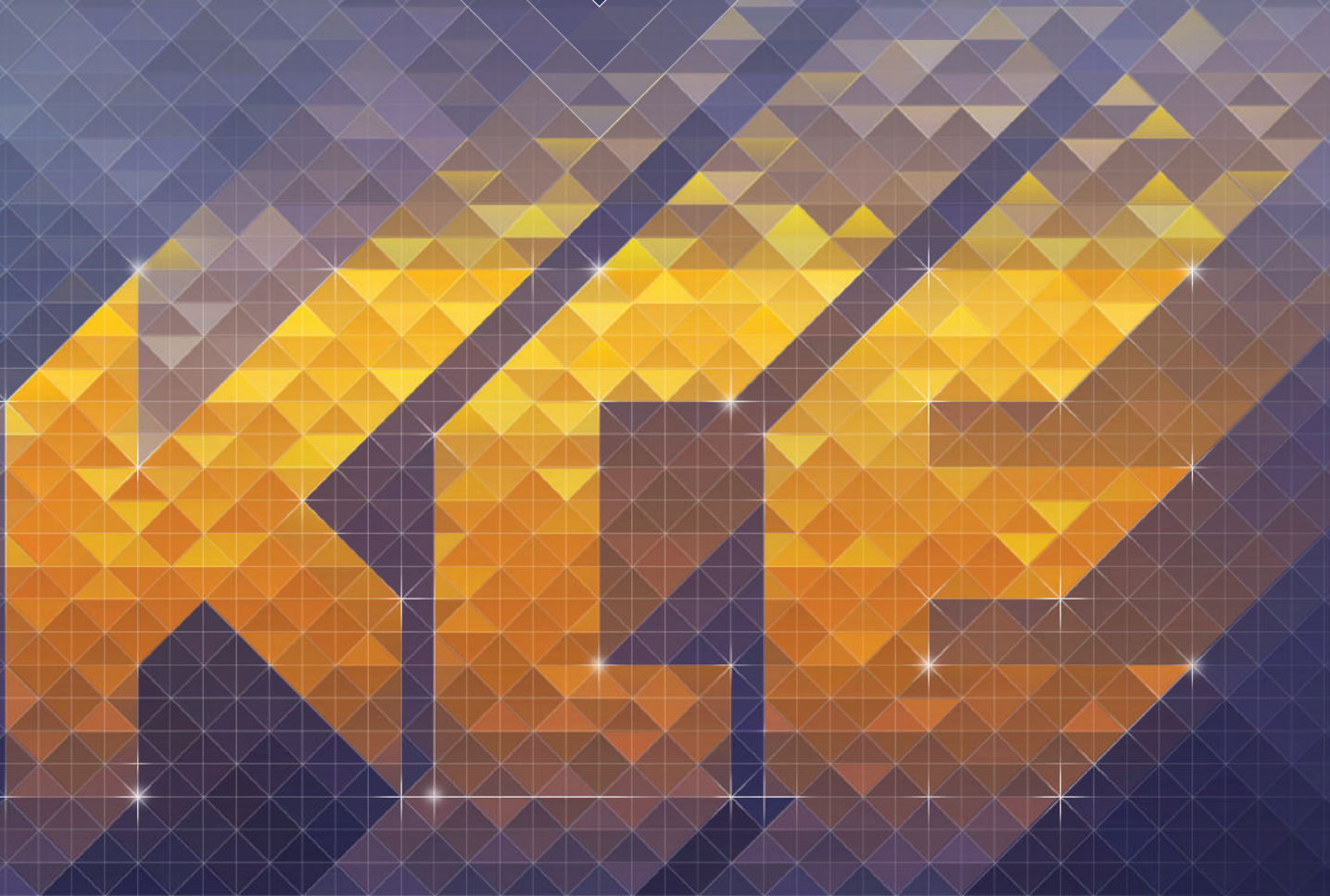




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ANNUAL REPORT

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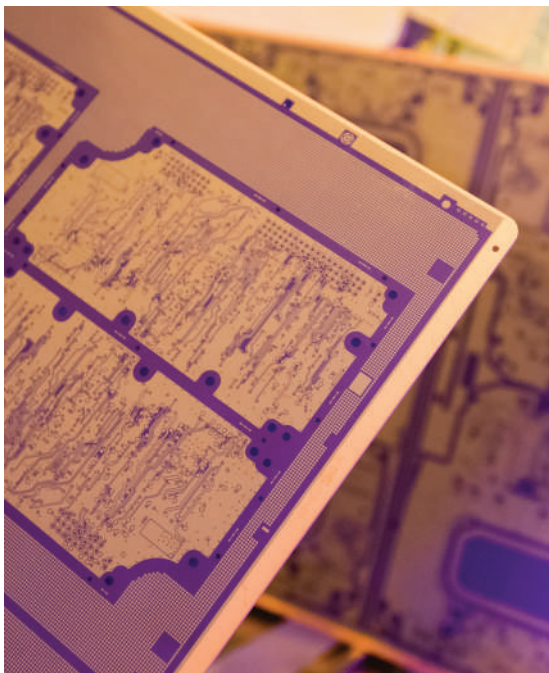
ABOUT KCE

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.28, 2023, the Company's registered capital was Bt591,396,798 with paid-up capital of Bt591,044,298.

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.

KCE Group consists of the Company, Subsidiaries and Associated Companies as follows :



SUBSIDIARY COMPANIES

1. K.C.E. International Co., Ltd.
2. KCE Technology Co., Ltd.
3. Thai Laminate Manufacturer Co., Ltd.
4. KCE (Thailand) Co., Ltd.
5. Chemtronic Technology (Thailand) Co., Ltd.
6. Chemtronic Products Co., Ltd.
7. KCE Singapore Pte., Ltd. (Since November 1, 2014)
8. KCE America Inc. (Since January 3, 2018)

INDIRECT SUBSIDIARY COMPANIES

1. Chemtronic Chemical Co., Ltd.
2. CTC Chemical Co., Ltd.
3. KCE America Partners LLC

ASSOCIATED COMPANIES

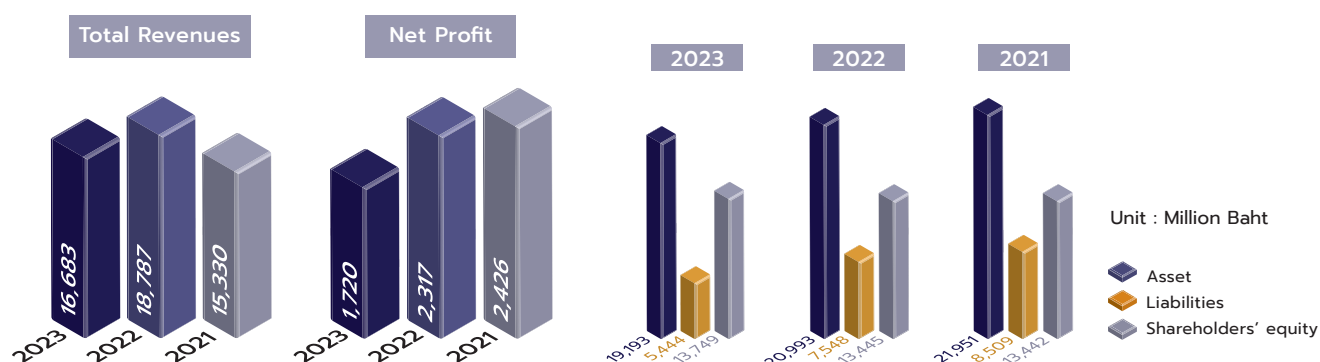
- KCE Taiwan Co., Ltd.

FINANCIAL HIGHLIGHTS

Unit : Million Baht

	2023	2022	2021
Sales and Services Income	16,343.63	18,456.34	14,937.78
Total Revenues	16,683.36	18,786.59	15,329.77
Gross Margin	3,403.00	4,201.99	3,972.58
EBITDA	3,071.05	3,635.22	3,740.27
Operating profit before interest and tax	1,975.49	2,553.32	2,716.40
Net profit	1,719.58	2,317.23	2,426.28
Earnings per share (in Baht)	1.45	1.96	2.06
Weighted average number of shares outstanding (Thousand Shares)	1,182,064	1,181,792	1,180,286
Dividend Payout ratio (%)	89.36%	81.61%	77.91%
Total assets	19,193.32	20,993.48	21,950.73
Total liabilities	5,444.04	7,548.17	8,508.64
Total shareholders' equity	13,749.28	13,445.31	13,442.09
Issued and paid up capital	591.04	590.98	590.79
Net cash from operating activities	4,213.82	2,035.91	1,735.46

* The proposed dividend in the 2024 Annual Shareholders' Meeting



FINANCIAL RATIOS	2023	2022	2021
Gross Profit Margin / Total Sales	20.82%	22.77%	26.59%
EBIT / Total Sales	12.09%	13.83%	18.18%
Net profit / Total Sales	10.52%	12.56%	16.24%
Return on Shareholders' Equity	12.51%	17.23%	18.05%
Return on Assets	8.96%	11.04%	11.05%
Net cash from operating activities / Sales	25.78%	11.03%	11.62%
Net cash from operating activities/Shareholders' equity	30.65%	15.14%	12.91%
Earning Per Share (Baht)	1.45	1.96	2.06
Dividend Per Share * (Baht)	1.30	1.60	1.60
Book Value Per Share (Baht)	11.63	11.38	11.39
Liquidity Ratios(times)	2.21	1.77	1.70
Debt to Equity Ratios (times)	0.40	0.56	0.63
Gearing Ratio (times)	0.16	0.28	0.27

* The proposed dividend in the 2024 Annual Shareholders' Meeting

AWARDS FOR SUCCESS

Excellent CG Scoring



Corporate Governance Report of Thai Listed Company (CGR 2023)
Excellent CG Scoring 9th Year of Achievement



CAC Change Agent Award 2023



2023 Excellence Practices Establishment
Labour Relations and Welfare National Level as the 11th Year of Achievement



I-EA-T Sustainable Awards 2566 ISB Leader
from Industrial Estate Authority of Thailand



Thailand's Top Corporate Brand
Hall of Fame 2023 in the Electronics category



2023 DIRECTORS REPORT

BUSINESS REVIEW

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the year ended on 31st December 2023, the Group's total sales were Bt16,343.6 million, with a Bt1,719.6 million net profit (10.5% of sales), compared to 2022's performance of Bt18,456.3 million of total sales with Bt2,317.2 million net profit (12.6% of sales). The comparison of operating performance between FY23 vs FY22 is shown in the following table :

[Amount : in Baht million]

	Y2023	Y2022	%Change Y-o-Y [2023 VS 2022]	Y2021	%Change Y-o-Y [2022 VS 2021]
FX : THB/USD	34.6159	34.8192		31.8764	
FX : THB/EUR	37.2871	36.5020		37.4456	
Sales Revenue	16,343.6	18,456.3	-11.45	14,937.8	+23.55
[Sales Revenue, USD	\$472.1	\$530.1	-10.93	\$468.6	+13.11]
Cost of Sales	12,940.6	14,254.4		10,965.2	
Gross margin (%)	20.8%	22.8%		26.6%	
Selling & Administration	1,774.1	1,988.5	-10.78	1,655.7	+20.1
Operating Profit*	1,569.4	2,280.9	-31.20	2,218.8	+2.80
Net Profit (attribute to company)	1,719.6	2,317.2	-25.79	2,426.3	-4.50
Net Profit Margin(%)	10.5%	12.6%		16.2%	

[Remark * Excludes foreign exchange rate effects and special exceptional item]

The Group's operating performance for FY23 was impacted by the global economic slowdown, leading to a significant reduction in global demand for electronics in 1H23. There was a slight improvement in demand in 3Q23, but it did not return to normal. Despite the shortage of chips and semiconductor, which has been ongoing since last year, has seen an improved situation, the electronics industry had to adapt to high inventory levels with reduced demand. Another factor affected by the global economic situation include country's financial policies is the volatility of foreign exchange rates, particularly in 1Q23. The company had to adjust management plans throughout the year to mitigate various risks, closely monitoring the situation and communicating with both customers and suppliers to align plans. Positive factors, that helped alleviate the severity of the impact, include a decrease in the price of key raw materials, such as copper, resulting in lower raw material costs compared to the previous year. Additionally, electricity costs, a primary production overhead expense, which has increased significantly since 2022, started to reduce in 2H23. The adjustments in raw material prices and electricity costs led to an improved gross profit rate in 2H23 compared to 1H23.

Nevertheless, due to the global economic downturn in 2023, there were many factors that greatly affect sales and production costs. The company adapted management strategies, accelerate investment for production efficiency improvement and cost reduction, and properly controlled expenses to achieve overall efficiency while still achieving customers' expectations accordingly. As a result, the net profit of 2023 was Bt1,719.6 million or 10.5% of sales, compared with 2022 net profit was Bt2,317.2 million or 12.6% of sales.

PERFORMANCE HIGHLIGHTS

SALES REVENUE

The Group's consolidated sales revenue decreased from Bt18,456.3 million in FY22 to Bt16,343.6 million in FY23, representing a decline of 11.45% Y-o-Y, while sales revenue in USD decreased by 10.93% Y-o-Y, from USD 530.1 million in FY22 to USD 472.1 million in FY23 due to the fluctuation of FX rate, resulting a negative impact of revenue recognition in THB at Bt95 Million compared to FY22.

FY23 proved to be a challenging year for the electronics PCB industry, primarily due to the global economic downturn, resulting in diminished customer demand across all regions and the necessary adjustment of oversupplied inventory. Consequently, the total volume of PCB sales decreased by 9.8% Y-o-Y. However, despite these challenges, special-grade PCBs, particularly HDI products, continued a positive growth trend, showing a 1.3% Y-o-Y. The company also has a backlog of orders awaiting production and delivery for the upcoming year. Notably, these HDI products contributed to 22% of the total PCB sale volumes in FY23, compared to 19% and 11% in FY22 and FY21, respectively.

COST OF SALES AND GROSS PROFIT

In FY23, the primary factor impacting production costs was the substantial decrease in sales volumes, leading to a notable reduction in production line utilization. The actual production capacity utilization dropped to 77%, a decline from 85% in FY22. Consequently, fixed overheads in manufacturing, including depreciation, machinery and facility repair and maintenance expenses, and employee costs for operational support, posed a challenge in FY23. Regarding raw material costs, the price of copper, the main material, experienced a positive decrease, contributing to a 1.9% reduction in product costs. Furthermore, improvements in the production process which support for better production efficiency, including a reduction in electricity rates in 2H23 due to government support policies, played a role in mitigating these challenges.

In summary, the decline in revenue, influenced by the slowdown in the global electronics industry, coupled with fixed costs due to lower production capacity utilization, has affected the gross profit margin in FY23. Despite improvements in the production process and lower prices of key materials, the gross profit margin of FY23 stands at 20.8% of sales, a decrease from 22.8% in FY22.

SALES AND ADMINISTRATIVE EXPENSES

In FY23, the selling, general, and administrative expenses totalled Bt1,774.1 million, representing 10.86% of sales. This marks a decrease from FY22 when the expenses were Bt1,988.5 million, accounting for 10.77% of sales. Specifically, in 2023, selling expenses amounted to Bt515.2 million or 3.15% of sales, a reduction from FY22 where they were Bt623.0 million or 3.38% of sales. The decline in major selling expenses, including sales commission, transportation, freight, and packing expenses, is proportional to the lower sales volume. Additionally, improvements in the freight management process effectively controlled freight costs. The administrative expenses totalled Bt1,259.0 million, accounting for 7.70% of sales, compared to 2022 when they amounted to Bt1,365.5 million or 7.40% of sales.

The reduction in administrative expenses mainly due to a one-time loss on investment in FY22 amounting to Bt69.6 million, which no longer impact this year and lower loss on asset sold by Bt13 million. Additionally, expenses reduction related to other staff cost due to a decrease in workforce and the management of working hours for administrative support aligning with the adjusted production plan.

NET PROFIT

As a result of higher costs, the Group reported a consolidated net profit of Bt1,719.6 million in FY23, which represented a decrease of 25.8% Y-o-Y. Operating profit in FY23 totalled Bt1,569.4 million (excluding a gain on foreign currency exchange rate of Bt153.4 million and oversea withholding tax of dividend receipt Bt-3.2 million), representing a decrease of 31.2% Y-o-Y. This resulted in basic earnings per share of Bt1.45 compared to Bt1.96 per share in 2022.

TOTAL ASSETS

Total assets as of December 31, 2023, amounted to Bt19,193.3 million, consisting of current assets Bt10,079.4 million and non-current assets Bt9,113.9 million that consisting of property plant and equipment of Bt8,124.5 million, net intangible assets of Bt130.7 million, contract costs assets of Bt368.7 million, investment property of Bt153.3 million, goodwill of Bt153.5 million, investments in associates of Bt31.9 million, deferred tax assets of Bt116.1 million and other non-current assets of Bt35.1 million.

In FY23, total assets decreased by Bt1,800.2 million, primarily driven by a reduction in the value of trade receivables and other receivables by Bt521.5 million, reflecting lower sales.

There was also a deliberate reduction in inventory by Bt1,115.1 million as part of strategic management to align with the decreased demand. Additionally, there was a decrease in net property, plant, and equipment of Bt739.6 million, attributed to higher depreciation than the additional investment in assets (CAPEX). This is due to considering investments in new machinery and equipment as appropriate to enhance production efficiency. This effective working capital management and strategic planning for new investments in machinery have resulted in an increase in cash position by Bt622.3 million, preparing for future growth plans.

TOTAL LIABILITIES

Total liabilities decreased from Bt7,548.2 million at the end of 2022 to Bt5,444.0 million as of December 31, 2023 mainly due to a decrease of short-term debt of Bt892.0 million, a decrease of trade and other current payables of Bt484.0 million and a decrease of long term loan of Bt714.1 million, according to repayment schedule.

As of December 31, 2023, Net Interest-bearing Debt to Equity was 0.16 times compared to 0.28 times as of December 31, 2022 as a result of lower debts and higher equity from this year profit and dividend paid.

SHAREHOLDERS' EQUITY

Total shareholders' equity as of December 31, 2023, according to the KCE consolidated financial statement amounted to Bt13,749.3 million, increased Bt304.0 million from December 31, 2022 due mainly to operating profit of the year and dividend payment.

BUSINESS OUTLOOK

The overall electronics market environment has been unusually challenging for KCE in 2023. Multiple headwinds including geopolitical conflicts, rising inflation, interest rate increases, and weakened consumer demand have resulted in a weaker demand for PCB's during 2023. The market bottomed out in Q1 2023, but the recovery process has been slow, sluggish, and uncertain. In 2023, it is estimated that global PCB production will have declined by as much as 15% to reach \$69.5Bn.

The lower demand is expected to continue into 2024 with the potential for some degree of stabilization towards Q4 2024. The current market consensus is that the PCB market could grow by 4.1% in 2024, which is still below pre - pandemic levels. The change in market sentiment has resulted in low utilization rates of up to 50% in some mainland Chinese shops. Fortunately for KCE, with relatively stable demand from its major automotive customers, and strong production management controls, KCE has, compared to its competitors, managed to maintain an above average utilization of close to 80%.

Demand in KCE's main market sector, Automotive, remained positive with growth being driven by the rapidly developing automotive Electric vehicle (EV) market. The Automotive market is forecast to grow by + 6.0% GAAGR during the 5 years to 2027.

The average PCB value per electric vehicle is about 5 to 6 times that of traditional fuel vehicles in part due to the increased number of parts such as the battery management systems and the far more complex EV control systems. This has resulted in demand for HDI PCBs' increasing at an exponential rate as the number of high-tech electronic products such as ADAS and LIDAR per vehicle becoming standard fitments in EV's. The automotive PCB market size was valued at USD 8.84 billion in 2022 and is projected to reach a valuation of USD 9.15 billion in 2023. The market is expected to reach USD 13.39 billion by 2030 with a CAGR of 5.6% during the forecast period.

Increased demand from the Automotive sector is predominantly due to the growth of EV's and the associated increased PCB content. In 2023, It is expected that global EV sales will have grown by 29% to reach 13.7 million units, equating to a global penetration rate of 17.1% of global sales. Greater China remains the largest EV market, shipping 7.6 million units with 55.5% market share. Europe, with a shipment of 3.2 million units and North America with a shipment of 1.8 million units will round up the top three markets in 2023. For 2024, the global EV market will grow by 27.1%, hitting a global total of 17.5 million units. EV sales forecasters are predicting Global EV penetration will potentially reach 50% in 2030 of all cars manufactured globally and 70% perhaps as early as 2035.

This increase will lead to substantial opportunities for KCE as a top 10 PCB supplier to the automotive sector. In expectation of the increased demand for HDI PCB's, KCE is continuing to invest in maximizing its HDI capacity and increasing its capability.

The Board of Directors would like to thank its staff, customers, shareholders, suppliers and business partners for their continued support in 2023.



Mr. Bancha Ongkosit

Chairman of the Board of Directors
KCE Electronics Public Company Limited



BOARD OF DIRECTORS



Mr. Bancha Ongkosit

- ♦ Chairman of the Board of Directors
- ♦ Chairman of the Executive Board

AGE :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
72 Years	April 29, 1982	404,760 shares or 0.03%

EDUCATION :

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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

2004 Director Accreditation Program (DAP)

OTHER TRAINING COURSES :

August 2023 ESG Overview for Management, Twin P Consulting Co., Ltd
March 2023 Risk Management for IATF16949, Electrical and Electronics Institute

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

1982 - Present Chairman of the Board, KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (10)

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.

WORKING EXPERIENCES :

1990 - 2016 Director KCE America, Inc.

1981 - 1982 Kuang Charoen Electronics Co., Ltd.

1974 - 1981 Kenyon & Eckhardt (Thailand) Ltd.



Chantima Ongkosit, MD

- ♦ Director
- ♦ Nomination & Remuneration Committee Member

AGE :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
77 Years	April 28, 1983	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.

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

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

OTHER TRAINING COURSES :

August 2023	ESG Overview for Management, Twin P Consulting Co., Ltd
March 2023	Risk Management for IATF16949, Electrical and Electronics Institute

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

2023 - Present	Nomination & Remuneration Committee Member, KCE Electronics PCL
1983 - Present	Director, KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (1)

2003 - Present	Chairman, PAC (Siam) Co., Ltd. (Manarom Hospital)
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WORKING EXPERIENCES :

1983 - 2021	Chairman of the Corporate Governance Committee, KCE Electronics PCL.
1985 - 2018	Special Lecturer of Psychiatry, Faculty of Medicine at Ramathibodi Hospital Mahidol University and SomdetChaopraya 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 - 1978	♦ Chief of In-patient and Research Unit, Westside Veteran Administration Hospital Chicago, Illinois,U.S.A. ♦ Associate Director of Affective Disorders Clinic, University of Illinois, Chicago Illinois, U.S.A. ♦ Assistant Professor of Psychiatry, University of Illinois, Chicago, Illinois, U.S.A.

AWARDS :

2022	CMU Hall of Fame Mahidol Award 2022, Chiang Mai University
2020	Distinguish Alumni Award from Chiang Mai Medical School



Mr. Paitoon Taveebhol

- ♦ Independent Director
- ♦ Chairman of Audit Committee
- ♦ Chairman of Nomination & Remuneration Committee
- ♦ Enterprise Risk Policy Committee Member
- ♦ Environmental, Social, Governance and Sustainability Development Committee Member

AGE :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
73 Years	April 27, 2012	None

EDUCATION :

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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

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)

OTHER TRAINING COURSES :

December 2023	CAC National Conference 2023 : Public-Private Collaboration: A Strong Collective Action Against Corruption, IOD
July 2023	♦ National Director Conference 2023 : Delivering "Net Zero" together, IOD ♦ Engaging Board in ESG : The Path to Effective Sustainability, IOD
December 2022	Value of Audit, FAP & SEC.
November 2022	Chairman Forum 1/2022 : Chairing the Unknown Future, IOD
November 2021	Online meeting with the audit committee of listed companies, SEC
September 2020	Director Forum : "Board's Role in Strategy for Business Sustainability", IOD
August 2020	GRC Series Ep.3 : ESG Driven Boardroom for "Purpose" to "Performance", IOD
December 2019	Thailand Responsible Business Network - TRBN, IOD
October 2019	CAC National Conference 2019 - Innovations in the Fight against Corruption, IOD
September 2019	Chairman Forum 2019 - Successful Corporate Culture Change : from Policy to Practices, IOD

July 2019	IOD National Director Conference 2019 - Board of the Future, IOD
June 2019	Independent Director Forum 1/2019 - Tips and Tricks for Dealing with Questions in AGM, IOD
May 2019	Annual General Meeting 2019 - Business transformation, IOD
October 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
September 2018	Inaugural Corporate Governance Conference 2018 - Building Trust in a Transforming Economy, SEC
March 2018	Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management Thammasat University & SET
November 2017	♦ 2017 Independent Director Forum, IOD ♦ Chairman Dinner Talk, IOD ♦ 8th CAC National Conference, CAC & IOD
October 2016	National Conference of CAC
August 2016	♦ CG Forum ♦ Good Principle of business Administration, CG for Institution investment, related to the listed company
June 2016	Enhancing Growth Through Governance in Family-Controlled Business
March 2016	Internal Control and the Audit Committee's work, FAP
October 2015	♦ IOD Director Forum, Building Better Board through Effective Independent Director ♦ 2015 OECD Asian roundtable on Corporate Governance by OECD, IOD, SET and SEC
June 2015	IOD Director Conference 2015, Re-energizing Growth through better Governance
2013	The 2 nd National Director Conference 2013 Board Leadership Evolution

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (4)

2023 - Present	♦ Chairman of the Audit and Corporate Governance Committee ♦ Nomination and Remuneration Committee Member Somboon Advance Technology PCL.
2021 - Present	Environmental, Social, Governance and Sustainability Development Committee Member KCE Electronics PCL.
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 ♦ Independent Director Zen Corporation Group PCL.
2012 - Present	♦ Independent Director ♦ Chairman of Audit Committee KCE Electronics PCL. ♦ Independent Director ♦ Audit Committee Member Easy Buy PCL.

2008 - Present Independent Director, Somboon Advance Technology PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (1)

2004 - Present Board Member, Mater Dei Institute

WORKING EXPERIENCES :

- | | |
|-------------|--|
| 2016 - 2019 | <ul style="list-style-type: none">♦ Chairman of the Enterprise Risk Policy Committee♦ Nomination and Remuneration Committee Member
KCE Electronics PCL. |
| 2014 - 2022 | Chairman of the Risk Management Committee, Central Pattana PCL. |
| 2011 - 2013 | <ul style="list-style-type: none">♦ Independent Director, Chairman of Audit Committee♦ Member of Corporate Governance Committee
Big C Super Center PCL. |
| 2009 - 2011 | <ul style="list-style-type: none">♦ Audit♦ Following and Evaluation Committee
Walailak University♦ Director♦ Executive Director
SGV-Na Thalang Co., Ltd.♦ Managing Director
Arthur Andersen Business Advisory Ltd. |
| 2008 - 2022 | <ul style="list-style-type: none">♦ Chairman of the Nomination & Remuneration Committee♦ Audit and Corporate Governance Committee Member
Somboon Advance Technology PCL. |
| 2008 - 2011 | <ul style="list-style-type: none">♦ Vice Chairman
Mater Dei Institute Foundation♦ President
Mater Dei Institute Parent and Teacher Association |
| 2003 - 2005 | Managing Director, BT Business Consulting Co., Ltd. |
| 2002 - 2022 | <ul style="list-style-type: none">♦ Independent director♦ Chairman of the Audit and Corporate Governance Committee
Central Pattana PCL. |
| 1998 - 2000 | <ul style="list-style-type: none">♦ Vice President♦ Council Member
The Institute of Internal Auditors of Thailand |
| 1991 - 2005 | <ul style="list-style-type: none">♦ President♦ Secretary General
The ASEAN Federation of Accountants |
| 1991 - 2003 | <ul style="list-style-type: none">♦ Vice President♦ Council Member
The Institute of Certified Accountants and Auditors of Thailand |



Mrs. Voraluksana Ongkosit

- Director
- Executive Vice Chairperson
- Environmental, Social, Governance and Sustainability Development Committee Member

AGE :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
72 Years	April 27, 1989	1,879,500 shares or 0.16%

EDUCATION :

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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

2014	Director Certification Program Update (DCPU)
2011	Financial Statement for Directors (FSD)
2008	Directors Certification Program (DCP)
2004	Finance for Non-Finance Director (FN)
2003	Directors Accreditation Program (DAP)

OTHER TRAINING COURSES :

August 2023	ESG Overview for Management, Twin P Consulting Co., Ltd.
March 2023	Risk Management for IATF16949, Electrical and Electronics Institute

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

1989 - Present	• Director • Environmental, Social, Governance and Sustainability Development Committee Member
	KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (6)

2007 - Present	Director, KCE (Thailand) Co., Ltd.
2000 - Present	Director, KCE Technology Co., Ltd.
1995 - Present	Director, Thai Laminate Manufacturer Co., Ltd.
1991 - Present	Director, KCE Singapore Pte., Ltd.
1990 - Present	Director, KCE America, Inc.
1988 - Present	Director, K.C.E. International Co., Ltd.

WORKING EXPERIENCES :

1979 - 1988	Kenyon & Eckhardt (Thailand) LTD.
1974 - 1979	Grant Advertising
1972 - 1973	Federal Electric Corporation



Mrs. Siriphan Suntanaphan

- Director
- Executive Vice Chairperson
- Environmental, Social, Governance and Sustainability Development Committee Member

AGE :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
68 Years	April 29, 1992	11,209,800 shares or 0.95%

EDUCATION :

B.A., Chulalongkorn University

CERTIFICATION 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 (FN)
2004	Directors Accreditation Program (DAP)

OTHER TRAINING COURSES :

August 2023	Hot Issue for Directors: Climate Governance
July 2023	National Director Conference 2023 : Delivering "Net Zero" together, IOD

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

2021 - Present	Chairman of the Environmental, Social, Governance and Sustainability Development Committee, KCE Electronics PCL.
2016 - Present	Enterprise Risk Policy Committee member, KCE Electronics PCL.
1992 - Present	Director, KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (1)

1995 - Present	Director / Managing Director, Thai Laminate Manufacturer Co., Ltd.
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WORKING EXPERIENCES :

1992 - 2008	General Manager, KCE Electronics PCL.
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 :	APPOINTED DATE :	SHAREHOLDING IN THE COMPANY :
56 Years	April 28, 2016	200,000 shares or 0.017%

EDUCATION :

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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

2023	◆ Strategic Board Master Class (SBM)
	◆ Role of the Chairman Program (RCP)
2021	Director Leadership Certification Program (DLCP)
2009	◆ Monitoring the Quality of Financial Reporting (MFR)
	◆ Monitoring the Internal Audit Function (MIA)
	◆ Monitoring the System of Internal Control and Risk Management (MIR)
2006	Audit Committee Program (ACP)
2005	Directors Accreditation Program (DAP)
2003	Directors Certification Program (DCP)

OTHER TRAINING COURSES :

2023	◆ Global and Thailand Economic Outlook 2023, Bangkok Bank Ltd
	◆ Concept of integrating organizational management according to the principles of Governance, Risk, Compliance & Risk Management (GRC), KPMG

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (3)

2020 - Present	◆ Chairman of the Enterprise Risk Policy Committee
	◆ Nomination and Remuneration Committee Member
	KCE Electronics PCL.
2020 - Present	◆ Director
	◆ Independent Director
	◆ Chairman of Risk Policy Committee
	◆ Nomination and Remuneration Committee Member
	Bluebik Group PCL.
2019 - Present	◆ Independent Director
	◆ Chairman of Risk Policy Committee
	Central Retail Corporation PCL.

