacity in order to accommodate growth in customer orders. The plant was designed based on the Green Building concept to be more resource friendly and efficient in accordance with evaluation criteria of the US Leadership in Energy & Environment Design Standard (LEED) by incorporating the following:

- Wastewater treatment technology to reduce water usage, using a Reverse Osmosis (RO) system to treat wastewater from production to recycling.
- 24-hour use of LED lighting in production areas to reduce electricity usage
- A fire sprinkler system in line with the US National Fire Protection Association Standard (NFPA).
- A fire suppression system for specific areas such as electrical rooms that does not utilize ozone-depleting substances
- Full wastewater treatment in accordance with IEAT regulations.
- A high efficiency chiller with an Atmosphere Impact Index according to LEED (Green Building Design and Construction).
- VSD (variable speed drives) installed on pumps and AHUs.
- A building management system is provided to monitor and control all energy consumption equipment in order to maximize efficiency during operations.
- A Chiller Plant Manager monitors and operates chillers and pumps to ensure they operate at the highest efficiency.
- A sponge Ball-Cleaning system is utilized to clean the condenser tubes of chillers to enhance system performance.
- Generators are provided to back up life safety equipment.

IMPLEMENTATION AND REPORTING

IMPLEMENTATION IN 2020

The Company is committed to creating value for customers by improving operational efficiency and developing innovative methods of energy conservation with the aim to be socially responsible and environmentally friendly, thus leading to the sustainable growth of the business. The policy for innovative development was established for social responsibility and to lead to such practice. The Technology Development Department engaged in the research and development in the following areas:

1 The development of an environmentally friendly production process by increasing production efficiency, reducing the impact on the environment and reducing energy consumption.

2 The development of products that are environmentally friendly, such as those that reduce energy consumption in the production process and that enhance product quality.

OPERATION PLAN FOR 2020

The Company will continue to emphasize creating long-term value for the organization by developing and acquiring knowledge that will help lead to changes in thinking, operations, and the working process, maximizing the utilization of resources, and as a result obtain an appropriate cost of goods that will create a competitive edge.

REPORTING

The Company issues Annual Reports in which it explains its Corporate Social Responsibility policies and activities in order to convey the Company's ideas and share experience about social and environmental development activities with our Shareholders, educational institutions, and the general public. The report is also available in the form of a CDROM and on our website www.kce.co.th.

IMPACT FROM SOCIAL OR ENVIRONMENTAL ISSUES

In 2020, the Company had no social or environmental legal disputes.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company values the importance of contributing to community, society, religion and culture, natural resources and the environment, and to the general public. The Company promotes a culture of being socially responsible for all staff levels. The Company emphasizes achieving sustainable development on a long-term basis. The Company has offered many scholarships for needy students, provided funds for disadvantaged teachers and schools, helped underprivileged people get back on their feet with business start-up funds, promoted self-sustainability in communities and encouraged environmental preservation. The Company has organized activities that are environmentally and socially related in various forms by focusing on the efficient economy concept, improving educational standards for the younger generation, the development of both health and mind, and other activities related to arts and sports.

In 2020, The Company together with its employees, participated in the following activities to contribute to the community and the public:

ACTIVITY

1 Distributed survival kits to provide relief for those affected by the COVID-19 situation in the Klong-Nimit community, Tambon Bang Saothong, Amphoe Bang Saothong, SamutPrakarn province, on Saturday May 9, 2020.

The COVID-19 pandemic that quickly spread around the world and affected people in various ways became a global economic crisis. The critical point is that people's way of life changed, and unemployment and starvation occurred. The Company took part in providing relief to COVID-afflicted people who lived in the Klong-Nimit community in Samutprakarn province by distributing 150 survival kits composed of rice packs, dried food, medicine, snacks, personal consumable products, ready-cooked food, drinking water and cloth masks, on Saturday May 9, 2020.

The Klong-Nimit community is located in the municipal area of Amphoe Bang Saothong in Samutprakarn province three kilometers from the district office and 33 kilometers from City Hall. There are 22,566 people who live in the municipal area of Amphoe Bang Saothong comprising 10,380 males and 11,683 females, and there are 11 schools in the community. The majority of people in the community works in factories and are paid the minimum wage, while the rest are employed in private companies or engage in miscellaneous trading. Most of the people who work in factories are located on both sides of Bangna-Trat road. Most are laborers, but some make a living in semi-independent jobs, such as those who take work from a factory to do at home such as sewing cloth, as well as motorbike taxi riders, those who work in hawker stalls in fresh-food markets, market fairs, and in front of factories.





ACTIVITY

2 Distributed survival kits to provide relief for those affected by the COVID-19 situation in the Wat Lodchong community, Tambon Ban Pom, Amphoe Muang, Phra Nakhon Si Ayutthaya province, on Saturday May 16, 2020.

The Company took part in providing relief to help Thai people affected by the COVID-19 outbreak by distributing survival kits comprising rice packs, dried food, canned food, medicine, toothbrushes, toothpaste, soap, shampoo, drinking water, ready-cooked food and cloth masks. The company distributed 150 survival kits to impoverished people in Tambon Ban Pom, Amphoe Muang, Phra Nakhon Si Ayutthaya province, on Saturday May 16, 2020.

The distribution took place in the following villages:

- Ban Makhamtae
- Wat Thammaram
- Wat SanamChai
- Wat PhraNgam
- Ban Ratchaplea
- Ban Rongrad
- Ban Pom
- Wat LotChong

Tambon Ban Pom is located in Amphoe Muang, PhraNakhon Si Ayutthaya province. It comprises 11 villages with a population of 7,090 comprising 3,363 males and 3,727 females and 2,461 households. There is one Health Promoting hospital, two primary schools, two child development centers and one kindergarten. Most people engage in occupations such as farming, raising cows or buffalo, selling items in the market, and working for private enterprises or factories.





ACTIVITY

3 The project "KCE against the cold for mountain children" donated educational funds, blankets, sweaters, stationery, school supplies and equipment, sports equipment, water purifiers and kitchen equipment to students of Ban Chang Mo School in Tambon Pa Pae, Amphoe Mae Sariang, Mae Hong Son province, on November 21, 2020.

Due to falling temperatures and heavy wind as the area is above sea level, some areas are declared a disaster zone in mountain areas. Hill tribe students suffer from cold weather because their families are poor and lack winter clothes or warm dress.

KCE took part in providing relief to hill tribe children in Ban Chang Mo School, Tambon Pa Pae, Amphoe Mae Sariang, Mae Hong Son province, on November 21, 2020. The Company donated educational funds and other items to students of the school, as follows:

- Scholarships totaling Baht 20,000
- 100 blankets
- 80 sweaters
- 80 sets of stationery
- Miscellaneous kitchen equipment
- Food trays
- Water filters
- Snacks, toys and other items

Ban Chang Mo School is located in a remote highland area 93 kilometers from Amphoe Mae Sariang. The school is under the Mae Hong Son Primary Educational Service Area Office II providing classes for children up to primary school level 6. The school serves three neighborhood areas: Ban Chang Mo, Ban Lawaek and Ban Omrad, totaling 72 students. The population of Ban Chang Mo Village, Tambon Pa Pae, consists of 39 households and 248 Lau and Karen hill tribe people, of which 131 are male and 117 female. They make a living by engaging in agriculture, raising animals for food and for performing ceremonies, such as chickens and pigs. They are Buddhist and Christian and perform rituals according to their traditional beliefs, while most villagers are illiterate and do not place importance on education.



ACTIVITY

4 Distributed survival kits, drinking water and cloth masks to flood victims in Ban Pratu Chai (Kum Wang Goom) and Ban Kham Village, Ban Gok Village, Ban Nai Muang Village, Ban Sui Village, at Wat Pa Ban Kham Temple, Amphoe Phimai, Nakhon Ratchasima province, on Saturday November 28, 2020.

Flooding occurred in many Amphoes in Korat during September and October 2020 following heavy rainfall and tropical storm Noul. People living in 10 Amphoes were badly affected by damage caused to their plantations, roads and utilities. People living in 12 Tambons of Amphoe Phimai, 437 households, 31 villages, and six Tambons totaling 3,562 rai of agricultural land were especially affected by the flooding.

The Company took part in providing relief to help people who suffered from the flooding by distributing 250 survival kits that comprised rice packs, dried food, instant noodles, canned fish, medicine, snacks, 24 dozen of drinking water and 250 cloth masks. The distribution took place at Wat Pa Ban Kham Temple to people living in Ban Pratu Chai (Kum Wang Goom), Ban Kham Village, Ban Gok Village, Ban Nai Muang Village, and Ban Sui Village on Saturday November 28, 2020.

Pratu Chai Village, Ban Kham Village, Ban Gok Village, Ban Nai Muang Village and Ban Sui Village are located in Amphoe Phimai, Nakhon Ratchasima province, comprising 4,515 households, 3,730 persons, of which 1,839 are male and 1,791 female. The geographical area consists of plains and mountain slopes with a loamy sand type of soil. Most villagers engage in agriculture and farming, growing cassava and eucalyptus, and use water from natural resources. Drought occurs in some years when there is no rain or insufficient rainfall.





ACTIVITY

5 "KCE share and care for the elderly" at Ban Siri wattantham, Tambon Don Kruai, Amphoe Damnoen Saduak, Ratchaburi province, on Saturday 19 December, 2020.

The Company provided assistance by offering rice, adult diapers, other consumer items and donated cash to Ban Siri wattantham located in Tambon Don Kruai, Amphoe Damnoen Saduak. It is a place that cares for more than 50 elderly persons who have no families between 61 and 89 years old, 12 of whom are bed-ridden patients, while others 30-32 persons are able to care for themselves.

The following was provided:

- Cash donation of Baht 20,000
- 10 bags of rice
- Adult diapers
- Wet tissue
- Soap, shampoo, powder and body lotion
- Cooking sauce and seasoning
- Snacks and other food items

Ban Siri wattantham was established 10 years ago. It is a foster home for the elderly who have no family. It is owned by Khun Kla and Khun Naree Siri wattantham, who was hired by the hospital to look after patients. As time passed, patients' relatives disappeared and never returned to visit their family members. When Khun Naree did not receive a salary from the hospital and patients had no one to care for them, Khun Naree brought patient to her home. Later, as news spread, more patients were brought in. In the beginning, relatives often visited and brought various items and money to support the hospital, but eventually many disappeared. At the moment, 50 persons are in the care of Ban Siri wattantham.

Ban Siri wattantham is located in the area of Tambon Don Kruai, Amphoe Damnoen Saduak, Ratchaburi province. It has a population of 15,334 comprising 7,326 males and 8,008 females, most of whom engage in farming and miscellaneous trading. There are two Tambon Health Promoting hospitals in the district area under the Ministry of Public Health's responsibility.



RELATED PARTY AND CONNECTED TRANSACTIONS

Policy and rationale for connected transactions

The Company, its subsidiaries and associated companies have from time to time entered into transactions with connected parties. The transactions involved the buying or selling of produced goods, raw materials or fixed assets, other revenue, expense charges, dividend payments and other transactions that supported normal business activities. The selling and buying prices were in line with normal business rates or made with reference to the market price. All connected transactions with related parties in 2020 were disclosed in Note No. 5 in the financial statement for the year ended December 31, 2020, and both the Board of Directors and the Audit Committee reviewed the transactions to ensure they were justified and sensible.

Approval procedure for connected transactions

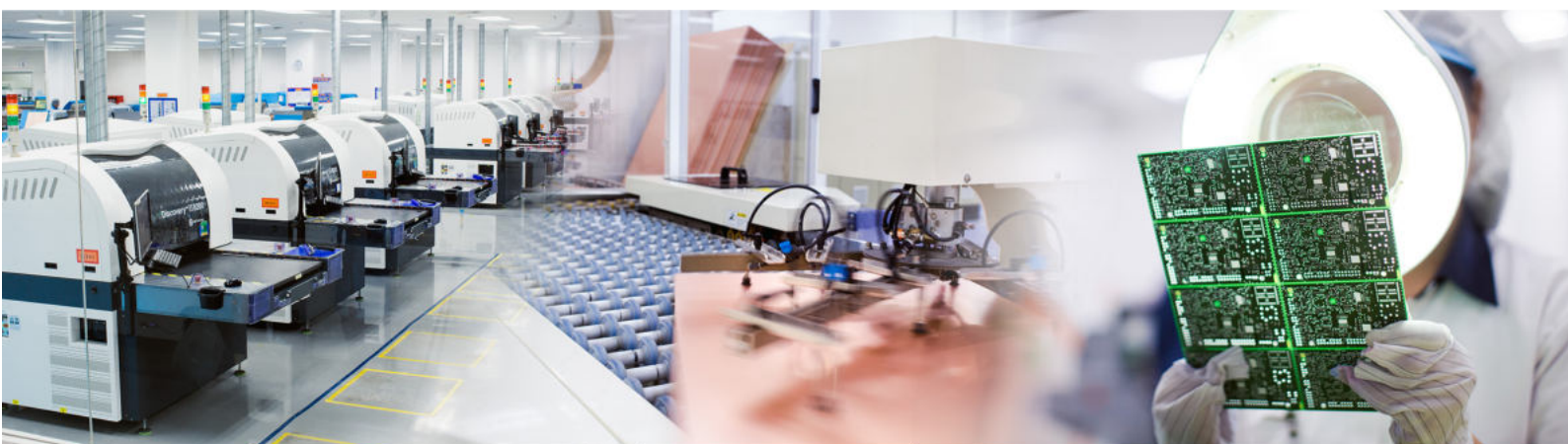
All connected transactions must be approved by the Board of Directors and proposed to the Audit Committee for consideration and for their opinions on the justification and appropriateness of the transaction. The approval of connected transactions must also comply with the Stock Exchange of Thailand's rules and regulations relating to connected transactions and the acquisition or disposal of assets. In the case that any board member has a conflict of interest in any related transaction, he or she must refrain from rendering any opinion or vote on that particular agenda matter. In approving any connected transaction, the Company enforces a strict procedure that includes deliberate consideration, making a sensible and independent judgment and taking into account the maximum benefit to the Company. The connected transaction will be treated as if it were a normal outside transaction.

Policy for future connected transactions

Connected transactions between the Company and related parties will continue to occur in the future and be conducted in the normal course of business. The principle governing such transactions remains one based on sensibility, fair pricing and general trading terms in order to ensure equitable benefit to shareholders and all stakeholders, in accordance with good corporate governance. The Company will strictly comply with the approval process as described earlier. In the event that any connected transaction requires approval from the Audit Committee, as regulated by the SET, but the Audit Committee has no expertise in that particular area, the Company will appoint an independent professional or its external auditor to provide an opinion on the matter to help the Board make an appropriate decision. The Company will ensure that connected transactions do not involve a transfer of benefit between the Company and its subsidiaries and the Company has taken into account the maximum benefit for all shareholders.

Connected parties

Company	Relationship	
KCE Electronics Public Company Ltd. (KCE)	Parent company	Its Director or Management holds a directorship in the subsidiary/associate company
K C E International Co., Ltd. (KCEI)	Subsidiary	KCE holds 99.99% of shares
KCE Technology Co., Ltd.	Subsidiary	KCE holds 100% of shares
Thai Laminate Manufacturer Co., Ltd	Subsidiary	KCE holds 74.80% of shares KCEI holds 25.20% of shares
KCE (Thailand) Co., Ltd.	Subsidiary	KCE holds 60.00% of shares
Chemtronic Technology (Thailand) Co., Ltd. (CT)	Subsidiary	KCE holds 94.75% of shares
Chemtronic Products Co., Ltd (CTP)	Subsidiary	KCE holds 94.96% of shares
Chemtronic Chemical Co., Ltd. (CTC)	Subsidiary (Indirect)	CT holds 98.75% of shares
CTC Chemical Co., Ltd. (CTCC)	Subsidiary (Indirect)	CT holds 99.58% of shares
KCE Singapore Pte., Ltd.	Subsidiary	KCE holds 75.00% of shares KCEI holds 25.00% of shares
KCE America Inc. (KCEA)	Subsidiary	KCE holds 70.00% of shares KCEI holds 25.00% of shares
KCE America Partners LLC	Subsidiary (Indirect)	KCEA holds 100% of shares
KCE Taiwan Co., Ltd.	Associate	KCE holds 49.00% of shares

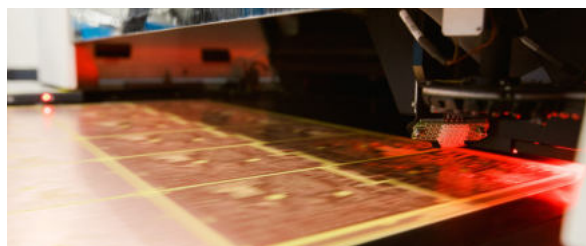


MANAGEMENT DISCUSSION AND ANALYSIS

KCE Group's Overall 2020 Operating Performance

We began the first quarter of 2020 with good results that continued from the last quarter of 2019 following a recovery of the automotive market from the impact of the WLTP matter and the US-China trade war. Unfortunately, by the end of the first quarter of 2020, the automotive industry once again faced a major economic crisis due to the COVID-19 pandemic, which caused lockdown measures to be implemented by many countries. KCE was inevitably affected by this situation, as seen by a sharp fall in customer orders and nearly reaching the breakeven level, while consignment stock was slowly pulled for use during the second quarter of 2020.

In this unprecedented situation, KCE had to indefinitely close one of its PCB factories (K C E International 'KCEI') in May 2020. To minimize the impact of COVID-19 between April and September 2020, KCE reduced headcount and working hours to two weeks per month to be in line with a decrease in production capacity level. We also had to cut costs in all areas, suspend our investment plan and reserve cash to maintain a strong financial position during the crisis. Various measures implemented since 2019 to cope with the market slowdown, remained in place and enabled the Company to sustain its operations.



By the end of the third quarter, following a recovery of the automotive industry due to the easing of COVID-19 lockdown measures, customer orders returned nearly to normal levels and consignment stock was utilized. The situation continued to improve during the fourth quarter of 2020 when customer orders reached a record high in December. As a result, the fourth quarter was the best quarter of the year despite the unexpected appreciation of the Thai baht, an increase in the price of copper, and recent transportation logistics problems that caused some shipments to be delayed.

In addition, the Company set aside an impairment provision in the amount of Bt56.5 million for unproductive machinery under an expired BOI project in the second quarter of 2020 and recognized share warrants (ESOP-W6) that were subscribed in the amount of Bt7.2 million for the year 2020. In addition, administrative expense included an one-off expense of about Bt19.3 million, which was related to the temporary closure of a subsidiary (KCEI) in 2Q20.

A summary of the Company's operating performance in 2020 is shown in the following table:

[Amount: THB million]

	FY2020	FY2019	% Change Y-O-Y [2020 vs. 2019]	FY2018	% Change Y-O-Y [2019 vs. 2018]
FX: THB/USD	30.9757	32.7824		32.0815	
FX: THB/EURO	35.2339	34.3100		37.7391	
Sales Revenue, THB	11,527.2	12,097.4	- 4.7%	13,982.5	- 13.5%
[Sales Revenue, USD	\$372.1	\$393.0	- 5.3%	\$435.9	- 9.8%]
Cost of Sales	9,015.1	9,643.6		10,351.4	
Gross Profit Margin, %	21.8%	20.3%		26.0%	
Selling & Administration	1,449.2	1,612.8		1,804.3	
Net Profit	1,126.8	934.5	+ 20.6%	2,014.9	- 53.6%
	9.8%	7.7%		14.4%	

Revenues Analysis

Consolidated sales revenue in Thai baht terms declined slightly from Bt12,097.4 million in 2019 to Bt11,527.2 million in 2020, representing a reduction of 4.7% Y-o-Y, while sales revenue in USD terms declined by 5.3% Y-o-Y to USD372.1 million.

The Y-o-Y decrease in revenue was due mainly to a 12% decrease in sales volume, as customer orders dropped sharply in 2Q20 following a major economic crisis that faced the automotive industry due to COVID-19 and lockdown measures. However, sales orders improved

at end of the third quarter and continued to ramp up in the fourth quarter of 2020 after a recovery occurred in the automotive market. In 2020, despite a decline in sales volume, special grade PCB (HDI) sales grew considerably by 44% Y-o-Y, and customer orders reached a record high in December 2020.

Changes in foreign currency exchange rates had an impact on revenue recognition in Thai baht terms, which resulted in a gain of Bt82.4 million Y-o-Y.

	2020	2019	2018
THB/ USD Avg. rate	30.9757	30.7824	32.0815
THB/ EURO Avg. rate	35.2339	34.3100	37.7391

Quarterly sales revenue

Quarterly sales revenue in dollar terms was as follows:

[Unit: USD million]

	2020	2019	2018	2017	2016
Quarter 1	104.8	99.4	109.1	101.3	99.7
Quarter 2	67.3	95.5	115.4	107.2	102.2
Quarter 3	87.5	101.4	113.0	108.3	101.6
Quarter 4	112.5	96.7	98.5	103.6	90.6
Total year	372.1	393.0	435.9	420.4	394.0

The proportion of sales by layer count was as follows:

[% Sq ft]

	2020	2019	2018	2017	2016
Double-sided PCBs	18.4%	20.3%	21.4%	23.4%	25.7%
4 Layer PCBs	50.0%	51.8%	52.2%	51.9%	52.1%
6+ Layer PCBs	21.1%	21.5%	22.3%	22.5%	22.2%
Special Grade (HDI)	10.5%	6.4%	4.1%	2.2%	-

Sales distribution by territory was as follows:

[Unit: % to total sales]

	2020	2019	2018	2017	2016
Europe	48.6%	53.0%	54.0%	55.0%	54.9%
United States	20.8%	19.5%	19.4%	17.3%	16.1%
Asia	21.9%	19.2%	19.2%	20.5%	21.7%
Local	8.7%	8.3%	7.4%	7.3%	7.4%

Other income

Other income was as follows:

[Unit: Baht million]

	2020	2019	2018	2017	2016
Sales of scrap materials	64.9	53.5	63.4	58.3	26.4
Gains from FX & Hedging	110.5	99.4	186.0	203.2	125.9
Miscellaneous income	39.3	38.4	28.3	39.9	28.3
Total Other Income	214.7	191.3	277.7	301.4	180.6

Cost of Sales/Gross Margin Analysis

In 2020, the cost of sales decreased slightly to 78.2% from 79.7% in 2019, which resulted in the gross profit margin increasing to 21.8% from 20.3% the previous year. The cost of goods produced during the second half of 2020 declined gradually following an increase in orders and production capacity utilization, particularly in the fourth quarter. As a result, the gross profit margin reached 24% of sales in 4Q20 that enabled the average gross profit margin widened slightly Y-o-Y despite the Thai baht's appreciation and a higher price of copper used.

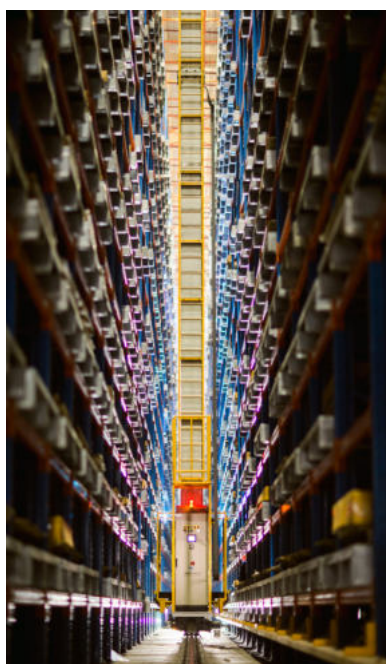
Sales and Administrative Expenses Analysis

Selling expense represented 3.9% of total sales, or Bt454 million in 2020, compared to 4.0% of total sales, or Bt489 million, in 2019. As much as 70% of the total selling expense varied at the same proportion as sales, including freight and insurance costs, sales commissions for overseas sales representatives, carton and packaging costs, and other costs that are variable and linked to sales. The remaining 30% accounted for other fixed expenses—sales staff costs, product liability and recall insurance premiums, sample products, reject/returns and sorting costs, and miscellaneous sales office expenses. The decreased selling expense in 2020 was due to lower freight costs and sales commission in line with lower sales.

Administrative expense covers mostly fixed expenses, i.e., administrative staff costs, staff welfare and benefits, general repair and maintenance costs, contracted software maintenance, utilities costs, security and safety expenses, traveling expenses, communication expenses, transportation costs, legal consulting and auditing fees, property and all-risk insurance costs, and R&D expenditure. It also includes depreciation cost (on non-production assets), allowances (reversal) for doubtful accounts, and losses from fixed asset write-offs and other general administrative expenses.

In 2020, administrative expense totaled Bt994 million, comparable to Bt1,123 million in the previous year. The decrease was mainly due to cost control measures in place, a reduction in headcount, a decrease in working hours and overtime and other employee expense together with expense cuts in all areas. However, administrative expense also included the shutdown expense of the KCEI plant in the amount of Bt47.6 million, which was related to labor compensation payments, factory shutdown expense, and depreciation cost on non-productive machines.

In addition, the Group set aside an impairment provision in the amount of Bt56.5 million for unproductive machinery under an expired BOI project in the second quarter of 2020 and recognized share warrants (ESOP-W6) that were subscribed in the amount of Bt7.2 million in 2020.



Net Profit/ Normalized Profit

The Group reported a consolidated net profit of Bt1,126.8 million for FY2020, representing an increase of 20.6% Y-o-Y. Normalized profit in FY2020 totaled Bt1,093.9 million (excluding a foreign exchange gain of Bt108.7 million, an impairment cost of Bt56.5 million and an one-off expense related to KCEI closure of Bt19.3 million), compared to Bt889.8 million the previous year, representing an increase of 22.9% Y-o-Y.

The improvement in operating results was due mainly to a recovery of sales post COVID-19 and a reduction in the cost of goods sold that led to a higher profit margin. Moreover, the transfer of KCEI operations to the KCE Latkrabang plant created synergy and helped boost capacity utilization to achieve economies of scale, which eventually improved costs and consolidated operating results.

This resulted in an increase in basic earnings per share from Bt 0.80 for 2019 to Bt 0.96 for 2020.

Financial Status

Assets

Total assets as of December 31, 2020, amounted to Bt17,377 million, consisting of current assets of Bt8,185 million; property, plant and equipment of Bt8,107 million net; intangible assets of Bt246 million; contract costs assets of Bt374 million; investment property of Bt159 million; goodwill of Bt153 million; investments in associates of Bt28 million; deferred tax assets of Bt101 million; and other non-current assets of Bt24 million.

An increase in assets of Bt876 million from Bt16,501 million at the end of 2019, was due mainly to an increase in cash of Bt1,385 million for a liquidity reserve, an increase in the value of trade receivable and other receivable of Bt202 million, a decrease in inventory of Bt107 million, an increase in contract costs of Bt142 million and a decrease in the value of property, plant and equipment of Bt732 million.

Trade and other receivables – net

KCE's customers include some of the world's leading electronics companies. Total trade and other receivables increased from a net Bt2,972 million in 2019 to Bt3,174 million in 2020 in line with lower sales. There were 92 average days receivables in 2020. KCE's policy is that an allowance for doubtful accounts is assessed primarily on analysis of payment history and expectations of customer payment in the future.

Bad debts are written off when incurred. There was no allowance for doubtful accounts established based on this policy as of December 31, 2020.

Inventory – net

As of December 31, 2020, the company had a net inventory of Bt2,594 million, down from Bt2,701 million in 2019, due to an increase in sales following a ramping up in orders in 4Q20.

Inventory as of December 31, 2020, included finished goods (made to order) of Bt548 million (December 31, 2019: Bt643 million) in the consolidated financial statement, which had been delivered to customers' warehouses, but the title of the inventory remained with the Group until the customers' requisition to their production process, or within the period specified in the agreement.

KCE's policy is to establish an allowance for the diminution in the value of inventory in accordance with the ageing of individual material types and an allowance for the diminution in the value of finished goods to net realizable value (NRV). As of December 31, 2020, KCE established allowances for the diminution in the value of inventory amounted to Bt77 million, and recorded a diminution value amounting to Bt9 million in cost of sales of 2020.

The average inventory days was 46 in 2020, from 47 days the previous year, as it was necessary to keep raw material stock in accordance with the safety stock level to ensure sufficient raw materials for production.

Liabilities

(Unit: Baht million)

	2020	2019	2018	2017	2016
Total Liabilities	<u>5,315</u>	<u>4,739</u>	<u>6,114</u>	<u>6,576</u>	<u>7,300</u>
Debt:					
Short-term borrowing	1,283	1,067	2,202	1,156	1,808
Long-term loan	1,063	983	827	2,354	2,698
Leasing	<u>8</u>	<u>11</u>	<u>10</u>	<u>9</u>	<u>22</u>
Total Debt	<u>2,354</u>	<u>2,061</u>	<u>3,039</u>	<u>3,519</u>	<u>4,528</u>
Total Debt-to-Equity	0.44	0.40	0.51	0.58	0.73 Times

KCE's debt/equity ratio increased slightly as 1) short-term and long-term borrowing were higher due to the Company had to reserve cash during the COVID-19 crisis. In addition, shareholder equity has been growing as a result of the Company's profitable operations, although this was offset by a dividend payment of Bt952 million during 2020.

Liquidity

With an operational profit in 2020, KCE achieved positive cash flow from operations totaling Bt2,272 million (2019: Bt2,349 million). Net cash used for investment activities, mostly for the purchase of machinery and equipment accounted for Bt304 million. Cash used in financing activities was Bt590 million, being an increase in short-term borrowing of Bt213 million, proceed from long-term loan of Bt350 million, repayment of long-term loan of Bt274 million, proceed from capital increase by warrant exercised of Bt139 million and dividend

payment of Bt952 million. In summary, cash balance as of December 31, 2020, increased by Bt1,385 million.

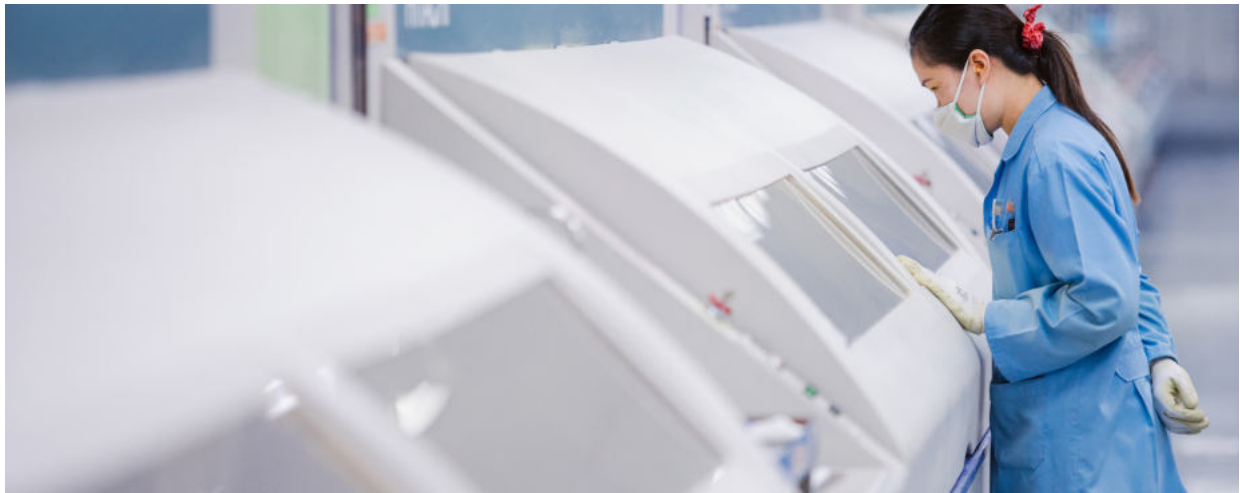
As of December 31, 2020, the current ratio slightly improved from 1.8 to 1.9 as a result of much higher current assets and a less increase in current liabilities thanks to an increase in cash reserve and cash from operations. The Company was able to pay suppliers on the due dates and service its debt on the agreed terms. Total liquidity at year-end included cash and unutilized credit facilities.

Capital Structure

(Unit: Baht million)

	2020	2019	2018	2017	2016
Debt	2,354	2,061	3,039	3,519	4,528
Equity	12,009	11,712	11,951	11,229	9,990
Non-controlling interests	<u>52</u>	<u>50</u>	<u>56</u>	<u>46</u>	<u>37</u>
Total capital	<u>14,415</u>	<u>13,823</u>	<u>15,046</u>	<u>14,794</u>	<u>14,555</u>
Gearing Ratio (Interest-bearing debt only)	0.20	0.18	0.25	0.31	0.45 Times

The capital structure has been reviewed and where possible debt has been restructured, with the gearing ratio gradually being reduced from a level of 0.45 times in 2016 to 0.20 times as of year-end 2020.



Capital Expenditure

Total capital expenditure (CAPEX) in 2020 amounted to Bt442 million, of which approximately Bt227 million was mainly for new machines for HDI production at KCE Electronics PCL's new plant; Bt160 million was to improve efficiency of KCE Technology Co., Ltd.; and Bt41 million was for additional machine at TLM; and Bt11 million was for Tin project of Chemtronic Product Co., Ltd. Other expenditures were for other subsidiaries mostly to cover efficiency improvement projects and necessary equipment and facility improvements.