2016 - Present ♦ Independent Director
 ♦ Audit Committee member
 KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (5)

2022 - Present Director and Executive Director, Card X Co., Ltd.
 2022 - Present Director, Koon Tree Holdings Co., Ltd.
 2019 - Present Director, Kallayanamit Chucherd Co., Ltd.
 2016 - Present Director, Thai Listed Companies Association
 2015 - Present Director, Center for Building Competitive Enterprises, Thai Listed Company Association

WORKING EXPERIENCES :

2016 - 2019 Enterprise Risk Policy Committee Member, KCE Electronics PCL.
 2014 - 2017 ♦ Vice Chairman, Investor Relation Club, Thai Listed Company Association
 2014 - 2017 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, 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.



Sutee Mokkhavesa, Ph.D.

- ♦ Independent Director
- ♦ Audit Committee Member
- ♦ Enterprise Risk Policy Committee Member

AGE : 48 Years	APPOINTED DATE : January 1, 2020	SHAREHOLDING IN THE COMPANY : None
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EDUCATION :

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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

2016	Director Certification Program (DCP)
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OTHER TRAINING COURSES :

2023	The Importance of the Audit Committee and Confidence in the Thai Capital Market, the Securities and Exchange Commission (SEC)
2022	Advanced Management Program 202, Harvard Business School
2018	Top Executive Program in Commerce and Trade (TEPCoT) Class 11, Commerce Academy University of Thai Chamber of Commerce Leadership Communication Program, Thailand Management Association (TMA)
2017	Courses for Top Executives, Capital Market Academy (CMA) Class 24, The Stock Exchange of Thailand (SET)
2012	Thailand Insurance Leadership Program Class 2, OIC Advanced Insurance Institute Office of Insurance Commission (OIC)

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (4)

2020 - Present	♦ Independent Director ♦ Audit Committee member ♦ Enterprise Risk Policy Committee Member KCE Electronics PCL.
2016 - Present	♦ Independent Director ♦ Chairman of Enterprise Risk Management Committee Member ♦ Investment Committee Member Thaire Life Assurance PCL.
2009 - Present	♦ Advisor to the President ♦ Director ♦ Executive Committee Member ♦ Risk Management Committee Member

	♦ Investment Committee Member ♦ Credit Sub-Committee Member Phatra Leasing PLC.
2006 - Present	♦ Advisor to the President ♦ Risk Management Committee Member Muang Thai Insurance PCL.

POSITIONS IN OTHER ORGANIZATIONS/INSTITUTES/BUSINESSES (NON-LISTED COMPANY) (9)

2021 - Present	♦ President ♦ Director ♦ Executive Committee Member ♦ Risk Management Committee Member ♦ Investment Committee Member ♦ Product Governance Committee Member Muang Thai Life Assurance PCL. ♦ Independent Director The Thailand Clearing House Co. Ltd. ♦ Independent Director The Thailand Securities Depository Co., Ltd. ♦ Research Committee Member Thailand Capital Market Development Fund (CMDf)
2020 - Present	Director and Secretary, The Education and Public Welfare Foundation
2019 - Present	Chairman, Aigen Co., Ltd.
2017 - Present	♦ Director ♦ Executive Committee Member ♦ Investment Committee Member Fuchsia Venture Capital Co., Ltd
2017 - Present	Director, Centre of Excellence in Mathematics Faculty of Science, Mahidol University
2006 - Present	♦ Market and Liquidity Risk Consultant ♦ GHB Securitization Team, ♦ GHB Mortgage Insurance Team, ♦ GHB ALM System Implementation Team Government Housing Bank



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 : 42 Years	APPOINTED DATE : April 29, 2014	SHAREHOLDING IN THE COMPANY : 164,754,244 shares or 13.94%
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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

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

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

OTHER TRAINING COURSES :

November 2023 VDA ISA 5.1 for Management Level, ISO Training Center Co., Ltd.
August 2023 ESG Overview for Management, Twin P Consulting Co., Ltd
March 2023 Risk Management for IATF16949, Electrical and Electronics Institute

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

2016 - Present Enterprise Risk Policy Committee member, KCE Electronics PCL.
2014 - Present ♦ Director
 ♦ Chairman of Risk Management Committee
 KCE Electronics PCL.
2013 - Present President and Chief Executive Officer, KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (13)

2019 - Present Director, Mos Burger (Thailand) Co., Ltd.
2017 - Present Director, The Face Shop Co., Ltd.
2016 - Present ♦ Director, Chemtronic Products Co., Ltd.
 ♦ Director, CTC Chemical Co., Ltd.
 ♦ Director, KCE America, Inc.
2014 - Present Director, KCE Singapore PTE.
2012 - Present ♦ Director, KCE (Thailand) Co., Ltd.
 ♦ Director, KCE Taiwan Co. Ltd.
 ♦ Director, Chemtronic Chemical Co., Ltd.
2012 - Present 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.
2009 - Present	♦ Director ♦ Assistant to Managing Director KCE Technology Co., Ltd.

WORKING EXPERIENCES :

2009 - 2012	Deputy Managing Director, KCE Electronics PCL.
2008	Investment Banking Intern, Phatra Securities PCL.
2005 - 2007	Sales and Production Planning Strategist, KCE Electronics PCL.

AWARDS :

2022	♦ BEST CEO AWARD SET AWARDS 2022 - STOCK EXCHANGE OF THAILAND
2016	♦ YOUNG RISING STAR CEO AWARD ♦ OUTSTANDING TOP EXECUTIVE AWARD SET AWARDS 2016 - STOCK EXCHANGE OF THAILAND
2015	♦ OUTSTANDING TOP EXECUTIVE AWARD SET AWARDS 2015 - STOCK EXCHANGE OF THAILAND



Mr. Sant Senadisai

♦ Independent Director

AGE : 36 Years	APPOINTED DATE : July 11, 2023	SHAREHOLDING IN THE COMPANY : 75,000 shares or 0.006%
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EDUCATION :

- ♦ MBA with a concentration in Strategy
Sasin Graduate Institute of Business Administration of Chulalongkorn University
- ♦ Sasin Exchange Program ESSEC Business School, Paris, France
- ♦ Bachelor's degree Major : International Business Pepperdine University, Malibu, CA

CERTIFICATION FROM THAI INSTITUTE OF DIRECTORS (IOD) :

2023 Director Certification Program (DCP)

CURRENT POSITIONS :

POSITIONS IN LISTED COMPANY - THE STOCK EXCHANGE OF THAILAND (1)

2023 - Present Independent Director, KCE Electronics PCL.

POSITIONS IN OTHER ORGANIZATIONS / INSTITUTES / BUSINESSES (NON-LISTED COMPANY) (1)

2021 - Present Assistant Administrative Director, Ruamjaiarak Hospital

WORKING EXPERIENCES :

2019 - 2021 Operations Manager Novart, Furniture Professionals
 2016 - 2019 AVP Corporate Sales, Global Markets Division Citibank N.A
 2013 - 2016 Corporate Sales, Financial Markets Division, Siam Commercial Bank
 2009 - 2011 Corporate Sales, Financial Markets Division, Siam Commercial Bank



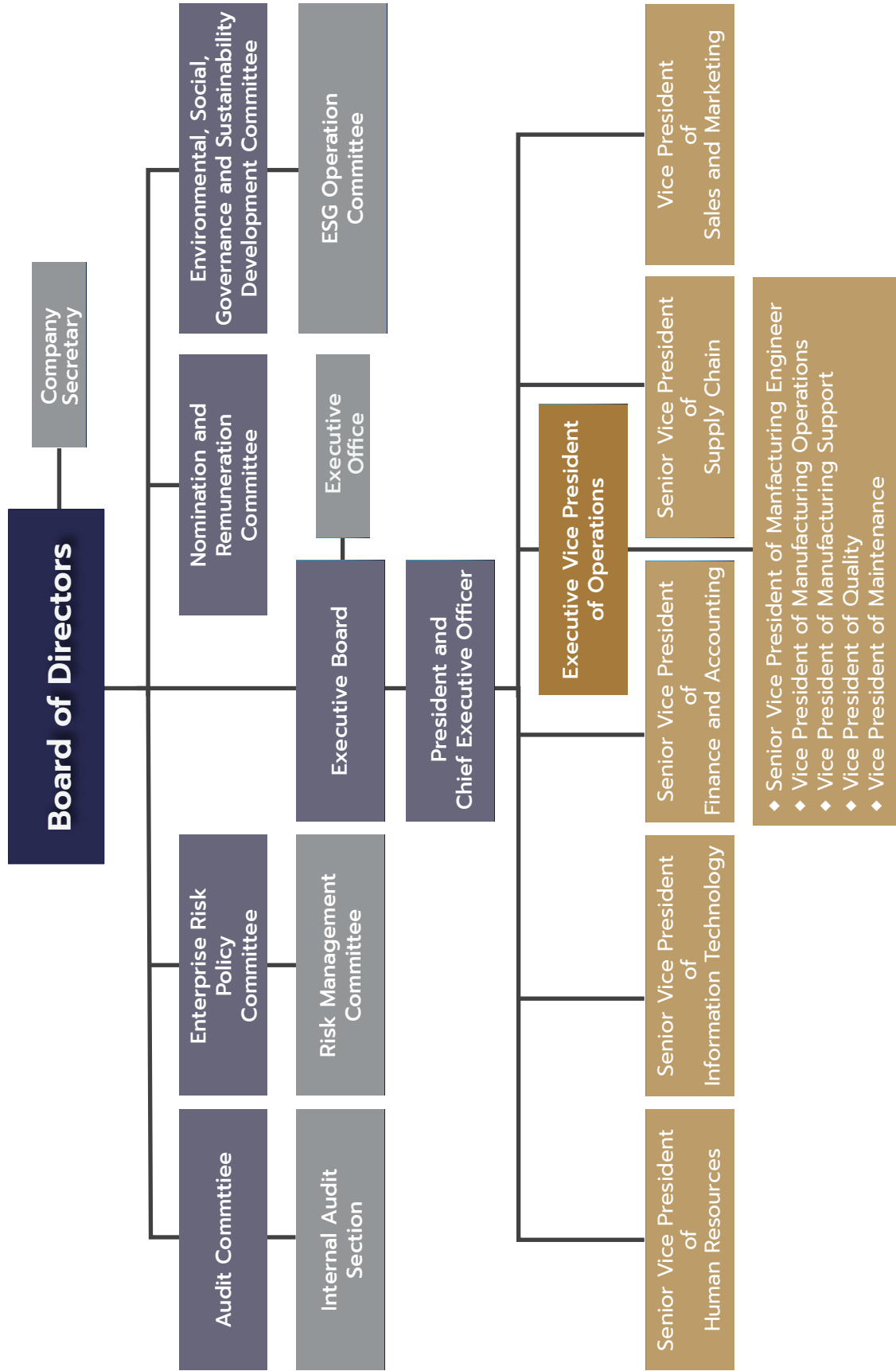
MANAGEMENT TEAM

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. Wasara	Chotithammarat	Senior Vice President of Accounting & Finance 2022 - 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. Viboon	Sunthornwiwath	Senior Vice President of Human Resources 2016 - Present : KCE Electronics Public Company Limited
Mr. Boonchuan	Immaraporn	Senior Vice President of Manufacturing Engineer 2021 - Present : KCE Electronics Public Company Limited

Name list of Directors and Management holding the company shares, as at December 30, 2023.

Name	Position	No. of shares Dec 30, 2022	Increase / (Decrease)	No. of shares Dec 28, 2023	Share held (%) Dec. 28, 2023	Type of holding
Directors						
Mr. Bancha Ongkosit	♦ Chairman,	404,760	-	404,760	0.03%	Direct
	♦ Chairman of the Executive Board	1,879,500	-	1,879,500	0.16%	Indirect (wife)
Mrs. Voraluksana Ongkosit	♦ Director	1,879,500	-	1,879,500	0.16%	Direct
	♦ Executive Vice Chairperson	404,760	-	404,760	0.03%	Indirect (husband)
	♦ Environmental, Social, Governance and Sustainability Development Committee member					
Mr. Pitharn Ongkosit	♦ Vice Chairman of the Board of Director	164,754,244	-	164,754,244	13.94%	Direct
	♦ Director	-	-	-	-	Indirect
	♦ President and CEO					
	♦ Chairman of the Risk Management Committee					
	♦ Enterprise Risk Policy Committee member					
Chantima Ongkosit, MD	♦ Director	8,267,650	-	8,267,650	0.70%	Direct
	♦ Nomination & Remuneration Committee member	-	-	-	-	Indirect
Mrs. Siriphan Suntanaphan	♦ Director	11,209,800	-	11,209,800	0.95%	Direct
	♦ Chairman of the Environmental, Social, Governance and Sustainability Development Committee	1,190,000	(100,000)	1,090,000	0.09%	Indirect (husband)
	♦ Enterprise Risk Policy Committee member					
Mr. Paitoon Taveebhol	♦ Independent Director	-	-	-	-	Direct
	♦ Chairman of the Audit Committee	-	-	-	-	Indirect
	♦ Chairman of the Nomination & Remuneration Committee					
	♦ Enterprise Risk Policy Committee member					
	♦ Environmental, Social, Governance and Sustainability Development Committee member					
Mr. Kanchit Bunajinda	♦ Independent Director	150,000	50,000	200,000	0.017%	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					
Mr.Sant Senadisai	♦ Director	-	-	75,000	0.006%	Direct
		-	-	-	-	Indirect
Management						
Mr. Fredrick Gharapet Ohanian	Executive Vice President of Operations	1,650,000	(950,000)	700,000	0.06%	Direct
		1,000,000	950,000	1,950,000	0.16%	Indirect (child)
Mrs. Wasara Chotithammarat	Senior Vice President of Accounting & Finance	-	-	-	-	Direct
		-	-	-	-	Indirect
Mr. Athasidh Ongkosit	Senior Vice President of Information Technology	71,609,000	(12,000,000)	59,609,000	5.04%	Direct
		2,000,000	-	2,000,000	0.17%	Indirect (wife)
Mr. Pairoj Tarawatcharasart	Vice President of Engineering	1,276,355	-	1,276,355	0.11%	Direct
		-	-	-	-	Indirect
Mr. Viboon Sunthornwiwath	Senior Vice President of Human Resources	66,878	-	66,878	0.01%	Direct
		-	-	-	-	Indirect
Mr. Boonchuan Immaraporn	Senior Vice President of Manufacturing Engineer	-	-	-	-	Direct
		-	-	-	-	Indirect

ORGANIZATION CHART



PART

1

**BUSINESS OPERATIONS
AND OPERATING RESULTS**



ORGANIZATIONAL STRUCTURE AND OPERATION OF THE GROUP OF COMPANIES



POLICY AND BUSINESS OVERVIEW

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 December 28, 2023, the Company's registered capital was Bt591,396,798 with paid-up capital of Bt591,044,298.

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 has a policy that focuses on responsibility towards stakeholders, including society and the environment as a whole.

Regarding the management of operations, the Board is responsible for the determination of strategies and key policies. CEO, who is policy responsible arranged a meeting between CEO and Managements annually, 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.

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, with good governance, social and environmental responsibilities.

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 improvement
- ♦ Protecting the environment and being a carbon neutral organization
- ♦ To be a responsible and contributing member of society based on good governance principle.
- ♦ To continually train and develop staff to a high level of competence

According to the Company's vision and mission, the Company has determined long-term operational goals to become a globally leading PCB manufacturer leveraging its utmost potential and resources.

- ♦ Deliver a better quality product, by dedicated and professional team
- ♦ Build strong and long term relationships with its customers, promoting sustained business growth
- ♦ Introducing new technologies in production and upgrade IT system
- ♦ Emphasis on personal development and good compensation
- ♦ Optimize the use of available resources, maximizing benefits while being environmentally friendly, to enhance efficiency in production towards sustainable development goals.
- ♦ Enhanced competitiveness to a top-tier of the industry
- ♦ Create appropriated value for shareholders and all stakeholders, which will ensure sustainable growth

KEY CHANGES AND DEVELOPMENTS

2023

APRIL

The Shareholders' Meeting No. 40/2023 approved the following :

- ♦ The Company's financial statements for the year ended Dec. 31, 2022
- ♦ A dividend payment in respect of the Company's operating results in 2022

MAY

Payment of a dividend in respect of the Company's operating results for 2021 at Bt0.60 per share For 1,181,780,096 shares totaling Bt709,179,357

SEPTEMBER

Payment of an interim dividend in respect of the Company's operating results for the first half of 2022 at Bt0.60 per share for 1,181,828,096 shares totaling Bt709,179,357

OCTOBER

The Company achieved an "Excellent" corporate governance in the 2023 Annual survey for the ninth consecutive year.

Excellent CG Scoring



DECEMBER

The Company submitted the recertification of Thailand's private sector Collective Action Coalition (CAC) membership on September 27, 2023, which the CAC already approved the extension of the certification on December 30, 2023.



JANUARY 2024

The Company received the Thailand's Top Corporate Brand Hall of Fame 2023 award in the Electronics category. This award is given to companies with the highest consecutive brand value for 5 years, organized by The Master of Science in Branding and Marketing Program (MBM) of Chulalongkorn Business School (CBS), in collaboration with the Stock Exchange of Thailand and the Manager Media Group.



APRIL

The Shareholders' Meeting No. 39/2022 approved the following :

- ♦ The Company's financial statements for the year ended Dec. 31, 2021
- ♦ A dividend payment in respect of the Company's operating results in 2021

MAY

Payment of a dividend in respect of the Company's operating results for 2021 at Bt1.00 per share For 1,181,780,096 shares totaling Bt1,181,780,096.

SEPTEMBER

Payment of an interim dividend in respect of the Company's operating results for the first half of 2022 at Bt1.00 per share for 1,181,828,096 shares totaling Bt1,181,828,096.



OCTOBER

- ♦ The Company achieved an "Excellent" corporate governance in the 2022 Annual survey for the eighth consecutive year.
- ♦ The Company is categorized the Top Quartile under the group of companies with the Market Capitalize of greater than Bt10,000 million.
- ♦ SET Awards 2022 organized by the Stock Exchange of Thailand, awarded KCE; the "Best Company Performance Awards", under the group of companies with the Market Capitalization of Bt100,000 million, and awarded KCE's CEO the "Best CEO Awards"
- ♦ 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 2022 Awards in electronics industry sector for the fourth consecutive year.

NOVEMBER

The Company entered into an acquisition of assets transaction for an investment of the new factory and machinery for PCB manufacturing project with a capacity of 1 million sq.ft. per month, located at Rojana Industrial Park, Ayutthaya province on the land owned by the Company. The project value is totaling Bt8,060 million.



DECEMBER

The Company achieved an ASEAN Asset Class Publicly Listed Companies Award in the 2021 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 for the second year.





2021

APRIL

The Shareholders' Meeting No. 38/2021 approved the following :

- ♦ The Company's financial statements for the year ended Dec. 31, 2020
- ♦ A dividend payment in respect of the Company's operating results in 2020

MAY

- ♦ Payment of a dividend in respect of the Company's operating results for 2020 at Bt0.40 per share For 1,172,793,596 shares totaling Bt471,957,838.
- ♦ The Board of the Directors passed a resolution approving the purchase of land located at 1/7 Rojana Industrial Park, Moo 5, Khanham, Uthai, Phra Nakhon Sri Ayutthaya, from Sanyo Semiconductor (Thailand) Co., Ltd. The asset has the total area of 67-2-91 Rai. value of Baht 221 million. The purpose of the investment is to support business expansion, as well as to enhance long-term value for shareholders.

SEPTEMBER

Payment of an interim dividend in respect of the Company's operating results for the first half of 2021 at Bt0.60 per share for 1,181,073,296 shares totaling Bt708,643,978.

NOVEMBER

- ♦ The Company achieved an "Excellent" corporate governance in the 2021 Annual survey for the seventh 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 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 2021 Awards in electronics industry sector for the third 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, (K.C.E. 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 categorized 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 the royal 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 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.



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.

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.

Excellent CG Scoring



OCTOBER

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

THE OBJECTIVE OF MONEY SPENDING

In 2023, The Company has capital increase deriving from the exercise of the Warrants to purchase the Company's ordinary shares on March 2023 under ESOP-W6. The amount of Baht 3,257,040 received from such exercising has been utilized for the Company's working capital.

OTHER OBLIGATIONS

- None -

MANUFACTURING FACILITIES

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

KCE Electronics Public Company Limited

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

KCE Technology Co., Ltd. (subsidiary)

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

Thai Laminate Manufacturer Co., Ltd. (subsidiary)

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

Chemtronic Technology (Thailand) Co., Ltd. (subsidiary)

Located at 1/28 Moo 5 Tambol Khan Ham
Amphur Uthai, Ayutthaya province

Chemtronic Products Co., Ltd. (subsidiary)

Located at 1/97 Moo 5 Tambol Khan Ham
Amphur Uthai, Ayutthaya province

Raw material / Product

PCB



PCB



Laminate, Prepreg



Chemical Product



Chemical Product



1.2

NATURE OF BUSINESS

REVENUE STRUCTURE

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

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

The core business of the Company and its subsidiaries is a manufacturer of printed circuit boards (PCBs)

Revenue	2023		2022		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales revenues⁽¹⁾						
- Printed Circuit Board business						
America	3,408.54	20.43	3,093.86	16.47	2,427.88	15.84
Europe	7,007.52	42.00	6,686.32	35.59	5,850.96	38.16
Asia	4,087.52	24.50	6,521.40	34.71	4,904.77	32.00
- Prepreg and Laminate business ⁽²⁾	1,188.96	7.13	1,408.02	7.50	1,152.49	7.52
- Chemical Business	651.09	3.90	746.75	3.98	601.68	3.92
Total sales revenues	16,343.63	97.96	18,456.34	98.25	14,937.78	97.44
Other income ⁽³⁾	186.31	1.12	224.39	1.19	202.24	1.32
Gains from Exchange rate ⁽³⁾	108.65	0.65	94.70	0.50	199.42	1.30
Gains from Hedging ⁽³⁾	44.77	0.27	11.16	0.06	(9.67)	(0.06)
Total revenues	16,683.36	100.00	18,786.59	100.00	15,329.77	100.00

Note : (1) The revenue came from sales to third party only, excluding the intercompany sales.

(2) The revenue came from sales to third party only. Sales to the Group in 2021-2023 accounted for 70%, 69% and 66% of revenue from Prepreg and Laminate business, respectively.

(3) Other income consists of sale of scrap, subcontract of production, claims income from quality reject of raw materials, insurance compensation ,penalties of order cancellation, profit from exchange rate, interest income, etc.

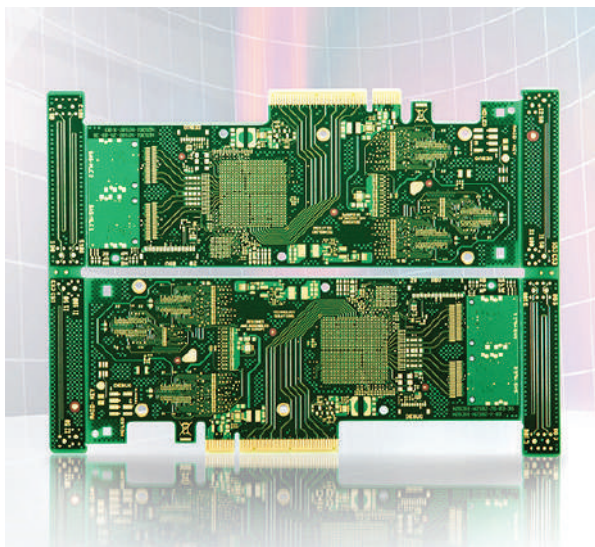
Revenue structure of KCE Group in 2021-2023 is classified by segment as follows :

Revenue structure by segment	2023		2022		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales revenues*						
- Printed Circuit Board business						
DOUBLE SIDED	1,432.85	8.77	1,468.80	7.96	1,773.55	11.87
MULTI-LAYER	9,220.33	56.42	10,900.60	59.05	9,224.77	61.75
HDI	3,850.40	23.56	3,932.17	21.31	2,185.29	14.63
- Prepreg and Laminate business	1,188.96	7.27	1,408.02	7.63	1,152.49	7.72
- Chemical Business	651.09	3.98	746.75	4.05	601.68	4.03
Total sales revenues	16,343.63	100.00	18,456.34	100.00	14,937.78	100.00

* Revenue from external customers only

DETAIL OF THE PRODUCTS

INFORMATION OF PCB (PRINTED CIRCUIT BOARD)



Printed circuit boards are an essential part of a wide range of electronic products. PCBs are the foundation component of electronic circuits, and all electronic devices used in everyday life contain one or more PCB's. The PCB has interconnected copper traces that provide the pathways for electrical signals. The main functions of a PCB are to mechanically support and interconnect electronic components.

PCBs consist of two main parts the base, or substrate, and the electrical conductor. The base is a thin layer of insulation material consisting of woven fiberglass that is fully coated with an epoxy resin. The base material or substrate has excellent thermal, mechanical, and

electrical insulation properties making it a perfect choice for a wide range of electronic applications. The copper conductors are etched or plated on to the substrate and provide the pathway for electrical signals between the components.

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 etched in copper on one side of the PCB.
- 2) **Double-sided plated-through-hole PCBs** : the circuit line that carries the electrical signal is etched in copper on both sides of the PCB. Holes are drilled in the PCB and copper is then plated inside these through, 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 :

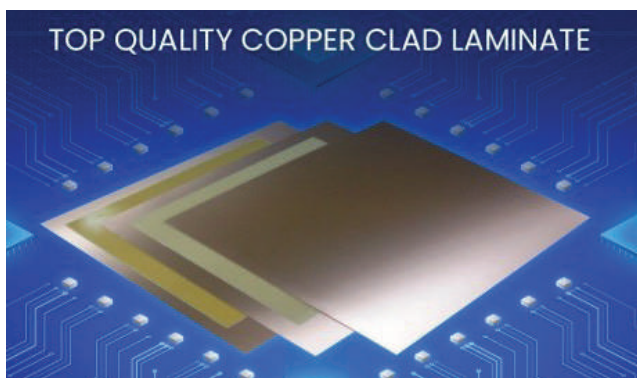
- 1) Double-sided plated-through hole PCBs
- 2) Multilayer PCBs with 4 to 24 layers of copper traces
- 3) Semi-flex PCB is the production of multi-layer printed circuit boards in which some areas of the board are thinned by depth routing and therefore can be easily bent to fit inside housing.
- 4) HDI (High Density Interconnect) PCB is a more complex multi-layer printed circuit board that has higher circuit density with very fine lines and spaces, laser drilled via holes connecting layers, and Buried via holes embedded within the board. HDI technology PCB's are required for the most advanced PCB designs.

Printed circuit boards are used in many industries, including Automotive, Industrial equipment, telecommunications, consumer, 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 expand 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.



PREPREG & LAMINATE



Thai Laminate Manufacturer Company Limited (TLM) is a manufacturer of Prepreg and Copper Clad Laminate or Laminate. Both Prepreg and Laminate are the primary materials for manufacturing Printed Circuit Board or PCB. PCB is the main part to be used for manufacturing electronic parts in automotive, telecommunication network, industrial electronics, medical equipment, consumer products and so on.

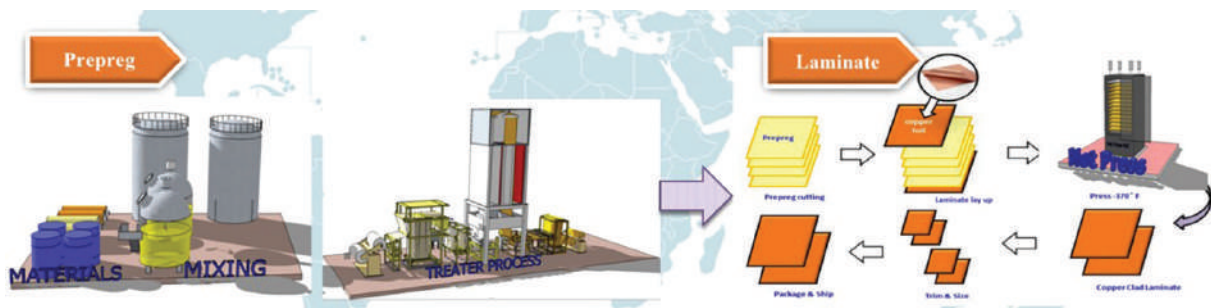
TLM production consists of 2 parts : Prepreg Process and Lamination Process

1. PREPREG PROCESS



Glass fabric is treated with the varnish solution, mainly consisting of epoxy resin. The treated fabric is then heated at 170 to 200 degree Celsius around 1 minute until the solution undergoes polymerization, creating the solid glaze that coats to the fabric. It is produced in a roll form and stored in the cold room at the controlled temperature and humidity. The rolls of Prepreg are ready to be distributed and delivered to clients. A certain portion however, is cut to sheets to be used as a raw material in the manufacture of laminate.

2. LAMINATION PROCESS



Prepreg is cut to the proper sizes and stacked after designed thickness of dielectric. They are loaded to the lay-up machine in the clean room. Copper foil is attached at the top and bottom of the Prepreg sheets and each set is separated by a caul plate. The stack of sheets are pressed in the vacuum hot press at 170 - 200 degrees Celsius in the period around 2.5 to 3 hours for laminate curing. After that it is cut to size and trim before being packed for delivery to customers.



CHEMICAL



Copper Sulphate

Chemtronic Products Co.Ltd.'s main products are Copper Sulphate and Tin Oxide which use the raw materials from the recycle PCB spent and Scrap. The Copper Sulphate are applied for feed mill, fishery and fertilizer industry with the certificate of FAMI-QS, Department of Livestock Development and Department of Fisheries. For Tin Oxide is applied as raw material for tin related products.

CTC Chemical Co.Ltd. has PCB etching chemicals manufacturing. The main products are alkaline etching chemical and tin stripper chemical.



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(e)



INDUSTRY STATUS AND COMPETITION



ELECTRONICS MARKET AND INDUSTRY

The electronics industry is considered a strategic industry worldwide. It serves as a crucial foundation for the development of other industries such as automotive, digital, medical devices, automation systems, and robotics, among others. Printed Circuit Boards (PCBs) are a key component in various electrical appliances and electronic devices.