Exceptional Items

During 2020, no significant exceptional transactions occurred, except the following transaction:

1) Impairment Provision for unproductive machinery: The Company set aside an impairment provision in the amount of Bt56.5 million for unproductive machinery under an expired BOI project in the second quarter of 2020.

2) An One-off expense related to the temporary closure of KCE International: The administrative expense included an one-off expense related to the KCEI plant shutdown in the amount of Bt19.3 million, which was labor compensation payments of Bt11.6 million and factory shutdown expense of Bt7.7 million.

Looking forward

KCE continues to focus on developing advanced technology and improving the quality of its performance in order to keep pace with increasingly complex technological requirements and to capture opportunities created by the growth of automotive PCBs.

KCE moved forward with enhanced levels of efficiency that will continue to improve and support profit growth. The Company will build a strong foundation for the future by leveraging KCE's expertise in the automotive electronics sector, increasing R&D in high-tech PCBs and value-added products, implementing artificial intelligence technology (AI) in the workplace to improve the production process and efficiency, and enlarging its customer base by targeting high-growth groups in Asian markets to accelerate the Company's business expansion.

A new plant facility located in the Latkrabang Industrial Estate that will eventually have a production capacity of 2 million sq.ft. per month is expected to support increased volumes required for new and existing customers. Additional investment of USD 6 million was spent in 2020 for new machinery to support HDI production capacity, and a further investment of USD30 million is planned next year to enhance the efficiency in achieving the growing demand of High-tech PCBs.

This will help not only strengthen the Company's core platform but also ensure sustainable long-term growth.

RISK FACTORS AND RISK MANAGEMENT

KCE Electronics Public Company Limited is committed to achieve the goal of being a large PCB manufacturer in the world. Risk management is the most important element of all processes of the company's business operation, so Risk Management Committee has been formed to consider all kinds of possible risks. To ensure clear direction of risk management of KCE Electronics Public Company Limited which is in conformity with business strategies and business goals under the corporate governance framework, the company has divided the types of risk management based on significant matters as follows:

1. Strategic Risk

Based on the company vision of being a large PCB manufacturer in the world both in terms of automotive parts and electronic parts, the company plans to expand the customer base outside the automotive parts sector. In the meanwhile, the company plans to increase the production capacity continuously and enhance the production efficiency to support the growing demand of PCB in the market. Moreover, the production costs will be controlled at low level to increase competitiveness. The risks related to determination of the strategic plans are comprised of the following:

1.1 Raw material sourcing risk

In 2020, the company has sought additional suppliers to reduce the risk of shortage of raw materials and production consumable supplies. To do the contract with suppliers to guarantee prices and purchased quantities was made on annual term to ensure that the company would obtain sufficient raw materials. However, due to COVID-19 outbreak, the company encountered several issues, including delayed delivery owing to insufficient containers, lack of materials and sharp increase in the price of raw materials because of high demand, such as medical rubber gloves used in healthcare sector to deal with COVID-19.

1.2 Market Risk & Competition Risk

Due to COVID-19 outbreak since the beginning of the year, the global economy has been severely impacted, resulting economic decline in many countries. Because of lockdown measures, consumers have reduced their consumption, including the automobile which is a main product in the production chain. As the company distributes parts in the automotive industry, this situation adversely impacts a dramatic decrease of customer orders of the automotive segment in the 2nd and the 3rd quarter

prior to increasing in the 4th quarter of the year. The company has adjusted the marketing plan by expanding its sale to other segments to reduce the risk of dependence on the automotive segment. However, the quantity of customer orders placed by non automotive customer was not high, yet it is expected to increase in the next years. Regarding price competition, in 2020, the company has sought new raw material sources of which costs were lower while maintaining the quality of products at the same standard. Also, unnecessary expenses could be controlled, resulting in lower prices of the products which could be competitive in the market.

1.3 Technology change risk

Electronic equipment at the present and in the future will be smaller in size but higher in efficiency. This means the change of manufacturing technique that requires high manufacturing skills to create PCB with special properties and stability as required. For this reason, the company needed to invest in additional machine and equipment to support the change. Due to the COVID-19 outbreak, the company needed to postpone the investment plan. At the end of 2020, the company has gradually purchased new machines to increase production capacity and competitiveness. Furthermore, the company has been prepared to support technological change by continuously investing in development of products and manufacturing process, as well as expanding production capacity to meet the customer needs. The company placed importance on quality inspection process, timely delivery, acceptance of customer request for production of new items to maintain good relationship with customers who are manufacturers of electronic equipment. With this, we can retain the existing customers base while adjusting ourselves to the rapidly changing technology.

2. Operation Risk

2.1 Production risk

Due to the COVID-19 outbreak since the beginning of the year, resulting in a decrease in customer orders in the 2nd and the 3rd quarters, we needed to plan the production in accordance with the customer orders at hand to control production costs at satisfactory level. Automatic machines were used in place of human labor in some production processes. The manufacturing process has been improved to support new technology and reduce the rate of damaged parts and reduce the production lead time. Preventive maintenance has been emphasized to reduce downtime of the machines and enhance efficiency.

2.2 Human Resources Management risk

In 2020, despite COVID-19 impacts, the company has not dismissed any workers and employees, so the turnover rate was pretty low. The company considered a significant factor for PCB manufacturing which is skilled labors since many stages required highly skilled workers to reduce rejected items.

2.3 IT Security risk

At present, IT systems of many companies and organizations has been attacked for ransom. The company realizes the importance of IT security, hence implementing the following measures:

- Firewall has been installed and regularly updated to prevent attack on important data by outsiders. Antivirus software has also been installed to prevent damage to the company computer system.
- Data backup has been installed to prevent loss of data in case of damage to operating system and servers to the irreparable extent. Server room has been built, which can resist heat for 10 hours. Uninterruptible Power Supply has been installed in case of power outage.
- Hiring agreement has been made to hire the computer and software distributing company to maintain the relevant system.

3. Financial Risk

3.1 Foreign Exchange Risk

As most of the income and cost of the company are in foreign currency, especially US dollar, fluctuation of the exchange rate could affect the income and cost of sale of the company. In 2020, THB remained stable without major problems in comparison with US dollar. The company established the risk privation policy to reduce the risk of burden of the exchange rate fluctuation by implementing Natural Hedge to create balance between assets and liabilities of the company in foreign currencies. Moreover, the company made forward contract for the difference between assets and liabilities in foreign currency which is a tool to prevent the risk of exchange rate fluctuation.

3.2 Interest Rate Risk

Because of the adjustment of investment plan for technological improvement and the expansion of production capacity has been postponed from 2020, the balance of loans of the company became the short-term loans with low interest. Therefore, the interest rate risk was low.



4. Hazard Risk

Fire and natural disaster may severely damage the operation of the company. The company and subsidiaries have lessened this risk by purchasing all risk insurance and business interruption insurance with the insurance company having strong financial status. The policies are reviewed annually to ensure that the sum insured is appropriate and the policies sufficiently cover all cases of damage. In addition, the company has added several fire prevention measures as advised by the experts.

4.1 Flood

In 2020, Thailand has a little amount of rainfall at the area which affect the company. Therefore, risk of flood was low. In addition, the building was designed by taking account of flood situation, such elevated floor at the level that flood cannot reach. In case of normal rainfall, there are still no effects.

4.2 Fire Accident

Fire is a serious disaster which can severely affect the business. The company realizes the importance of fire prevention, hence implementing several measures and regulations for fire prevention, including provision of training to all employees on initial fire prevention and suppression. Emergency Response Team comprised of experts who have been trained on firefighting and emergency suppression was formed. Firefighting equipment has been inspected to ensure readiness and

functionality. Machines and equipment at risk of fire are also inspected periodically based on the inspection cycle. The company also observed and complied with the advice of insurance company expert. Therefore, the level of this risk in 2020 was low.

5. Compliance & Environment Risk

5.1 Waste Treatment

In 2020, many items of waste treatment equipment were improved to be able to control waste treatment more effectively. Therefore, the risk of waste leakage to the public place was low.

6. Emerging Risk

6.1 COVID-19 outbreak

Due to COVID-19 outbreak which started from China until it reached Thailand, the company considers that, if the infection is detected in the company, the production must be ceased, which would cause a huge damage and loss of income. Therefore, the company issued several control measures such as notification and regulations to prevent and control the outbreak at the factory, which apply to all sectors including employees, customers, and vendors. Customers and vendors who are from the high-risk countries would not be allowed to enter the factory. Employees must pass the screening and temperature measurement before entering the factory. All employees must wear face mask or cloth mask, and employees are prohibited to travel to the high-risk places under Sor Bor Kho notification and prohibited from participating in the activities and entering risky places. Violation shall result in disciplinary action. Furthermore, the infection prevention measures were implemented such as reduction of touching of common things including toilet tools or door panels. Common rooms were opened, and handrails must not be touched. Place the partition on the tables in the canteen for social distancing. Alcohol gel was placed at several points. Employees were encouraged to wash their hands with soap often. The company could survive the first outbreak well, and the new outbreak at the end of 2020 remained controllable.

REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

The Board of Directors of KCE Electronics Public Company Limited (“the Company”) is responsible for the accuracy of the consolidated financial statement of the Company and its subsidiaries as well as the financial information in the annual report. The financial statement is prepared in accordance with generally accepted accounting standards, which have been appropriately applied on a consistent basis. Conservative judgments and best estimates have been adopted in preparing the statement. In addition, all important information has been disclosed in the notes to the financial statement to ensure transparency and usefulness to shareholders and investors.

The Board of Directors has set up and maintained effective internal controls to reasonably ensure that all accounting records are accurate, complete and sufficient to secure the Company’s assets. Moreover, all possible weaknesses were identified to prevent fraud or unusual material transactions.

The Board of Directors appointed the Audit Committee, which comprises independent directors, to control the quality of financial reporting and internal control systems. The opinions of the Audit Committee on this matter have already been presented in the Audit Committee report.

The Board of Directors is of the opinion that the internal control systems of the Company are of a satisfactory and sufficient level to reasonably instill confidence in the reliability of the consolidated financial statement of the Company and its subsidiaries as of December 31, 2020.



Mr. Bancha Ongkosit
Chairman

**KCE Electronics Public Company Limited
and its subsidiaries**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of KCE Electronics Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of KCE Electronics Public Company Limited and its subsidiaries (the “Group”) and of KCE Electronics Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Impairment of goodwill from business combinations	
Refer to the notes 3 and 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>In the consolidated financial statements, the Group had goodwill from business combinations. Thai Financial Reporting Standards requires the Group to test impairment of goodwill from business combinations regularly on annual basis.</p> <p>In assessing impairment of goodwill from business combinations, the amount of the impairment was assessed by the Company using a value-in-use model derived from the present value of the future cash flows expected to be generated. The present value of the future cash flows depends on a series of key assumptions including: forecasted revenue, forecasted costs and expenditures (both the capital and operating expenditures), and the discount rate. From the assessing procedures above, the management considers that there is no impairment loss of the said goodwill. The output of the model is sensitive to the assumptions used and the resulting impairment assessment could vary significantly. Therefore, this is an area of focus for my audit.</p>	<p>My audit procedures included,</p> <ul style="list-style-type: none"> • understanding, evaluating the design and implementation of controls over identification of cash-generating units (CGUs), the process of impairment assessment of goodwill from business combinations and the Company's budget preparation which is the source used in discounted future cash flows model; • considering the appropriateness of key assumptions including the discount rate by comparing against the Group's historical information, operating plan and external information; • testing mathematical accuracy; • considering sensitivity analysis of key assumptions; and • considering the adequacy of the Group's disclosure in accordance with the related Thai Financial Reporting Standards.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2021

KCE Electronics Public Company Limited and its subsidiaries
Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	6	2,342,444,645	957,395,329	207,354,728	70,959,428
Trade and other current receivables	26	3,174,471,271	2,972,612,757	2,557,683,756	2,194,728,380
Inventories	7	2,594,489,442	2,701,390,573	1,389,505,422	1,273,484,677
Other current financial assets	26	4,989,834	-	-	-
Other current assets		68,578,866	87,998,648	30,609,859	29,949,000
Total current assets		8,184,974,058	6,719,397,307	4,185,153,765	3,569,121,485
Non-current assets					
Investments in associate	8	28,051,799	37,516,062	1,598,031	1,540,194
Investments in subsidiaries	9	-	-	2,846,529,692	2,842,719,715
Contract costs assets	20	373,992,384	232,045,489	340,897,880	198,890,079
Investment properties	10	159,076,191	161,258,430	185,588,890	188,134,835
Property, plant and equipment	11	8,106,751,800	8,838,965,492	4,931,144,940	5,338,765,671
Right-of-use assets	12	13,269,662	-	10,611,582	-
Goodwill	13	153,517,054	153,517,054	-	-
Intangible assets	14	246,432,600	257,592,215	99,378,475	94,362,761
Deferred tax assets	23	100,767,295	75,011,224	20,886,339	4,264,217
Other non-current assets		10,206,572	25,699,556	1,797,926	14,304,201
Total non-current assets		9,192,065,357	9,781,605,522	8,438,433,755	8,682,981,673
Total assets		17,377,039,415	16,501,002,829	12,623,587,520	12,252,103,158

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Current liabilities					
Short-term borrowings from financial institutions	15	1,282,939,182	1,066,665,051	1,032,939,181	1,066,665,051
Trade and other current payables	26	2,457,773,110	2,293,045,939	1,877,592,749	1,686,965,824
Current portion of long-term borrowings	15, 26	387,088,860	258,983,385	378,853,430	250,812,948
Current portion of lease liabilities					
<i>(2019: Current portion of liabilities under hire-purchase and finance lease agreements)</i>	15, 26	4,622,152	3,918,963	3,865,297	2,715,669
Income tax payable		83,669,535	28,690,124	3,591,297	7,555,787
Total current liabilities		4,216,092,839	3,651,303,462	3,296,841,954	3,014,715,279
Non-current liabilities					
Long-term borrowings	15, 26	676,095,208	724,115,539	656,433,300	696,166,479
Lease liabilities					
<i>(2019: Liabilities under hire-purchase and finance lease agreements)</i>	15, 26	3,643,632	7,027,358	2,680,493	5,307,364
Deferred tax liabilities	23	55,041,880	58,684,065	-	-
Non-current provisions for employee benefits	16	364,141,510	297,929,325	150,205,009	121,784,859
Total non-current liabilities		1,098,922,230	1,087,756,287	809,318,802	823,258,702
Total liabilities		5,315,015,069	4,739,059,749	4,106,160,756	3,837,973,981

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2020	2019	2020	2019
<i>(in Baht)</i>					
Equity					
Share capital	17				
Authorised share capital		591,396,798	591,396,798	591,396,798	591,396,798
Issued and paid-up share capital		589,031,048	586,396,798	589,031,048	586,396,798
Share premium		2,050,235,166	1,906,510,486	2,050,235,166	1,906,510,486
Warrants	18	380,509	-	380,509	-
Retained earnings					
Appropriated					
Legal reserve	19	59,139,680	59,139,680	59,139,680	59,139,680
Unappropriated		9,375,032,440	9,230,556,841	5,817,639,703	5,861,081,555
Other components of equity	19	(63,938,875)	(70,272,700)	1,000,658	1,000,658
Equity attributable to owners of the Company		12,009,879,968	11,712,331,105	8,517,426,764	8,414,129,177
Non-controlling interests		52,144,378	49,611,975	-	-
Total equity		12,062,024,346	11,761,943,080	8,517,426,764	8,414,129,177
Total liabilities and equity		17,377,039,415	16,501,002,829	12,623,587,520	12,252,103,158

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Revenue					
Revenues from sale of goods and rendering of services	20	11,527,162,376	12,097,372,071	6,447,310,728	6,785,327,763
Dividend income from subsidiaries	9	-	-	628,786,822	619,548,712
Dividend income from associate	8	-	-	20,791,154	20,018,299
Other income		214,702,392	191,318,798	138,034,651	135,527,488
Total revenues		11,741,864,768	12,288,690,869	7,234,923,355	7,560,422,262
Expenses					
Cost of sale of goods and rendering of services	22	9,015,064,206	9,643,602,234	5,494,045,850	5,801,967,067
Distribution costs	22	454,563,053	489,590,195	343,232,498	347,079,493
Administrative expenses	22	994,677,715	1,123,175,934	453,518,992	469,948,162
Total expenses		10,464,304,974	11,256,368,363	6,290,797,340	6,618,994,722
Profit from operating activities		1,277,559,794	1,032,322,506	944,126,015	941,427,540
Finance costs		(57,475,011)	(61,111,247)	(43,040,882)	(39,343,264)
Share of profit from investments in associate	8	9,840,654	19,170,167	-	-
Profit before income tax		1,229,925,437	990,381,426	901,085,133	902,084,276
Tax (expense) income	23	(87,061,303)	(40,749,411)	11,028,530	(7,958,028)
Profit for the year		1,142,864,134	949,632,015	912,113,663	894,126,248
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating financial statements		6,333,825	(21,419,953)	-	-
Total items that will be reclassified subsequently to profit or loss		6,333,825	(21,419,953)	-	-
Items that will not be reclassified to profit or loss					
Losses on remeasurements of defined benefit plans	16	(55,095,333)	(46,749,826)	(21,650,797)	(17,118,370)
Income tax relating to items that will not be reclassified	23	11,019,067	9,349,965	4,330,159	3,423,674
Total items that will not be reclassified to profit or loss		(44,076,266)	(37,399,861)	(17,320,638)	(13,694,696)
Other comprehensive expense for the year, net of tax		(37,742,441)	(58,819,814)	(17,320,638)	(13,694,696)
Total comprehensive income for the year		1,105,121,693	890,812,201	894,793,025	880,431,552

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of comprehensive income

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2020	2019	2020	2019
		<i>(in Baht)</i>			
Profit attributable to:					
Owners of the Company		1,126,786,742	934,491,809	912,113,663	894,126,248
Non-controlling interests		16,077,392	15,140,206	-	-
Profit for the year		1,142,864,134	949,632,015	912,113,663	894,126,248
Total comprehensive income attributable to:					
Owners of the Company		1,089,044,301	875,671,995	894,793,025	880,431,552
Non-controlling interests		16,077,392	15,140,206	-	-
Total comprehensive income for the year		1,105,121,693	890,812,201	894,793,025	880,431,552
Earnings per share <i>(in Baht)</i>					
Basic earnings per share	24	0.96	0.80	0.78	0.76
Diluted earnings per share	24	0.96	0.80	0.78	0.76

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of changes in equity

	Note	Consolidated financial statements									
		Other components of equity									
		Excess of investments arising from additional purchases of investments in subsidiaries at a price higher than the net book value of the subsidiaries at the acquisition date (in Baht)									
		Issued and paid-up share capital	Share premium	Legal reserve	Retained earnings	Translation financial statements	Change in percentage of holding in subsidiaries	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 31 December 2019											
Balance at 1 January 2019		586,396,798	1,906,510,486	58,742,651	9,448,010,096	(12,325,768)	(38,558,460)	(48,852,747)	11,950,807,284	56,296,139	12,007,103,423
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the Company</i>											
Dividends	25	-	-	-	(1,114,148,174)	-	-	-	(1,114,148,174)	(21,824,370)	(1,135,972,544)
<i>Total distributions to owners of the Company</i>		-	-	-	(1,114,148,174)	-	-	-	(1,114,148,174)	(21,824,370)	(1,135,972,544)
Total transactions with owners, recorded directly in equity		-	-	-	(1,114,148,174)	-	-	-	(1,114,148,174)	(21,824,370)	(1,135,972,544)
Comprehensive income for the year											
Profit or loss		-	-	-	934,491,809	-	-	-	934,491,809	15,140,206	949,632,015
Other comprehensive income		-	-	-	(37,399,861)	(21,419,953)	-	(21,419,953)	(58,819,814)	-	(58,819,814)
Total comprehensive income for the year		-	-	-	897,091,948	(21,419,953)	-	(21,419,953)	875,671,995	15,140,206	890,812,201
Transfer to legal reserve	19	-	-	397,029	(397,029)	-	-	-	-	-	-
Balance at 31 December 2019		586,396,798	1,906,510,486	59,139,680	9,230,556,841	(33,745,721)	(38,558,460)	(70,272,700)	11,712,331,105	49,611,975	11,761,943,080

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of changes in equity

Consolidated financial statements												
Other components of equity												
Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Translation financial statements	Excess of investments arising from additional purchases of investments in subsidiaries at a price higher than the net book value of the subsidiaries at the acquisition date <i>(in Baht)</i>	Change in percentage of holding in subsidiaries	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated							
Year ended 31 December 2020												
Balance at 1 January 2020												
	586,396,798	1,906,510,486	-	59,139,680	9,230,556,841	(33,745,721)	(38,558,460)	2,031,481	(70,272,700)	11,712,331,105	49,611,975	11,761,943,080
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
17, 18	2,634,250	143,724,680	(6,849,051)	-	-	-	-	-	-	139,509,879	-	139,509,879
18	-	-	7,229,560	-	-	-	-	-	-	7,229,560	-	7,229,560
25	-	-	-	-	(938,234,877)	-	-	-	-	(938,234,877)	(13,544,989)	(951,779,866)
	2,634,250	143,724,680	380,509	-	(938,234,877)	-	-	-	-	(791,495,438)	(13,544,989)	(805,040,427)
Total transactions with owners, recorded directly in equity												
	2,634,250	143,724,680	380,509	-	(938,234,877)	-	-	-	-	(791,495,438)	(13,544,989)	(805,040,427)
Comprehensive income for the year												
	-	-	-	-	1,126,786,742	-	-	-	-	1,126,786,742	16,077,392	1,142,864,134
	-	-	-	-	(44,076,266)	6,333,825	-	-	6,333,825	(37,742,441)	-	(37,742,441)
	-	-	-	-	1,082,710,476	6,333,825	-	-	6,333,825	1,089,044,301	16,077,392	1,105,121,693
	589,031,048	2,050,235,166	380,509	59,139,680	9,375,032,440	(27,411,896)	(38,558,460)	2,031,481	(63,938,875)	12,009,879,968	52,144,378	12,062,024,346
Total comprehensive income for the year												
Balance at 31 December 2020												

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of changes in equity

		Separate financial statements			
		Retained earnings			Other components of equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated
	Note				(in Baht)
Year ended 31 December 2019					
Balance at 1 January 2019		586,396,798	1,906,510,486	58,742,651	6,095,195,206
Transactions with owners, recorded directly in equity					
Distributions to owners of the Company					
Dividends	25	-	-	-	(1,114,148,174)
Total distributions to owners of the Company		-	-	-	(1,114,148,174)
Comprehensive income for the year					
Profit or loss		-	-	-	894,126,248
Other comprehensive income		-	-	-	(13,694,696)
Total comprehensive income for the year		-	-	-	880,431,552
Transfer to legal reserve					
Balance at 31 December 2019	19	586,396,798	1,906,510,486	59,139,680	5,861,081,555
					1,000,658
					8,647,845,799
					8,647,845,799

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

KCE Electronics Public Company Limited and its subsidiaries
Statement of changes in equity

		Separate financial statements					Other components of equity
		Retained earnings				Change in percentage of holding in subsidiaries	
Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve (in Baht)	Unappropriated		Total equity
	Year ended 31 December 2020	Balance at 1 January 2020					
	586,396,798	1,906,510,486	-	59,139,680	5,861,081,555	8,414,129,177	
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the Company							
17, 18	2,634,250	143,724,680	(6,849,051)	-	-	139,509,879	
18	-	-	7,229,560	-	-	7,229,560	
25	-	-	-	-	(938,234,877)	(938,234,877)	
Total contributions by and distributions to owners of the Company							
	2,634,250	143,724,680	380,509	-	(938,234,877)	(791,495,438)	
Total transactions with owners, recorded directly in equity							
	2,634,250	143,724,680	380,509	-	(938,234,877)	(791,495,438)	
Comprehensive income for the year							
	-	-	-	-	912,113,663	912,113,663	
	-	-	-	-	(17,320,638)	(17,320,638)	
Total comprehensive income for the year							
	-	-	-	-	894,793,025	894,793,025	
Balance at 31 December 2020							
	589,031,048	2,050,235,166	380,509	59,139,680	5,817,639,703	8,517,426,764	

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

KCE Electronics Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2020	2019	2020	2019
	(in Baht)			
Cash flows from operating activities				
Profit for the year	1,142,864,134	949,632,015	912,113,663	894,126,248
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Share of profit of associate accounted for using equity method, net of tax	(9,840,654)	(19,170,167)	-	-
Depreciation for plant and equipment and investment properties	1,008,974,210	977,501,120	533,293,721	502,739,065
Amortisation	39,084,499	37,292,597	16,034,912	15,212,483
Amortisation on contract costs assets	7,014,746	5,788,489	4,464,863	3,984,576
(Reversal of) allowance for inventories devaluation	(26,510,601)	17,928,565	(3,782,193)	10,151,562
Loss (gain) on disposal of machinery and equipment	7,882,394	(592,583)	9,339,679	(1,397,999)
Loss from write-off of inventories	23,272,335	18,916,820	14,524,249	11,169,496
Loss from write-off of equipment	134,341	218,807	133,317	167,150
(Reversal of) allowance for impairment losses on assets	50,306,991	(86,466)	37,511,347	-
Provision for employee benefit	26,437,870	80,441,681	10,521,200	33,340,539
Unrealised loss (gain) on exchange rate and hedging activities	8,320,085	(5,516,010)	17,023,886	(4,994,095)
Share-based payment transactions	7,171,723	-	3,361,745	-
Dividend received from subsidiaries	-	-	(628,786,822)	(619,548,712)
Dividend received from associate	-	-	(20,791,154)	(20,018,299)
Interest expense	49,621,455	54,186,089	40,480,140	36,734,230
Tax expense (revenue)	87,061,303	40,749,411	(11,028,530)	7,958,029
	2,421,794,831	2,157,290,368	934,414,023	869,624,273
Changes in operating assets and liabilities				
Trade and other current receivables	(233,660,769)	293,944,956	(402,379,306)	479,360,671
Inventories	100,043,353	510,821,487	(126,762,799)	103,298,572
Other current assets	24,871,421	(14,808,790)	1,194,939	4,040,796
Contract costs assets	(148,961,641)	(155,571,473)	(146,472,663)	(150,201,654)
Other non-current assets	6,339,827	1,643,938	3,912,960	(3,966,373)
Trade and other current payables	155,505,744	(418,903,619)	231,549,622	(296,624,095)
Employee benefit paid	(15,321,018)	(11,846,790)	(3,751,848)	(3,111,290)
Net cash generated from operating	2,310,611,748	2,362,570,077	491,704,928	1,002,420,900
Taxes paid	(38,990,734)	(35,326,093)	(5,456,859)	(5,158,153)
Net cash from operating activities	2,271,621,014	2,327,243,984	486,248,069	997,262,747

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

KCE Electronics Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2020	2019	2020	2019
	(in Baht)			
Cash flows from investing activities				
Proceeds from disposals of machinery and equipment	10,768,851	27,631,020	8,809,700	8,322,368
Acquisition of property, plant and equipment	(304,497,319)	(600,395,351)	(181,049,399)	(422,151,165)
Acquisition of intangible assets	(27,924,884)	(11,351,588)	(21,050,626)	(4,010,768)
Dividend received from subsidiaries	-	-	628,786,822	619,548,712
Dividend received from associate	20,791,154	20,018,299	20,791,154	20,018,299
Net cash from (used in) investing activities	(300,862,198)	(564,097,620)	456,287,651	221,727,446
Cash flows from financing activities				
Interest paid	(51,010,390)	(56,336,084)	(42,165,511)	(37,712,799)
Increase (decrease) in short-term borrowings from financial institutions	212,651,863	(1,137,916,780)	(37,348,137)	(498,328,785)
Current portion of lease liabilities				
(2019: Current portion of liabilities under hire-purchase and finance lease agreements)	(15,950,199)	(2,035,917)	(12,088,826)	(3,253,160)
Proceed from long-term borrowings	350,000,000	400,000,000	350,000,000	400,000,000
Repayment of long-term borrowings	(273,978,067)	(236,383,670)	(265,812,949)	(83,665,624)
Proceeds from capital increase and warrants exercised	139,509,880	-	139,509,880	-
Dividend paid	(951,779,866)	(1,135,972,544)	(938,234,877)	(1,114,148,174)
Net cash used in financing activities	(590,556,779)	(2,168,644,995)	(806,140,420)	(1,337,108,542)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate	1,380,202,037	(405,498,631)	136,395,300	(118,118,349)
Effect of exchange rate changes on balances held in foreign currencies	4,847,279	(19,978,451)	-	-
Net increase (decrease) in cash and cash equivalents	1,385,049,316	(425,477,082)	136,395,300	(118,118,349)
Cash and cash equivalents at 1 January	957,395,329	1,382,872,411	70,959,428	189,077,777
Cash and cash equivalents at 31 December	2,342,444,645	957,395,329	207,354,728	70,959,428
Supplemental disclosure of cash flows information				
1) Net (increase) decrease in other current receivables from disposal of machinery and equipment	96,044	(96,044)	2,645,843	11,948,745
2) Net increase (decrease) in other current payables from purchase of machinery and equipment	17,732,679	(102,363,868)	(11,568,673)	(88,398,185)
3) Net increase in right-of-use assets	1,238,426	3,325,000	10,611,582	3,325,000

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

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

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KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 16 February 2021.

1 General information

KCE Electronics Public Company Limited (“the Company”), is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 30 August 1988. The Company’s registered office at No. 72-72/1-3 Soi Chalongsong 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok.

The Company’s major shareholders during the financial year were Ongkosit family including APCO CAPITAL PTE. LTD (34% shareholding).

The principal activities of the Company are the manufacture and distribution of electric printed circuit board products. Details of the subsidiaries as at 31 December 2020 and 2019 are given in note 5 and 9.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* which have no material impact on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company’s functional currency.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 4 Impact of COVID-19 outbreak.

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

4	Impact of COVID-19 outbreak;
13	Impairment test of goodwill: key assumptions underlying recoverable amounts;
16	Measurement of defined benefit obligations: key actuarial assumptions; and
23	Recognition of deferred tax as sets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than business combinations with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

KCE Electronics Public Company Limited and its subsidiaries
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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are translated to Thai Baht at the exchange rates at transaction dates.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Financial instruments

Accounting policies applicable from 1 January 2020

(c.1) Recognition and initial measurement

Trade receivables, debt securities issued and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(c.2) Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

KCE Electronics Public Company Limited and its subsidiaries
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Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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For the year ended 31 December 2020

(c.3) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c.4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c.5) Derivatives

Derivative are recognised at fair value. At the end of each reporting period the fair value is measured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on nature of the item being hedged.

Accounting policies applicable before 1 January 2020

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated at the rates of exchange ruling at the end of reporting period. Gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Cross currency and interest rate swap contracts

Cross currency and interest rate swap contracts are contracts between the Group and counterparties to exchange amounts of principal denominated in different currencies upon inception of the contracts, either over the term of the contracts or on maturity, depending on the terms of the contracts made with the counterparties. In addition, each counterparty receives or pays interest in amounts calculated on the basis of the pre-determined principal and interest rates throughout the term of the contracts.

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Notes to the financial statements
For the year ended 31 December 2020

With regard to amounts receivable or payable under cross currency and interest rate swap contracts which the Group use to manage foreign exchange and interest rate risk, receivables or payables under cross currency contracts are translated at the rate of exchange applying on the end of reporting period, with unrealised gains or losses on such translation included in profit or loss. Premiums or discounts on cross currency and interest rate swap contracts are amortised on a straight-line basis over the contract periods. The differential to be paid or received by the Group under interest rate swap contracts is recognised as an adjustment to interest income or interest expense over the term of the contracts. Gains or losses arising upon the termination of contracts or the early settlement of the underlying liabilities are recognised in profit or loss as incurred. Receivables and payables under cross currency and interest rate swap contracts are presented net in the statement of financial position.

Commodities hedge agreements

The Group enters into commodities hedge agreements whereby the Group are committed to purchase commodities at the price and quantity as stipulated in the agreements. The Group enters into such agreements in order to manage commodities price risk. The Group recognises unrealised gains or losses on the change of fair value of such commodities hedge agreements in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other current receivables, and contract assets

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss (2019: allowance for doubtful accounts) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost includes an appropriate share of production overheads based on normal operating capacity.

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

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

(g) Investments in subsidiaries and associates

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

Disposal of investments in the separate financial statements

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	25 years
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No depreciation is provided on freehold land or assets under construction.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or losses.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and plant	20 - 50	years
Machinery and plant equipment	5 - 20	years
Plant and office improvement	5 - 20	years
Furniture, fixtures and office equipment	3 - 10	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

(k) Intangible assets

Goodwill

The measurement of goodwill at initial recognition that arises upon the acquisition of subsidiaries is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

Other intangible assets

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	3 - 15	years
Customer relationship	10	years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the

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Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

Accounting policies applicable before 1 January 2020

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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As a lessor, rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(m) Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, loans to related parties), contract assets and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Group recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Accounting policies applicable before 1 January 2020

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(n) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(p) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) 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 market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(s) Revenue

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services rendered

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised at point in time based on as the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Commission revenue

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

(t) Other income

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

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(u) Interest

Accounting policies applicable from 1 January 2020

Effective Interest Rate (EIR)

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Accounting policies applicable before 1 January 2020

Interest income is recognised in profit or loss at the rate specified in the contract.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(x) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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4 Impact of COVID-19 outbreak

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible. The management has decided to adapt its operations in order to higher efficiency level of the production and not limited to reduction of operating cost and expenses. Consequently, on 5 May 2020, the management have decided to temporarily close and transfer the production activities of a subsidiary, KCE International Co., Ltd., to the Company and to a subsidiary, starting from 7 May 2020. Until the third quarter of 2020 onwards, the situations including automotive sector is getting recover, resulting in customer's orders began to gradually increase, similar that before COVID-19 outbreak.