PCBs have extensive applications. The research and market analysis focus on four key areas :

Firstly, consumer electronics, primarily driven by smartphones and wearable devices. The advent of 5G technology has spurred smartphone upgrades, while the surge in wearable devices like TWS headsets and smartwatches has notably increased the demand for corresponding PCBs. The creation of high-quality wireless smart wearable devices rely on the supply of high-quality PCBs.

Secondly, the server and data storage sector, the growth opportunity of this sector is driven by AI systems which expected to boost up the server, data storage solutions and networking equipment in this segment to 25% growth in 2024. Escalating demand for AI systems, including servers and data centers, is projected to create a significant impact on the PCB market. The innovation and development of advanced materials has been required to serve the higher level and advanced performance products.

Thirdly, automotive electronics, with the continuous advancement of the automotive industry, particularly in the realm of Electric Vehicles (EVs), the use of electronic technology has continued to increase in a comprehensive platform with various functions. The growth of automotive market is due to the higher electronic content per vehicle and the increasing penetration of advanced driver assistance (ADAS). Growth opportunities for the automotive electronics supply chain are driven by EVs adoption to replace traditional ICE (Internal combustion engine) due to move to Net Zero. PCB manufacturing has become increasingly important in the automotive supply chain which require higher performance and reliability products.

Fourthly, communication infrastructure, included wired and wireless infrastructure products, such as base stations and routers. Over the long term, factors like continued 5G base station construction and the recovery from global health crises will drive a new phase of infrastructure development. Additionally, ongoing wired network expansions indicate sustained growth for communication PCBs. This category is expected to show 3.3% growth in 2024 over 2023.



ELECTRONICS SYSTEMS MARKET FORECAST

\$Bn		2021	'22/'21	2022	'23E/'22	2023E	'24F/'23E	2024F	2027F	CAAGR '22-'27*
Computers	PC	342	-21.3%	269	-14.9%	229	4.8%	240	253	-1.2%
	Server / Data Storage	192	9.4%	210	-4.8%	200	25.0%	251	301	7.5%
	Other Computer	166	-9.0%	151	-1.9%	148	4.7%	155	182	3.8%
Communication	Mobile Phones	410	-4.3%	392	-1.4%	387	4.3%	404	455	3.0%
	Wired Infrastructure	141	6.4%	150	6.7%	160	3.8%	166	188	4.6%
	Wireless Infrastructure	80	7.5%	86	-5.8%	81	2.5%	83	95	2.0%
Consumer	TV	115	-18.0%	94	-6.1%	88	-1.1%	87	84	-2.2%
	Audio Video / Personal	148	-4.1%	142	2.3%	145	3.4%	150	183	5.2%
	Other Consumer	103	-1.9%	101	-5.7%	95	3.2%	98	116	2.9%
Automotive		240	5.0%	252	10.0%	277	4.7%	290	337	6.0%
Industrial		259	11.5%	289	3.0%	298	5.3%	314	360	4.5%
Medical		130	0.8%	131	4.4%	137	3.9%	142	158	3.8%
Military/Aerospace		154	4.5%	161	6.8%	172	7.0%	184	200	4.4%
Total		\$2,479	-2.1%	\$2,428	-0.4%	\$2,417	6.1%	\$2,564	\$2,912	3.7%

*Assumes constant currency exchange rate, Updated November 16, 2023

Source : PRISMAR PARTNERS LLC : The Printed Circuit Report, Third Quarter, November 2023

Overall of the 2023 global electronic systems market is expected to decline by 0.4%. YoY growth forecast for the 2024 will be higher by 6.1% which included Automotive and Industrial growth at 4.7% and 5.3% respectively. The growth projection from 2022-2027 primarily reflects the growth segment of AI server market, server/ data storage projects, NEV adoption and automotive electrification.

As an impact from global electronic market, year 2023 was a difficult year across the board for PCB market. PCB production value growth was negative in every product segment. The Overall PCB market is forecasted to decline by 15% in value terms in 2023, while board area is projected to decline by 4.9%. The relatively decline of PCB production value reflects the effects of prices erosion. Looking at PCB production value excluding Package Substrate and Flex, the PCB market is decline around 11.5% with the HDI segment decreasing 13.9%, Multilayer decreasing 10.3% and commodity also down by 12.6%.

2023/2022 PCB YEAR-ON-YEAR GROWTH ESTIMATE (VALUE)

MULTILAYER								
(%Value) Y/Y	Commodity	4-6 Layer	8-16 Layer	18+ Layer	HDI	Package Substrate	Flex	Total
Americas	-2.8%	-4.4%	-5.5%	-1.6%	-1.0%	-22.6%	6.4%	-2.8%
Europe	-7.7%	-3.0%	-2.0%	-3.0%	-6.4%	-16.7%	2.7%	-3.5%
Japan	-10.9%	-10.2%	-10.0%	-5.7%	-20.1%	-19.7%	-12.4%	-15.8%
China	-13.6%	-11.1%	-11.0%	-7.8%	-14.9%	-25.8%	-13.5%	-13.6%
Asia (x.JP/CN)	-11.9%	-11.3%	-13.2%	-6.1%	-12.8%	-29.1%	-14.9%	-19.5%
Total	-12.6%	-10.5%	-10.6%	-5.4%	-13.9%	-26.4%	-13.1%	-15.0%

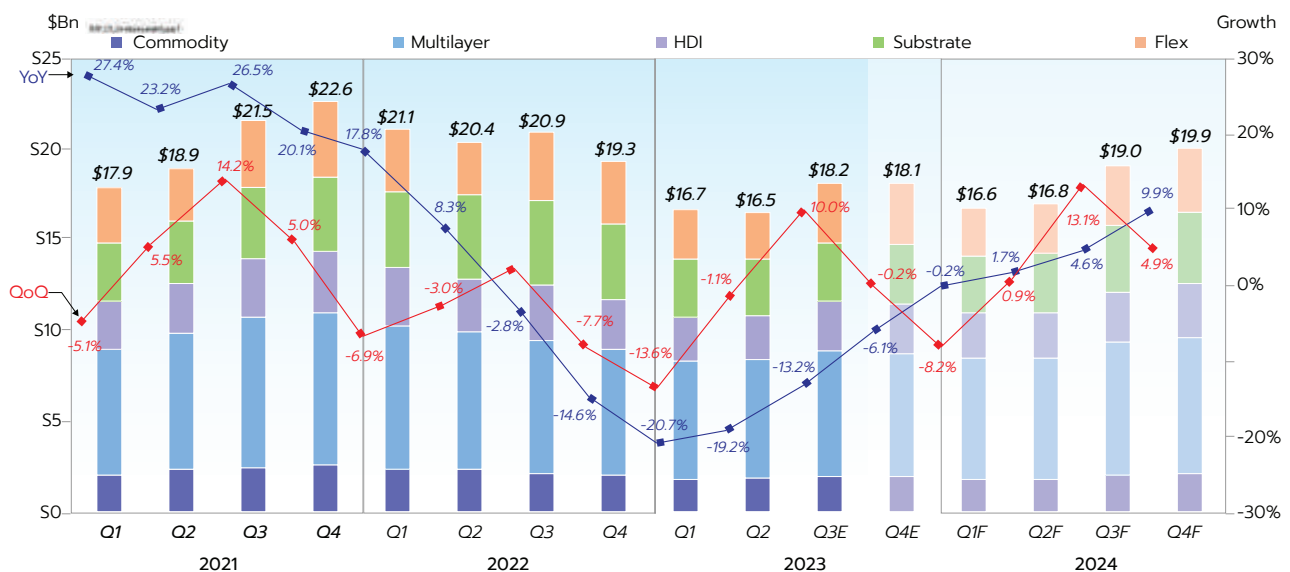
2023/2022 PCB YEAR-ON-YEAR GROWTH ESTIMATE (AREA)

MULTILAYER								
(%Area) Y/Y	Commodity	4-6 Layer	8-16 Layer	18+ Layer	HDI	Package Substrate	Flex	Total
Americas	3.7%	-2.3%	-2.5%	-0.7%	3.3%	-16.7%	11.4%	2.8%
Europe	-3.4%	-1.3%	-0.4%	-2.0%	-5.0%	-9.9%	10.9%	-0.2%
Japan	-4.8%	-3.4%	-3.4%	-3.0%	-14.4%	-12.7%	-7.1%	-6.6%
China	-3.4%	-4.5%	-4.7%	-4.5%	-6.7%	-16.3%	-6.0%	-4.4%
Asia (x.JP/CN)	-3.5%	-4.6%	-7.0%	-2.7%	-5.4%	-18.1%	-8.7%	-6.8%
Total	-5.8%	-4.4%	-5.1%	-3.6%	-6.5%	-16.9%	-6.6%	-4.9%

Source : PRISMARK PARTNERS LLC : The Printed Circuit Report, Third Quarter, November 2023

The graph below shows the PCB quarterly market forecast for the year 2023 and 2024. The 1H 2023 represented the low point of the down cycle and improved in 2H 2023. As a seasonality effects and the current economic situation, 1H 2024 is expected to slow improve and hopefully to recover with growth in 2H 2024 as per analyst's expectation.

PCB MARKET QoQ AND YoY GROWTH



Source : PRISMARK PARTNERS LLC : The Printed Circuit Report, Third Quarter, November 2023



PRINTED CIRCUIT BOARD PRODUCTION YEAR-ON-YEAR GROWTH RATE FORECAST 2023-2027

AMERICAS PCB GROWTH FORECAST (\$M)

2021	2022		2023E		2024F		2025F		2026F		2027F		2022-2027 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$3,246	3.8%	\$3,369	-2.8%	\$3,274	4.7%	\$3,428	9.6%	\$3,758	4.9%	\$3,942	3.9%	\$4,096	4.0%

EUROPE PCB GROWTH FORECAST (\$M)

2021	2022		2023E		2024F		2025F		2026F		2027F		2022-2027 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$2,002	-5.9%	\$1,885	-3.5%	\$1,818	3.9%	\$1,889	9.3%	\$2,064	5.9%	\$2,186	2.8%	\$2,248	3.6%

CHINA PCB GROWTH FORECAST (\$M)

2021	2022		2023E		2024F		2025F		2026F		2027F		2022-2027 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$44,150	-1.4%	\$43,553	-13.6%	\$37,639	3.9%	\$39,113	7.2%	\$41,918	5.9%	\$44,382	5.5%	\$46,819	1.5%

JAPANESE PCB GROWTH FORECAST (\$M)

2021	2022		2023E		2024F		2025F		2026F		2027F		2022-2027 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$7,308	-0.4%	\$7,280	-15.9%	\$6,130	4.5%	\$6,396	9.7%	\$7,018	7.8%	\$7,568	6.0%	\$8,023	2.0%

REST OF ASIA PCB GROWTH FORECAST (\$M)

2021	2022		2023E		2024F		2025F		2026F		2027F		2022-2027 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$24,215	5.9%	\$25,654	-19.7%	\$20,653	4.4%	\$21,503	12.7%	\$24,226	10.3%	\$26,727	9.1%	\$29,162	2.6%

Source : PRISMARK PARTNERS LLC : The Printed Circuit Report, Third Quarter, November 2023

For the long-term 2023-2027 growth projection, the PCB market is likely to be positive Y-o-Y growth against based line in Q1 2024 which projected for slow growth in 1H 2024. The key factor of slow demand in 2023 due to inventory situation is on a positive status to bring supply back into balance with demand. The future growth factors especially for multilayer board and HDI mainly due to the strong automotive electronics demand, the AI server, high-speed networking segment, satellite communications and high-performance computing market. For automotive market, many automotive applications will demand for more reliable and more advance high performing of PCB product which will be a challenge factor of PCB growth.

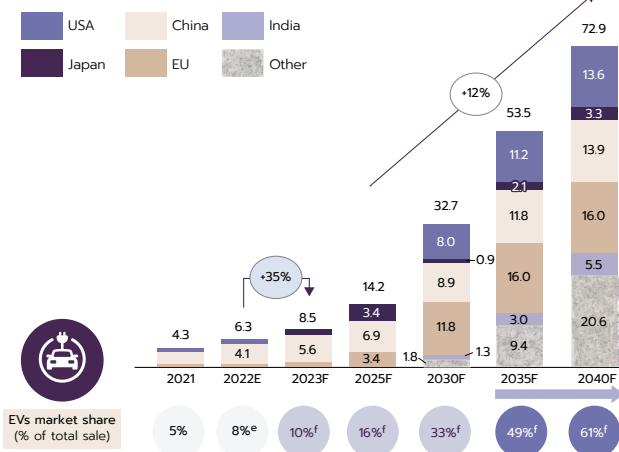


WORLD AUTOMOTIVE PCB MARKET AND GROWTH FORECAST

The economic downturn in 2023 has had much impact on the PCB industry which expected to slow recovery in the 1H 2024. Despite this downturn, the automotive market presented growth around 10% from 2022 and positive trend growth at 4.7% in 2024, primarily driven by the continuous rise in global electric vehicles (EV) penetration and the increasing electrification of vehicles. The EV adoption is a significant growth driver for the automotive PCB market.

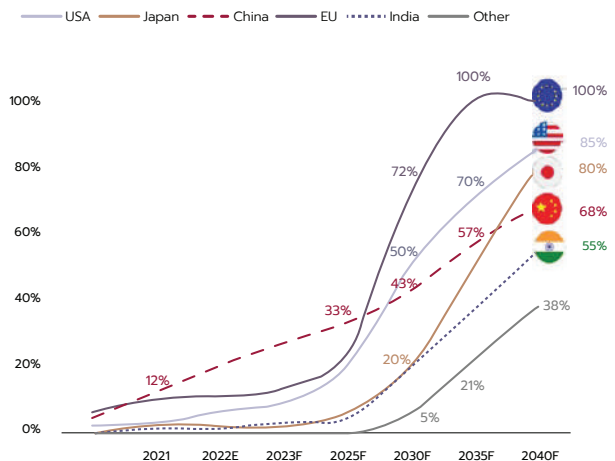
Global EVs Car Sale Units (data as at February 2023)

Unit : Million Cars



Global EVs Market Share (data as at February 2023)

Unit : % EV Cars Sale to Total Cars Sale by Country



Source : SCB EIC Industry Insight

The global electric car sales (EV) show a consistently expanding trend, with an estimated market share of 10% in 2023 and an expected increase in market share in every country worldwide. The automotive PCB tends to be more positive than other market segment with this EV adoption plan. The automotive PCB mostly rely on the increasing technology advancements across the automotive sector, to enhance comfort and safety system, advanced driver assistance system (ADAS), in-vehicle infotainment system (IVI) and various intelligent control systems, thereby increasing the demand for PCB and stimulating the PCB market growth.

The electronics industry in Thailand shows continuous and significant growth trends, driven by foreign investments relocating manufacturing bases to Thailand. According to information from The Office of the Board of Investment (BOI), the first 9 months of the year 2023 witnessed a substantial increase in the value of investment promotion applications, particularly in the electrical appliances and electronics industry. The following table illustrates the investment promotion trends during this period.

Industry	2022 Jan-Dec	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Dec	2022 Jan-Sep	2023 Jan-Sep
	No. of Projects			Investment (Billion Baht)		
Electrical Appliances and Electronics industry	163	93	171	96.19	60.26	208.29
Agricultural, Food and Biotechnology Industries	290	174	224	86.01	58.21	67.07
Machinery and Vehicles Industry	260	144	241	114.91	85.15	60.77
Public Utilities	504	329	342	51.24	32.35	56.16
Metal and Material Industry	166	94	128	30.75	19.19	29.07
Chemical and Petrochemical Industry	136	73	113	55.39	46.29	28.85
Creative Industry	86	43	58	16.76	14.08	8.18
Medical Industry	65	32	46	21.18	11.32	5.98
Digital Industry	121	71	76	45.80	28.25	3.86
High Value Service	196	132	156	75.02	68.96	48.58
Total	1,987	1,185	1,555	593.25	424.06	516.81

Source : BOI News : Investment Situation 9 months 2023

The report highlights a significant increase in investment plan in Thailand's electrical and electronics appliance industry during the first 9 months of 2023 and there is a tendency to increase further. This surge in investment, especially from the global leading PCB manufacturers in China and Taiwan, have planned to expand their manufacturing base by significantly investing in Thailand which aims to establish Thailand as the largest PCB cluster in ASEAN. This is due to the pressure faced by the electronic components industry in those countries which results in the necessity to find a secondary manufacturing source abroad to mitigate trade war risks and enhance manufacturing cost-efficiency. Investments in Thailand will be in the form of PCB manufacturing clusters, serving as a production base for electronic components and PCBs to be exported to the global market. Thailand's conducive factors for investment, particularly in electronic components used in automotive and communication devices, include robust infrastructure, stable electricity systems, industrial zones prepared for more investments, skilled electronic personnel, comprehensive supply chains, and competitive governmental support policies. This aligns with Thailand's initiatives to promote electric vehicle (EV) industries, develop smart cities, and upgrade industries using automation systems and digital technology, increasing the demand for electronic components. The substantial influx of foreign PCB manufacturers investing in Thailand in a clustered format will involve companies, raw materials, machinery, and equipment. This will significantly boost business-related growth, enhance the country's supply chain, establish material hubs, including spare parts for machinery, and stimulate job creation and skill development in electronics and modern machinery. The government, through agencies like the Board of Investment (BOI), collaborates with private sectors, such as the Thai Printed Circuit Board Association, aiming to further involve capable Thai companies in this supply chain through inter-industry activities for maximal benefit of the country.

In the near future, there will indeed be challenges in Thailand's electronics industry, particularly in the Printed Circuit Board (PCB) manufacturing sector. Leading companies worldwide are shifting their production bases and invest in manufacturing products within Thailand for global exports. The following table summarizes the production base expansion plans of top 25 PCB manufacturers, indicating their intention to expand production to Thailand and other Asian countries, establishing them as primary manufacturing hubs for this industry. This transformation may present both opportunities and challenges for the country's intellectual development and preparedness to cope with the changes and growth in the electronics industry.



TOP 25 PCB SUPPLIERS MANUFACTURING LOCATIONS

FACTORY LOCATIONS

Company	Americas	Europe	Japan	China	Taiwan	Korea	Thailand	Vietnam	Malaysia	Philippines	India
Zhen Ding				✓	✓		•				✓
Unimicron				✓	✓		•				
Dongshan Precision				✓			•				
Nippon Mektron			✓	✓	✓		✓	✓			
Ccmpeq				✓	✓		•				
TTM	✓			✓					•		
Tripod				✓	✓			•			
Nan Ya PCB				✓	✓						
AT&S		✓		✓		✓			•		✓
Ibiden			✓	✓					✓	✓	
Young Poong Group				✓		✓		✓			
Shennan Circuit				✓			•				
Kingboard Group				✓			✓				
SEMCO						✓		✓•			
Shinko			✓								
Kinwoog				✓			•				
FLEXium				✓	✓						
WUS Group				✓	✓		•				
HannStar				✓	✓				✓•		
Simmtech			✓	✓					✓		
BH Co				✓		✓		✓•			
Maiko			✓	✓				✓•			
Kinsus				✓	✓				•		
Victory Giant				✓			•	•			
Gold circuit			✓	✓			•				

• New facility / investment either announced recently or still in construction

✓ Existing factory that can pivot production or volume production

Source : PRISMAR PARTNERS LLC : The Printed Circuit Report, Third Quarter, November 2023

In response to evolving market dynamics and a strategic vision for growth, leading PCB manufacturers in China are embarking on a significant expansion initiative, relocating a portion of their manufacturing operations to Thailand. This strategic move not only entails the establishment of new manufacturing facilities but also encompasses the development of an integrated ecosystem to support the production process. The expansion initiative includes the development of a comprehensive ecosystem to support PCB production in Thailand. This encompasses the creation of material hubs, spare parts suppliers, and technical service providers. This is not just challenges but significant opportunities on the horizon. The costs of inventory carrying such as raw material, spare parts for machinery including engineering services are expected to be driven down. By leveraging the future advantages inherent in the evolving ecosystem of PCB manufacturing in Thailand, the company would be capable of delivering quality products and services while maintaining cost competitiveness.

MARKET AND COMPETITION

MARKETING OF KEY PRODUCTS AND SERVICES

1 COMPETITIVE STRATEGY OF THE GROUP

In order to remain the competitiveness potential among other manufacturers in the market, the Company has a policy in maintaining its product quality, building good relationships with customers through the marketing agent and representatives to maintain a major market share in the automotive industry. The automotive electronics market has a continuous growth trend, and there is less number of competitors in the market. A new manufacturer will need to take time to develop the production technology. In addition, the Group continuously improves the production process to keep pace with the on-going changing technology and as a result, the Group is able to offer a wider variety of products. This is important in responding to the needs of customers. The Company has competitive strategies as follows :

1. PRODUCT SELLING PRICE :

The Company will consider many factors, such as, the cost of production which is calculated from the cost of raw materials, the level of technology and complexity of production and the order volume. The quoted selling price must align with the market price and competitive with the price of other competitors in the world market among the products with high technology as well.

2. PRODUCT :

The Company has always kept following the advancement in technology of the customer's products, including the development of new technology in PCB production in order to response to the customers' requirement which have a trend of increased complexity in the future.

3. PRODUCT COST :

As the Company has a subsidiary company (Thai Laminate manufacturer Co., Ltd.) who manufactures PREPREG and LAMINATE, which is the main raw materials for production for the group, therefore this gives an advantage in production cost and flexibility in raw material procurement.

4. SERVICE :

The Company places an importance to the servicing and delivery of product to meet the requirements of customer and create good relationship with customers, including taking care and providing intimate sales services both before and after sales.

2 MARKETING STRATEGY

Strengths and weaknesses in marketing can be summarized as follows :

STRENGTH

1. Domestic Labor cost in production is still lower compared to labor cost in other countries in Europe region, United States and some countries in Asia.
2. The company is located in the free export zone which is exempted from import duty of both machine and raw materials. The Company and its subsidiaries received investment promotion from the Board of Investment of Thailand (BOI), and as such the Corporate Income Tax is exempted.

WEAKNESSES

1. Raw materials used in the production of PREPREG and LAMINATE of Thai Laminate Manufacturer Co., Ltd., such as epoxy resin, fiberglass and copper foil must be imported from overseas as there is no manufacturer in Thailand.
2. Electronics industry and the technology used in domestic production has not been promoted as modern as in foreign countries, and still rely on some advance technology from abroad to use in production.

3 PRICING POLICY

The Company has a policy to set product selling prices to be in line with the market price, and at the level that is competitive, in consideration to the quality of the product and cost of production. Every 6 months, the Company benchmarks its price to other competitors' for guideline in determining selling price setting.

4 TARGET CUSTOMERS AND DISTRIBUTION CHANNELS

The Company has a sales policy with target customers in all different industry. This is to reduce the risk in the event that a certain industry might face an economic or market problem.

CURRENT CUSTOMER

The Company's customers are manufacturer in various industries as follows :

1. Automotive Electronics
2. Telecommunication
3. Industrial Electronics
4. Medical Equipment
5. Computer & Network
6. Consumer Products

At present, the company has a total customer base of more than 300 customers. The Company has a policy to limit sales to an individual customer for not exceeding 30% of the total sales to reduce the risk of each customer. In 2023, top 10 major customers placed order accounted to 70% of total sales

TARGET CUSTOMER IN THE FUTURE

For prospective customers in the future, the Company will continue to mainly focus on customers in the automotive industry because the Company has a high competitive advantage and being well trusted by customers in the automotive industry. There may be an increase in the proportion of customer in the industrial electronics, the High-end consumer product and the telecommunication.

DISTRIBUTION CHANNELS

The Company manufactures products according to the customer's instruction. All orders are gathered by the sales representatives in the overseas and send to the factory to produce the product according to the customer's requirements. The finished products will be distributed and delivered to customers via 2 channels as follows :

- 1.1 Distribute via a sales distributor. The distributor will pay the company according to the specified payment terms. Approximately 24.9% of the Company's revenue comes from the Distributor channel.
- 1.2 Distribute directly to the customer, via a sales agent. The customer will pay the Company directly, once the Company received the payment, the Company will pay a commission in return to the agent. Approximately 75.1% of the Company's revenue comes from selling products directly to customers.

IN 2021-2023, THE GROUP HAS SALES REVENUE BY CLASSIFIED SALE CHANNEL AS FOLLOWS :

Distribution channel	2023		2022		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Distributing by distributor	4,067.45	24.9	4,516.28	24.5	4,678.69	31.3
2. Distributing by agent	12,276.18	75.1	13,940.06	75.5	10,259.09	68.7
Total Revenue	16,343.63	100.0	18,456.34	100.0	14,937.78	100.0

The Group has 5 distributor representatives in Thailand and abroad as follows :

1. A DISTRIBUTOR (BEING THE COMPANY'S SUBSIDIARY)

KCE (Thailand) Co., Ltd. has registered on March 8, 2007 and started business in May 2007, being an agent to gather orders from customers in Thailand, in the similar manner as a foreign agent. Previously sales to customers in Thailand was handled by the Company. Most products are re-exported to foreign countries. In 2023, the Company has sold its products through the agent in Thailand for the amount of 9.0% of total sales.

KCE SINGAPORE PTE., LTD. is located in Singapore and responsible for customers in Asia such as China, Korea, Hong Kong, Malaysia, Philippines, Singapore and Australia except Thailand and customers located in many European countries. In 2023, the company has sold products in these regions amounted to 36.0% of the total sales.

KCE AMERICA INC. is located in California, U.S.A. It is primarily responsible for customers in the United States, Mexico, Brazil and Canada, and some customers in Asia. In 2023, this distributor has sold products in those areas amounted to 18.1% of the total sales.

2. A DISTRIBUTOR (BEING NOT RELATED PARTY)

INTERNATIONAL CIRCUIT LTD. (registered business name is 'KCE EUROPE') is located in the United Kingdom. The company's business is a PCB distributor, and it is responsible for all customers in Europe with the exception of Germany, Austria and Romania. In 2023, the company has sold products accounted for 21.6% of total sales. Anyhow, the shareholders and the executives of this distributor are not persons who may have conflicts of interest and have no interest in the Company.

KCE PRINTED CIRCUIT BOARDS GMBH (formerly CHRISTIAN ENZMANN GMBH) is located in Munich, Germany, who is responsible for customers in Germany and Romania. In 2023, the company has sold products accounted for 15.2% of total sales. Anyhow, the shareholders and the executives of this distributor are not persons who may have conflicts of interest and have no interest in the Company.

FACTORS AFFECTING THE ELECTRONIC PRINTED CIRCUIT BOARD INDUSTRY

Shortened lifecycle of electronic products

As technology advances rapidly, the lifespan of the product is implicitly shortened. Therefore, there must be new products replacing in the market. As a result, PCB manufacturers have to expedite production to accommodate these changes throughout the product lifecycle.

Increasing complexity of electronic products

Today's electronic products are designed to have multiple functions and superior performance, utilizing high density interconnect (HDI) technology.

Such advanced manufacturing facility will require constant investment and upgrades not only in manufacturing equipment's but also in qualified and previously groomed engineers to ensure and surpass stringent quality standards.

Innovation of automotive electronics

The growth of the automotive industry is an important driving force for the electronic printed circuit board industry. Almost all innovations in the automotive industry are about electronics such as Driving Assistance Systems (ADAS) and autonomous driving systems, connected car systems, safety innovations and EV cars.

Migration of the world's PCB manufacturers to Asia

Over the years, many manufacturers of electronic products in both America and Europe has moved its production base to Asia for the benefit of labor costs. It tends to come mostly in China, and to be the world's largest PCB market, both in terms of revenue and the number of PCB manufacturers. In addition, the technical production capabilities of PCB manufacturers in China have also improved greatly. At present, China has become the world's center for producing Smart phones, Tablets, PCs, Computers, and Consumer electronics that are high quality products.

PRISMARK PARTNERS LLC reports that by 2023, PCBs made from China account for 54% of the world's PCB production.

The volatility of copper and gold prices

Electrodeposited copper, gold salt are main raw materials for PCB manufacturing. Copper clad laminate coupled with cured impregnated fiberglass with epoxy resin are bases of printed circuit production materials. The volatility of copper market prices is a result of global demand-supply conditions, especially the impact from China and India that increase/decrease in such raw material reserves according to changing needs and from crude oil price conditions, products that are related to crude oil prices have

changed accordingly. The increasing price of copper, gold and oil directly affect the cost of production, especially the price of laminate sheet which is the main raw material for PCB production, as well as the price of copper foil and copper anode.

COMPETITION CONDITIONS

The global PCB market is characterized by a rapidly changing and volatile cyclical nature as well as a highly competitive market and can be divided into niche markets in many market sectors

The competitive conditions in the PCB industry will vary in each market sector as follows :

1. PCB market sector with mass production such as PCB used in telecommunication industry, computer parts industry and electrical appliances industry. Such markets have highly competitive with multiple sellers and intense price competition. Therefore, manufacturers must move their production bases to regions with lower production costs such as China.
2. PCB market segment with a small number of manufacturers, including PCBs used in the automotive industry. There is not much price competition in this segment of the market, but will focus on competition in terms of product quality. The main production sources are in the Asian region.
3. Protected PCB market segments include PCBs used in military technology-related industries, medical equipment or other industries related to national security. Most of the production bases are located in Europe and America. As it is a regulated marketing group, there is no competition with other markets.
4. Prototype PCB manufacturer market is a group of manufacturers specializing in unique products and short cycle life. PCB manufacturers in this market are only domestic manufacturers. Most are in the Europe and America.

The Group is in the automotive electronics industry, a high competition, the competitors may be manufacturing companies in their own country or in the same geographic region, or it could be a large multinational PCBs manufacturer, but the Company believes that the factors probably the most important thing for customers, is the quality and reliability of the product, responding to customer needs and reasonable price.

OPPORTUNITIES AND OBSTACLES

The potential investment in the domestic electronics industry is still quite high because of the low labor cost compared to other countries, Europe and America. However, due to insufficient government support, there is a shortage of knowledgeable human resources capability and expertise in high production technology. Therefore, foreign experts have to be hired to work for.

SUCCESS FACTORS

The Company and its Subsidiaries focus on products, production cost, the selling price of the product and after sales services.

1. **Focus on product quality** to produce quality products (High reliability) certified by ISO/TS16949 system since 2003 until now, which is a quality management system that is recognized in the automotive industry worldwide the whole America, Europe and Asia and passed the quality check by world standards. It has also been certified for quality and many awards that make customers believe in the product quality.

2. **Focus on low cost production** The Company has an advantage from having a laminate factory and having consistently efficient cost management.
3. **Increase production efficiency** to increase productivity and reduce wastage which reduced the production cost
4. **Focus on good management** ensures the timely and precise delivery of goods to customers, meeting agreed-upon conditions.
5. **Focus on sales service** The Group has representative companies located in the area to provide immediate service to customers such as in the United Kingdom, United States of America, Singapore, Germany, Mexico, Brazil and Canada,. Providing sales and after-sales services to customers including coordinating with customers in receiving monthly purchase orders, and monitoring the delivery of goods as scheduled, receiving complaints from customers, initial analysis of quality problems before coordinating with the company's quality inspection department to resolve them and other technical assistance.
6. **Emphasis on the development of people** to have multi-skill to increase efficiency and flexibility in working in various steps.
7. **Use of IT systems** for data management enables efficient administration, incorporating international data security control standards.

PRODUCTION CAPACITY AND ACTUAL PRODUCTION OF THE COMPANY AND ITS SUBSIDIARIES

Company Name	Product	Number of shifts**	Year	Capacity (Sq.Ft./Yr.)	Actual Capacity* (Sq.Ft./Yr.)	CapacityRate (%)	Scrap Rate (%)
KCE Electronics Public Company Limited	Printed Circuit Board (PCB)	3	2023	25,200,000	15,208,416	60.35	8.56
			2022	25,200,000	19,147,176	75.98	8.88
			2021	22,050,000	18,935,166	85.87	7.40
KCE Technology Co.,Ltd. (subsidiary)	Printed Circuit Board (PCB)	2	2023	18,000,000	12,072,623	67.07	8.57
			2022	17,100,000	14,008,436	83.38	7.03
			2021	14,400,000	12,785,994	88.79	6.62
Thai Laminate Manufacturer Co.,Ltd. (subsidiary)	Prepreg (PP)	2	2023	410,872,000	274,776,859	66.88	1.24
			2022	410,872,000	307,102,950	74.74	1.06
			2021	395,472,000	313,542,205	79.28	0.85
	Laminate (LM)		2023	62,208,000	49,732,983	79.95	1.37
			2022	62,208,000	52,069,346	83.70	1.45
			2021	62,208,000	55,641,000	89.44	1.86

Note * Actual production net of defection rate

** The company works 24 hours. The working hours are divided into shifts as follows.

In the case of 3 shifts, workers are divided into 3 groups and work alternately.

- ◆ The 1st shift starts from 06.00 a.m. to 2.00 p.m.
- ◆ The 2nd shift starts from 2.00 p.m. to 10.00 p.m.
- ◆ The 3rd shift starting from 10.00 p.m. to 06.00 a.m.

In the case of 2 shifts, workers are divided into 2 groups and work alternately.

- ◆ The 1st shift starts from 07.00 a.m. to 07.00 p.m.
- ◆ The 2nd shift starts from 07.00 p.m. to 07.00 a.m.

ASSETS USED IN BUSINESS OPERATIONS

BOOKED VALUE OF ASSETS OF THE COMPANY AND SUBSIDIARIES AS OF DECEMBER 31

Assets*	Net Book Value (Million Baht)	
	2023	2022
Land	682.69	694.68
Building and building improvements	1,714.24	1,854.51
Machinery and factory equipment	4,541.02	4,953.83
Factory improvement	427.29	406.66
Furnishings, fixtures and office equipment	14.22	12.81
Office improvement	16.86	24.09
Vehicle	26.79	26.63
Factory and factory improvements under construction	79.32	156.82
Machinery and equipment during installation and other assets	622.07	734.03
Total	8,124.50	8,864.06

*See attachment 4 for more details.



KCE Group consists of the Company, Subsidiaries and Associated Companies as follows :

SUBSIDIARY COMPANIES

1. K.C.E. International Co., Ltd.
2. KCE Technology Co., Ltd.
3. Thai Laminate Manufacturer Co., Ltd.
4. KCE (Thailand) Co., Ltd.
5. Chemtronic Technology (Thailand) Co., Ltd.
6. Chemtronic Products Co., Ltd.
7. KCE Singapore Pte., Ltd. (Since November 1, 2014)
8. KCE America Inc. (Since January 3, 2018)

INDIRECT SUBSIDIARY COMPANIES

1. Chemtronic Chemical Co., Ltd.
2. CTC Chemical Co., Ltd.
3. KCE America Partners LLC

ASSOCIATED COMPANIES

KCE Taiwan Co., Ltd.



SECURITIES AND SHAREHOLDERS

SUBSIDIARY COMPANIES

1. **K.C.E. International Co., Ltd.** has a paid-up registered capital of 100 million baht, operates as a manufacturer and distributor of PCBs, which is the double-sided PTH. The Company holds 99.99% of the paid-up capital.
2. **KCE Technology Co., Ltd.**, currently has a paid-up registered capital of 1,600 million baht and is mainly engaged in manufacturing and distributing of the Multilayer PCBs; a 4 to 6 layer count. The Company holds 100% of the registered and paid-up capital.
3. **Thai Laminate Manufacturer Co., Ltd.** has a registered capital of 250 million baht and operates as a manufacturer of COPPER CLAD LAMINATE (LAMINATE) and PRE IMPREGNATED FIBERGLASS (PREPREG), which are important raw materials of PCBs for the Company and its subsidiaries. The Company and its subsidiaries hold 100% of the registered and paid-up capital.
4. **KCE (Thailand) Co., Ltd.** incorporated on March 8, 2007, with a paid-up registered capital of 3,600,000 baht, operates as a PCB distributor in Thailand. The Company holds 60% of the paid-up capital and Mr. Thamnu Tuchinda, who is not a person who may have conflicts of interest and has no interest in the Company, holds 39.14% of the shares and 6 other minor shareholders hold 0.86% of the shares.

5. **Chemtronic Technology (Thailand) Co., Ltd.**, currently has a paid-up registered capital of 48 million baht. The Company holds shares in the proportion of 94.75% of the paid-up capital. In addition, Chemtronic Technology (Thailand) Co., Ltd. holds 98.75% shares in Chemtronic Chemical Co., Ltd. (subsidiary) and in 2016 acquired shares in CTC. Chemical Co., Ltd. (a subsidiary company) in the proportion of 99.58%, and operates as a manufacturer of chemical reagents, which is used in the manufacturing of PCB.

The Company has benefit from the investment in Chemtronic Technology (Thailand) Co., Ltd., that is, in addition to helping the Company to reduce the cost of waste disposal from the production process, there is also income from the recycle of copper from used chemicals. The product obtained is Copper Sulphate which is used as a feed ingredient and as a fertilizer for plants as well

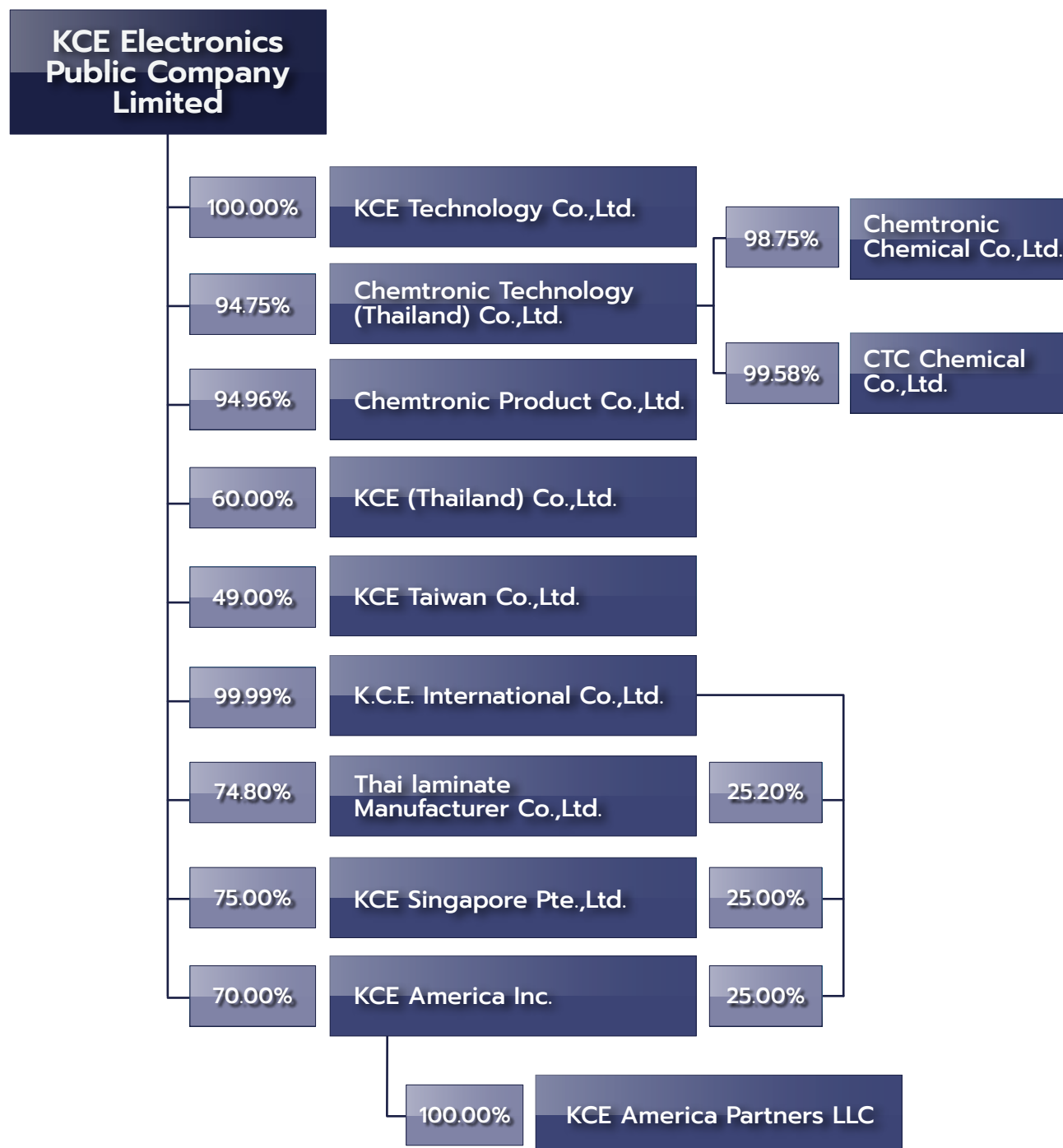
6. **Chemtronic Products Co., Ltd.**, a manufacturer and distributor of chemicals used as ingredients in animal feed production. Later, the company expanded its business in Tin Oxide production. At present, it has a paid-up capital of 80 million baht. The Company holds 94.96% of the total issued and paid-up capital.
7. **KCE Singapore Pte. Ltd.** (acquired business on November 1, 2014), at present has a paid-up registered capital of S\$ 500,000, operates as a distributor of PCBs in the Asia region. The Company and its subsidiaries hold 100% of the total issued and paid-up capital. The Board of Directors has appointed 3 executives from the Company to be directors in the Company Limited. KCE Singapore PTE. Mr. Bancha Ongkosit, Ms. Voraluksana Ongkosit, and Mr. Pitharn Ongkosit.
8. **KCE America Inc.** (acquired business on January 3, 2018) has a total issued and paid-up capital of USD 50,000, operates as a distributor of PCBs in America, Mexico. The Company and its subsidiary hold 95 percent, Mr. Fredrick O'Hanian holds 5% of the paid-up capital. Mr. Pitharn Ongkosit, Mrs. Voraluksana Ongkosit and Mr. Athasidh Ongkosit are directors of KCE America Inc.

KCE America, Inc. holds 100% shares in KCE America Partners LLC. (subsidiary) which operates property rental business.

ASSOCIATED COMPANIES

KCE Taiwan Co., Ltd. currently has a total issued and paid-up capital of NTD 3,000,000. It operates as an agent for procurement of raw materials and machinery overseas for the group of companies. The Company holds 49% of the paid-up capital, with Mr. Lin, Po-Chiung, Taiwanese as the chairman of the board and hold 12.5% shares. Mrs. Hsiao, Yu-Chu, Taiwanese is the Managing Director, hold 12.5% of shares and Mrs. Tanya Tuchinda holding 26.0% of the registered and paid-up capital. The three persons are not persons who may have conflicts of interest and have no interest in the Company. In this regard, the executives and the Company's directors are Mr. Bancha Ongkosit and Mr. Pitharn Ongkosit, representing 2 from 5 directors in KCE Taiwan.

COMPANY STRUCTURE



RELATIONSHIP WITH MAJOR SHAREHOLDERS' BUSINESS

- None -

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 2023 were disclosed in Note No.3 in the financial statement for the year ended December 31, 2023, 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

REGISTERED CAPITAL AND PAID-UP CAPITAL

Capital as of December 28, 2023

Ordinary share (par value Baht 0.50 per share)	1,182,088,596	Shares
Registered capital	591,396,798	Baht
Issued and Paid-up capital	591,044,298	Baht

SHAREHOLDERS

LIST OF THE TOP 10 MAJOR SHAREHOLDERS AS AT DECEMBER 28, 2023

Name list	Number of shares held	Percentage of Total shares
1 Ongkosit Group*	391,326,640	33.10
2 Thai NVDR Company Limited	72,486,080	6.13
3 Mrs. Rattanawadee Senadisai	57,725,300	4.88
4 THE BANK OF NEW YORK MELLON	41,295,802	3.49
5 SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	24,168,544	2.05
6 Mrs. Siriphan Suntanaphan	11,209,800	0.95
7 K20 Select Long-Term Dividend Stock Fund	9,912,200	0.84
8 K Master Pooled Registered Provident Fund	8,750,400	0.74
9 TISCO Master Pooled Registered Provident Fund	8,698,700	0.74
10 Mrs.Chantima Ongkosit	8,267,650	0.70
Total	633,841,116	53.62

Ongkosit Group* comprises of the followings :

Name list	Number of shares	Percentage
1. Mr. Pitharn Ongkosit	164,754,244	13.94
2. Mr. Athasidh Ongkosit	59,609,000	5.04
3. Miss Chutinart Ongkosit	42,679,136	3.61
4. Mrs. Rossarin Ongkosit	2,000,000	0.17
5. Mrs. Voraluksana Ongkosit	1,879,500	0.16
6. Mr. Bancha Ongkosit	404,760	0.03
7. NOMURA SINGAPORE LIMITED-CUSTOMER SEGREGATED ACCOUNT	100,000,000	8.46
8. LGT BANK (SINGAPORE) LTD	20,000,000	1.69

As at December 28, 2023 the Company's shares held by foreign investor was 22.59%

1.5

OTHER SECURITIES

- None -

1.6

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 :

	2023 (Proposed year)	2022	2021	2020
1. Net Profit - Consolidated FS (Baht)	1,719,581,960	2,317,230,051	2,426,284,100	1,126,786,742
2. Number of shares as of Dec.31, (Shares)	1,182,088,596	1,181,965,596	1,181,589,596	1,178,062,096
3. Annual Dividend (Baht/Share)	<u>1.30*</u>	<u>1.60</u>	<u>1.60</u>	<u>0.80</u>
- Interim dividend	0.60	1.00	0.60	0.40
- Yearly dividend	0.70*	0.60	1.00	0.40
4. Total dividend payment (Baht)	1,536,715,175	1,891,144,953	1,890,233,574	940,342,277
5. Dividend Payment to Net profit - Consolidated FS	89.4%	81.6%	77.9%	83.5%

*The proposed dividend in the 2024 Annual Shareholders' Meeting.



RISK MANAGEMENT

RISK MANAGEMENT POLICY AND PLAN

The Board of Directors and the Audit Committee are the auditors of various internal control systems such as financial management systems, the measurement of actual performance against strategy & goals, and the compliances with laws and regulations. There is the internal auditor department that will audit the accuracy of the information, monitor the maintenance and utilization of the assets, assess the adequacy and efficiency of the internal control systems of various work systems along with audit planning and monitoring the implementation of the plans to assure company's operations efficiency and effectiveness, as well as to help prevent and manage various risks that might occur to the company and stakeholders.

The Board of Directors is responsible for the financial statements, financial information and annual reporting of the company & its subsidiaries. The financial statements will be audited by the auditor to ensure the correct significant contents respectively to acceptable accounting standards in Thailand, along with sufficient disclosure of important information and notes to the financial statements in the company's annual report.

The Board of Directors is also responsible for maintaining effective internal systems to reasonably ensure the accuracy and completion of financial statements recording along with supervising the assets utilization and preservation to prevent misconducts or corruptions. The Board of Directors has appointed an Audit Committee consists of 3 independent directors to supervise and ensure availability of appropriate financial reporting and auditing system.

The internal control sufficiency assessment form by Securities and Exchange Commission (SEC) has been utilized as a guideline for self-assessment of the sufficiency of the company's internal control systems. The management and the Internal Audit Department conducted annual assessments and had been reviewed by the Audit Committee follows by the Board of Directors regularly.

The Company's head of internal audit is Miss Chayanee Chaidetkhajorn (Assist Vice President - Internal Audit) appointed by the Audit Committee.

At present, the Board of Directors has concluded that the Company's internal control system, risk management, information & communication systems, and monitoring system are sufficient and appropriate.

KCE Electronics Public Company Limited is committed in achieving our goal of becoming the world's major PCB manufacturer and realized that risk management is an important component in every process of business operations. The Company has established multiple risk management committees to look after risks in all areas, in order to ensure that the risk management process & methodology is clearly aligned with business strategies & goals under the Good Regulatory Framework. The major risk management is classified as following :

RISK MANAGEMENT STRUCTURE

Company and affiliated companies there is systematic and integrated risk management along with the formulation of strategies and business plans to ensure continuous risk management throughout the organization. And to ensure that risk management will be efficient and effective, the risk management structure has been established as follows.



1. The policy-level risk management committee (BOD and EX-BOD) is responsible for supervising operations according to risk management policy and approving acceptable risks (Risk Appetite) of the organization, setting a comprehensive risk management structure. The whole organization Appoint and follow up on the performance of the operations committee of the ERM risk management committee, including making recommendations for improving operations according to the organization's risk management system.

2. The Enterprise Risk Management Committee (ERM) is responsible for determining enterprise risk management strategies and acceptable risks and presenting them to the Policy Risk Management Committee for consideration. Establish processes and measures for risk management at the enterprise level, follow up on risk reviews, and report to the Audit and Governance Committee. Including appointing a line-level risk management working group (FRM) for each department as appropriate.
3. Functional Risk Management Committee (FRM) is responsible for identifying Evaluate risks and create line-level risk management plans along with specifying the responsible person including monitoring and reporting the results of risk reduction at the operational level in order to comply with the company's policy.
4. The Audit Committee is responsible for supervising and evaluating the effectiveness of operations according to the risk management system and provide advice to the Board of Directors Executive Committee or the risk management committee of the organization as a whole.



PROMOTING A RISK CULTURE

KCE Electronics Public Company Limited Emphasis is placed on cultivating awareness and creating awareness of the importance of risk management among executives and employees at all levels. Therefore, it encourages the creation of a continuous risk culture throughout the organization and to be able to apply risk management systems to business operations with efficiency and effectiveness. The company has therefore laid the foundation for systematic risk management by operating according to international standards through the actions of various committees. To be able to identify business risks or opportunities in time for events that occur which has the following details

- ♦ Review management risk management policies and acceptable risk levels (Risk Appetite) annually and communicate to executives. Employees at every level and every department are informed throughout the organization. To make executives and employees aware of the possibility of risks occurring, impacts arising from risks the importance of risk management and participation in joint risk responsibilities, including implementing risk management policies as part of operations. Use it as a guideline for decision making and planning plans.
- ♦ Require integrated risk consideration along with setting strategic plans and business plans, including the process of transferring Risk Appetite to line levels or departments that take care of important projects of the organization.
- ♦ Use the Maturity Assessment prepared with consultants to plan the development of the organization's risk management system and implement the said plan continuously.
- ♦ Promote integration between work lines According to the Three Lines of Defense guidelines and setting guidelines for developing risk coordinators (Risk Champion) of each line of work. To represent the agency in coordinating and following up on the performance according to the risk management plan.
- ♦ Encourage the establishment of policies for skills development. Risk management knowledge or requiring them to pass relevant certifications in their work. In order to give advice to executives and employees in the organization appropriately and efficiently.
- ♦ Develop a standardized risk database for use in collecting and organizing risk information in the database (Risk Inventory).

1 STRATEGY RISK

The company envisions becoming the world's major PCB manufacturer and aim to produce PCBs as electronic components for products in all technological fields including auto parts, which is currently the company's largest production proportion, which keeps growing every year. The company is also attempting to increase the customer base outside of auto parts segment to broaden marketing opportunities. At the same time, the company has been continuously improving production capacity and efficiency to support the growing demand of PCB in the market by planning to build the new PCB plant at Rojana Industrial Park, Ayutthaya, while maintaining the low manufacturing costs in order to maintain competitiveness. The risks associated with the company's strategies setting include :

1.1 RAW MATERIAL SOURCING RISK

In 2023 , even though the COVID-19 outbreak situation around the world has gradually improved, global travel has begun to be more normal, causing the problem of delayed delivery of goods from distributors to improve. As for the ongoing war between Russia and Ukraine, it has led to trade sanctions and an energy crisis. Affecting the matter of increasing the price of raw materials, especially copper which is the main raw material. This is a result of the continuous increase in world energy prices. As a result, in the beginning of 2023, raw material prices increased higher than last year. But in the middle to the end of the year, various situations began to improve in a better direction, causing raw material prices to decrease. And the company itself has a good management plan. In addition, the company has recruited new distributors in addition to the existing distributors to reduce the risk of shortages of raw materials and materials used in production.

1.2 MARKETING RISK AND BUSINESS COMPETITION (MARKET RISK & COMPETITION RISK)

As a result of the war between Ukraine and Russia that has been dragging on since 2022, the global economy has not yet recovered as it should. There is also competition in the industry that tends to increase, especially in the automotive industry, which is the main customer group of the company that has changed into the electric vehicle industry. This causes customer needs to change rapidly and emphasize competition in cost and technology that may affect the company's operating results. The company has implemented risk management to reduce such impacts by expanding to additional customer groups such as the INDUSTRIAL group, TELECOMM Group and developing raw materials and product quality by bringing in technology and automation to help. We also continuously monitor customer needs to find business opportunities in new products.

1.3 TECHNOLOGY CHANGES RISK

The electronics industry has rapid changes in production technology, so it might be a risk of competitiveness. Therefore, the company has been continuously investing to support technology changing since 2021 up until now. In addition, we have continuously developed products and manufacturing process to support the increasing products varieties as well as focusing in quality control process to serve customers' expectation, especially the HDI (High Density Interconnect) which is a product group that produced by advance manufacturing technology.

2 OPERATION RISK

2.1 PRODUCTION RISK

The result of stretching of the Russia-Ukraine war, causing the global economy to continue to slow down, affecting orders that still do not come in at full capacity, causing the company must plan production in accordance with orders. To control costs to an acceptable level. Including improving the production process to suit new technology to reduce the rate of waste (Damage) and reduce the time spent in production, increasing the strictness of preventive maintenance of machinery (Preventive Maintenance) to reduce the rate of Downtime of machinery. This makes it possible to control production costs to a satisfactory level.

2.2 HUMAN RESOURCES MANAGEMENT RISK

Regarding human resource management risks, in 2023 the company focuses on preventing violations of personal information of employees. Training was organized to provide knowledge about the PDPA personal data protection law (Personal Data Protection Act). Establishes the PDPA Committee and the Personal Data Controller to consider access Storage and destruction of personal information in order to prevent the risk of information leakage which will cause damage to the company. And another issue that the Human Resources Department will focus on in 2023 is the issue of human rights in complying with labor laws regarding employee working hours that must not exceed the number of hours according to labor law requirements. The company closed the risk by using a computer system to control employee overtime approval to comply with the law.

2.3 INFORMATION SECURITY MANAGEMENT RISK

The company's information and information systems are the most important resource. The protection against external threats and systematic standardized supervision are top priorities of the company. The risks and the likelihood of risks are protected as follows :

- ♦ Installed and updated computer firewall to prevent malicious attacks from outside as well as installing antivirus software to prevent any potential damages to the Company's computer network.
- ♦ Installed the data backup system to prevent data loss in case of irreparable damages to the operating systems or main servers. The server storage room were built to withstand fires for about 10 hours and has equipped with emergency power supply systems to continuously supply electricity in case of power outage.
- ♦ Established robust service contracts to the computer equipment and software suppliers to handle maintenances & services those important systems.
- ♦ Developed and improved information technology management in accordance with the requirements of the Trusted Information Security Assessment Exchange (TISAX) for the Automotive industry, because it is the main industry of the company's businesses & products. The information security systems were set on both internal and external, which is expected to be certified under TISAX within 2023.
- ♦ Set up Disaster Recovery Site outside the company's location to be an alternate source for storing data and the main work systems, which can be enabled and recovered at any time in case the main computer center is not functioned, whether by natural disasters or man-made. It helps to ensure that there will be no damage to any important data and allows the business to continue without interruption.
- ♦ Vulnerability Assessment applied, which is a checking process that identifies risks of vulnerabilities discovered in the operating systems, software, or network/security equipment, as well as their severity levels so that they are addressed & properly solved by the system control administrators.

3.1 FOREIGN EXCHANGE LOSS RISK

Because most of the Company's revenue and cost of sales are mainly in USD, the company benefited during 2022 when THB was greatly depreciated against USD compared to 2021's. However, the Company continues to implement hedging policies to help mitigate the burden of exchange rate fluctuations by using natural hedge methods to balance the company's assets and liabilities in foreign exchange. In addition, the Company continues to apply forward contracts for the difference in foreign exchange between assets versus liabilities, which can also leverage the protection of risks by exchange rate fluctuations.

3.2 INTEREST RATE RISK

Due to the gradual reduction of the company's long-term loan has been consistently decreased since 2022 and in 2023 there has been no additional long-term loan. This enables the company to reduce the risk from interest rate fluctuations. In addition, short-term loan of the company is primarily for working capital purposes in certain parts of the business and is only for short durations. Therefore, this results in the company experiencing minimal impact from interest rate fluctuations.

Fires and natural disasters can have a significant impact on the Company's operations. The Company and all its subsidiaries have managed to reduce the risk by applying all-risks-insurance and business interruption insurance with the insurance providers who has a strong financial position. The insurance packages are being reviewed on yearly basis to ensure that it is adequate and cover damages of all cases.

4.1 FLOODS RISK

The manufacturing facilities are located in Lat Krabang Industrial Estate, Bangkok, and high-tech industrial estates, Phra Nakhon Sri Ayutthaya province, therefore, there are floods preventive measures already in-place by industrial estates themselves at a standard level, such as building floods walls, etc. However, the company always keeps monitoring floods information, well-prepared contingency plan, having good building design by considering advance preparation such as hi-raised building floor beyond flooding level which is even higher than other surrounding area of the industrial estate to prevent potential impacts on machinery and production processes that could causes by floods.

4.2 FIRE ACCIDENT RISK

The company has standardized fire prevention and suppression plans, divided into inspection plans, training plans, fire prevention campaign plans, firefighting plans, evacuation plans, and relief plans. The company will educate all employees on fire prevention and basic fire extinguish. The Emergency Response Team has also been appointed from trained specialists in firefighting. Firefighting equipment is always checked in readily available, and fire-prone machinery and equipment are inspected according to the inspection cycle of each device. The electrical system and equipment to be also



inspected according to the audit plan by a certified third party that has been registered as a service provider for inspecting and certifying electrical systems, thus, the official inspection reports will be submitted to the Department of Labor Protection and Welfare.

5

ENVIRONMENTAL REGULATION COMPLIANCES RISK

The company has a policy to strictly comply with environmental laws, and since the company has factories in the industrial estates which already has standard control measures including water treatment which has been certified by both the Industrial Estate and the Department of Industrial Works. There is regular inspection and submission of reports according to regulations. Other waste management and air pollution elimination are also being managed and controlled in compliance with environmental laws as well. The waste disposal equipment is well-maintained, the system is monitored on regular intervals thus enabling the wastes treatment to be under controlled according to the specified criteria.

6

EMERGING RISK

6.1 COVID-19 OUTBREAK

In 2023, at the beginning of the year, the spread of COVID-19 was much better, with fewer outbreaks within companies compared to the previous year. But at the end of last year, the new strain of epidemic situation began to return again. The company has therefore issued a preventive measure against the spread of infectious diseases by issuing an announcement for employees to return to wearing masks to prevent the spread of disease as a primary prevention measure.

6.2 IMPACT OF THE RUSSIA - UKRAINE WAR

The impact from the Russia-Ukraine war is an indirect impact because the company does not have trading partners from these two countries. But the result of the war causes the price of energy to increase greatly, affecting the price of raw materials and various materials to increase due to the cost of Transportation and related production costs have increased and the increase in energy prices has also resulted in global inflation, causing a slowdown in the growth of the world economy, resulting in people around the world. Reduce consumption causing orders from customers to decrease as well. The company has guidelines for closing this risk by managing the production plan tightly by using the efficiency of the machines to their fullest potential and try to find modern technology to use in production to control production costs to a level acceptable to the company.

Sustainable practices are widely used in business operations on a global scale. Specifically, ESG practices include environmental management (Environment), society (Social) and good governance (Governance) are used as tools in risk management to build confidence among stakeholders. The company has risks that are assessed and monitored as follows :

7.1 RISK OF IMPACTS FROM CLIMATE CHANGE

The company gives importance to and follows news on climate change issues from around the world because the company is an exporter and some of its customers are customers in the European Union who are interested in greenhouse gas emissions. This causes the company to pay attention to the issue of carbon footprint in the organization's products by starting to hire consultants to study this matter seriously since the beginning of 2023. The



company also places importance on Use renewable energy by installing a Solar Roof-top 2.9 MWP. to produce electricity from solar energy for use in the organization. And there is still a plan to operate in 2024 another 1.5 MWP.

7.2 HUMAN RISKS

Currently, the company has established important human rights policies, such as non-discrimination from the recruitment process. Not using child labor or forced labor by providing channels for complaints through many channels and having a policy to protect and fairly provide compensation to complainants. The topic of human rights is included as part of the evaluation of various trading partners who sell products and provide services to the company. At present, no risky issues have been found in this matter.

7.3 GOVERNANCE RISKS

The company has established policies and guidelines for anti-fraud and corruption. It is communicated to both within the company and to stakeholders. There is also a risk assessment and review every year to determine appropriate measures that are consistent with CAC requirements.

(Thai Private Sector Collective Action Against Corruption)



BUSINESS SUSTAINABILITY DEVELOPMENT

WE SUPPORT



With the awareness of the importance of the environment and society, as well as the benefits for all stakeholders, the company has joined as a member of the United Nations Global Compact Network Thailand (UNGCNT) since the year 2007. This network is dedicated to the sustainable development of significant global projects initiated by the United Nations. The company adheres to the principles aligned with the 10 principles of the UN Global Compact, covering four key areas: human rights, labor standards, environmental protection, and anti-corruption

3.1

POLICY AND OBJECTIVES OF SUSTAINABLE MANAGEMENT

The Group is aware of the importance of sustainable development for the long-term business success and conducts its business with a focus on sustainable economic growth, supported by effective corporate governance and risk management. The company operates with a strong sense of social and environmental responsibility, and is dedicated to supporting sustainable development goals according to the United Nations Sustainable Development Goals (UN SDGs). These goals serve as a guideline for the organization's operations, covering all dimensions, including economic, social, and environmental aspects, under the principles of good governance.