The significant financial information of such subsidiary for the year ended 31 December 2020 is presented as below;

	<i>(in thousand Baht)</i>
Inventory	38,172
Property, plant and equipment	
Land	12,000
Buildings and buildings improvement	37,742
Machinery and plant equipment	68,182
Others	6,327
Total property, plant and equipment	124,251
Revenue from sales and rendering of services to non-related parties	238,493

At 31 December 2020, the situation of COVID-19 outbreak is still on going and the management has considered that due to situations are still highly uncertain. The consideration to reopen the operation of such subsidiary at this moment still has risks and not result to overall benefits to the Group in many aspects, for instances, the Group's efficiency level of the production. From aforesaid, consequent to an estimation uncertainty on the potential impact, therefore, the Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak on impairment of assets. The Group elected to exclude the COVID-19 situation as impairment indicator for property, plant and equipment and intangible assets of such subsidiary.

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5 Related parties

Relationships with subsidiaries and associates are described in notes 8 and 9. Other related parties that the group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Subsidiaries	
Sales of goods	Market prices and prices per job order for each product which are agreed between the parties
Rendering of service	Market prices and prices per job order for each product which are agreed between the parties
Rental income	Prices as specified in agreements
Other income and other expenses	Prices agreed between the parties
Purchases and sales of property, plant and equipment	Net book value plus margin and prices agreed between the parties
Purchases of goods	Market prices and prices per job order for each product which are agreed between the parties
Commission expense	At the rate agreed between the parties which is general rate for the same business
Dividend income	As announced in the minute of shareholders' meeting
Associate	
Sales of goods	Market prices at which similar quality products are sold under same conditions
Other income and other expenses	Prices agreed between the parties
Purchases of raw materials	Market prices at which similar quality products are purchased under same conditions
Commission expense	At the rate agreed between the parties which is general rate for the same business
Purchases and sales of property, plant and equipment	Net book value plus margin and prices agreed between the parties
Dividend income	As announced in the minute of shareholders' meeting

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>For the years ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	1,370,966	1,702,350
Rendering of service	-	-	49,877	95,111
Rental income	-	-	4,924	4,802
Other income	-	-	12,150	13,873
Purchases of goods	-	-	2,222,609	2,296,875
Purchases of property, plant and equipment	-	-	30,699	31,552
Sales of property, plant and equipment	-	-	101	7,216
Dividend income	-	-	628,787	619,549
Commission expense	-	-	128,127	113,241
Other expenses	-	-	76,780	5,301
Associates				
Sales of goods	3,552	2,231	-	-
Other income	4,607	-	4,607	-
Purchases of raw materials	117,984	101,237	89,999	69,900
Purchases of property, plant and equipment	2,160	2,419	2,116	239
Dividend income	20,791	20,018	20,791	20,018
Other expenses	2,337	1,420	1,857	595
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	130,956	132,410	45,610	51,523
Retirement benefits obligations	3,716	2,989	1,437	1,328
Total key management personnel compensation	134,672	135,399	47,047	52,851

Balances as at 31 December with related parties were as follows:

<i>Trade receivables</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	654,121	632,411
Total	-	-	654,121	632,411
Less allowance for expected credit loss (2019: allowance for doubtful accounts)	-	-	-	-
Net	-	-	654,121	632,411
Expected credit losses (2019: Bad and doubtful debts expense) for the year	-	-	-	-

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Other current receivables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	10,767	11,418
Total	-	-	10,767	11,418

Trade payables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	927,449	822,762
Associate	29,572	20,057	21,969	15,145
Total	29,572	20,057	949,418	837,907

***Other payables for purchase of
machineries and equipment***

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	21,216	11,779
Associate	62	-	62	-
Total	62	-	21,278	11,779

Other current payables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	37	32
Total	-	-	37	32

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash on hand	403	403	50	50
Cash at banks - current accounts	473,051	154,820	58,106	14,777
Cash at banks - savings accounts	1,868,414	801,827	149,199	56,132
Others	577	345	-	-
Total	2,342,445	957,395	207,355	70,959

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7 Inventories

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	933,190	1,190,329	549,942	638,460
Work in progress	302,363	271,887	211,880	163,262
Raw materials	558,904	492,096	202,631	135,094
Factory supplies	472,143	440,800	276,254	247,583
Spare parts	223,459	234,695	106,679	102,747
Goods in transit	181,971	175,635	69,859	17,861
	<u>2,672,030</u>	<u>2,805,442</u>	<u>1,417,245</u>	<u>1,305,007</u>
Less allowance for decline in value	(77,541)	(104,051)	(27,740)	(31,522)
Net	<u>2,594,489</u>	<u>2,701,391</u>	<u>1,389,505</u>	<u>1,273,485</u>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	9,018,302	9,606,756	5,483,304	5,780,646
- Write-off	23,272	18,917	14,524	11,169
- Write-down to net realisable value (reversal)	(26,510)	17,929	(3,782)	10,152
Net	<u>9,015,064</u>	<u>9,643,602</u>	<u>5,494,046</u>	<u>5,801,967</u>

Inventories as at 31 December 2020 included finished goods (made to order) of Baht 548 million (2019: Baht 643 million) in the consolidated financial statements and Baht 371 million (2019: Baht 371 million) in the separate financial statements, which had been delivered to the customers' warehouses but the title of the inventory shall remain with the Group until the customers' requisition to their production process. The Group will receive the payment for these inventories after the customers' requisition to their production process, and following conditions within the periods specified in the agreements.

8 Investments in associate

		Consolidated financial statements Equity Method		Separate financial statements Cost Method	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Associate					
At 1 January		37,516	41,081	1,540	1,540
Share of profit from investments in associate using equity method		9,841	19,170	-	-
Dividend income	5	(20,791)	(20,018)	-	-
Warrant granted to associate's directors and employees		58	-	58	-
Foreign currency translation differences for foreign operations		1,428	(2,717)	-	-
At 31 December		<u>28,052</u>	<u>37,516</u>	<u>1,598</u>	<u>1,540</u>

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Investments in associate as at 31 December 2020 and 2019 and dividend income from investments for each year were as follows:

Consolidated financial statements									
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity
			2020	2019	2020	2019	2020	2019	
			(%)				(in thousand Baht)		
Associate									
KCE Taiwan Co., Ltd.	(1)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,598	1,540	37,516
Total							1,598	1,540	37,516

(1) Foreign raw materials and machinery sourcing representative of the Group

Associate was incorporated and operate in Taiwan.

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Separate financial statements												
Ownership interest (%)		Paid-up capital		Cost		Warrant granted to associate's directors and employees		Cost - net		Dividend income		
						2020	2019					
						2020	2019					
Associate		(in thousand Baht)										
KCE Taiwan Co., Ltd.	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	58	-	1,598	1,540	20,791	20,018
Total					1,540	1,540	58	-	1,598	1,540	20,791	20,018
The following table summarises the financial information of the associate in their own financial statements, not adjusted for the Group's interest in this company.												
Reporting date		Ownership interest		Total assets		Total liabilities		Total revenues		Profit (loss)		
								2020	2019	2020	2019	2020
		(in thousand Baht)										
KCE Taiwan Co., Ltd.	31 December	49.00	49.00	98,900	111,270	42,572	35,574	158,505	160,543	20,153	39,091	
Total				98,900	111,270	42,572	35,574	158,505	160,543	20,153	39,091	

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9 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2020 and 2019, and dividend income from those investments for the years then ended, were as follows:

Separate financial statements										
Type of business	Ownership Interest	Paid-up capital	Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income	
			2020	2019	2020	2019	2020	2019	2020	2019
			(in thousand Baht)							
Direct subsidiaries										
KCE Technology Co., Ltd.	(1)	100.00	1,600,000	1,600,000	24,530	23,536	1,624,530	296,000	328,000	
K.C.E. International Co., Ltd.	(1)	99.99	100,000	185,395	13,927	13,193	199,322	51,997	58,997	
Chemtronic Technology (Thailand) Co., Ltd.	(2)	94.75	48,000	227,810	2,152	1,885	229,962	113,700	68,220	
Chemtronic Product Co., Ltd.	(2)	94.96	80,000	75,968	-	-	75,968	-	-	
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	250,000	368,460	14,882	13,971	383,342	107,525	51,425	
KCE (Thailand) Co., Ltd.	(4)	60.00	3,600	2,160	1,236	1,066	3,396	10,800	27,000	
KCE Singapore Pte., Ltd.	(5)	75.00	SGD 500,000	168,267	383	-	168,650	48,765	36,064	
KCE America, Inc.	(5)	70.00	USD 50,000	161,009	351	-	161,360	161,009	49,843	
Total			2,789,069	2,789,069	57,461	53,651	2,846,530	628,787	619,549	
Indirect subsidiaries										
Chemtronic Chemical Co., Ltd.	(2)	93.57	4,800	-	-	-	-	-	-	
CTC Chemical Co., Ltd.	(2)	94.35	4,800	-	-	-	-	-	-	
KCE America Partner Co., Ltd.	(6)	70.00	USD 302,257	-	-	-	-	-	-	
(1) The manufacture and distribution of electric printed circuit board products										
(2) The manufacture and distribution of chemicals products										
(3) The manufacture and distribution of prepreg and laminate products										
(4) The domestic sale representative										
(5) The foreign sale representative										
(6) Rental building										

All subsidiaries were incorporated in Thailand except KCE Singapore Pte., Ltd. which was incorporated in Singapore, KCE America, Inc. and KCE America Partner Co., Ltd., which both were incorporated in America.

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10 Investment properties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cost				
At 1 January	167,966	167,966	195,961	195,961
At 31 December	167,966	167,966	195,961	195,961
Depreciation and impairment losses				
At 1 January	6,707	4,525	7,826	5,280
Depreciation charge for the year	2,182	2,182	2,546	2,546
At 31 December	8,889	6,707	10,372	7,826
Net book value				
At 1 January	161,259	163,441	188,135	190,681
At 31 December	159,077	161,259	185,589	188,135
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
For the year ended 31 December				
The amounts recognised in profit or loss for investment properties				
Rental income	8,086	7,337	9,295	8,515
At 31 December				
Future minimum lease receives from lease payments				
Within 1 year	5,422	5,951	6,592	6,136
1 – 5 years	1,385	2,637	2,751	2,637
Total	6,807	8,588	9,343	8,773

Investment properties comprise of land and building in Japan that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The Group has performed the revaluation in 2020 by Daiwa Real Estate Appraisal Co., Ltd., the external independent property valuer certified by Japan Association of Real Estate Appraiser; JAREA, at income approach on an existing use basis. The appraised value for all land and building was Yen 630 million which was not significantly different from acquisition cost in 2016, amounting to Yen 608 million.

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Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for investment properties of Yen 630 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The external independent property valuer applied the income approach on an existing use basis to measure fair value of investment properties.

The significant unobservable inputs used in measuring the fair value of investment properties are expected market rental growth, occupancy rate, and risk-adjusted discount rates.

KCE Electronics Public Company Limited and its subsidiaries
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For the year ended 31 December 2020

11 Property, plant and equipment

Consolidated financial statements												
		(in thousand Baht)										
	Note	Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Buildings and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
Cost												
At 1 January 2019		478,452	2,877,343	11,833,988	777,621	467,470	131,995	111,858	34,286	481,616	2,501	17,197,130
Additions		6,480	10,328	101,394	2,542	5,109	5,387	16,042	38,548	328,007	4,868	518,705
Transfers		27,976	26,879	551,592	25,255	954	(27,953)	70	(42,858)	(617,082)	(2,502)	(57,669)
Disposals/write-off		-	(14,196)	(114,399)	(120)	(6,627)	(39)	(18,135)	(28)	-	-	(153,544)
At 31 December 2019												
and 1 January 2020		512,908	2,900,354	12,372,575	805,298	466,906	109,390	109,835	29,948	192,541	4,867	17,504,622
Additions		-	1,954	41,221	2,393	5,028	34	5,040	10	294,420	(2,693)	347,407
Transfers		-	34,844	330,021	7,255	253	904	(70)	(29,948)	(333,216)	-	10,043
Transfers to right-of-use assets	12	-	-	-	-	-	-	(19,313)	-	-	-	(19,313)
Disposals/write-off		-	-	(541,217)	(14,984)	(2,612)	(663)	(4,118)	-	(17,064)	-	(580,658)
At 31 December 2020												
		512,908	2,937,152	12,202,600	799,962	469,575	109,665	91,374	10	136,681	2,174	17,262,101

KCE Electronics Public Company Limited and its subsidiaries

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	<i>Note</i>	Consolidated financial statements (in thousand Baht)							Total
		Land and land improvement	Buildings and plant	Machinery and equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	
Depreciation and impairment losses									
At 1 January 2019		-	825,775	6,110,025	330,343	449,436	49,738	67,879	7,833,196
Depreciation charge for the year		-	128,050	760,168	47,084	16,204	9,378	14,435	975,319
Transfers		-	5,528	(5,502)	-	(26)	-	-	-
Disposals/write-off		-	(7,027)	(113,172)	(120)	(6,461)	(14)	(16,064)	(142,858)
At 31 December 2019 and 1 January 2020		-	952,326	6,751,519	377,307	459,153	59,102	66,250	8,665,657
Depreciation charge for the year		-	137,973	783,705	48,773	12,962	9,996	13,383	1,006,792
Impairment losses		-	-	50,307	-	-	-	-	50,307
Transfers		-	(6)	236	6	(224)	(12)	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(7,281)	(7,281)
Disposals/write-off		-	-	(539,107)	(14,984)	(2,555)	(663)	(2,817)	(560,126)
At 31 December 2020		-	1,090,293	7,046,660	411,102	469,336	68,423	69,535	9,155,349

KCE Electronics Public Company Limited and its subsidiaries

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For the year ended 31 December 2020

Consolidated financial statements											
	Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
Net book value											
At 1 January 2019											
Owned assets	478,452	2,051,568	5,723,963	447,278	18,034	82,257	26,548	34,286	481,616	2,501	9,346,503
Assets under finance leases	-	-	-	-	-	-	17,431	-	-	-	17,431
	478,452	2,051,568	5,723,963	447,278	18,034	82,257	43,979	34,286	481,616	2,501	9,363,934
At 31 December 2019 and 1 January 2020											
Owned assets	512,908	1,948,028	5,621,056	427,991	7,753	50,288	26,861	29,948	192,541	4,867	8,822,241
Assets under finance leases	-	-	-	-	-	-	16,724	-	-	-	16,724
	512,908	1,948,028	5,621,056	427,991	7,753	50,288	43,585	29,948	192,541	4,867	8,838,965
At 31 December 2020											
Owned assets	512,908	1,846,859	5,155,940	388,860	239	41,242	21,839	10	136,681	2,174	8,106,752
	512,908	1,846,859	5,155,940	388,860	239	41,242	21,839	10	136,681	2,174	8,106,752

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Separate financial statements												
		Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
	Note						(in thousand Baht)					
Cost												
At 1 January 2019		164,388	1,333,995	5,608,879	604,072	82,205	126,715	42,682	33,881	530,914	-	8,527,731
Additions		19,952	14,650	99,005	1,639	1,295	5,387	5,125	25,188	202,045	2,275	376,561
Transfers		-	20,099	476,163	23,534	(18)	-	-	(42,264)	(518,451)	-	(40,937)
Disposals/write-off		-	-	(106,138)	-	(5,150)	(39)	(5,750)	(1,860)	-	-	(118,937)
At 31 December 2019												
and 1 January 2020		184,340	1,368,744	6,077,909	629,245	78,332	132,063	42,057	14,945	214,508	2,275	8,744,418
Additions		-	1,659	29,454	597	1,462	33	-	-	174,777	(2,275)	205,707
Transfers		-	-	212,306	1,415	(271)	-	-	(14,945)	(198,505)	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(15,741)	-	-	-	(15,741)
Disposals/write-off		-	-	(505,196)	(14,984)	(1,259)	(661)	-	-	(17,099)	-	(539,199)
At 31 December 2020		184,340	1,370,403	5,814,473	616,273	78,264	131,435	26,316	-	173,681	-	8,395,185

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	<i>Note</i>	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement (in thousand Baht)	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
<i>Depreciation and impairment losses</i>												
At 1 January 2019	-	-	270,318	2,364,482	246,976	62,963	41,757	28,163	-	-	-	3,014,659
Depreciation charge for the year	-	-	53,554	390,247	34,778	8,052	8,920	4,642	-	-	-	500,193
Transfers	-	-	5,528	(5,502)	-	(26)	-	-	-	-	-	-
Disposals/write-off	-	-	-	(99,742)	-	(4,998)	(14)	(4,446)	-	-	-	(109,200)
At 31 December 2019												
and 1 January 2020	-	-	329,400	2,649,485	281,754	65,991	50,663	28,359	-	-	-	3,405,652
Depreciation charge for the year	-	-	53,484	420,963	35,876	7,079	9,524	3,822	-	-	-	530,748
Impairment losses	-	-	-	37,511	-	-	-	-	-	-	-	37,511
Transfers	-	-	-	253	-	(253)	-	-	-	-	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(6,368)	-	-	-	(6,368)
Disposals/write-off	-	-	-	(486,611)	(14,984)	(1,248)	(660)	-	-	-	-	(503,503)
At 31 December 2020	-	-	382,884	2,621,601	302,646	71,569	59,527	25,813	-	-	-	3,464,040

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Separate financial statements											
	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
</											

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2020 amounted to Baht 2,968 million (2019: Baht 3,114 million) for the consolidated financial statements and Baht 775 million (2019: Baht 1,107 million) for the separate financial statements.

As at 31 December 2020, the Group and the Company recognised the impairment losses for machineries under expired promotional privileges certificate which not use in manufacturing amounting to Baht 50 million and Baht 38 million, respectively.

Mortgage and pledge

- 11.1 The Company and its two subsidiaries, K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into negative pledge memorandums which are part of bank overdrafts and loans agreements. Under these memorandums, the Company and its subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, as stipulated in such memorandums.
- 11.2 The subsidiaries have mortgaged and pledged the following property, plant and equipment.
- 11.2.1 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 December 2020 of Baht 69 million (2019: Baht 69 million), as collateral for loans from banks, as described in Note 15.
- 11.2.2 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 December 2020 of Baht 145 million (2019: Baht 148 million), as collateral for loans from banks, as described in Note 15.
- 11.2.3 Chemtronic Products Co., Ltd. has mortgaged its construction thereon and pledged its machinery and equipment with a total net book value as at 31 December 2020 of Baht 97 million (2019: Baht 108 million), as collateral for loans from banks, as described in Note 15.
- 11.2.4 KCE America Partner Co., Ltd has mortgaged its land and construction with a total net book value as at 31 December 2020 of Baht 149 million (2019: Baht 155 million), as collateral for loans from banks, as described in Note 15.

12 Leases

<i>As a lessee</i>	Consolidated financial statements	Separate financial statements
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
<i>Right-of-use assets</i>		
Vehicles	12,031	9,373
Others	1,239	1,239
Total	13,270	10,612

The Company leases a number of plants for 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

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Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	Consolidated financial statements		Separate financial statements	
<i>For the year ended 31 December</i>	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Amounts recognised in profit or loss				
Depreciation of right-of-use assets:				
- Vehicles	3,863	-	3,149	-
- Others	1,239	-	1,239	-

In 2020, total cash outflow for leases of the Group and the Company were Baht 5.2 million and Baht 4.0 million, respectively.

13 Goodwill

	Consolidated financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Cost		
At 1 January	153,517	153,517
At 31 December	153,517	153,517
Impairment losses		
At 1 January	-	-
At 31 December	-	-
Net book value		
At 1 January	153,517	153,517
At 31 December	153,517	153,517

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Chemtronic Group (*)	79,793	79,793	-	-
KCE Singapore Pte. Ltd.	37,705	37,705	-	-
KCE America, Inc.	36,019	36,019	-	-
Total	153,517	153,517	-	-

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(*) During 2019, the Group has restructured business units within the Chemtronic Group which comprised of Chemtronic Technology (Thailand) Co., Ltd and Chemtronic Product Co., Ltd. resulting in the changes of composition of its CGUs. Therefore, the Group has reallocated goodwill reflected to the restructured units within Chemtronic Group.

CGUs of goodwill

The recoverable amount of these CGUs was based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The carrying amount of the CGUs were determined to be lower than its recoverable amount, hence, no impairment loss was recognised in the CGUs of goodwill.

The key assumptions used in the estimation of the recoverable amount are set out below.

	Consolidated financial statements	
	2020	2019
	(%)	
Chemtronic Group		
Discount rates	12	8
Terminal value growth rate	0	0
KCE Singapore Pte. Ltd.		
Discount rate	11	8
Terminal value growth rate	0	0
KCE America, Inc.		
Discount rate	9	10
Terminal value growth rate	0	0

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, and a possible debt leveraging.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined from the past growth rate of the operating CGUs and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the past and the estimated sales volume and price growth for the next five years.

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14 Other intangible assets

Consolidated financial statements			
	Software License	Customer Relationship	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2019	418,349	96,219	514,568
Additions	11,409	-	11,409
Translation differences	(57)	-	(57)
At 31 December 2019 and 1 January 2020	429,701	96,219	525,920
Additions	27,925	-	27,925
At 31 December 2020	457,626	96,219	553,845
<i>Amortisation and impairment losses</i>			
At 1 January 2019	190,946	40,089	231,035
Amortisation for the year	27,671	9,622	37,293
At 31 December 2019 and 1 January 2020	218,617	49,711	268,328
Amortisation for the year	29,462	9,622	39,084
At 31 December 2020	248,079	59,333	307,412
<i>Net book value</i>			
At 1 January 2019	227,403	56,130	283,533
At 31 December 2019 and 1 January 2020	211,084	46,508	257,592
At 31 December 2020	209,547	36,886	246,433

Separate financial statements	
	Software License
	<i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 January 2019	200,191
Additions	4,011
At 31 December 2019 and 1 January 2020	204,202
Additions	21,050
At 31 December 2020	225,252
<i>Amortisation and impairment losses</i>	
At 1 January 2019	94,627
Amortisation for the year	15,212
At 31 December 2019 and 1 January 2020	109,839
Amortisation for the year	16,035
At 31 December 2020	125,874
<i>Net book value</i>	
At 1 January 2019	105,564
At 31 December 2019 and 1 January 2020	94,363
At 31 December 2020	99,378

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15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current				
Short-term borrowings from financial institutions - secured	420,000	200,000	270,000	200,000
Packing credits - secured	862,939	866,665	762,939	866,665
Total bank overdrafts and short-term borrowings from financial institutions	1,282,939	1,066,665	1,032,939	1,066,665
Current portion of long-term borrowings - secured	387,089	258,983	378,853	250,813
Lease liabilities (2019: Finance lease liabilities)	4,622	3,919	3,865	2,716
Total current interest-bearing liabilities	1,674,650	1,329,567	1,415,657	1,320,194
Non-current				
Long-term borrowings - secured	676,095	724,116	656,433	696,166
Lease liabilities (2019: Finance lease liabilities)	3,644	7,027	2,680	5,307
Total non-current interest-bearing liabilities	679,739	731,143	659,113	701,473
Total	2,354,389	2,060,710	2,074,770	2,021,667
Assets pledged as security for liabilities as at 31 December				
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Property, plant and equipment	459,521	479,706	-	-
Total	459,521	479,706	-	-

- 15.1 Under the long-term borrowings agreement from financial institutions of KCE Electronics Public Company Limited, the Company has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.25:1.
- 15.2 Long-term borrowings from financial institutions of Chemtronic Technology (Thailand) Co., Ltd., a subsidiary, are secured by mortgage of the subsidiary's land. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining debt to equity ratio of not more than 1.
- 15.3 Long-term borrowings from financial institutions of KCE Singapore Pte., Ltd., a subsidiary, are secured by mortgage of the subsidiary's office building. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining gearing ratio of not more than 1.
- 15.4 Long-term borrowings from financial institutions of Chemtronic Products Co., Ltd., a subsidiary, are secured by mortgage of subsidiary's construction and pledged its machinery and equipment. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2.
- 15.5 Long-term borrowings from financial institutions of KCE America Partner Co., Ltd., an indirect subsidiary, are in US Dollar, with a fixed interest rate as specified in agreement. The loans are secured by the mortgage of the subsidiary's land and construction. Under the loan agreement, the subsidiary has to comply with certain conditions.

KCE Electronics Public Company Limited and its subsidiaries

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Details of long-term borrowings from financial institutions as at 31 December 2020 and 2019 are as follows:

		Outstanding long-term borrowings amount				Significant terms and conditions of loan agreements					
		2020		2019							
No.	Contract date	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total	Borrowings period	Interest rate	Principal repayment	Interest repayment
		(in thousand Baht)						(Percent per annum)			
The Company											
1.	2 December 2016	27,186	54,350	81,536	25,813	77,416	103,229	7 years	Fixed percentage	3 months	1 month
2.	16 August 2018	125,000	218,750	343,750	125,000	343,750	468,750	5 years	Fixed percentage	3 months	1 month
3.	23 August 2019	100,000	175,000	275,000	100,000	275,000	375,000	4 years	MLR - fixed percentage	3 months	3 months
4.	12 May 2020	60,000	75,000	135,000	-	-	-	3 years	THB FIX + fixed percentage	3 months	1 month
5.	1 July 2020	66,667	133,333	200,000	-	-	-	3 years 6 months	THB FIX 6 months + fixed percentage	3 months	1 month
Total borrowings of the Company		378,853	656,433	1,035,286	250,813	696,166	946,979				
Subsidiaries											
<u>Chemtronic Products Co., Ltd.</u>											
1.	10 August 2017	3,750	5,625	9,375	3,750	9,375	13,125	5 years 9 months	MLR - fixed percentage	3 months	1 month
2.	5 October 2017	3,125	2,909	6,034	3,125	6,034	9,159	5 years 9 months	MLR - fixed percentage	3 months	1 month
		6,875	8,534	15,409	6,875	15,409	22,284				
<u>KCE America Partner Company Limited</u>											
1.	15 December 2016	1,361	11,128	12,489	1,295	12,541	13,836	11 years 6 months	Fixed percentage	1 month	1 month
		1,361	11,128	12,489	1,295	12,541	13,836				
Total borrowings of subsidiaries		8,236	19,662	27,898	8,170	27,950	36,120				
Total borrowing of the Company and subsidiaries		387,089	676,095	1,063,184	258,983	724,116	983,099				

As at 31 December 2020, the Group and the Company had all types of unutilised credit facilities totaling Baht 17,448 million and US dollar 82 million (Baht 2,875 million for separate financial statements).

As at 31 December 2019, the Group and the Company had all types of unutilised credit facilities totaling Baht 18,878 million, and US dollar 83 million (Baht 2,868 million for separate financial statements).

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	Consolidated financial statements			Separate financial statements		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
<i>At 31 December 2019</i>						
Within 1 year	4,257	(338)	3,919	2,957	(241)	2,716
1 – 5 years	7,325	(298)	7,027	5,517	(210)	5,307
Total	11,582	(636)	10,946	8,474	(451)	8,023

16 Non-current provisions for employee benefits

The Group and the Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	297,929	182,585	121,785	74,437
Include in profit or loss:				
Current service cost	18,674	18,607	7,248	7,020
Past service cost	-	54,719	-	23,372
Interest on obligation	7,764	7,115	3,273	2,949
	26,438	80,441	10,521	33,341
Included in other comprehensive income				
Actuarial (gain) loss				
- Financial assumptions	55,181	46,750	20,240	17,118
- Experience adjustment	(86)	-	1,411	-
	55,095	46,750	21,651	17,118
Benefit paid	(15,321)	(11,847)	(3,752)	(3,111)
	(15,321)	(11,847)	(3,752)	(3,111)
At 31 December	364,141	297,929	150,205	121,785

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised during the year then ended in the financial statements increased.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(%)</i>			
Discount rate	1.70	3.25	1.70	3.25
Future salary growth	4.0-6.0	4.0-6.0	4.0-6.0	4.0-6.0

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Assumptions regarding future mortality are based on published statistics and mortality tables.

As at 31 December 2020, the weighted-average duration of the defined benefit obligation was 11 years (2019: 12 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant.

<i>Effect to the defined benefit obligation</i>	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 31 December 2020				
Discount rate (1% movement)	(37,339)	44,372	(13,677)	16,012
Future salary growth (1% movement)	45,771	(39,195)	16,442	(14,295)
At 31 December 2019				
Discount rate (1% movement)	(25,231)	29,968	(9,406)	10,973
Future salary growth (1% movement)	31,138	(26,595)	11,345	(9,863)

17 Share capital

<i>Authorised shares at 31 December</i>	Par value per share (in Baht)	2020		2019	
		Number	Amount	Number	Amount
		<i>(thousand shares / in thousand Baht)</i>			
<i>Authorised</i>					
At 1 January					
- ordinary shares	0.5	1,182,794	591,397	1,172,794	586,397
Increase of authorised shares capital	0.5	-	-	10,000	5,000
At 31 December					
- ordinary shares	0.5	1,182,794	591,397	1,182,794	591,397
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.5	1,172,794	586,397	1,172,794	586,397
Issue of new shares	0.5	5,268	2,634	-	-
At 31 December					
- ordinary shares	0.5	1,178,062	589,031	1,172,794	586,397
<i>Issue of ordinary shares</i>					

On 25 April 2019, the Company's shareholders at the Annual General Meeting approved the increase of the Company's authorised share capital in the amount of Baht 5,000,000 from the authorised share capital of Baht 586,396,798 to Baht 591,396,798 by issuing 10,000,000 new ordinary shares at Baht 0.5 par value per share. The Company registered the said increase of authorised share capital with the Ministry of Commerce on 8 May 2019.

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Issue of new shares

During the year ended 31 December 2020, the Company had issued new shares from the exercise of warrants as follows:

	2020	
	Number	Amount
	<i>(thousand shares / in thousand Baht)</i>	
The exercise of warrants ESOP-W6	5,268	2,634
Total	5,268	2,634

18 Share warrants

Share warrants ESOP-W6

On 25 April 2019, the Company's shareholders at the Annual General Meeting approved the issued and allotted 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus) warrants free of charge to the directors, management and employees of the Company and its subsidiaries. These warrants are exercisable at a price of Baht 26.48 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 1 to 5 of March, June, September and December, for a period of 3 years from the issue date. The Company granted the said warrants to the directors and employees of the Company and/or its subsidiaries on 13 March 2020, which is the date of notification of conditions and arrangements in exercising the warrants to the directors and employees. The first exercise period is 1 to 5 June 2020 and with a final exercise period is 1 to 5 March 2023.

Measurement of fair value

The fair value of the warrants granted "ESOP-W6" was measured based on Binomial option pricing model. Expected volatility is estimated by considering historic average share price volatility during the period 14 March 2017 to 13 March 2020.

The inputs used in the measurement of the fair values at grant date of warrants "ESOP-W6" were as follows:

Fair value at grant date	Baht	1.30
Share price at grant date	Baht	15.80
Exercise price	Baht	26.48
Expected volatility (%)		38.28
Expected dividends (%)		3.28
Risk-free interest rate (%)		0.98

The expense recognised from share-based payment transaction for the year ended 31 December 2020 was Baht 7.2 million for the consolidated financial statements (2019: Nil) and Baht 3.4 million for the separate financial statements (2019: Nil).

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Movements of the number of issued and allotted share warrants ESOP-W6 during the year ended 31 December 2020 are summarised below:

	Number (in thousand unit)
Warrants issued at 1 January 2020	-
Add: Warrants issued during the period	10,000
Less: Warrants exercised during the period	(5,268)
Warrants issued at 31 December 2020	<u>4,732</u>

During the year ended 31 December 2020, the Company received share subscription from ESOP-W6 as bellow:

	Number (in thousand shares)	Price (Baht)	Total (in million Baht)	Date registered with Ministry of Commerce
September	2,625	26.48	69.5	21 September 2020
December	2,643	26.48	70.0	21 December 2020
Total	<u>5,268</u>		<u>139.5</u>	

Movements of the fair value of share warrants ESOP-W6 during the year ended 31 December 2020 are summarized below:

	Fair value (in thousand Baht)
At 1 January	-
Increase	7,230
Exercised during the period	(6,849)
At 31 December	<u>381</u>

19 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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20 Segment information and disaggregation of revenue

The Group has 3 reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Manufacturing and distributing of Prepreg and Laminate
- Segment 2 Manufacturing and distributing of Printed Circuit Board
- Segment 3 Manufacturing and distributing of Chemical

None of other segments meets the quantitative thresholds for determining reportable segments in 2020 or 2019.