THE KEY ESSENCE OF THE SUSTAINABLE DEVELOPMENT POLICY OF KCE GROUP

- **Operate the business under principles of good corporate governance :**

Conduct operations with integrity, ethics, and transparency. Implement appropriate risk management and internal controls. Continuously improve the quality of products and services, and promote innovative business development with social and environmental responsibility. Additionally, strive to respond to the needs and expectations of all stakeholders in a balanced manner.

- **Conduct business with social responsibility :**

Respect and adhere to international human rights principles throughout the value chain. Develop the potential of employees at all levels, ensuring standardized working conditions, and providing a safe working environment. Additionally, create opportunities and sustainable benefits for communities and society.

- **Operate the business with environmental responsibility :**

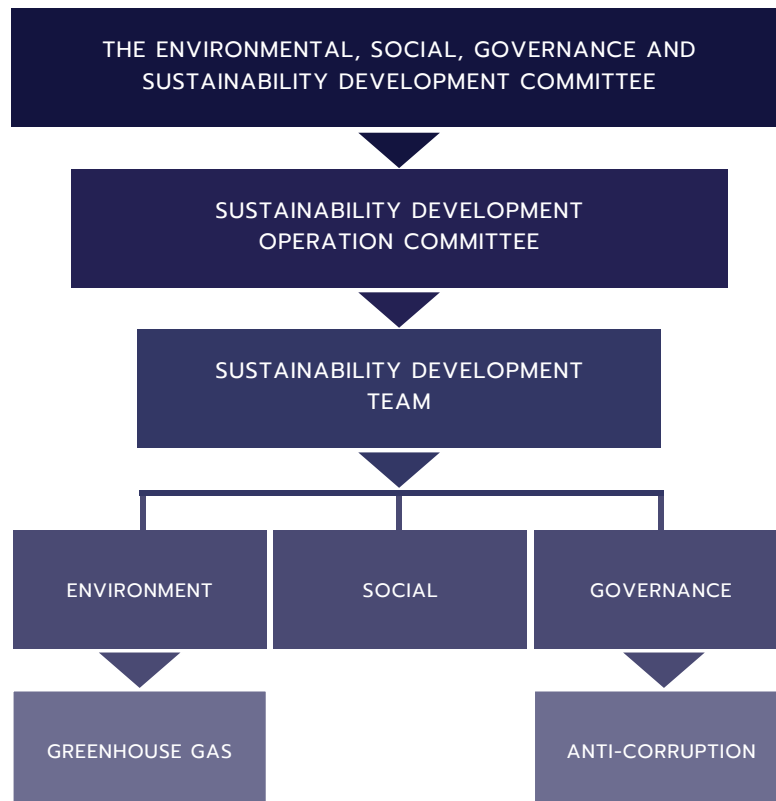
Control and reduce the impact of business operations on climate change to become a carbon-neutral organization. Increase the use of renewable energy and promote sustainable production and consumption practices, along with efficient resource utilization.

Details of the sustainability development policy can be found on the company's website www.kce.co.th, under Investor > Sustainability > Corporate Governance > Policy and Procedure.



SUSTAINABILITY DEVELOPMENT OPERATION COMMITTEE STRUCTURE

The Environmental, Social, Governance, and Sustainability Development Committee have approved the establishment of a Sustainability Development Operation Committee. This committee is tasked with ensuring that operations align with sustainable development policies and goals. Members are appointed from senior management across various departments of the company, following an organizational structure outlined as follows:



LIST AND POSITIONS OF THE SUSTAINABILITY DEVELOPMENT OPERATION COMMITTEE

1. Mrs.Suwadee Setthasuk	Sustainability Development Department	Chairperson of the Committee
2. Mrs.Wasara Chotithammarat	Accounting & Finance Department	Committee Member
3. Mr.Viboon Sunthornwiwath	Human Resource Department	Committee Member
4. Mr.Boonchuan Immaraporn	Manufacturing Engineering Department	Committee Member
5. Mr.Poollarp Jittrasawad	Information Technology Department	Committee Member
6. Mr.Haeman Sutham	Maintenance Department	Committee Member
7. Mr.Manut Sirbuatong	Manufacturing Operation Department	Committee Member
8. Mr.Jaturaporn Kongsajawiwat	Engineering Department	Committee Member
9. Mr.Pas Jirasawad	Production Control Department	Committee Member

Mrs. Rattanaoporn Guy-Williams has been appointed as the Secretary of the Sustainability Development Operation Committee.



SCOPE, AUTHORITY, AND RESPONSIBILITIES OF THE SUSTAINABILITY DEVELOPMENT OPERATION COMMITTEE.

- 1 Review policy, operational guidelines, and sustainability development goals.
- 2 Participatory hearing from all stakeholders.
- 3 Establish sustainability development materiality to appropriately engage with stakeholders.
- 4 Promote and support sustainability development operations to achieve the goals.



SUSTAINABILITY DEVELOPMENT REPORTING

KCE Electronics PCL has released its 2023 Sustainability Report, detailing the content of its sustainability policy, objectives, implementation strategies, and guidelines for managing key sustainability issues from January 1, 2023, to December 31, 2023. The report encompasses environmental, social, and good governance practices of KCE Electronics Public Company Limited and its subsidiary manufacturing companies, including KCE Technology Limited, a PCB manufacturer, and Thai Laminate Manufacturer Limited, a laminate manufacturer. This aligns with the interests of all relevant stakeholders, following the criteria and scope of ESG Metrics set by the Stock Exchange of Thailand and the 17 goals of the United Nations' Sustainable Development Goals (UNSDGs) :



3.2

MANAGING THE IMPACT ON STAKEHOLDERS IN THE VALUE CHAIN OF BUSINESS

Value Chain of business of KCE Group



STAKEHOLDERS ENGAGEMENT

The Company is committed to conducting its business operations with respect for human rights and treating stakeholders fairly, listening to feedback, understanding the concerns of stakeholders, promoting constructive collaboration on issues of stakeholder interest, and contributing to the development of society and the environment, enabling the company to sustainably conduct its business. Details of the stakeholder engagement policy can be found on the company's website www.kce.co.th, under Investor > Sustainability > Corporate Governance > Policy and Procedure

Key Stakeholder Groups	Issues of Concern to Stakeholders	Response to issues	Engagement Channels
Employee 	- The direction of business operation, ethics, environmental and social responsibility. - Compensation, benefits, employment, and fair performance evaluation. - Respect for employee rights and equal treatment. - Safe working environment. - Employee potential development and career advancement opportunities.	- Communication of various policies and important matters to employees. - Fairly compensation and performance evaluation management. - Provident funds - Compliance with the Thai Labor Standards (TLS 8001) and the Business Ethics Principles of the Business Alliance. (RBA) - Management of Occupational health and safety in accordance with ISO 45001 standard - Human resources management and development plan.	- Annual Management Meeting and Monthly Meetings with employees. - Provide opportunities for employee participation through various committees. - Channels for reporting incidents and complaints, via the company's website, email, phone call, complaint boxes, and QR codes. - Communication between the Labor Relations Department and employees. - Employee satisfaction surveys conducted annually.

Key Stakeholder Groups	Issues of Concern to Stakeholders	Response to issues	Engagement Channels
Customer 	■ Producing quality products, delivering on time, and offering competitive prices. ■ Innovation development of production processes and products. ■ Conducting Business with Integrity and Responsibility towards the Environment and Society. ■ Managing business risks and continuity. ■ Cybersecurity and customer confidentiality protection.	■ Manufacturing and delivering products and services as agreed upon, in accordance with IATF 16949 standard. ■ Competitive prices. ■ Annual sales representative meetings. ■ Collaborating with customers to develop products. ■ Disclosing the sustainable development information. ■ Continuously assessing risks and implementing risk mitigation. ■ Managing the security of information in accordance with the TISAX standard.	■ Channels for receiving complaints through sales offices in each country or the company's website. ■ Meeting with customers at various intervals. ■ Responding to requests for information disclosure. ■ Allowing customers to visit or audit the production processes. ■ Evaluating customer satisfaction.
Suppliers 	■ Managing the supply chain. ■ Procuring transparently and fairly. ■ Opportunities for collaborative business development and expansion. ■ Protecting confidential business information, intellectual property, and rights, including personal data.	■ Efficiently managing the supply chain. ■ Business ethics and supplier code of conduct. ■ Anti-corruption policy and promotion of ethical practices. ■ Developing suppliers through knowledge-sharing and partner assessments. ■ Managing information security in accordance with the TISAX standard.	■ Quarterly assessment of the suppliers' performance. ■ Channels for reporting incidents and receiving complaints on the company's website. ■ Auditing and visiting the production processes of suppliers. ■ Meetings, training sessions, and seminars with suppliers.
Government agencies 	■ Compliance with relevant laws and regulations. ■ Transparently disclosing business operations and verifiable. ■ Conducting business with consideration for its impact on the environment and communities. ■ Collaborating and supporting various projects of government agencies.	■ Strict compliance with relevant laws and regulations. ■ Disclosing information in annual reports and responding to information requests. ■ Assessing the impact on the environment and society and implementing measures to reduce the impact. ■ Participating in and supporting various projects of government agencies that benefit the overall community.	■ Participating in joint meetings with government agencies to receive news, feedback, and suggestions. ■ Allowing visits to business operations. ■ Publishing information on the company's website. ■ Meeting and visiting on various occasions. ■ Follow news from the media of relevant agencies

Key Stakeholder Groups	Issues of Concern to Stakeholders	Response to issues	Engagement Channels
Shareholders and Investors 	- Consistent returns from investments. - Good corporate governance. - The business is stable and growing continuously. - The information is accurate, complete, timely, and transparent. - Implement risk management system. - A well-established internal audit and control system.	- Transparent, fair, and auditable corporate governance - Fair distribution of dividends. - Development of business strategy plans. - Transparent disclosure of information. - Comprehensive risk management. - Development of internal control systems.	- Shareholders meetings. - Quarterly performance result announcements. - Meetings with financial analysts. - Inviting investors to visit business operations.
Community and society 	- Managing the impact of business operations on communities, society, and the environment. - Improving the quality of life and promoting activities beneficial to the community. - Establishing mutually beneficial relationships.	- Assessing risks and impacts on communities, society, and the environment, along with establishing preventive and corrective measures. - Participating in and supporting various community activities. - Promoting employment and businesses within the community.	- Channels for receiving complaints through the CSR team and the company's website. - Surveying the needs of the community. - Visiting the community on various occasions.

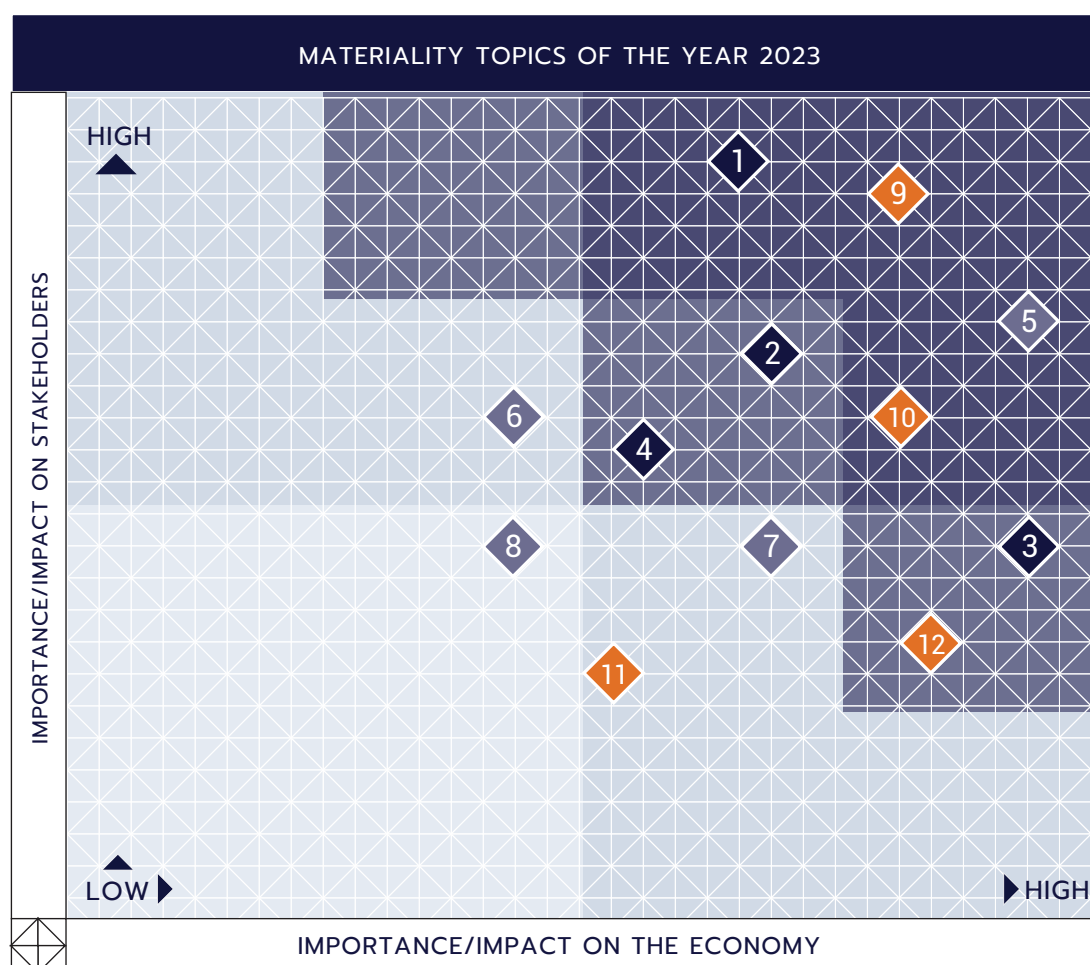


IDENTIFICATION OF KEY SUSTAINABILITY ISSUES

The Company gathers issues prioritized by stakeholders, requirements from governmental and various organizations both domestically and internationally, along with assessing organizational risks and opportunities, sustainable development policies, and the organization's business direction. This includes reviewing past year's operations to identify and prioritize issues impacting sustainable business operations. The process for identifying key issues involves four steps, as follows



The assessment of the importance of impacts will consider their significance or impact on financial aspects, operations, strategies, reputation, and relevant laws/regulations. Meanwhile, the importance or impact on stakeholders will be evaluated based on the scope of the impact and the level of interest or influence on decision-making. The Environment, Social, Governance, and sustainable development committee will be responsible for approving the materiality assessment results annually.



Economic	Society	Environment
1 Sustainable supply chain management 2 Customer relationship management 3 Organizational innovation management 4 Cybersecurity and information technology systems	5 Occupational health and safety 6 Respect for human rights 7 Employee development and retention 8 Community and social development	9 Responding to climate change 10 Energy management 11 Water management 12 Waste management

From reviewing and assessing the materiality of the year 2023, considering the organizational context, along with trend data on global changes and analyzing the interests/expectations of stakeholders, a total of 12 issues were reviewed. The materiality, totaling 4, include (1) sustainable supply chain management, (5) occupational health and safety, (9) responding to climate change, and (10) energy management.

3.3

MANAGEMENT OF SUSTAINABILITY IN ENVIRONMENTAL DIMENSIONS

3.3.1

ENVIRONMENTAL MANAGEMENT



The Company emphasizes and diligently maintains environmental management standards in accordance with relevant regulations and laws. Therefore, the environmental policies have been established, covering aspects such as reducing greenhouse gas emissions, using renewable energy, efficient energy and water usage, waste reduction, pollution prevention, and minimizing environmental impacts. These policies serve as guidelines for managers and employees, as well as communication with stakeholders and interested parties.

The Group has implemented an environmental management system in accordance with the international standard ISO 14001:2015 within the organization and has been certified by SGS (Thailand) Limited. Continuous assessments are conducted annually, and the company has also been certified as a Green Industry Level 3 (Green System) by the Ministry of Industry. The company plans to elevate its certification to a Level 4 (Green Culture) in the next certification cycle.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023
Number of significant incidents of violation of environmental laws	0 incident	0 incident
Number of significant environmental complaints.	0 complaint	0 complaint



ENVIRONMENTAL LAW COMPLIANCE

The Company emphasizes the compliance with environmental laws by collecting relevant laws, regulations, and requirements and adhering to them rigorously. Additionally, it conducts compliance assessments four times a year. The Company also takes actions to reduce environmental impacts and control pollution, both in air and water. This includes monitoring air and water quality before discharge according to the annual environmental quality monitoring plan.



Air treatment system



Wastewater treatment system



AIR QUALITY

The Company conducts air quality measurements twice a year by third party laboratory, Global Environmental Management limited, which is certified under certificate number MOAC. 17025-2548 for ISO/IEC 17025:2017 standard. The results of the air quality measurements in 2023 comply with the law, as shown in the table below

TABLE OF THE AIR QUALITY MEASUREMENTS RESULTS IN 2023			
Measurement Index	Standard (mg/Nm ³ or ppm)	Measurement Results (mg/Nm ³ or ppm)	
		1 st time	2 nd time
Total Suspended Particulate (TSP)	320.00 , 400.00 mg/Nm ³	1.21	0.25
Carbon monoxide (CO)	690.00 ppm	7.17	<1.00
Nitrogen oxide (NO ₂)	200.00 ppm	33.84	48.05
Sulfur Dioxide (SO ₂)	60.00 ppm	<1.30	<1.30
Sulfuric acid (H ₂ SO ₄)	25.00 ppm	<0.05	<0.05
Hydrogen chloride (HCl)	200.00 mg/Nm ³	<0.001	<0.001
Copper (Cu)	30.0 mg/Nm ³	0.002	0.004
Xylene	200.0 ppm	<0.001	<0.001



WASTEWATER QUALITY

The Company conducts wastewater quality measurements four times a year by third party laboratory, Chemlab Services (Thailand), registered private laboratory, registration number W-094, certified under ISO/IEC 17025:2017 standard. The Company also undergoes wastewater quality measurements by the Industrial Estate Authority of Thailand (IEAT), which collects wastewater samples for analysis once a month as required by law. The results of wastewater quality measurements in 2023 do not exceed the standards set by law.



ENVIRONMENTAL TRAINING FOR EMPLOYEES



- Environmental, Occupational Health and Safety Management Systems (ISO 14001 and ISO 45001)
- Energy and Environmental Awareness Course
- Controlling Pollution in the Automotive, Electrical, and Electronics Industries Course
- The Measurement of Carbon Footprint for Organization Course
- The Measurement of Carbon Footprint for Product Course



CLIMATE CHANGE

3.3.2

GREENHOUSE GAS MANAGEMENT



The climate change is a significant issue that affects the environment and the livelihoods of people worldwide. Countries around the globe recognize the urgent need for collective action to address this, including Thailand, which aims to achieve net-zero by 2065. Additionally, the company has received directives from customers to participate in reducing greenhouse gas emissions

according to their targets. Therefore, the Company emphasizes responding to climate change by implementing measures to reduce greenhouse gas emissions from its operations. This includes enhancing production processes, developing innovations and technologies to improve manufacturing processes, using renewable energy, promoting collaboration with suppliers, and encouraging employees to adopt energy-efficient behaviors and resource conservation practices.



MANAGEMENT APPROACH :

- Establishing greenhouse gas management policies and appointing a greenhouse gas management working team.
- Setting greenhouse gas reduction targets aligned with Science-based Target (SBT).
- Assessing the risks and opportunities of climate change impacts on the company's operations and implementing mitigation measures.
- Developing a Decarbonization Plan to align with greenhouse gas reduction target by 2030.
- Collaborating with stakeholders to reduce greenhouse gas emissions throughout the value chain.
- Collecting, reviewing, and disclosing greenhouse gas emission data, comparing it with annual targets



THE VERIFICATION OF GREENHOUSE GAS EMISSION DATA BY AN EXTERNAL VERIFIER



The Company has prepared a greenhouse gas emissions of the organization report (CFO) for Scope 1 (direct emission) and Scope 2 (indirect emission) starting from 2021, which is set to be the base year, and in 2023 the Company has been verified and certified the greenhouse gas emissions of the organization report for the year 2023 for the period 1 January 2023 - 31 December 2023. Verified and certified by SGS (Thailand). The statement number is KCE TH-IE-24-5008114-001 as shown in the picture.

In 2024, the Company will collect greenhouse gas emission data on Scope 3 (other indirect emissions) and seek certification from the Greenhouse Gas Management Organization (TGO) for organizational carbon footprints and product carbon footprints.



DISCLOSURE OF GREENHOUSE GAS EMISSION DATA



The Company has participated in disclosing greenhouse gas management data in the Carbon Disclosure Project (CDP) continuously for the 2nd year (data from the year 2022). Additionally, it has engaged in setting Net Zero Target in accordance with the Science-Based Target initiative (SBTi), with plans to receive approval within the year 2025.

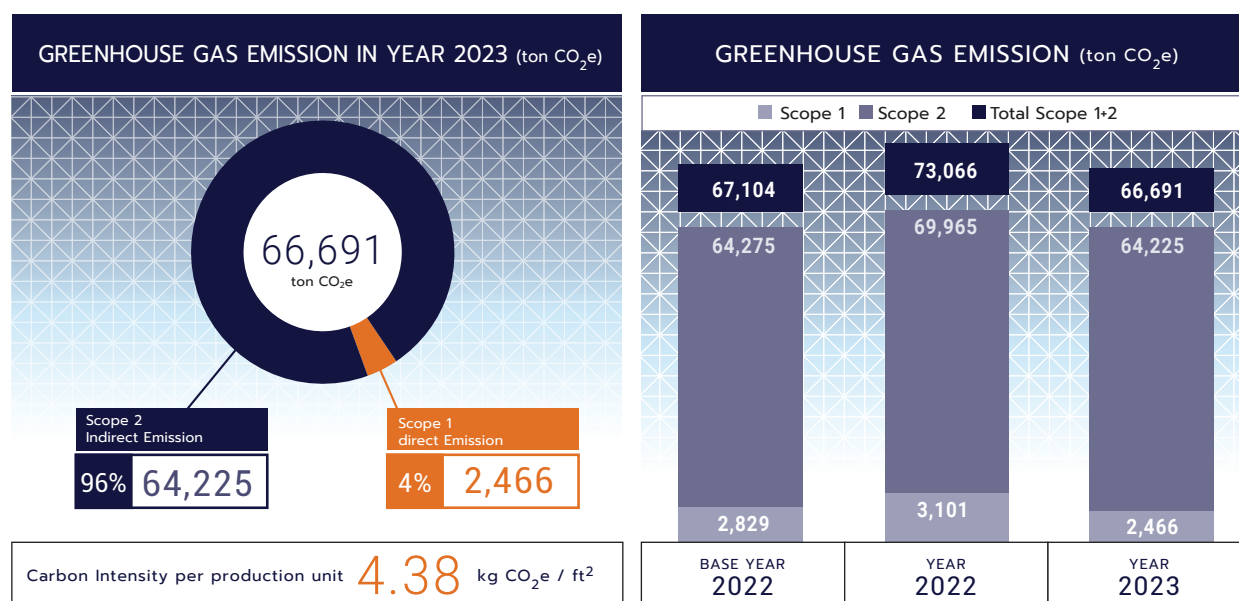


TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023	Target of 2030
Greenhouse gas emissions Scope 1 & 2 compared to the base year 2021	Reduced by 4%	Reduced by 1%	Reduced by 30%

TABLE OF THE GREENHOUSE GAS EMISSION

The greenhouse gas emission	Unit	Year 2021 (base year)	Year 2022	Year 2023	% change compared to base year
Scope 1 Direct emission	ton CO ₂ e	2,829	3,101	2,466	-13%
Scope 2 Indirect emission	ton CO ₂ e	64,275	69,965	64,225	0%
Total Scope 1 & 2	ton CO ₂ e	67,104	73,066	66,691	-1%
Carbon Intensity per production unit	kg CO ₂ e/ft ²	3.53	3.81	4.38	24%



In 2023, the Company emitted greenhouse gases, Scope 1 & 2, at 66,691 tons CO₂e, a 9% decrease of compared to 2022 and a 1% decrease compared to the 2021 base year, that has not yet meet its target. The carbon intensity per production unit, stood at 4.38 kg CO₂e per square foot, a 24% increase compared to the 2021 base year. This increase is primarily due to the Company's increased production of High Density Interconnect (HDI) PCBs, which rose by 18% from 2022 and by 50% compared to the 2021 base year. HDI production emits more greenhouse gases compared to general Multilayer production, with emissions being 40-50% higher depending on the complexity of the product design. Additionally, the Company has been impacted by the global economic slowdown, resulting in reduced demand for electronic devices worldwide, thus leading to underutilization of production capacity and some production processes require electricity for cooling and/or heating systems to maintain machinery and various chemical solutions, including the warehouse, contributing to a lack of proportional reduction in energy usage. Nonetheless, the Company has implemented stringent production management by scheduling shutdown for some machinery or periods to minimize energy consumption. In the year 2024, the Company plans to study and seek the proper carbon intensity unit to better align with its business, aiming for clearer operational performance measurement.



DECARBONIZATION PLAN

The Company has set a Decarbonization plan to achieve the Target of reducing Scope 1 & 2 greenhouse gases by 30% by 2030 compared to the base year 2021, important projects in 2023 focus on 4 operations as follows.

1 Development of innovation and technology to improve production processes

Use automated production systems and robots, control production with information technology (IT) and artificial intelligence (AI) systems, reduce production steps and cycle time, use high energy efficiency equipment and machinery, to reduce the use of electricity and fuel, including reducing waste from the production process.



IMPORTANT PROJECT IN 2023



■ The Company installed 1 unit of Laser Direct Imaging machine, which is an automated system capable of replacing up to 4 units of semi-automatic Photo Imaging machines. This led to an energy reduction of 820 MWh per year, saving electricity costs at 3.7 million baht per year, and reducing greenhouse gas emission by 410 ton CO₂e per year. The Company plans to replace all Photo Imaging machines with 10 units of Laser Direct Imaging machines by the year 2024.

2 Increase the proportion of renewable energy usage and opt for electricity from low-carbon emitting sources.



IMPORTANT PROJECT IN 2023

■ The Company installed solar panels on the roofs of both factory buildings totaling 2.917 MW. In 2023, it generated 3,904 MWh of electricity from solar energy. This resulted in an annual electricity cost savings of 14.41 million baht and a reduction in greenhouse gas emissions of 1,782 ton CO₂e per year.



3 Efficient energy usage in manufacturing processes

Improving manufacturing processes and maintaining machinery and equipment to operate at full efficiency, including planning production to align with the global economic slowdown.



IMPORTANT ACTIVITIES IN 2023

■ The Company has improved the efficiency of the Air compressor and Wet scrubber systems, as well as reduced air leaks from the Air compressor system, resulting in a saving of 168 MWh of electricity per year, saving 1.2 million baht in electricity costs per year, and reducing greenhouse gas emissions by 83 ton CO₂e per year.

■ Due to the global economic slowdown, resulting in reduced demand for electronic equipment worldwide, the Company did not operate at full production capacity. Therefore, it was necessary to manage production rigorously, planning to halt the operation of certain machinery or during certain periods to minimize electricity and fuel consumption. This led to a reduction in electricity consumption by 12,500 MWh and a reduction in natural gas consumption by 6.7 million MJ, resulting in a total reduction of greenhouse gas emissions by 6,030 ton CO₂e.

4 Promoting behavior change among employees in energy and resource usage efficiency:

Encouraging energy and fuel conservation, prudent resource utilization such as paper and water, and leveraging technology for communication purposes, such as online meetings and online training sessions.



IMPORTANT ACTIVITIES IN 2023

■ The Company participated in the Climate Care project with the Securities Exchange of Thailand (SET), commencing in August 2023. The project included initiatives like Care the Bear and Care the Whale to engage employees in reducing greenhouse gas emissions and accurately measuring the reduction. Examples of Climate Care activities include online meetings, transitioning to paperless reporting systems, and waste segregation.



The overall greenhouse gas emission reduction and tree planting equivalent



Reduce greenhouse gas emission

7,494 kg CO₂e



Equivalent to planting mature

833 trees aged 10 years



THE VERIFICATION OF GREENHOUSE GAS EMISSION DATA OF SUBSIDIARIES BY AN EXTERNAL VERIFIER

The Company has a policy for its subsidiaries, namely KCE Technology Company Limited (KCET), a PCB manufacturer, and Thai Laminate Manufacturer Company Limited (TLM), a laminate manufacturer, to prepare Carbon Footprint of Organization (CFO) reports for Scope 1 and Scope 2 for the year 2022 and 2023, with the base year being 2022. The subsidiaries have had their CFO reports verified for the years 2022-2023, covering the period from January 1, 2022, to December 31, 2023, verified and certified by SGS (Thailand), certification number KCET TH-IE-24-500000003-001 and TLM TH-IE-23-5008126-001 as shown in the pictures.



TABLE OF THE GREENHOUSE GAS EMISSION OF SUBSIDIARIES

Greenhouse gas emissions	Unit	KCET		TLM	
		Year 2022 (base year)	Year 2023	Year 2022 (base year)	Year 2023
Scope 1 Direct emission	ton CO ₂ e	1,863	1,705	4,098	3,232
Scope 2 Indirect emission	ton CO ₂ e	44,124	42,391	3,319	2,999
Total Scope 1 & 2	ton CO ₂ e	45,987	44,096	7,417	6,231
Carbon Intensity per production unit	kg CO ₂ e/ft ²	3.28	3.34	0.021	0.019



Energy management in industrial factories is crucial in terms of economic, environmental, and sustainability dimensions. Since the PCB manufacturing process requires a significant amount of energy, the Company emphasizes energy efficiency improvements and the use of renewable energy to reduce costs, prevent energy shortages, and mitigate greenhouse gas emissions.



MANAGEMENT APPROACH :

- Establishing energy management policy and highly effective energy management strategies.
- Implementing ISO 50001 standard guidelines for energy management.
- Measuring and evaluating the energy efficiency of each production unit.
- Improving the energy efficiency of production units with high energy consumption accordingly.
- Incorporating high-efficiency technologies in production and energy usage, such as automation systems and Laser Direct Imaging (LDI) technology.
- Maintaining, inspecting, repairing, and upgrading equipment to ensure high efficiency.
- Investing in renewable energy technologies like solar, wind, and biomass energy.
- Training employees to increase understanding and awareness of energy management and efficient technology usage, fostering their participation in energy-saving initiatives.