Information regarding the results of each reportable segments is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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The Company and its subsidiaries' operations mainly involve business segments in manufacture and sale of prepreg and laminate, printed circuit board, and chemical products with production facilities in Thailand and operate to both local and overseas markets. Financial information of the Company and its subsidiaries by business for the years ended 31 December 2020 and 2019 is as follows:

Consolidated financial statements										
For the years ended 31 December 2020 and 2019										
Printed Circuit Board business										
	Prepreg and Laminate business		America		Europe		Asia		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(in thousand Baht)									
Information about reportable segments	756,755	174,533	1,744,505	1,907,967	4,511,341	5,597,114	4,129,949	4,102,693	10,385,795	11,607,774
	1,848,209	2,103,880	1,020,503	1,267,239	-	-	2,537,810	2,807,438	3,558,313	4,074,677
	2,604,964	2,278,413	2,765,008	3,175,206	4,511,341	5,597,114	6,667,759	6,910,131	13,944,108	15,682,451
Disaggregation of revenue	2,598,061	2,278,413	2,765,008	3,175,206	4,511,341	5,597,114	6,507,897	6,783,183	13,784,246	15,555,503
	6,903	-	-	-	-	-	159,862	126,948	159,862	126,948
	2,604,964	2,278,413	2,765,008	3,175,206	4,511,341	5,597,114	6,667,759	6,910,131	13,944,108	15,682,451
Timing of revenue recognition	2,604,964	2,278,413	2,765,008	3,175,206	4,511,341	5,597,114	6,667,759	6,910,131	13,944,108	15,682,451
	2,604,964	2,278,413	2,765,008	3,175,206	4,511,341	5,597,114	6,667,759	6,910,131	13,944,108	15,682,451

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Printed Circuit Board business

	Prepreg and Laminate business		America		Europe		Asia		Total		Chemical business		Eliminating entries		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment operating profit	484,789	305,856							2,115,059	2,248,444	197,847	167,557	(285,597)	(268,087)	2,512,098	2,453,770
Unallocated profit and expenses:									<i>(in thousand Baht)</i>							
Other income															214,702	191,319
Distribution costs															(454,563)	(489,590)
Administrative expenses															(994,678)	(1,123,176)
Finance costs															(57,475)	(61,111)
Share of profit from investments in associate															9,841	19,170
Income tax expense															(87,061)	(40,750)
Profit for the year															1,142,864	949,632
Segment assets as at 31 December	2,236,333	1,890,130							22,806,379	21,796,322	590,375	571,520	(8,256,048)	(7,756,969)	17,377,039	16,501,003
Segment liabilities as at 31 December	682,539	535,037							6,708,160	6,076,886	106,826	96,823	(2,182,510)	(1,969,686)	5,315,015	4,739,060

For the year ended 31 December 2020, the Group had total revenues which were converted to US Dollar amounted to US dollar 372.1 million (2019: US dollar 393.0 million).

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Disaggregation of revenue

Revenues from sales

Revenues from rendering of services

Total

Timing of revenue recognition

At a point in time

Total

		Separate financial statements							
		Reportable segment				Printed Circuit Board business			
		America		Europe		Asia		Total	
	2020	2019		2020	2019	2020	2019	2020	2019
						<i>(in thousand Baht)</i>			
	1,173,820	1,023,504	3,357,425	3,893,607	1,916,066	1,868,217	6,447,311	6,785,328	
	1,173,820	1,023,504	3,357,425	3,893,607	1,866,189	1,773,106	6,397,434	6,690,217	
	-	-	-	-	49,877	95,111	49,877	95,111	
	1,173,820	1,023,504	3,357,425	3,893,607	1,916,066	1,868,217	6,447,311	6,785,328	
	1,173,820	1,023,504	3,357,425	3,893,607	1,916,066	1,868,217	6,447,311	6,785,328	
	1,173,820	1,023,504	3,357,425	3,893,607	1,916,066	1,868,217	6,447,311	6,785,328	

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Geographical information

In presenting geographical information, revenue is based on the geographical location of customers.

Major customer

Revenues from 3 customers of the Group's printed circuit board business segment represents approximately Baht 2,354 million (2019: Baht 2,704 million) of the Group's total revenues.

Contract Balances

The following table provides information about receivable, contract assets and contract liabilities from contracts with customer.

		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
	<i>Note</i>	2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Trade accounts receivable - net	26	3,138,801	2,946,519	2,528,715	2,176,634
Contract costs assets		373,992	232,045	340,898	198,890

The amount of amortisation which is included in the consolidated statement of comprehensive income for the year ended 31 December 2020 were Baht 7.0 million (2019: Baht 5.8 million) and the separate statement of comprehensive income for the year then ended were Baht 4.5 million (2019: Baht 4.0 million). There was no impairment loss recognised from the said assets.

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The Group have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain conditions. Significant privileges of the Company and its subsidiaries are as follows:

Details	KCE Electronics Public Company Limited	KCE Technology Co., Ltd.			Chemtronic Technology (Thailand) Co., Ltd.
		2432(2)/2555 Manufacturing of Printed Circuit Board	60-0545-1-05-1-0 Manufacturing of Printed Circuit Board	63-1212-1-05-1-0 Manufacturing of Printed Circuit Board	
1. Certificate No.	1219(2)/2557	8 years	3 years	3 years	5006(2)/2557
2. Promotional privileges for	Manufacturing of Printed Circuit Board	8 years	3 years	3 years	Recovery of Copper Sulfate
3. The significant privileges are					
3.1 Exemption from corporate income tax on net income from promoted operations and exemption from income tax on dividends paid from promoted operations throughout the period in which the corporate income tax is exempted.	8 years	8 years	3 years	3 years	8 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Not granted	Not granted	Not granted	Not granted	Not granted
3.3 Exemption from import duty on machinery as approved by the board	Granted	Granted	Granted	Granted	Granted
3.4 Exemption from import duty on raw materials and essential supplies used in export production for a period of one year from the first import date.	Not granted	Not granted	Not granted	Not granted	Not granted
4. Date of first earning operating income	1 October 2015	21 August 2012	1 June 2017	3 November 2020	1 January 2014

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Details	Chentronic Product Co., Ltd.		Thai Laminate Manufacturer Co., Ltd	
	62-0056-1-00-1-0 Recovery of Copper Sulfate	62-0312-1-00-1-0 Recovery of Copper Sulfate	2469(2)/2556 Manufacturing of Prepreg and Laminate	2490(2)/2557 Manufacturing of Laminate
1. Certificate No.				59-1009-1-00-1-0 Manufacturing of Prepreg
2. Promotional privileges for				
3. The significant privileges are				
3.1 Exemption from corporate income tax on net income from promoted operations and exemption from income tax on dividends paid from promoted operations throughout the period in which the corporate income tax is exempted.	8 years	8 years	5 years	6 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Not granted	Not granted	Not granted	Not granted
3.3 Exemption from import duty on machinery as approved by the board	Granted	Granted	Granted	Granted
3.4 Exemption from import duty on raw materials and essential supplies used in export production for a period of one year from the first import date.	Not granted	Not granted	Granted	Granted
4. Date of first earning operating income	27 June 2018	16 January 2020	8 June 2015	27 November 2017
				1 December 2017

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

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Summary of revenues from promoted and non-promoted businesses:

	Separate financial statements					
	2020			2019		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	5,228,765	956,621	6,185,386	5,546,669	727,858	6,274,527
Local sales	24,428	187,619	212,047	33,579	382,111	415,690
Local services	-	49,878	49,878	-	95,111	95,111
Total Revenues	5,253,193	1,194,118	6,447,311	5,580,248	1,205,080	6,785,328

21 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Wages and salaries		1,726,350	1,837,789	770,900	764,085
Defined contribution plans		42,770	43,147	12,765	12,065
Defined benefit plans	16	26,438	80,441	10,521	33,341
Others		258,353	393,291	93,876	134,613
Total		2,053,911	2,354,668	888,062	944,104

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 4% to 15% of their basic salaries and by the Group at rates ranging from 4% to 9% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

22 Expenses by nature

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		5,518,082	5,778,949	3,782,896	4,039,664
Employee benefit expenses	21	2,053,911	2,354,668	888,062	944,104
Utility expenses		770,449	876,278	402,612	434,888
Depreciation of plant and equipment	10, 11	1,008,974	977,501	533,294	502,739
Repair and maintenance expenses		244,148	301,835	102,481	124,661
Commission expense		111,739	124,511	212,864	208,766
Freight charge		80,583	66,030	44,257	25,654
Impairment losses of assets		50,307	(87)	37,511	-
Others		626,112	776,683	286,820	338,519
Total cost of sales of goods, distribution costs and administrative expenses		10,464,305	11,256,368	6,290,797	6,618,995

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23 Income tax

Income tax recognised in profit or loss

<i>For the years ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	105,440	60,836	1,263	17,242
	105,440	60,836	1,263	17,242
Deferred tax expense				
Movements in temporary differences	(18,379)	(20,087)	(12,292)	(9,284)
	(18,379)	(20,087)	(12,292)	(9,284)
Total	87,061	40,749	(11,029)	7,958

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2020	2019		2020	2019	
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	(55,095)	11,019	(44,076)	(46,750)	9,350	(37,400)
Total	(55,095)	11,019	(44,076)	(46,750)	9,350	(37,400)

	Separate financial statements					
	2020	2019		2020	2019	
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	(21,651)	4,330	(17,321)	(17,118)	3,424	(13,694)
Total	(21,651)	4,330	(17,321)	(17,118)	3,424	(13,694)

Reconciliation of effective tax rate

<i>For the years ended 31 December</i>	Consolidated financial statements			
	2020	2019		
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		1,229,925		990,381
Income tax using the Thai corporation tax rate	20	245,985	20	198,076
Income not subject to tax	(14)	(166,318)	(15)	(148,981)
Expenses not deductible for tax purposes and additional reduction transactions	-	(2,491)	-	(183)
Others	1	9,885	(1)	(8,163)
Total	7	87,061	4	40,749

KCE Electronics Public Company Limited and its subsidiaries
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*For the years ended
31 December*

	<i>Rate (%)</i>	Separate financial statements	
		2020	2019
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		901,085	902,084
Income tax using the Thai corporation tax rate	20	180,217	180,417
Income not subject to tax	(20)	(184,070)	(170,478)
Expenses not deductible for tax purposes and additional reduction transactions	-	27	(34)
Others	(1)	(7,203)	(1,947)
Total	(1)	(11,029)	7,958

Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2020	2019	2020	2019
		<i>(in thousand Baht)</i>		
Total	118,082	95,923	(72,357)	(79,596)
Set off of tax	(17,315)	(20,912)	17,315	20,912
Net deferred tax assets (liabilities)	100,767	75,011	(55,042)	(58,684)

	Separate financial statements			
	Assets		Liabilities	
	2020	2019	2020	2019
		<i>(in thousand Baht)</i>		
Total	38,255	25,272	(17,369)	(21,008)
Set off of tax	(17,369)	(21,008)	17,369	21,008
Net deferred tax assets	20,886	4,264	-	-

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Movements in total deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements (Charged) / Credited to:		
	At 1 January 2019	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income
		At 31 December 2019	At 1 January 2020
<i>Deferred tax assets</i>			
Allowance for decline in value of inventories	11,018	(472)	-
Allowance for impairment of assets	23,374	1,029	-
Employee benefit obligations	39,172	12,452	9,350
Total	73,564	13,009	9,350
<i>Deferred tax liabilities</i>			
Leases	(24,488)	3,479	-
Property, plant and equipment	(26,962)	4,365	-
Intangible assets	(35,224)	(766)	-
Total	(86,674)	7,078	-
Net	(13,110)	20,087	9,350
		16,327	16,327
			11,019
		18,379	11,019
		118,082	118,082
			7,771
			34,464
			75,847
			(17,370)
			(21,948)
			(33,039)
			(72,357)
			45,725

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Unrecognised deferred tax assets</i>				
		(in million Baht)		
Tax losses	13,616	-	-	-
Total	13,616	-	-	-

The tax losses expire in 2025. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.

24 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2020 and 2019 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>For the year ended 31 December</i>				
	(in thousand Baht/ thousand shares)			
Profit attributable to ordinary shareholders of the Company (basic)	1,126,787	934,492	912,114	894,126
Number of ordinary shares outstanding at 1 January	1,172,794	1,172,794	1,172,794	1,172,794
Effect from ordinary shares issued during the year	813	-	813	-
Weighted average number of ordinary shares outstanding (basic)	1,173,607	1,172,794	1,173,607	1,172,794
Earnings per share (basic) (in Baht)	0.96	0.80	0.78	0.76

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2020 and 2019 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all diluted potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>For the year ended 31 December</i>				
	(in thousand Baht/ thousand shares)			
Profit attributable to ordinary shareholders of the Company	1,126,787	934,492	912,114	894,126
Weighted average number of ordinary shares outstanding (basic)	1,173,607	1,172,794	1,173,607	1,172,794
Effect of share warrants	-	-	-	-
Weighted average number of ordinary shares outstanding (diluted)	1,173,607	1,172,794	1,173,607	1,172,794
Earnings per share (diluted) (in Baht)	0.96	0.80	0.78	0.76

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As an average market price of an ordinary shares of the Company for the year ended 31 December 2020 was lower than exercise price of warrants, resulting in, anti-dilutive effect. Therefore the Company excluded these warrants which may be converted to ordinary shares in the calculation of diluted earnings per share.

25 Dividends

The shareholders and/or the Board of Directors of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>Paid in 2020</i>				
Interim dividend	27 March 2020	24 April 2020	0.40	469
Interim dividend	11 August 2020	9 September 2020	0.40	469
<i>Paid in 2019</i>				
Annual dividend	25 April 2019	9 May 2019	0.55	645
Interim dividend	13 August 2019	9 September 2019	0.40	469

26 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

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	Note	Carrying amount		Consolidated financial statements			
		Fair value through profit or loss	Amortised cost - net	Total	Level 1	Level 2	Level 3
At 31 December 2020							
Financial assets							
Other financial assets:							
	28	1,276	-	1,276	-	1,276	1,276
	28	3,887	-	3,887	-	3,887	3,887
	28	(173)	-	(173)	-	(173)	(173)
Total other financial assets		4,990	-	4,990			

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	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
<i>Financial assets (liabilities) not measured at fair value</i>					
31 December 2019					
Foreign currency forward contracts	79	-	920	-	920
<i>Financial assets (liabilities) measured at fair value</i>					
31 December 2019					
Commodities hedge agreements	836	-	836	-	836

As at 31 December 2019 the Company had no financial assets and liabilities measured at fair value.

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts, foreign currency option contracts and commodities hedge agreements	The fair value of foreign currency forward contracts, foreign currency option contracts and commodities hedge agreements determined the price from an agreement with financial institutions.

(b) Financial risk management policies

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(c.1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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(c.1.1) Trade accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 20.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 160 days.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables and contract assets

	Consolidated financial statements		Separate financial statements	
	Trade accounts receivables	Allowance for impairment losses	Trade accounts receivables	Allowance for impairment losses
At 31 December 2020		(in thousand Baht)		
Within credit terms	2,483,285	-	1,955,136	-
Overdue:				
Less than 3 months	649,946	-	541,504	-
3 - 6 months	4,382	-	32,075	-
6 - 12 months	140	-	-	-
Over 12 months	3,484	(2,436)	-	-
Total	3,141,237	(2,436)	2,528,715	-
Less allowance for impairment	(2,436)		-	
Net	3,138,801		2,528,715	

	Consolidated financial statements	Separate financial statements
Trade accounts receivables		
At 31 December 2019		
Related parties		
Within credit terms	-	350,039
Overdue:		
Less than 3 months	-	270,558
3 - 6 months	-	11,477
6 - 12 months	-	337
Over 12 months	-	-
Total	-	632,411
Less allowance for doubtful accounts	-	-
Net	-	632,411

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<i>Trade accounts receivables</i>	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>At 31 December 2019</i>		
Other parties		
Within credit terms	2,142,985	1,598,755
Overdue:		
Less than 3 months	791,637	566,065
3 - 6 months	13,711	11,477
6 - 12 months	17	337
Over 12 months	606	-
Total	2,948,956	2,176,634
Less allowance for doubtful accounts	(2,437)	-
Net	2,946,519	2,176,634

The normal credit terms granted by the Group range from 60 days to 160 days.

(c.1.2) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

(c.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements					
Contractual cash flows					
<i>At 31 December 2020</i>	Carrying amount	1 year or less	More than 1 year but less than 5 years	More than 5 years	Total
			<i>(in thousand Baht)</i>		
Non-derivative financial liabilities					
Trade payables	1,817,402	1,817,402	-	-	1,817,402
Other current payables	640,371	640,371	-	-	640,371
Short-term borrowings from financial institutions	1,282,939	1,282,939	-	-	1,282,939
Lease liabilities	8,266	4,622	3,644	-	8,266
Long-term borrowings	1,063,184	387,089	671,167	4,928	1,063,184
	4,171,791	3,492,052	674,811	4,928	4,171,791

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Separate financial statements					
Contractual cash flows					
			More than 1 year but less than 5 years	More than 5 years	
<i>At 31 December 2020</i>	Carrying amount	1 year or less	(in thousand Baht)		Total
<i>Non-derivative financial liabilities</i>					
Trade payables	1,536,733	1,536,733	-	-	1,536,733
Other current payables	340,860	340,860	-	-	340,860
Short-term borrowings from financial institutions	1,032,939	1,032,939	-	-	1,032,939
Lease liabilities	6,545	3,865	2,680	-	6,545
Long-term borrowings	1,035,286	378,853	656,433	-	1,035,286
	3,611,503	2,952,390	659,113	-	3,611,503

		Consolidated financial statements			
		Maturity period			
<i>At 31 December 2019</i>	Effective interest Rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in thousand Baht)</i>					
Financial Assets					
Cash and cash equivalent	0.01-0.50	957,395	-	-	957,395
Total		957,395	-	-	957,395
Financial Liabilities					
Short-term borrowings from financial institutions	0.02-2.28	1,066,665	-	-	1,066,665
Liabilities under hire-purchase and finance lease agreements	1.88-7.92	3,919	7,027	-	10,946
Long-term borrowings	1.40-4.75	258,983	724,116	-	983,099
Total		1,329,567	731,143	-	2,060,710

		Separate financial statements			
		Maturity period			
At 31 December 2019	Effective interest Rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in thousand Baht)		
Financial Assets					
Cash and cash equivalent	0.01-0.25	70,959	-	-	70,959
Total		70,959	-	-	70,959

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		Separate financial statements			
		Maturity period			
<i>At 31 December 2019</i>	Effective interest Rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in thousand Baht)</i>					
Financial Liabilities					
Short-term borrowings from financial institutions	0.01-2.28	1,066,665	-	-	1,066,665
Liabilities under hire-purchase and finance lease agreements	3.42-3.80	2,716	5,307	-	8,023
Long-term borrowings	1.40-2.97	250,813	696,166	-	946,979
Total		1,320,194	701,473	-	2,021,667

(c.3) Market risk

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

(c.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

<i>Assets and liabilities denominated in foreign currencies as at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
United States Dollar				
Cash and cash equivalents	1,263,864	447,208	59,557	31,863
Trade and other current receivables	2,283,105	2,201,592	1,900,071	1,663,223
Interest-bearing liabilities	(233,602)	(357,793)	(221,114)	(343,957)
Trade and other current payables	(1,667,321)	(1,497,857)	(1,329,951)	(1,245,210)
Gross balance sheet exposure	1,646,046	793,150	408,563	105,919
Euro				
Cash and cash equivalents	39,157	17,835	2,124	8,694
Trade and other current receivables	422,675	447,741	387,943	388,744
Interest-bearing liabilities	(351,825)	(287,708)	(351,825)	(287,708)
Trade and other current payables	(13,206)	(32,857)	(35,938)	(36,904)
Gross balance sheet exposure	96,801	145,011	2,304	72,826

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Yen

Cash and cash equivalents	1,695	638	394	335
Trade and other current receivables	104	-	-	-
Interest-bearing liabilities	(81,537)	(103,229)	(81,537)	(103,229)
Trade and other current payables	(4,417)	(6,970)	(4,417)	(6,114)
Gross balance sheet exposure	(84,155)	(109,561)	(85,560)	(109,008)

Chinese Yuan

Cash and cash equivalents	46,472	6,839	21,776	5,706
Trade and other current receivables	85,626	61,446	85,682	61,446
Trade and other current payables	(16,199)	-	(51,743)	(18,598)
Gross balance sheet exposure	115,899	68,285	55,715	48,554

Singapore Dollars

Cash and cash equivalents	3,615	-	-	-
Trade and other current payables	(667)	(433)	(405)	(107)
Gross balance sheet exposure	2,948	(433)	(405)	(107)

Pound Sterling

Cash and cash equivalents	587	568	587	568
Gross balance sheet exposure	587	568	587	568

Swiss Franc

Trade and other current payables	-	(101)	-	-
Gross balance sheet exposure	-	(101)	-	-

Assets and liabilities denominated in foreign currencies as at 31 December

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Taiwan Dollars</i>		(in thousand Baht)		
Trade and other current payables	(384)	(292)	-	-
Gross balance sheet exposure	(384)	(292)	-	-

(c.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 15).

The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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<i>Exposure to interest rate risk at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Financial instruments with fixed interest rates</i>				
Short-term borrowings from financial institutions	1,282,939	1,066,665	1,032,939	1,066,665
Long-term borrowings	437,775	585,815	425,286	571,979
	1,720,714	1,652,480	1,458,225	1,638,644
<i>Financial instruments with variable interest rates</i>				
Long-term borrowings	625,409	397,284	610,000	375,000
	625,409	397,284	610,000	375,000

27 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

28 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for buildings and other constructions	88,030	4,509	87,779	-
Unrecognised purchase orders for machinery and equipment	197,333	38,411	104,808	29,127
Total	285,363	42,920	192,587	29,127
<i>Future minimum lease payments under non-cancellable operating lease and services contracts</i>				
Within one year	19,339	35,254	2,154	1,553
After one year but within five years	8,091	26,823	349	-
Total	27,430	62,077	2,503	1,553
<i>Other commitments</i>				
Unrecognised purchase orders for raw materials	909,417	640,627	234,715	101,881
Bank guarantees	49,142	47,654	46,487	46,301
Total	958,559	688,281	281,202	148,182

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Forward exchange contracts

As at 31 December 2020, the Group had outstanding forward exchange contracts as follows:

Currency	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
	Amount (Thousand)	Maturity date	
<i>Selling contract</i>			
US dollar	6,164	31 March 2021 – 28 June 2021	30.0410-31.7020
Euro	100	28 April 2021	37.0500

As at 31 December 2019, the Group had outstanding forward exchange contracts as follows:

Currency	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
	Amount (Thousand)	Maturity date	
<i>Selling contract</i>			
US dollar	4,950	27 March 2020 – 24 June 2020	Baht 30.0580 – 30.4820

As at 31 December 2020 and 2019, the Company had no outstanding forward exchange contracts.

Commodity hedge agreements

As at 31 December 2020, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price	Commodity's market price	Maturity date
			As at 31 December 2020 (US dollars per ton)	
<i>Buying contract</i>				
Copper	50	6,500	7,742	31 January 2021

As at 31 December 2019, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price	Commodity's market price	Maturity date
			As at 31 December 2019 (US dollars per ton)	
<i>Buying contract</i>				
Copper	30	5,670	6,205	31 January 2020

As at 31 December 2020 and 31 December 2019, the Company had no outstanding copper swap agreements.

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Foreign currency option agreements

As at 31 December 2020 the Group had outstanding foreign currency option agreements as follows:

	Currency	Consolidated financial statements Sell amount (Thousand)	Strike rate (Baht per unit of foreign currency)	Settlement date
Call/Put option	US dollar	1,000	30.3000	12 February 2021
Call/Put option	US dollar	1,000	30.3000	11 March 2021

As at 31 December 2020 the Company had no outstanding foreign currency option agreements.

As at 31 December 2019 the Group and the Company had no outstanding foreign currency option agreements.

29 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 which are included in the 2020 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2020 financial statements as follows:

	2019					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. (in thousand Baht)	Before reclass.	Reclass.	After reclass.
<i>Statement of financial position as at 31 December 2019</i>						
Inventories	2,621,982	79,409	2,701,391	1,218,445	55,040	1,273,485
Property, plant and equipment	8,918,374	(79,409)	8,838,965	5,393,806	(55,040)	5,338,766
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

AUDITOR'S REMUNERATION

In fiscal year ended December 31, 2020, KCE Electronics Public Company Limited and its subsidiaries paid the audit remuneration as follows:

Audit Remuneration for 2020	KCE Electronics PCL	KCE Technology Co., Ltd.	K C E International Co., Ltd.	Thai Laminate Manufacturer Co., Ltd.	KCE (Thailand) Co., Ltd.	Chemtronic Technology Co., Ltd.	Chemtronic Products Co., Ltd.	CTC Chemical Co., Ltd.	TOTAL (Baht)
Audit Fee	1,430,000	970,000	505,000	515,000	330,000	270,000	160,000	160,000	4,340,000
Fee for compliance review against BOI's condition	None	None	None	None	None	None	None	None	None
Fee for other services	None	None	None	None	None	None	None	None	None
Fee for compliance review against BOI's condition and Fee for other services, due in the future	85,000	170,000	15,000	195,000	None	60,000	120,000	None	645,000

GENERAL INFORMATION FOR INVESTORS

Company Name	: KCE Electronics Public Company Limited ("KCE")
Nature of Business	: Manufacturer and distributor of Printed Circuit Boards (PCBs)
Registered Capital	: Baht 591,396,798
Issued and Paid-up Capital	: Baht 589,031,048 Ordinary shares: 1,178,062,096 shares (as at Dec. 31, 2020) Par value of Baht 0.50 per share
Address	: 72 - 72/1-3 Lat Krabang Industrial Estate Soi Chalongkrung 31, Lumplatew, Lat Krabang, Bangkok 10520
Registration No.	: 0107535000354 (Old number: Bor Mor Jor 68)
Website	: www.kce.co.th
Telephone	: (662) 326-0196 - 9
Facsimile	: (662) 326-0300

KCE Electronics Public Company Limited is a manufacturer of printed circuit boards, both double-sided and multi-layer. The following general information refers to businesses in which the Company holds more than 10%.

1. K C E International Co., Ltd. (KCEI), registered and paid-up capital of THB100 million, is a manufacturer and distributor of double-sided PCBs. The Company holds 99.99% of KCEI's ordinary shares. Its factory is located in the Bang-poo Industrial estate, Samutprakarn province.

2. KCE Technology Co., Ltd. (KCET), registered and paid-up capital of THB1,600 million, is a manufacturer and distributor of multilayer PCBs, mostly 4-6 layers. The Company holds 100% of KCET's ordinary shares. Its factory is located in the Hi-Tech Industrial estate, Ayutthaya province.

3. Thai Laminate Manufacturer Co., Ltd. (TLM), registered and paid-up capital of THB250 million, is a manufacturer and distributor of copper clad laminate (Laminate) and pre-impregnated fiberglass (Prepeg), which are the main raw materials required for the PCB production of the Company and two subsidiaries. The Company and a subsidiary jointly hold 100% of TLM's ordinary shares. Its factory is located on the Lat-Krabang Industrial Estate, Bangkok.

4. KCE (Thailand) Co., Ltd., was incorporated on March 8, 2007 with paid-up capital of THB3,600,000 to act as the local distributor for KCE's PCBs in Thailand. The Company holds 60% of KCE (Thailand)'s ordinary shares.

5. KCE America Inc., registered and fully paid-up capital of USD50,000, acts as KCE's sales office in the U.S. The Company and a subsidiary jointly hold 50% of its shares. On Jan. 3, 2018, The Company acquired a further 45% of the shares of KCE America, Inc., from its existing shareholders resulting in the Group's total shareholding rising to 95%.

6. KCE Singapore Pte., Ltd. registered and fully paid-up capital of SGD500,000, serves as KCE's sales office for the Asia region. On Nov. 1, 2014, the Company acquired an additional 51% of the shares in KCE Singapore, resulting in the Company and a subsidiary jointly holding 100% of its shares.

7. In January 2012, the Company entered a joint venture to establish KCE Taiwan Co., Ltd, with fully paid-up capital of NTD3,000,000. KCE Taiwan is an overseas sourcing representative for raw materials and machinery for the Company and its subsidiaries. The Company holds 49% of its shares.

8. On Oct. 2, 2012, the Company acquired Chemtronic Technology (Thailand) Co., Ltd, (registered and paid-up capital of THB48,000,000), a PCB ink producer and PCB chemical recycling business. As a result of the transaction, the Company now holds 94.75% of its shares. The benefits from the investment in Chemtronic Technology include a reduction in its waste disposal burden, and a considerable gain from the recycling of used chemical solutions. Chemtronic Technology (Thailand) holds 98.75% of Chemtronic Chemical Co., Ltd. (subsidiary) and holds 99.58% of CTC Chemical Co., Ltd. (Subsidiary).

9. On July 2016, the Company invested in a new subsidiary, Chemtronic Products Co., Ltd. with fully paid up capital of THB48,000,000. Chemtronic Products produces a chemical used in the animal feed mill. The Company holds 94.96% of its shares. On December 2018, Chemtronic Products Co., Ltd. has registered and fully paid up capital of THB80,000,000 and the Company holds 94.96% of its shares. Chemtronic Products has a new production of Tin Ingot in 2019.

Other References

Registrar

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Telephone : (662) 693-2036
Facsimile : (662) 693-4189

Auditor

Mr. Sumate Jangsamsee
Certified Public Account Registration No. 9362 and/or
Mr. Chokechai Ngamwutikul
Certified Public Account Registration No. 9728 and/or
Mr. Veerachai Ratanajaratkul
Certified Public Account Registration No. 4323

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Investor Relation

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72- 72/1-3 Lat Krabang Industrial Estate
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Telephone : (662) 326-0196 - 9 Ext. 1201, 1501
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E-mail : tanyarat@kce.co.th
niraphat@kce.co.th
Website : www.kce.co.th

DIVIDEND POLICY

According to the Company's Articles of Association, the Company must appropriate its annual net profit for legal reserve of not less than 5 (five) percent of annual net profit after a deduction of brought forward deficit (if any) until the reserve shall be not less than 10 (ten) percent of the Company's registered capital.

The Company's policy is to pay a dividend of not less than 30% of its consolidated net profit for the fiscal year, after deducting for tax and reserves as required by the law. The dividend is paid twice a year via i) an interim dividend payment, which is based on the operating results of the first half of the year, and must be approved by the Board and reported to the upcoming Shareholders' Meeting; and ii) the annual dividend payment, which is

considered from the operating results of the second half of the year. Again, the Board must seek approval from shareholders.

As for subsidiaries' dividend payments, each unit must take into account its own financial status and other important factors before determining an appropriate amount.

In all cases, the dividend payment is subject to cash flow, investment plans, other necessities and expected future requirements. Furthermore, such dividend payments must not exceed retained earnings, as reported in the Company's financial statement, and/or have any substantial impact on the operations of the Company and its subsidiaries.

The Dividend Payment in the past 4 years:

	2020 (Proposed year)	2019	2018	2017
1. Net Profit – Consolidated FS (Baht)	1,126,786,742	934,491,809	2,014,871,988	2,544,502,011
2. Number of shares as of Dec.31, (Shares)	1,178,062,096	1,172,793,596	1,172,793,596 ⁽¹⁾	586,396,798
3. Annual Dividend (Baht/Share)	<u>0.80</u>	<u>0.80</u>	<u>1.10</u>	<u>2.20</u>
- Interim dividend	0.40	0.40	0.55	1.10
- Yearly dividend	0.40 ⁽²⁾	0.40	0.55	1.10
4. Total dividend payment (Baht)	940,342,277	938,229,134	1,290,072,956	1,290,046,528
5. Dividend Payment to Net profit – Consolidated FS	83.5%	100.4%	64.0%	50.7%

⁽¹⁾ A change in par value of the Company's shares from 1 Baht per share to 0.50 Baht per share since May 16, 2018.

⁽²⁾ The proposed dividend in the 2021 Annual Shareholders' Meeting.

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KCE Electronics Public Company Limited

Establish Year	:	1982
Registration No.	:	0107535000354 (Old number: Bor Mor Jor 68)
Nature of Business	:	Manufacturer and distributor of Printed Circuit Boards (PCBs)
Stock Information	:	The Company listed on the Stock Exchange of Thailand in 1988 Security name "KCE"
Registered Capital	:	Baht 591,396,798
Issued and Paid-up Capital	:	Baht 589,031,048 Ordinary shares: 1,178,062,096 shares, par value of Baht 0.50 per share
Head Office Address	:	72 - 72/1-3 Lat Krabang Industrial Estate Soi Chalongkrung 31, Lumplatew, Lat Krabang, Bangkok 10520
Telephone	:	(662) 326-0196 - 9
Facsimile	:	(662) 326-0300
Website	:	www.kce.co.th
Information Request	:	Company Secretary Telephone : (662) 326-0196 - 9 Ext. 1201 Facsimile : (662) 326-0300 E-mail : tanyarat@kce.co.th Investor Relation Telephone : (662) 326-0196 - 9 Ext. 1501 Facsimile : (662) 326-0300 E-mail : niraphat@kce.co.th