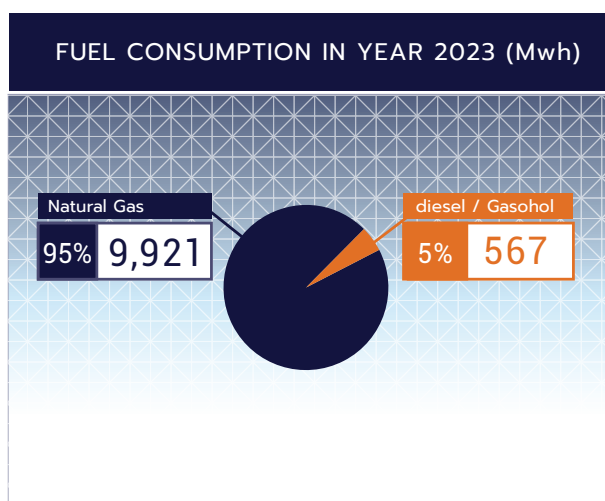
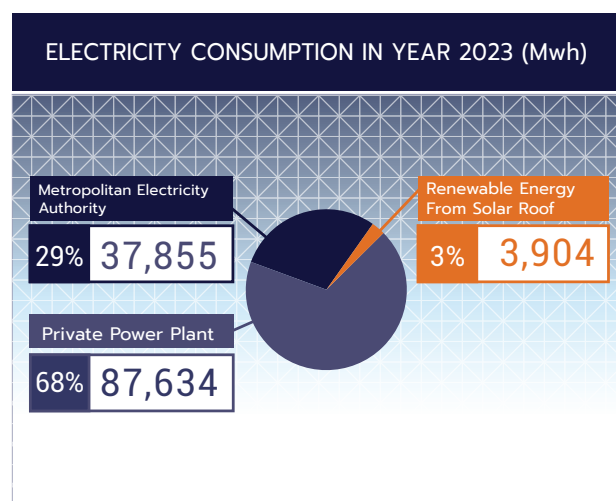


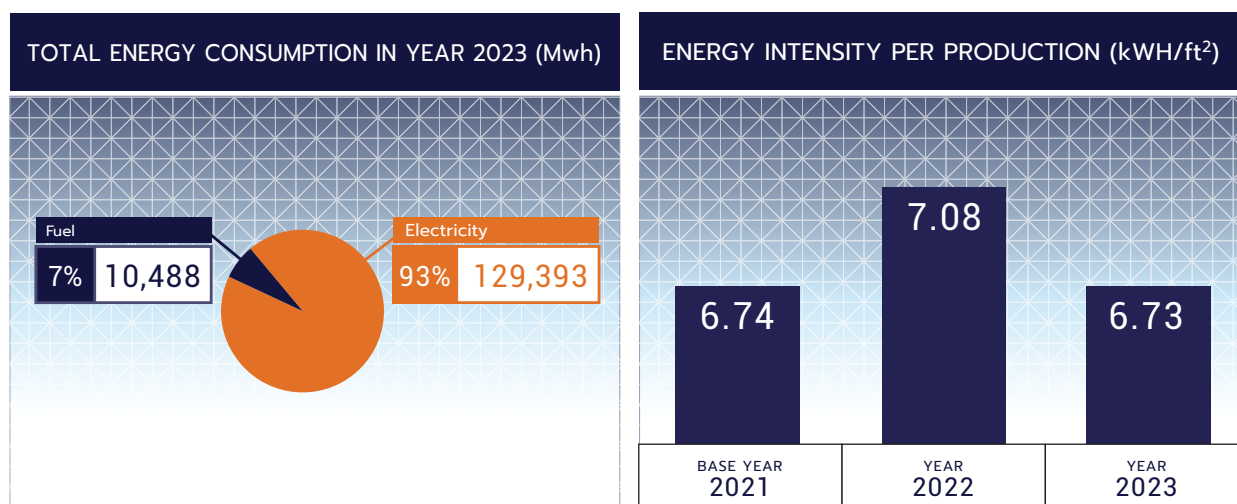
TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023	Target of 2030
Energy intensity per production unit (kWh/ft ²)	6.61	6.73	6.07
Proportion of renewable energy usage	5%	3.02%	30%

THE TABLE OF ENERGY CONSUMPTION			
Item	Base year 2021	Year 2022	Year 2023
Electricity consumption (MWh)			
■ Private power plant	92,637	94,324	87,634
■ Metropolitan Electricity Authority	47,575	57,335	37,855
■ Renewable energy from Solar Roof	1,646	3,674	3,904
Total electricity consumption (MWh)	141,858	155,333	129,393
Proportion of renewable energy usage	1.16%	2.37%	3.02%
Cost saving from renewable energy (million baht)	6.07	13.48	14.41
Fuel consumption (MWh)			
■ Natural gas	10,967	11,269	9,921
■ Diesel/Gasohol	494	577	567
Total fuel consumption (MWh)	11,461	11,847	10,488
Total energy consumption (Electricity + Fuel) (MWh)	153,319	167,180	139,881
Energy intensity per production unit (kWh/ft ²)	6.74	7.08	6.73

Note: Re-calculate the energy intensity by using the energy consumption factor of each type of PCB





In 2023, the total energy consumption was 139,881 MWh, with electricity accounting for 93% and the remaining 7% coming from natural gas and diesel/gasohol. The energy intensity per production unit was 6.73 kWh/ft², which did not increase compared to the base year of 2021, but still did not meet the target of 6.61 kWh/ft². This was due to the Company being affected by the global economic slowdown, resulting in production not operating at full capacity. However, the company managed production tightly by planning to halt certain machinery or during certain periods to minimize electricity consumption. This resulted in a reduction of electricity usage by 12,500 MWh and a reduction in natural gas usage by 6.7 million MJ.

Regarding the use of renewable energy, the Company generated 3,904 MWh of electricity from the Solar Roof-Top project, accounting for 3.02% of the total electricity consumption. This translates to a reduction in electricity costs of 14.41 million baht. The company plans to install additional solar panels on the roofs of buildings and car parks, and also source renewable energy from private producers within the year 2024, totaling 4.5 MWp,

ENERGY MANAGEMENT PROJECT IN 2023

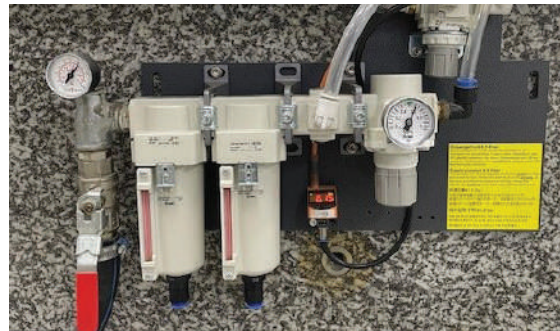
- 1 The efficiency improvement project of Air Compressors, consisting of 3 units of 522 kW and 2 units of 373 kW. This project is to conduct Big Cleaning of the Air Cooler system of the machines to enhance heat exchange efficiency, resulting in a reduction of electricity consumption of the Air Compressor system. Following the improvement, it has enabled a reduction in electricity usage by 51,840 kWh per year and savings of 233,280 Baht in electricity costs.



- 2 The efficiency improvement project of the Wet Scrubber System, consisting of 27 units. This project is to conduct Big Cleaning to remove deposits and debris from the demister and spray nozzle heads. Following the improvement, it has enabled a reduction in electricity usage by 22,320 kWh per year and savings of 991,440 baht in electricity costs.



- 3 The air leakage detection project in the compressed air system. In 2566, the company rectified 42 leakage points, resulting in a reduction of electricity consumption by 93,542 kWh per year, leading to savings of 420,900 baht in electricity costs. Therefore, it is considered a recurring annual project, with results monitored quarterly.



ENERGY MANAGEMENT OF SUBSIDIARIES

The Company has a policy for its subsidiaries to have energy management by applying energy management guidelines according to the ISO 50001 standard, including the use of renewable energy. The performance of the subsidiaries, namely KCE Technology Co., Ltd. (KCET), a PCB manufacturer, and Thai Laminate Manufacturer Co., Ltd. (TLM), a laminate manufacturer, in 2023 are as follows:

TABLE OF ENERGY CONSUMPTION IN 2023 OF THE SUBSIDIARIES

Items	KCET	TLM
Electricity consumption (MWh)		
■ Private power plant	69,200	6,819
■ Metropolitan Electricity Authority	-	25
■ Renewable energy from Solar Roof	3,384	-
Total electricity consumption (MWh)	72,584	6,844
Proportion of renewable energy usage	4.66%	-
Cost saving from renewable energy (million baht)	12.46	-
Fuel consumption (MWh)		
■ Natural gas	-	12,602
■ Liquefied petroleum gas	2,217	-
■ Diesel/Gasohol	2,377	186
Total fuel consumption (MWh)	4,595	12,788
Total energy consumption (Electricity + Fuel) (MWh)	77,178	19,632
Energy intensity per production unit (kWh / ft ²)	7.57	0.021



IMPORTANT PROJECT IN 2023

■ KCE Technology has installed solar panels on the roof of buildings at totaling 2.06 MWp during 2022-2023, generated 3,760 MWh of electricity from solar energy per year, saving 13.9 million baht per year on electricity costs and reducing greenhouse gas emissions by 1,880 ton CO₂e per year

■ TLM has improved the efficiency of the Hot press machine by upgrading the heat insulation, resulting in a reduction of natural gas usage by 33 MMBTU per year. Additionally, they have installed solar street lights around the factory, leading to a reduction in electricity consumption by 8,800 kWh per year and overall energy savings of 51,000 baht per year.





Water is a vital resource for consumption and is essential for both industrial and agricultural sectors. Currently, there is an increasing trend in water demand due to economic expansion, urban population growth, as well as climate variability. The Company recognizes the importance of water management and has therefore committed to continuous efforts to raise awareness about responsible water usage, promote efficiency, reduce consumption, and implement water recycling initiatives.



MANAGEMENT APPROACH :

- Measurement and monitoring of water usage in various processes to identify areas for water conservation and reduce water loss.
- Using high-efficiency machinery to reduce water usage or enhance water usage efficiency.
- Recycling water used in the manufacturing process by utilizing modern water recycling technology.
- Management of wastewater through appropriate treatment technologies to minimize environmental impact.
- Education and awareness programs for employees on the importance of water conservation and efficient water management to foster participation and awareness in the industry.
- Awareness of legal requirements related to water usage and management in the industry to ensure compliance and legal protection.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023	Target of 2030
Water intensity per production unit (m ³ / ft ²)	0.083	0.089	0.077
% of recycled water from production processes	40%	45%	60%

TABLE OF THE WATER CONSUMPTION

Item	Base year 2021	Year 2022	Year 2023
Water consumption (m ³)	2,231,852	2,611,591	2,334,287
Water consumption per production unit (m ³ /ft ²)	0.086	0.088	0.089
Wastewater treated before discharge	1,771,638	2,089,246	1,867,430
% of wastewater treated before discharge	80%	80%	80%
Recycled water from production processes (m ³)	883,037	895,880	861,777
% of recycled water from production process	42%	45%	45%

From the operations in 2023, the total volume of tap water usage was 2.33 million m³, with water intensity per production unit of 0.089 m³/ft². This has not yet met the target set at 0.083 m³/ft². This is due to the company increasing its HDI production by 50% compared to the base year of 2021. HDI production involves complex processes and consumes more water than general Multilayer production. Additionally, the company has been affected by the global economic slowdown, resulting in production not reaching full capacity. However, there is still a necessity to use water for cleaning and maintenance purposes to maintain production quality level.

Water reuse in the production process through recycling methods achieved over 40% of the set target, reaching 45%. Additionally, the volume of treated wastewater discharged was 1.87 million m³, equivalent to 80%, meeting the quality standards mandated by the law, with no complaints regarding wastewater quality.



MANAGEMENT OF THE ORGANIZATION'S CIRCULAR WATER RESOURCES

The Company manages water with high-resolution microfiltration water filtration technology. (Microfiltration : MF) and followed by water filtration using reverse osmosis (Reverse Osmosis) to improve water quality. 12% of recycled water from the production process reuse for, such as, flushing toilets, cooling towers and wet scrubber air treatment systems.



Activated Sludge (AS)



Microfiltration (MF)



Reverse Osmosis (RO)



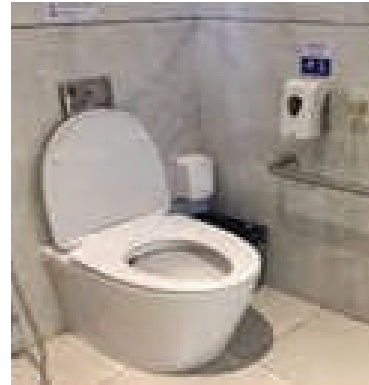
REUSE WATER



Air Treatment System



Cooling Tower



Toilet



WATER RESOURCES INFORMATION FOR 2023

BUSINESS TYPE

PCB MANUFACTURER



Water Consumption

4.00
Million cubic meters



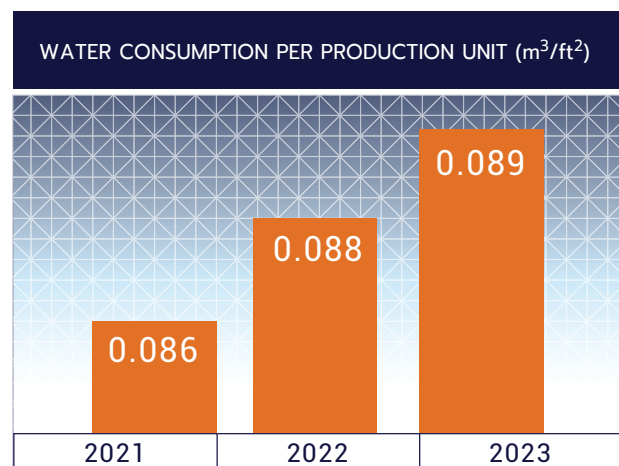
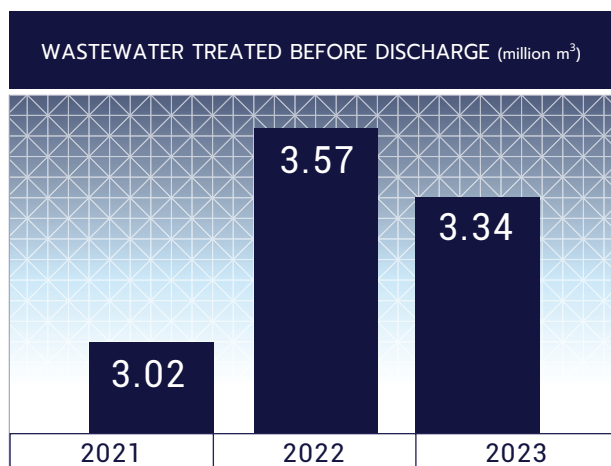
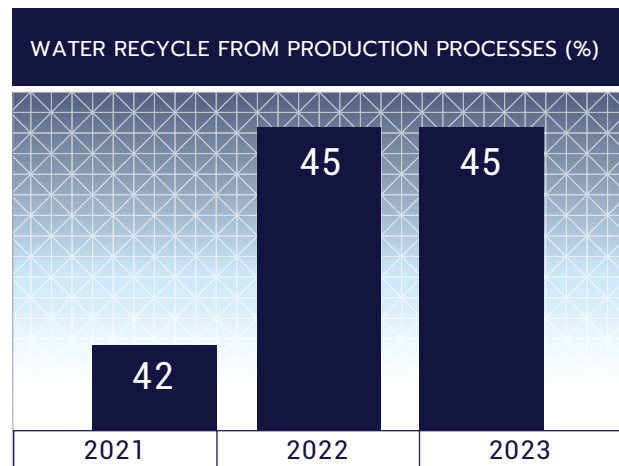
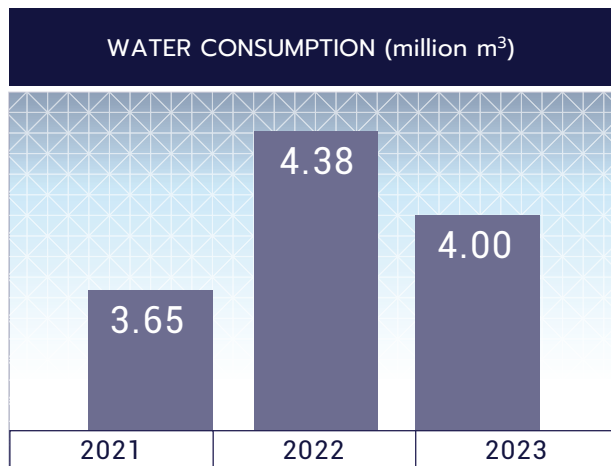
Water recycled from production processes

45
%



Wastewater treated before discharge

3.34
Million cubic meters





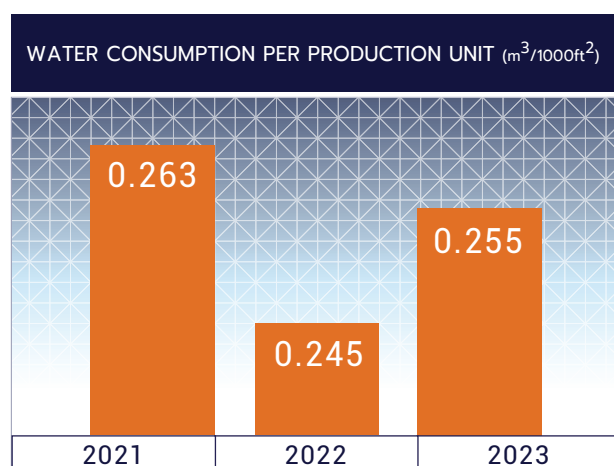
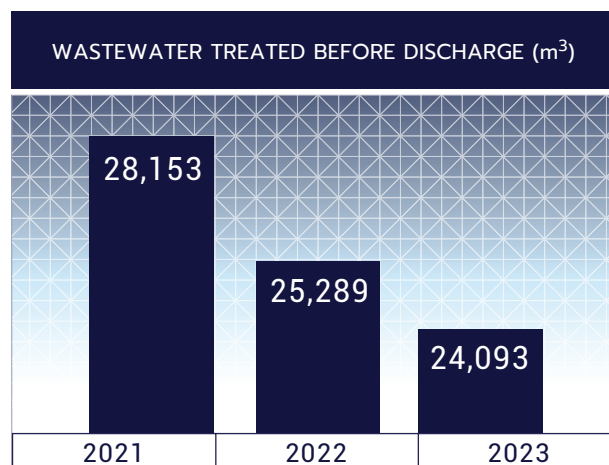
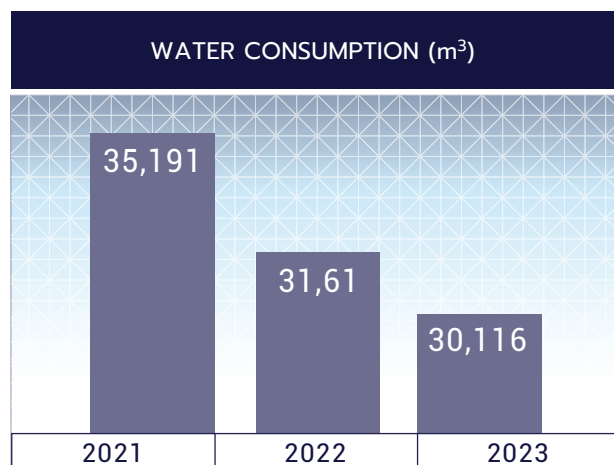
Water Consumption

30,116 cubic meters



Wastewater treated before discharge

24,093 cubic meters



PROJECT PLAN FOR YEAR 2024

Develop innovation and technology to increase the efficiency of water use and recycling water.



Currently, the global waste volume is steadily increasing, driven by industrial expansion, urbanization, tourism, and other factors. As the Company is one of the expanding companies with increased production capacity, it's imperative to have plans to accommodate the growing volume of waste and by-products resulting from production. Therefore, the Company is conscious and prioritizes controlling and managing waste in accordance with legal requirements. It applies the principles of the 3Rs : Reduce, Reuse, and Recycle to minimize waste generation, encourage reuse, and promote recycling, aiming to reduce environmental impact and waste disposal costs simultaneously.



MANAGEMENT APPROACH :

- Environmental management according to ISO 14001:2015 standards, environmental policies, and relevant legislation.
- Analysis of waste sources and causes to develop plans for reducing waste generation.
- Development of waste management and disposal procedures for various types of waste.
- Segregation of waste and by-products for appropriate disposal/treatment methods.
- Selection, inspection, and monitoring of waste disposal/treatment facilities that meet standards and are duly licensed by government agencies.
- Fostering employee awareness to reduce waste, segregate waste properly, and dispose of it correctly.

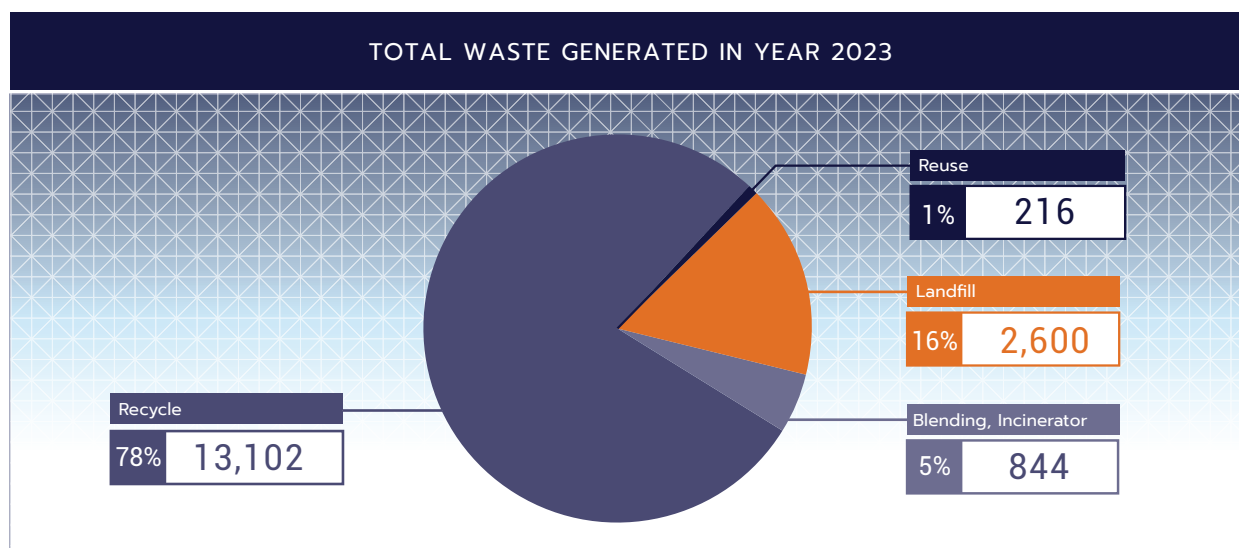


TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023	Target of 2030
Waste per production unit (kg / ft ²)	0.95	0.99	0.84

TABLE OF WASTE AMOUNT

Types of waste separated by disposal method	Unit	Base year 2021	Year 2022	Year 2022
1. Landfill	Ton	2,748	2,924	2,600
2. Blending, Incinerator	Ton	877	1,038	844
3. Recycle	Ton	14,855	15,680	13,102
4. Reuse	Ton	216	221	216
Total Waste	Ton	18,695	19,863	16,762
waste per production unit	kg / ft ²	0.98	1.04	0.99



In 2023, the total amount of waste was 16,762 tons, a decrease of 10% compared to the base year 2021. This reduction was due to the Company being affected by the global economic slowdown, leading to a decrease in production output. However, the amount of waste per production unit remained at 0.99 kg/ft², not decreasing proportionally to production, due to the Company increased its production of HDI product by 50% compared to the base year. HDI product is more complex and requires more raw materials and resources compared to general Multilayer product. Nevertheless, the Company will continuously improve its production processes to reduce waste generation in line with its targets, as well as promote efficient resource usage across all operations.



WASTE MANAGEMENT ACTIVITIES IN 2023 :

- Selection of waste disposal companies that comply with legal requirements, with periodic assessments. Over the past 5 years, including 2023, the company has used waste disposal services from selected providers without any complaints or legal issues.
- Film residue weight reduction project: the company achieved a continuous reduction in water content

- from film residue by 15.54%, surpassing the target of 14%. Consequently, the average monthly weight of film residue sent for disposal also decreased.
- Discontinuation of plastic food containers and spoons, promoting the use of personal water glasses and utensils by employees, resulting in a reduction of landfill waste by 443 tons per year.
- Campaign activities for resource use and waste separation



WASTE MANAGEMENT OF SUBSIDIARIES

The Company has a policy for its subsidiaries to manage waste by applying the 3R approach and the circular economy principles. The performance of the subsidiaries, namely KCE Technology Company Limited (KCET), a PCB manufacturer, and Thai Laminate Manufacturer Company Limited (TLM), a laminate manufacturer, in 2023 are as follows :

TABLE OF WASTE AMOUNT OF SUBSIDIARIES IN 2023

Types of waste separated by disposal method	Unit	KCET	TLM
1. Landfill	Ton	373.6	1.1
2. Blending, Incinerator	Ton	2.8	83.1
3. Recycle	Ton	11,159.2	1,026.6
4. Reuse	Ton	102.5	66.6
Total Waste	Ton	11,638	1,177
Waste per production unit	kg / ft ²	1.14	0.004



The Company emphasizes conducting business with environmental responsibility and recognizes that effective environmental management is a mechanism to drive sustainable business growth. To continuously and efficiently drive the green supply chain, the Company supports and promotes environmentally friendly procurement practices, ensuring that green procurement becomes a suitable standard for material sourcing considerations.



MANAGEMENT APPROACH :

- Using circular economy principles to design production processes and products.
- Support the design of products that use environmentally friendly materials.
- Establish environmentally friendly purchasing policies.
- Communicate to suppliers the information and awareness about product responsibility and promote the use of recycled materials.



PROJECT AND PERFORMANCE

1 Using environmentally friendly materials

To achieve the procurement of raw materials that meet standards in terms of quality and environment, the Company has adopted the principles of the circular economy as a guideline for raw material management by supporting the use of recycled raw materials (Non-Virgin Material) and promoting the use of packaging that uses renewable resources by applying the 3Rs principles.

1.1 Selection of using recycled raw materials

The Company supports the use of recycled raw materials or non-virgin materials, starting with raw materials that are metals or minerals used in the production process. Currently, Non-Virgin Material is used, including Copper Foil, which is made from 100% recycled copper wire. It is used as the main raw material in the production of laminates and PCBs, reducing the use of Virgin Material from copper mining up to 3,439 tons per year



PERFORMANCE

Recycled raw materials	Year 2021	Year 2022	Year 2023
Quantity of copper foil produced from recycled copper wire (tons)	3,675	2,305	3,439
Proportion of copper foil produced from recycled copper wire (%)	79%	85%	100%

1.2 Recycle Packaging

The Company has a policy of selecting environmentally friendly packaging materials that can be biodegradable or reused. In 2023, the company used 100% heat-treated second-hand wood Euro pallets for exporting goods to the European and German zones, increasing the usage by 5% to a total of 3,300 pallets, weighing a total of 82.5 tons, equivalent to saving 43 trees from being cut down.



PERFORMANCE

Recycled raw materials	Year 2021	Year 2022	Year 2023
Used volume of second-hand wood Euro pallets (tons)	44.75	56.25	82.50
Proportion of use of second-hand wood Euro pallets	12%	12%	17%



Supplier selection on environmental responsibility

The Company has a policy to develop its suppliers in terms of quality performance as well as environmental responsibility. Therefore, it supports suppliers to adopt the ISO 14001 environmental management system standard for managing the organization's environmental aspects. This is also a criterion for supplier selection.



PERFORMANCE

ISO 14001 certification of key suppliers in Approved Vendor List (AVL)

Supplier type	Results			Target short term	Target long term
	Year 2021	Year 2022	Year 2023	Year 2024	Year 2030
Key suppliers	56%	57%	58%	60%	72%

In addition, there is a monitoring system to reduce environmental, social, and governance (ESG) risks in the supply chain. This involves conducting Supplier Self-Assessments, where suppliers are required to assess themselves every 2 years, along with onsite audits at the main production facilities of each key suppliers, conducted every 3 years.

3 Controlling prohibited substances in raw materials and products

The Company has policies and practices to prevent toxic contamination in raw materials and products that affect the environment and human health. The Company complies with international law, regulations and standards such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Hazardous Substances), PFAS (Per- and polyfluoroalkyl substances) and other customer requirements such as SVHC. , GADSL, IMDS, ELV, WEEEs, TSCA, POP. The Company specifies that suppliers who sell Chemicals products must report information on chemical substances in products in the Chemical Substances Declaration form every 2 years or when the information or requirements change.

For PCB products, the Company has conducted sample testing of all types of surface finishes including tin, gold, silver, and organic compound, for analysis of pollutants according to RoHS and PFAS requirements annually. In 2023, the testing results were certified by SGS (Thailand), with the testing outcome being 'Not Detected' or no prohibited substances found according to the requirements. The Company also mandates that suppliers annually submit the analysis reports according to RoHS requirements.



3.4

SUSTAINABILITY MANAGEMENT IN THE SOCIAL DIMENSION

3.4.1

HUMAN RIGHTS



The Company is aware of the importance of respecting human rights and labor practices in accordance with international standards and legal requirements in every country where it operates. It is committed to adhering to the principles outlined in the Universal Declaration of Human Rights (UDHR), the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPs), and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

The Company upholds the principles of freedom, equality, and human dignity without discrimination based on gender, race, religion, or skin color. It exercises due diligence to prevent human rights violations and conducts regular audits to ensure that no human rights abuses occur, whether concerning employees, customers, business partners, contractors, communities, or the environment. Furthermore, the Company promotes and supports human rights initiatives within communities, societies, and vulnerable groups, including women, children, persons with disabilities, indigenous peoples, migrant workers, and the elderly.



MANAGEMENT APPROACH :

- Establishing Human Rights Policies covering various aspects within the organization and supply chain.
- Conducting a comprehensive Human Rights Due Diligence (HRDD) to assess risks of human rights violations in business operations, along with preventive and remedial measures.
- Summarizing and reviewing compliance with human rights policies and practices.
- Fostering awareness of human rights internally within the organization in accordance with the company's human rights policy, and communicating this policy to business partners throughout the supply chain.
- Channels for receiving complaints or reporting incidents of human rights violations include the company's website, email, telephone, complaint box, and QR Code..



HUMAN RIGHTS POLICY

The Company has established human rights and labor practices policies, covering aspects such as freedom of association and collective bargaining, freely chosen employment, elimination of child labor and forced

labor, non-discrimination, fair wages and working hours, occupational health and safety, freedom of expression, and social and labor responsibility. Details of the human rights policy can be found on the company’s website www.kce.co.th under Investor > Sustainability > Corporate Governance > Policy and Procedure.

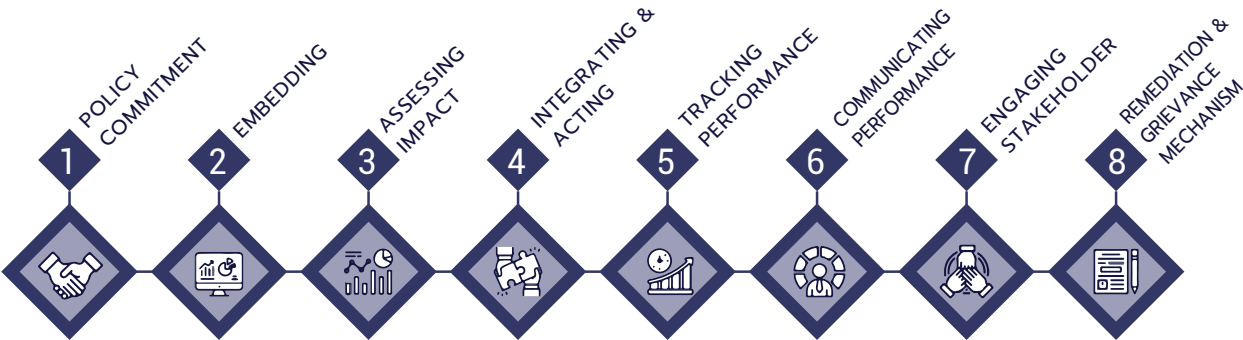
TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023
Number of significant human rights complaints	0 cases	0 cases

The action plan for the year 2024, the Company will promote understanding and adherence to respect for the rights of others, including regulations, policies, and related guidelines, which are established as necessary training courses for all positions within KCE Group. Additionally, it will present the Human Rights Due Diligence (HRDD) to the company’s risk management committee, along with measures to prevent and address them.

The Company has conducted a survey of its readiness in Thailand to carry out the Human Rights Due Diligence of The Securities Exchange of Thailand (SET), to assess itself and prepare for a thorough human rights audit within the year 2024. Subsequently, the Company has undertaken comprehensive monitoring and auditing of human rights, which is considered part of the ongoing risk management process. This is aimed at identifying preventive measures and reducing the impact of human rights risks in the company’s operations as well as its value chain. The process of HRDD are followings :

HUMAN RIGHTS DUE DILLIGENCE PROCESSES



Furthermore, the Company has considered the scope of human rights issues and impacts arising from the company’s vision and mission, which encompass subsidiaries, under the United Nations Guiding Principles on Business and Human Rights (UNGPs). This covers four main groups, including 1) Employees, 2) Customers and sales representatives, 3) Trade partners, suppliers, and contractors, 4) Communities and the environment.

3.4.2 FAIR LABOR PRACTICES



The Company firmly believes that employees are valuable resources and key factors of success. Therefore, it treats employees fairly based on the principles of human rights, without discrimination, and considers

employees' needs in order to foster good relationships between employees and the organization. It promotes continuous skill development and enhancement of capabilities while providing stability and advancement in careers.



MANAGEMENT APPROACH :

- Set policies and guidelines for employees and human resource management policy
- Strictly comply with labor laws.
- Listen to opinions and complaints from employees. and take effective corrective/prevention actions.



EMPLOYMENT

The Company has a policy of equal employment opportunity, without discrimination based on gender, race, nationality, religion, skin color, domicile, disability, political affiliation, union membership, or any other status. This policy aligns with both Thai and international labor protection laws, ensuring fair treatment of employees and adherence to labor rights. The Company fosters appropriateness in hiring practices, performance evaluations, promotions, wages, working hours, days off, and benefits, as well as providing safe and conducive work environments.

In 2023, The Group hired a total of 5,027 employees, consisting of 2,170 permanent employees and 2,857 subcontract employees. This includes 17 senior executives, 132 managers, and 4,878 operational-level employees. Overall, 45% were female and 55% were male.



PROMOTION OF FEMALE EMPLOYEE

The Company has a policy to promote equal opportunities for women to grow professionally, without gender discrimination, in terms of recruitment, compensation, promotion, training, and development, as demonstrated by the employment statistics of KCE Group, which includes 35% female senior executives, 45% female managers, and 45% female operational-level staff.



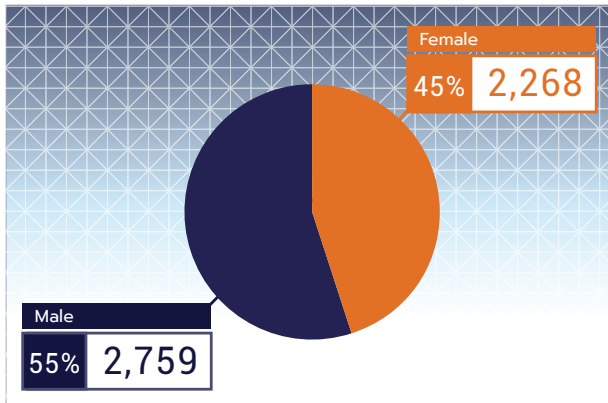
EMPLOYEE DATA OF KCE GROUP IN YEAR 2023



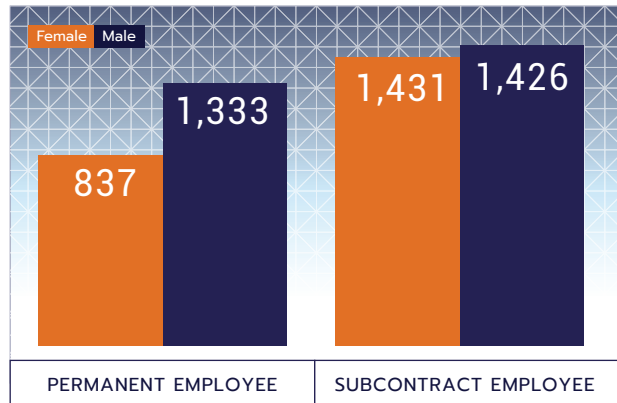
Total number of employees

5,027 people

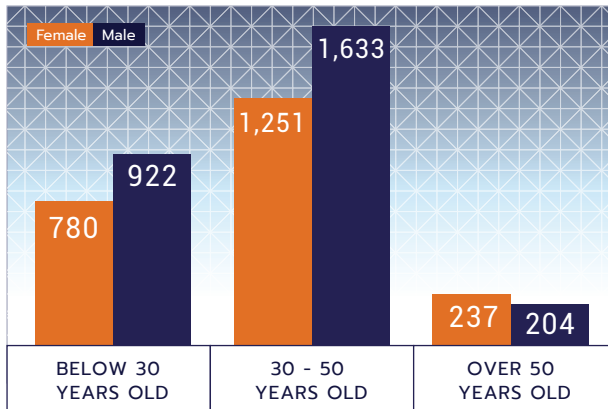
NUMBER OF EMPLOYEES BY GENDER



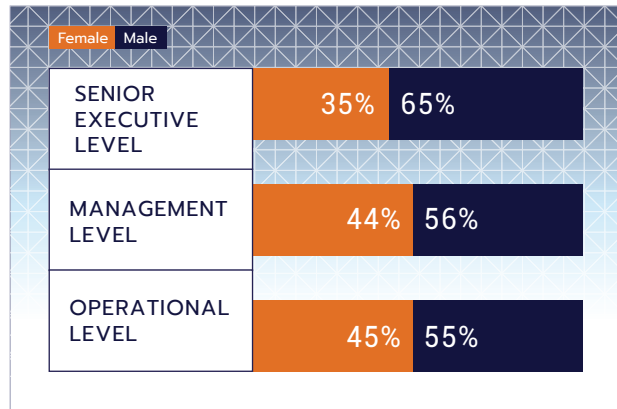
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE



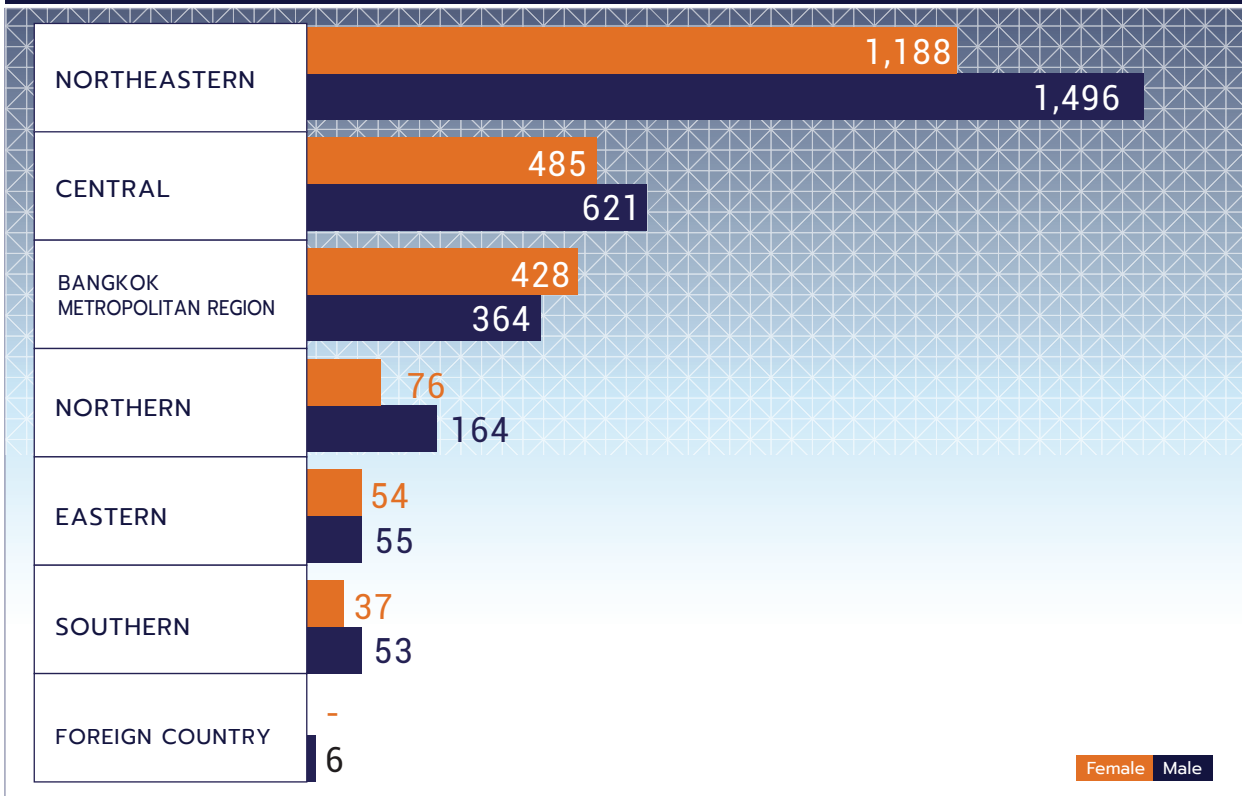
NUMBER OF EMPLOYEE BY AGE



% OF EMPLOYEE BY GENDER AND POSITION LEVEL



NUMBER OF EMPLOYEE BY GEOGRAPHIC ORIGIN





CREATING OPPORTUNITIES FOR THE DISABLED AND THE ELDERLY

The Company employs persons with disabilities to create equal and fair opportunities for them to work in positions that are suitable for their physical abilities and skills. The Company has provided accessible and safe working environment for persons with disabilities, such as accessible restrooms, ramps, elevators, and parking spaces. In 2023, The Group employed 26 persons with disabilities.

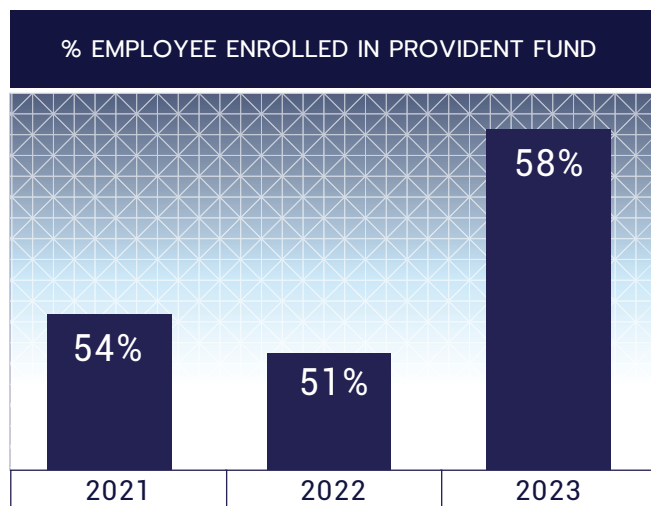


EMPLOYEE COMPENSATION AND BENEFITS

The Company has a policy for performance evaluation and compensation management, considering individual employees' responsibilities and abilities. It also provides fair and appropriate benefits to employees for their livelihood, such as bonuses, life insurance, and provident funds. Regular reviews are conducted to ensure comparability with leading companies in the same industry.

In 2023, the total compensation paid to employees of The Group amounted to 2,393,276,000 Baht. The gender pay gap ratio between female and male employees was 1 : 1.07, indicating the company's aim to achieve financial stability for both female and male employees equally.

The Company recognizes the importance of employee savings to provide financial security upon retirement. Therefore, it encourages employees to enroll in the provident fund. In 2023, 58% of permanent employees of The Group were enroll in provident fund.



3.4.3 EMPLOYEE DEVELOPMENT



The Company plans training and development programs to enhance the knowledge and skills of employees at all levels based on competency gaps, aligned with business expansion policies and trends. This involves conducting training needs surveys and developing HR Development Master Plan. These plans ensure that training and development initiatives across The Group

are consistent. They also include projects to enhance the capabilities of employees at all levels, focusing on skill development, knowledge enhancement, and fostering the organizational culture and ethics. These initiatives encompass training sessions, seminars, job shadowing, both online and hands-on activities, aimed at aligning employee capabilities with business goals and human resource development strategies.



MANAGEMENT APPROACH :

- Establish human resource development policies to cover employees at all levels within the organization
- Knowledge Management, collection of existing knowledge in the organization to develop it into a system. So that everyone in the organization can access knowledge and develop oneself to be a knowledgeable person including working efficiently.



HUMAN RESOURCE DEVELOPMENT POLICY

covers 5 sub-policies as follows :

1 Career development planning policy :

Use the competency guideline consisting of core competencies that employees must have or Core Competency, administrative competencies for executives or Leadership Competency, and knowledge and expertise in various professional fields or Functional Competency, in order to lead to analyze and plan the development of individual employee capabilities.

2 Human resource training and development policy :

Prepare an annual employee training and development plan.

3 Knowledge Management Policy :

Use information technology to promote knowledge management within the organization.

4 Retaining high potential employee and succession planning policy :

Creating human resource management and development courses and career advancement planning and succession plans for personnel, especially senior executives of the company. This is to ensure that the company is ready to prepare personnel to replace when positions become vacant or to support future business expansion.

5 Developing the skills of production employees policy :

To ensure that production employees have sufficient skills and abilities to carry out their responsibilities according to the company's quality policy. This will create maximum customer satisfaction with the company's products and services.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023
Average hours of employee training	>20 hours per person per year	21 hours per person per year



TRAINING STATISTICS FOR THE YEAR 2023

Program	2021	2022	2023
Number of courses organized	133	191	209
Total training hours	52,888	78,988	103,289
Training expenses / baht	966,494	2,103,921	2,854,085
Total number of trained employees	2,800	3,304	4,933
Total number of employees	5,032	5,131	5,027
% Employee training	57	65	98
Average training hours / person	11	16	21



Training Course

209

courses



Budget development

2.9

million baht



% Employee training

98

%



Average training hours

21

hours/person



Total training hours

103,289

hours

Classified by training category





IMPORTANT PROJECTS IN 2023 :

In 2023, in addition to conducting training and development programs as part of the annual training plan, the company collaborated with the Electrical and Electronic Institute (Thai EEI) to develop skills enhancement courses for production supervisors under the Supervisor Productive Leadership project, comprising 13 consecutive courses. Furthermore, there were team-building workshops under the concept 'The Power of 3C'. Additionally, training was provided on the KCE Buddy System to develop the skills of mentors and trainers for the third consecutive year. Moreover, there were courses on KCE Life & Core Value to promote organizational culture and values, fostering employee engagement at all levels, continued for the fifth consecutive year.



SUPERVISOR PRODUCTIVE LEADERSHIP PROJECT

The Company has implemented training programs to develop the skills of employees, aiming to enhance the capabilities of outstanding employees and prepare them for succession in leadership positions, particularly at the department head level.



SUPERVISOR PRODUCTIVE LEADERSHIP PROGRAM

The company has developed a curriculum for developing leaders at the command level in the organization. To prepare for succession to ensure that the company have a competitive advantage and are ready to drive business amidst various situations achieve sustainable goals.

OBJECTIVE

- Add management concepts, attitudes, and productive leadership.
- Strengthen leadership habits.
- Increase proactive work and exchange experiences between executives in the organization.

FORMAT

- Learn and share experiences from executives of various departments, 7 courses.
- Learn from lecturers from the Electrical and Electronics Institute, 6 courses.



PARTICIPANTS : 70 PEOPLES

PERIOD : 12 MONTHS

BENEFITS

- Increase the readiness of successors
- Increase the efficiency of employee development at the supervisor level

RESULTS

- 100% of people who received promotion join this course.
- Learning results before and after training from 72% to 95%.



KCE TEAM BUILDING PROJECT

The Company also gives importance to getting work done successfully. "Teamwork" especially when faced with change in times of crisis. Teamwork is therefore a powerful key that will help organizations build a competitive advantage and lead to desired success goals. The Company together with a team of lecturers from the Success Together Group designed a course in the form of Team Building activities under the concept "The Power of 3C" which is Connection, Communication and Collaboration.



KCE TEAMBUILDING FOR SUPERVISORS

The company emphasizes the importance of "team" work being accomplished. Working together is a powerful key to helping organizations create a competitive advantage. With a team of lecturers from Success Together Group designs Team Building activities to meet objectives, goals, and create learning with maximum efficiency under the concept "The Power of 3C" (Connection, Communication, Collaboration).

OBJECTIVE

- Understand Collaboration Teamwork, Mindsets and Skills, increase communication skills, coordinate and reduce gaps. Able to adapt to coworkers and coordinate work between departments effectively. This will create the highest effectiveness of the organization.



PARTICIPANTS : 179 Peoples

PERIOD : 2 days 1 night

BENEFITS

- Strengthen unity, create KCE Culture
- Develop soft skills
- Work conflict decreased Working in the same

RESULTS

- Project participants: 84% of the target group
- Satisfaction evaluation results for participating in the project: 92%



KCE LIFE & CORE VALUE PROJECT

To build organizational values and employee engagement, as well as to raise awareness about anti-corruption and corporate compliance, the Company developed the KCE LIFE & CORE VALUE course and anti-corruption and compliance training in 2018 and has continuously conducted them to date. The course curriculum is reviewed and improved every year. This training program is provided to employees at all levels. In 2023, the organizational values were reviewed and updated, and a total of 9 training sessions were conducted, with 239 employees.



KCE LIFE & CORE VALUE AND ANTI-CORRUPTION

To create organizational values and organizational bonds for employees. And to create awareness of anti-corruption, the company has developed the KCE LIFE & CORE VALUE and anti-corruption courses since 2018 and has continued to train employees until now.

PARTICIPANTS : 239 Peoples

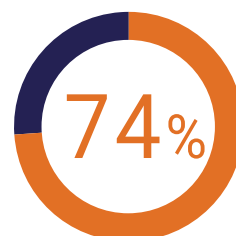
PERIOD : 5 Yrs. (continuous)

BENEFITS

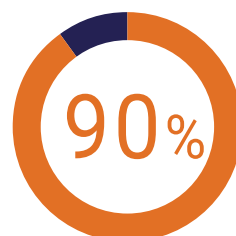
- Increase the level of employee commitment to the organization
- Strengthen organizational values
Raise awareness of anti-corruption

RESULTS

- Employee engagement levels from 72% to 74.3%
- Learning results before and after training from 68% to 90%.



SATISFACTION



TEST

PROJECT KCE LIFE & CORE VALUE



Quality



NEW

Sustainability



Performance



NEW

Environment



Team Work

3.4.4

OCCUPATIONAL HEALTH, SAFETY AND WORKING ENVIRONMENT



The Company emphasizes occupational health and safety for both employees and stakeholders, aiming to be a Zero Accident Organization. Therefore, the Company has a management system for occupational health and safety that complies with both national and international laws and standards. Regular risk assessments and reviews are conducted, along with continuous improvement of the company's safety control systems and measures. The Company has been certified with ISO 45001:2018 for Occupational Health and Safety Management Systems, certificate number TH20/13090, since March 6, 2020, following an assessment by SGS (Thailand) and continuous annual assessments are conducted. In 2023, the company underwent a second assessment to renew its certification, valid from March 14, 2023, to March 6, 2023.

As for the subsidiaries, both KCE Technology (KCET) and Thai Laminate Manufacturer (TLM), they have also applied the ISO 45001:2018 occupational health and safety management system.

In addition, Thai Laminate Manufacturer Company Limited received the Zero Accident Campaign award (controlling lost time accidents to zero) organized by the Institute for the Promotion of Occupational Safety, Health and Environment (Public Organization) as follows :



Year 2022 received an honorary certificate
"Bronze level" Year 1, amount of 2,801,121 hours



Year 2023 received the "Silver Level" award, Year 1,
amounting to 3,753,051 hours



MANAGEMENT APPROACH :

The Company has occupational health and safety operations according to Plan, Do, Check, Act (PDCA) principles as follows :

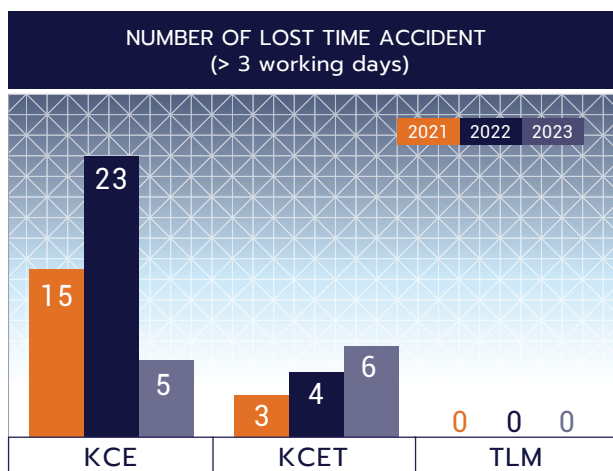
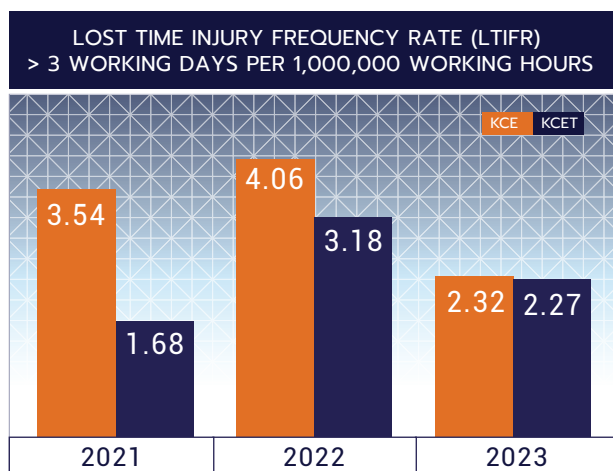
1. Establish occupational health and safety policies aligned with the requirements of the Occupational Health and Safety Management System (ISO 45001 standard), including legal requirements and customer requirements. Details of the policy can be found on the company's website www.kce.co.th under Investor > Sustainability > Corporate Governance > Policy and Procedure.
2. Find and control various risks that may cause an accident or illness of the employee and used to plan annual occupational health and safety events.

3. Compliance and operations according to the plans and specified safety measures
 - Employee side (Man) such as safety training etc. Arrangement of personal protective equipment Organizing activities to create safety awareness, etc.
 - Machinery, such as periodic maintenance and inspection of machine safety. Safety inspections at various levels. Preparation for dealing with various emergencies, etc.
 - Safety standards (Method) such as job safety analysis (JSA) to prepare work safety standards and train employees to have knowledge and work safely.
 - Occupational Health and Safety Management, such as establishing a safety organization, fulfilling designated responsibilities, including safety officers at various levels, safety committees, etc
4. Surveillance, inspection and evaluation of occupational health and safety, such as measuring the working environment, annual health check Assessment of system conformity to ISO 45001, etc.
5. Continuous and appropriate development of safety control systems and measures.
6. Build knowledge and awareness of occupational health and safety among employees and promote the involvement of employees at all levels in preventing work-related accidents, including contractors working for the company.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023		
		KCE	KCET	TLM
Number of incidents or injuries leading to lost work time more than 3 days	0 incident	5	6	0
Lost Time Injury Frequency Rate (LTIFR) for more than 3 days per 1,000,000 working hours	0	0.68	0.97	0



In 2023, both the Company and its subsidiary of PCB manufacturers (KCE and KCET) have incidents or injuries leading to lost work time more than 3 days, with 5 and 6 incidents respectively, which did not meet the targets. However, the Lost Time Injury Frequency Rate (LTIFR), for lost time more than 3 days

per 1,000,000 work hours, showed a significantly decreasing trend. Nevertheless, the Company remains committed to reducing accidents by planning and analyzing frequently occurring or highly severe accidents to address unsafe conditions. This includes developing safety manuals for training new employees and at-risk groups, job instruction by supervisors, and communication through various channels to enhance employee knowledge and skills in performing work safely. Additionally, controlling and inspecting employees' work to ensure compliance with prescribed work practices, improving deficiencies or root causes of accidents in all aspects, and promoting employee involvement in suggesting or consulting safety concerns to foster awareness and consciousness in occupational health and safety. As for the subsidiary, Thai Laminate Manufacturer Limited (TLM), it has continuously achieved the Target of Zero Accident.

Environmental assessments conducted during the fiscal year 2023, covering light, noise, heat, and chemicals in the workplace areas, were inspected by Global Environmental Management Limited. The results showed that light and chemical levels were within legal standards. However, there were some areas where noise and heat exceeded the standard levels. To address this, improvements were made, and personal protective equipment was provided to employees for their safety.

IMPORTANT ACTIVITIES IN 2023 :



IMPORTANT
PLANNED
ACTIVITIES

SAFETY WEEK

To disseminate knowledge on safety, occupational health, and the environment to employees through various media, involving them in various activities that are both enjoyable and educational, fostering awareness and consciousness in performing work to achieve the company's goals.





IMPORTANT PLANNED ACTIVITIES

ANNUAL FIRE SUPPRESSION AND EVACUATION DRILLS :

Emergency plans of the company include at least one annual training session, especially for fire evacuation plans. Each year, drills are conducted both during the day and at night to familiarize employees, ensuring they can effectively respond to incidents promptly and correctly in real situations. Evacuation drills are conducted properly, safely, without panic or hesitation, ensuring individuals do not get trapped in the area. This includes swiftly searching for and rescuing missing persons. In 2023, TLM participated in annual fire suppression and evacuation drills in collaboration with the Ladkrabang Industrial Estate Office.



IMPORTANT PLANNED ACTIVITIES

ANNUAL HEALTH CHECK :

In addition to having a health check for employees before starting work based on work risk factors, the Company also has annual health checks for both general health checks and risk factors that employees receive from their work environment to monitor the occurrence of occupational diseases, including various congenital diseases of employees themselves.





Given the changing global landscape in economics, technology, society, environment, and energy, along with the impacts of the COVID-19 situation, the Company has reviewed its vision, mission, and organizational values to establish business directions and drive employee development. It continues to prioritize employee care under the organization's happiness strategy, ensuring

their safety at work. Additionally, the company emphasizes talent attraction and retention, career development and career path.



MANAGEMENT APPROACH :

- Establishing policies for human resource management, personnel development, human rights, occupational health, and safety.
- Providing avenues for employees to express their opinions, expectations, and participation in the company's affairs, such as through welfare committees, employee councils, or safety committees.
- Evaluating the level of employee engagement with the organization and analyzing the results to devise plans for improving employee engagement, such as using the Happy Workplace approach.
- Providing channels for employees to file complaints or grievances with the company.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023
Employee engagement score	>75%	74.3%
Voluntary turnover rate of permanent employee	<12%	11%
Number of significant labor disputes	0 cases	0 cases

The Company recognizes that employees are crucial resources driving the organization towards its Targets. Taking care of employees' well-being, both professionally and personally, is a vital mission that the company supports through personnel, time, and necessary resources, under the organizational wellness policy. Initiatives include providing knowledge and understanding through various promotional activities, tailored to each individual's needs, with the aim of creating sustainable happiness and achieving a work-life balance. Additionally, fostering loyalty to the organization and reducing turnover rates are key objectives.

The Company has measured the level of employee engagement with the organization. Using surveys which consists of 9 areas: security and safety in work Opportunity for career advancement Workplace and management aspects The nature of the work that is done Teaching Social aspects Communication Working conditions and in terms of compensation or various benefits



Employee Engagement

74.3%

In 2023, the Company had 1,273 employees participate in the survey, accounting for 45%. There were 714 female employees and 559 male employees. The employee engagement level towards the organization was assessed with an average score of 74.3%, indicating a 'High' level of employee engagement with the organization. However, the obtained score did not meet the organization's target engagement level set at 75%. The Company will continuously analyze various factors found and make improvements, particularly focusing on areas scoring below 75%. The area with the lowest average score was the 'Opportunities for advancement' section, mainly from operational level employees.



LABOR RELATIONS AWARD

Honorary Award for Outstanding Corporate Employer in Labor Relations and Welfare of the year 2023, National level, for the 11th consecutive years



HAPPY WORK PLACE PROJECT

Happy Workplace is a process of developing individuals within the organization with clear goals and strategies aligned with the organization's vision, to enable readiness for change and lead the organization towards sustainable growth.

The Company joins with the Association of Organizational Health Promoters, the Ministry of Labor and Thai Health Promotion Foundation support activities to drive happiness in 8 areas through various activities as follows:





The Group promotes and supports employees to be healthy both physically and mentally by organizing activities for employees to exercise, walk, run and compete in sports both inside and outside.



CAMPAIGN PROJECT TO REDUCE AND QUIT SMOKING IN WORKPLACES

Passed training and activities on World No Tobacco Day.



MOVE A LITTLE EVERY DAY PROJECT TO CONQUER OFFICE SYNDROME :

To provide employees with knowledge and understanding about the causes, how to protect and treatment of office syndrome and being able to share the knowledge and understanding gained with other people.





The Group supports awards for employees who demonstrate continuous commitment to the organization and outstanding performance every year. Additionally, they promote employees to be compassionate and altruistic by regularly donating blood to help fellow human beings.



The company promotes employees to learn about saving, manage money, avoid debt, save, not be wasteful, and adhere to the principles of self-sufficiency economy. This is done by organizing markets for employees to buy and sell, as well as providing vocational skills training.



The Company organizes recreational activities for employees to allow them to relax and reduce stress from work. It is an activity that helps develop emotions, happiness, abilities, and physical and mental fitness including inspiration Teamwork. In 2023, the company organized off-site recreational activities for a period of 2 days and 1 night in Nakhon Nayok Province.





To ensure progressive stability in the workplace, employees at all levels must possess job knowledge, responsibility, engage in continuous self-development, adhere to punctuality, and work as a team. Therefore, the company organizes KCE Team Building, to enhance teamwork skills.



The Company organizes merit-making activities to offer alms to monks on New Year's Day. Let employees have faith in religion and morality in their lives and concentrate on working and able to deal with problems that come our way.



The Company sees the importance of the family institution by organizing training activities to provide knowledge to pregnant employees to prepare for becoming working mothers which requires taking care of health and safety during pregnancy until childbirth.



The Company is a part of community and social development. Therefore, it supports the continuous learning process by promoting career guidance to create income, develop knowledge and abilities to enable students and personnel in educational institutions to pursue additional careers in another way.





The Company emphasizes development to create sustainable benefits for the community and society, recognizing it as a responsibility towards the community, which is a significant stakeholder in the company's operations. Additionally, it focuses on involving managers and employees in community and social development, both internally and externally, to instill a sense of responsibility towards the community and society. This includes raising awareness of the importance of environmental care, improving the community, and

enhancing social well-being. The company provides financial support for projects and activities, fostering participation in community and social development to continually elevate the quality of life in all aspects on a regular basis, every year.

The Company sets a strategy for community development to align with the Sustainable Development Goals (SDGs) under the community development framework, fostering collaboration between the company, the community, and government agencies. This is to ensure that community development progresses in the same direction. Additionally, the company will utilize the Social Return on Investment (SROI) framework to assess the social impact of community development projects, reflecting the effectiveness of the projects. The results of the assessment will be used to improve operational efficiency and achieve sustainable development goals.



MANAGEMENT APPROACH :

- The Company adopts policies regarding corporate social responsibility towards the community and society as guidelines for project development and community engagement.
- Conduct surveys to assess needs and establish relationships with the community to efficiently plan projects that meet community needs, while monitoring the progress of community development.
- Develop community and social development plans on promoting education, enhancing the quality of community life, promoting conservation of nature and the environment.



TARGET AND PERFORMANCE

Indicators	Target of 2023	Performance of 2023
Number of Community and Society development projects	Green society project for 2 communities	2 communities
	Clean Energy for Education Project for 1 educational institution	1 educational institution
Number of significant disputes with community/society	0 cases	0 cases



IMPORTANT PROJECTS IN 2023 :

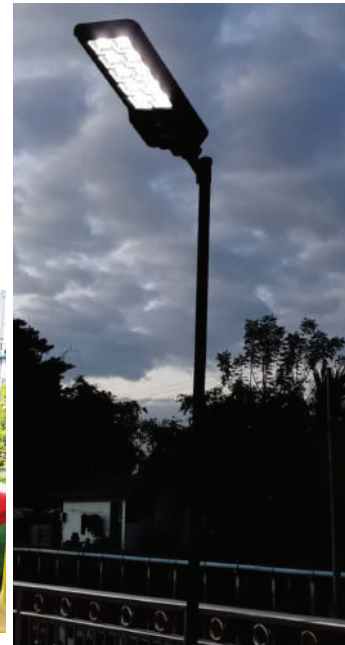


GREEN SOCIETY PROJECT :

Consisting of 2 sub-projects for 2 communities as follows :

1 Solar Cell for the community :

The Company continues to carry out the project for the second year by supporting 14 sets of solar cell lighting sets with installation equipment for the community of Pattana Thippawat Village, Lam Pla Thio Subdistrict, Lat Krabang District, Bangkok for travel safety. And help reduce the use of electrical energy by using energy from the sun instead.



2 Green Energy Cafeteria Project :

The Company has installed solar cells on the cafeteria roof, Solar roof-top, size 5 Kw, for Wat Bueng Bua School, Lam Pla Thio Subdistrict, Lat Krabang District, Bangkok, in order to reduce electrical energy use.





GREEN ENERGY FOR EDUCATION PROJECT :

The Company has continued the project for the second year to install a 10 KWp solar roof-top for Prachinburi Technical College to be used as a learning resource on alternative energy for students, including reducing the cost of electricity in the cafeteria building, increasing the co-working space of the college. In addition, the company also added a 40 kWp inverter, so that the college can install additional solar cells later.



AWARDS FOR COMMUNITY AND SOCIAL RESPONSIBILITY :

In 2023, the Company carried out work on social responsibility and sustainable development (Sustainable Development) and received the ISB AWARD 2023 from the Industrial Estate Authority of Thailand.





REFLECTIONS FROM REPRESENTATIVES IN THE COMMUNITY



“ KCE is an organization that supports and assists the community, promoting and supporting sustainable development of educational institutions. Thank you for continuously supporting Wat Bueng Bua School.”

Mrs. Nittayaporn Phongsathit
Director of Wat Bueng Bua School



OTHER COMMUNITY AND SOCIAL PROJECTS



EDUCATION PROMOTION PROJECT



- **Scholarship program for children of low-income employees** : The Company promotes and supports education for employees’ children. To help and ease the cost burden of employees, in 2023, The Group awarded 125 scholarships to employees’ children, totaling 300,000 baht.

- **Scholarship program for educational institutions in the community** : Total of 12 places, valued at 48,000 baht, for scholarships.

- **Internships Project for Dual Vocational Education and Cooperative Education** : The Company supports internships for students at the higher education level in order to provide an opportunity for students to practice working in real work locations in various fields of study that have been learned to live in a place where people work together. It is about enhancing life experiences and preparing students before going out to work in real life. In 2023, the Company accepted 12 interns, which are students at the vocational certificate level and bachelor’s degree level.



- **Open house project for learning** : The Company gave King Mongkut's University of Technology North Bangkok an opportunity to bring 47 professors, staff, and students of the "Innovation and Applied Science Classroom Project" on a field trip to study the company's production process.



- **Educational Subsidy Support Project at Luk Phra Dabos School Samut Prakan Province** : To provide vocational training to individuals lacking educational opportunities due to financial constraints, who are genuinely committed and ready to seek knowledge. This training aims to equip them with the necessary skills to support themselves, their families, and contribute to the nation.



PROJECT TO PROMOTE QUALITY OF LIFE



- **Project to help improve the quality of life of vulnerable groups** : Including the elderly, bedridden patients, and the disabled, executives and employees went to the area to provide consumer goods for daily use by 45 families in 7 communities.
- **Project to provide financial support to the underprivileged** at Baan Dek Ramintra School, Bangkok. Along with donating rice, dry food and consumer products to be used to help take care of children.



- **Project to help poor children** : The management and staff of The Group have provided educational supplies and lunch to students at a Tammai school in Phra Nakhon Si Ayutthaya province.



- **Project to support budget for repairs and purchase of playground equipment** at Ban Yang Chum School, Na Klang District, Nong Bua Lamphu Province which is an area far from civilization. There is a lack of funding from the government. The Company joins this project with the KCE labor union.



- **Project to help street children** : The Company has provided rice and consumer goods to the Baan Nokkamin Foundation, Bangkok to provide children with a better quality of life.



PROJECT TO PROMOTE ENVIRONMENTAL CARE

- **"Planting for Sustainable Future, LET'S ZERO TOGETHER" Project** : The Company joins the Industrial Estates project to plant trees along roadsides within the Ladkrabang Industrial Estate area, aiming to mitigate global warming by increasing green spaces.
- **Community Forest Planting Project** : The Company joins the Industrial Estate Project to plant trees for the community around the Lat Krabang Industrial Estate dam, connecting along the Wat Bueng Bua Canal to increase green space for the community in the area where the factory is located.



From operations on community and social responsibility in 2023, the company has implemented community and social development projects using a total budget of 1,173,731 baht.

3.5

SUSTAINABILITY MANAGEMENT IN CORPORATE GOVERNANCE AND ECONOMIC DIMENSION

3.5.1

OPERATION WITH CORPORATE GOVERNANCE



CORPORATE GOVERNANCE POLICY AND ETHICAL STANDARDS

The Board of Directors of KCE Electronics Public Company Limited is aware of and recognizes the importance of good corporate governance and committed to supervising the organization's operations and compliance with the principles of good corporate governance in accordance with company policy and in compliance with relevant laws according to the guidelines of the Stock

Exchange of Thailand (SET), in order to strengthen confidence in all stakeholders, including shareholders, customers, employees, and the general public, and believes that good corporate governance will increase shareholder value and create the maximum benefits to all stakeholders according to the principles of the Stock Exchange of Thailand and international practices of the Organization For Economic Cooperation and Development (OECD).

The Company has established Corporate governance policy, Code of Business Ethics and Ethical Standards Handbook to promote the principles of corporate governance of the organization. The focus is on conducting business with transparency, morality, ethics, and utilizing the best practices for directors, executives, and employees of companies in The Group and to reduce conflicts of interest among stakeholders.



TARGET :

- 1 To be an organization that manages its operations with good corporate governance principles.
- 2 To continuously receive a good corporate governance rating at the Excellent level every year.
- 3 To be ranked in the sustainable stocks category according to SET ESG Rating.
- 4 To elevate the quality of operations and reporting to international standards.





MANAGEMENT APPROACH :

- Reviewing policies on good corporate governance and business ethics, including policies and guidelines related to anti-corruption and corporate social responsibility.
- Providing training to executives and employees.
- Monitoring and auditing mechanisms for operational performance and reporting through the oversight of the company's board of directors.



PERFORMANCE :

In 2023, the Environmental, Social, Governance and Sustainability Development Committee has reviewed the corporate governance policies and have considered revising and implementing good corporate governance principles that can be applied appropriately to the business context of the company. In addition, the committee has assessed itself through various criteria of self assessment related to corporate governance, including those from the Thai Institute of Directors Association, the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Thai Investors Association.

The committee has reviewed sustainability policies, including the consideration and approval of assessments and the prioritization of material issues regarding sustainability (Materiality Prioritization). They have also examined and revised sustainability goals, along with ESG-related risks. Furthermore, the committee has evaluated and monitored the company's environmental, social, and corporate governance practices.

The Company has received a good corporate governance rating based on the assessment criteria of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), with the Thai Institute of Directors Association (IOD) acting as the assessor. The annual assessments of corporate governance conducted by the IOD reflect the commitment of the company's board, management, and all employees to prioritize business operations and management in accordance with corporate governance practices. This underscores the dedication of the company's leadership and staff to conducting business with integrity and in adherence to good corporate governance principles.



The assessment results for the corporate governance of the Thai registered company In 2023 indicate that the company has consistently received an "Excellent CG Scoring" for nine consecutive years since 2014.

The Company has disclosed its corporate governance policy as well as other related policies, in both Thai and English on its website www.kce.co.th under the category Investors > Sustainability > Corporate Governance > Policy and Procedure.



The Company has an Anti-Fraud and Corruption Policy to conduct business ethically and transparently in accordance with good corporate governance principles and has actively participated as a member of the Thai Private Sector Collective Action against Corruption (CAC), declaring its commitment to the Collective Action Coalition against corruption on 18th November 2013. The company became a certified member of CAC for the first time on 3rd April 2015, and the company received its certification renewal for the 4th consecutive period on December 30, 2023.

To ensure confidence in the company's adequate measures to prevent and detect fraud and corruption effectively, the company has conducted a risk assessment related to internal corruption. This includes a review of compliance with policies outlined in the Code of Conduct and Ethical Standards and communicates to the employees and stakeholders to ensure consistent management practices throughout the supply chain.

In order to raise operational standards and enhance global partnerships for sustainable development, the company has actively encouraged and supported its domestic partners to participate in the Thai Private Sector Collective Action Against Corruption (CAC) initiative. This initiative aims to anti-corruption and expand the network of transparent businesses. The Company received the CAC Change Agent Award in which 10 business partners announced their intention to join the CAC project. As a result, the company received the CAC Change Agent Award at the CAC National Conference 2023 on December 7, 2023.



MANAGEMENT APPROACH :

- Establish an Anti-Fraud and Corruption Policy and related guidelines, which can be viewed in detail on the company's website www.kce.co.th, under the category Investors > Sustainability > Corporate Governance > Policy and Procedure.
- Appoint a working committee on anti-fraud and corruption.



PLAN/PROJECT: SHORT-TERM

Campaign project and create participation in fighting corruption within the company and its subsidiaries

- 1 Publicize policies and procedures and mechanisms for handling complaints and whistleblowing.
- 2 Provide training on anti-corruption to executives and employees of the company and its subsidiaries
- 3 Organize training on policies and practices related to anti-corruption for all employees who have passed the probationary period.

- 4 Provide training on anti-corruption to partners who participate in the declaration of intent.
- 5 Organize International Anti-Corruption Day activities every year.



PLAN / PROJECT: LONG TERM

The Company has a policy for all subsidiaries to join in declaring their intention to become CAC members and be certified as CAC members.



PERFORMANCE IN 2023

- 1 In 2023, a total of 246 new employees underwent training in the anti-corruption curriculum, and all of them successfully passed the comprehension assessment.
- 2 Every partner signed an agreement to abide by the company's anti-corruption and corporate governance policies.
- 3 In 2023, the Company conducted online training in collaboration with CAC, providing knowledge about the Thai private sector's collaborative project against corruption to its suppliers. 16 suppliers participated in the training.
- 4 The Company received the CAC Change Agent Award for inviting 10 SME suppliers to commit to the CAC project, aiming to promote transparency and sustainability in the supply chain.
- 5 The Company organized activities for International Anti-Corruption Day during December 7th - 11th, 2023. The objectives were to raise awareness among employees about combating corruption, foster cooperation in preventing corruption, and encourage reporting if any instances of corruption are observed.



- 6 The Company's subsidiaries, KCE Technology Company Limited and Thai Laminate Manufacturer Company Limited have announced their intention to become a CAC member as follows :

Symbol ▲	Company ▲	Status ▲	Declaration Since ▲	Declaration Expire ▲	Sector ▲	Certified Date ▲	Expire Date ▲
	Thai laminate manufacturer Co., Ltd	 Signatory	22 Aug 2023	22 Feb 2025			
Symbol ▲	Company ▲	Status ▲	Declaration Since ▲	Declaration Expire ▲	Sector ▲	Certified Date ▲	Expire Date ▲
	KCE TECHNOLOGY CO.,LTD.	 Signatory	15 Nov 2023	15 May 2025			

- 7 In 2023, there were no complaints or whistleblowing reports related to fraud and corruption through Whistle blowing and other channels.

- 8 The Company received its CAC membership certification renewal for the 4th consecutive period on December 30, 2023

Symbol ▲	Company ▲	Status ▲	Declaration Since ▲	Declaration Expire ▲	Sector ▲	Certified Date ▲	Expire Date ▲
KCE	KCE Electronics Public Company Limited	 Certified	18 Nov 2013		Electronic Components	30 Dec 2023	30 Dec 2026



The Company and its subsidiaries are committed to conducting business with honesty and integrity, placing a strong emphasis on the importance of tax management to ensure accuracy, comprehensiveness, transparency, and verifiability as follows :

- 1 Ensure compliance with tax laws and regulations, including utilizing tax benefits for the maximum benefit of both shareholders and government agencies.
- 2 Proceed with remitting taxes within the time period specified by law, including managing tax payments and/or tax refunds (if any) to maximize the company's liquidity.
- 3 Strategic tax planning, studying laws and regulations to consider benefits and potential impacts. Seeking advice from tax experts to ensure compliance without circumventing the law.
- 4 Designating responsible personnel for tax matters and coordinating with government tax authorities to ensure proper operations. Providing accurate information about the company's operations when requested or audited by government agencies.
- 5 Disclosing the company's tax payments in annual reports to demonstrate commitment to accurate, complete, and transparent tax payments
- 6 Providing tax knowledge to employees within the organization to ensure accurate and comprehensive job performance



The Company recognizes the importance of protecting personal data, which is a fundamental right to privacy. It respects the privacy rights of individuals by preventing unauthorized loss, access, use, alteration, modification, or disclosure of data, which could impact the rights and freedoms of data subjects. Moreover, it promotes and supports the development of the organization's personal data protection to ensure stability and compliance with the Personal Data Protection Act (PDPA) of 2019. In line with this, Data Protection Officers (DPO) and Data Protection Committees have been appointed in 2022.

The Company has established a personal data protection policy to provide guidance to personnel involved in handling personal data, ensuring that they handle such data accurately and appropriately according to their respective roles. Personal data collected by the company is considered valuable assets, and anyone who violates or commits wrongdoing will be penalized. Details of the policy can be found on the company's website www.kce.co.th under Investor > Sustainability > Corporate Governance > Policy and Procedure.



IMPORTANT ACTIVITIES IN 2023

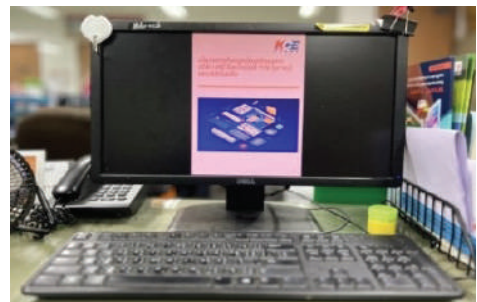
The Company has carried out personal information protection activities as follows:

- 1 Training to provide knowledge about the Personal Data Protection Act to all executives
- 2 Training to provide knowledge about personal data protection practices to employees involved in collecting, using, or disclosing personal data.
- 3 Meeting, communication, public relations to employees to raise awareness about personal data protection
- 4 Communicate information on the company's internal website regarding The Group's personal data protection policy



PERFORMANCE IN 2023

No complaints regarding personal information security leaks, both from employees and various stakeholder groups





The Company has extensively utilized information technology systems throughout the organization to ensure convenient, accurate, and efficient operations. Therefore, cybersecurity is of paramount importance as cyber threats have become increasingly diverse and can cause significant harm to the organization.

The company has a policy to establish a cybersecurity system, utilizing technology tools, processes, and practices designed to prevent and address threats that may target the network infrastructure, systems, or various programs, potentially causing damage to the company from unauthorized individuals



MANAGEMENT APPROACH :

- Establish the Information Security Management System Policy. Details of the policy can be found on the company's website www.kce.co.th under Investor > Sustainability > Corporate Governance > Policy and Procedure
- Implement a standard of information security management system (TISAX)
- Establish operation procedure to maintain the information security
- Analyze risks and determine plans to deal with cyber threats



IMPORTANT ACTIVITIES IN 2023

TISAX or Trusted Information Security Assessment Exchange sets assessment standards by the German Automotive Industry Association (VDA - Verband der Automobilindustrie) using basic information system security requirements based on ISO/IEC 27001 standards and using the PDCA process to make The company's information security management system has 3 important features.

- 1 Confidentiality : protecting customer and company information confidentiality by ensuring that information systems are accessible only to authorized personnel.
- 2 Integrity : ensuring the accuracy and completeness of information systems by preventing unauthorized changes or alterations, as well as ensuring accurate processing by the operating system.
- 3 Availability : ensuring availability to ensure confidence in the company's information technology infrastructure and data, ensuring that they are always available for use.

The Company and its subsidiaries, namely KCE Technology Company Limited (KCET), have implemented an information security management system in accordance with the TISAX standard and have been certified at TISAX Level 3. The assessment and certification were conducted by DQS GmbH, accredited by the ENX Association (Certified Audit Provider), which instills confidence in automotive industry customers to collaborate on developing new products with the company. This contributes to continuous business operations with the company, enhancing trustworthiness and efficiency in management.

The TISAX certificate is valid for 3 years until February 17, 2026 for the following purposes.

- 1 Protection of Prototype Parts and Components
- 2 Information with Very High Protection Needs
- 3 Information with High Protection Needs
- 4 Very High Availability
- 5 High Availability



The TISAX-certified information technology system accounts for approximately 70% of the company's overall information technology infrastructure. As a result of TISAX standards, the company has established and communicated policies related to maintaining information technology security, ensuring that all employees are aware of and adhere strictly to them. Additionally, the company has further developed computer systems and improved the working environment to align with TISAX standards as follows :

- 1 The Company has announced the implementation of the Information Security Management System Policy, consisting of 14 policies, along with disciplinary measures for policy violators.
- 2 Training sessions have been conducted to provide knowledge and understanding of the Information Security Management System Policy to all levels of employees. Approximately 80% of managerial and operational staff has participated in the training.
- 3 Document Classification Procedure for customer and company information has been established, along with controls for the use and destruction of information documents.
- 4 The development of the Secure File Portal system has been initiated for the exchange of customer original data files, replacing the use of email for this purpose.
- 5 Access rights to critical customer information have been controlled and restricted to authorized individuals. A central data forwarding center has been established to transfer customer data only to relevant parties as necessary for business operations.
- 6 Security control areas have been designated for the storage of confidential customer and company documents/data. Access to these areas is controlled with Access Door Control systems.
- 7 Technical vulnerability and threat assessments have been conducted to identify and address system vulnerabilities, reducing risks and potential impacts on the company's information security.
- 8 A 2-Factor Authentication (OTP) system has been installed for remote access to the company's information system via VPN.
- 9 Basic Cybersecurity awareness training, including methods for prevention, avoidance, and response to cyber threats, has been provided to all new employees during orientation sessions, ensuring 100% participation.



OTHER ACTIVITIES

- 1 Test the SAP ERP system (Backup/Recovery) at the backup computer center (DRC) to support emergency events according to the business continuity policy and plan once a year. The test results can open the system. and the information is correct
- 2 Checking, preventing and eliminating computer viruses and cyber threats on the company's desktop, notebook, and server computer devices



PERFORMANCE IN 2023

No events that caused the Company's computer systems and information technology to fail that would affect business operations.



The Company prioritizes managing relationships with customers, thus focusing on creating customer satisfaction and developing and maintaining sustainable relationships. This is achieved by producing quality products and excellent services, adhering to the quality policy of 'Provide products and services to meet or exceed agreed requirements for all of our customers through continuous improvement and doing it right the first time.' Additionally, the Company conducts business with integrity, transparency, and honesty, fostering customer trust by protecting and maintaining customer-related information under professional ethics, along with good governance, effective risk management, and operating responsibly towards society and the environment.



MANAGEMENT APPROACH :

- Innovate and continuously engage in research and development to deliver high-value, quality products and services that meet diverse customer needs.
- Develop environmentally-friendly products and services aimed at minimizing resource use, conserving energy, and ensuring long-term usability.
- Manufacture products and services that are safe, non-hazardous to consumer health, and reliable, including providing accurate and sufficient information to customers.
- Securely manage customer data and refrain from using customer information inappropriately.
- Establish fair pricing for products and services.
- Implement departments responsible for providing product recommendations, consultations, problem-solving strategies, and handling complaints to ensure utmost customer satisfaction.
- Implement the management systems in accordance with international standards



MANAGEMENT SYSTEM ACCORDING TO INTERNATIONAL STANDARDS

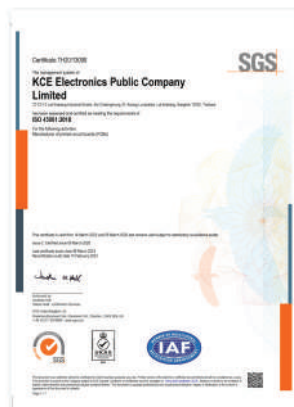
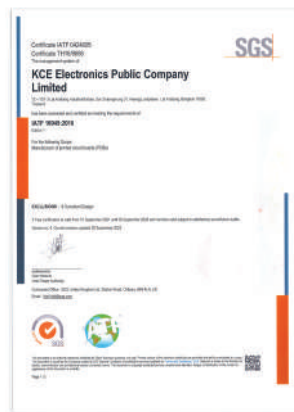
The Group has implemented international standard management systems across various dimensions within the organization. This is done by considering the needs of customers and various requirements both domestically and internationally, where the company conducts its business. Implementing management systems based on international standards is aimed at building customer trust, improving operational processes, adapting to legal requirements and various regulations, and effectively enhancing the organization's image within the rapidly changing business environment of today.

TABLE OF CERTIFIED MANAGEMENT SYSTEM ACCORDING TO INTERNATIONAL STANDARD

No	International Standard	Certified System	Certified Body	Certificate number		
				KCE	KCET	TLM
1	IATF 16949 : 2016	Quality management	SGS (Thailand)	IATF0424005 TH16/9656	IATF0406526 TH04/4535	IATF0419685 TH23/00000622
2	ISO/IEC 17025 : 2017	Laboratory Competence	Thai industrial standard institute	-	23-LB0038	-
3	ISO 14001 : 2015	Environment management	SGS (Thailand)	TH08/1461 TH02/1462	TH08/1853 TH08/1854	TH03/3467 TH03/0468
4	Green Industry Level 3	Environment management	Ministry of Industry	GI 3-0779/2564	GI(E) 3-405/2567	GI(E) 3-412/2567
5	ISO 45001 : 2018	Occupational health and safety management	SGS (Thailand)	TH20/13090	-	-
6	usn. 8001 : 2563	Labor Standard	Global Certification Service	TLS62005	TLS65002	-
7	TISAX Level 3	Information security management	DQS GmbH	A18313-1	A18313-1	-



EXAMPLE OF MANAGEMENT SYSTEM CERTIFICATE ACCORDING TO INTERNATIONAL STANDARDS





PERFORMANCE IN 2023



Customer Satisfaction Score or Customer Scorecard

Most customers regularly evaluate the company's satisfaction scores every month. The evaluation covers five aspects : delivery, product quality, technical knowledge, responsiveness to customers, and competitiveness. This reflects customer satisfaction with the company. Based on the performance results of the year 2023, the average customer satisfaction score was 97%, as the company target is 90%.



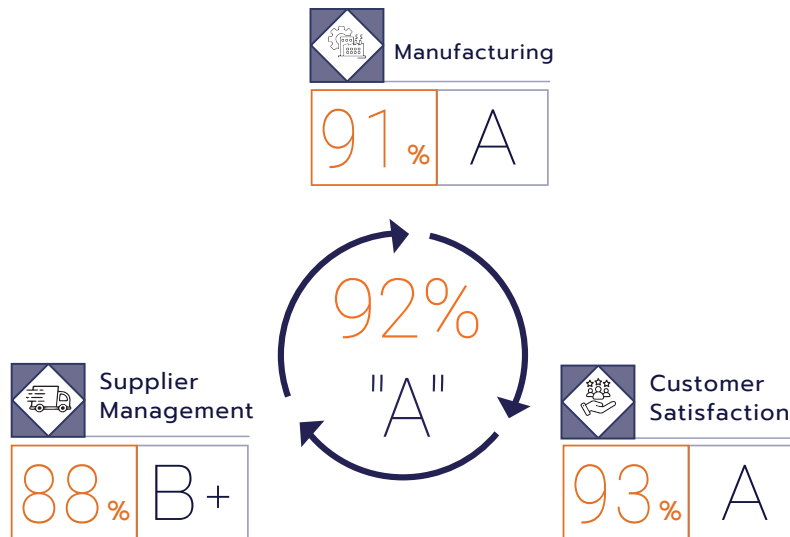
Customer satisfaction development plan

Improving customer satisfaction is an important part of the company's focus. For good service and maximum customer satisfaction It is defined as a guideline for developing customer satisfaction as follows :

- Understanding customer needs and expectations.
- Setting satisfaction Target by specifying clear indicators.
- Creating good communication channels with customers.
- Measuring and evaluating satisfaction on a regular basis.
- Using data from measurement and evaluation to further improve the quality of products and services.
- Developing employees' skills and understanding of customer service.

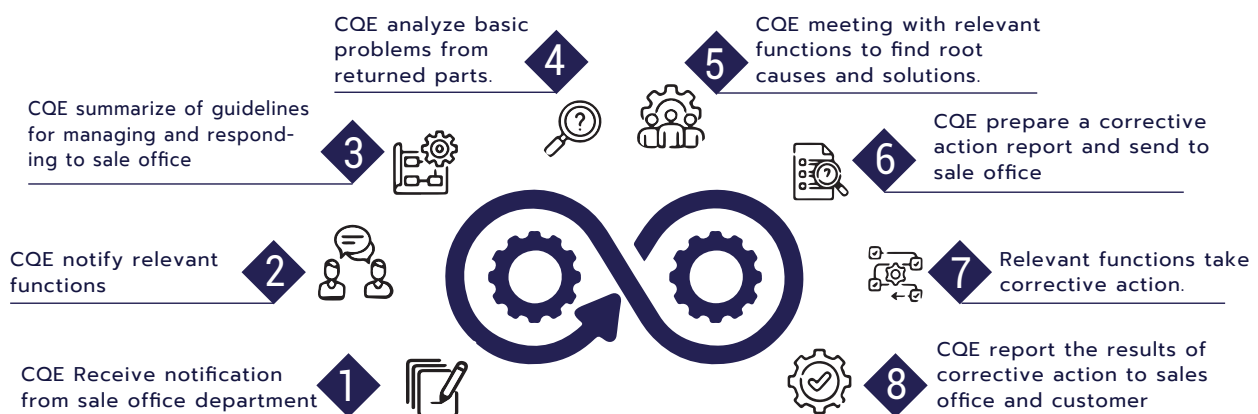
2 Customer audit

In 2023, there were 10 customers who came for an audit according to the VDA 6.3 Process audit standard, which is an evaluation of both production and service processes in the automotive industry. The results of the evaluation are an average score of 92% or Grade A, which the Target score is above 90%



Process for receiving complaints from customers

When receiving complaints from customers through the sales representative of each sale office, the Customer Quality Engineer (CQE) will follow all 8 steps sequentially in order to identify the root cause of the issue and implement effective corrective measures to prevent recurrence of the problem.





Efficient and responsible supply chain management is a crucial component for fostering sustainable growth within a company. Therefore, the Company focuses on effectively managing its partners throughout the supply chain by establishing a Supplier Code of Conduct to promote sustainable procurement. This code integrates environmental, social, and governance (ESG) considerations

into supply chain management alongside other factors to be considered in procurement processes and supplier selection. This systematic approach includes monitoring, evaluating, and enhancing the potential and efficiency of partners collaboratively to ensure sustainable and mutually beneficial relationships over the long term.



MANAGEMENT APPROACH :

- Establish a sustainable procurement policy that is transparent. Fair and verifiable
- Create a code of conduct for business suppliers (Supplier Code of Conduct).
- Assess risks and determine risk management guidelines in the supply chain.
- Support and promote local procurement.
- Establish a system for selecting, evaluating, and monitoring suppliers.
- Establish channels for reporting complaints and giving information.



IMPORTANT PROJECT IN 2023



Combating child labor in the supply chain

The Company has a supplier selection system within the supply chain framework that considers ethical guidelines, including practices related to human rights concerning child labor and the use of underage labor, defined by the International Labor Organization (ILO). A Supplier Code of Conduct has been developed with the aim of ensuring that the company's suppliers operate ethically and respect human rights practices related to child labor. This is part of the company's sustainable procurement policy, and details of this policy can be found on the company's website at www.kce.co.th, under the Home menu > Supply Chain. Additionally, channels for reporting complaints and whistleblowing are provided through the company's website and via email at whistleblower@kce.co.th for any actions that violate the laws, regulations, or the company's business ethics, including those related to human rights violations and child labor within the supply chain. There are processes for investigating complaints, implementing corrective measures, and providing fair compensation in case of damages.



TARGET AND PERFORMANCE



Suppliers acknowledge and sign acceptance of the KCE Supplier Code of Conduct



TARGET OF 2023



PERFORMANCE
OF 2023



NUMBER OF CHILD
LABOR COMPLAINT

100%

100%

0 Case



Responsible sourcing of minerals

The Company is committed to sourcing “conflict minerals” responsibly, with the development of a Conflict Minerals Policy. Details of this policy can be found on the company’s website at www.kce.co.th, under the Home menu > Supply Chain. Additionally, the Company has established an Agreement of Non-Use of Conflict Mineral between the Company and suppliers in the Approved Vendor List (AVL). This agreement requires suppliers to sign and acknowledge their commitment to not using conflict minerals. Channels are provided for employees, vendors, and stakeholders to report violations of the Conflict Minerals Policy via email at conflict-minerals@kce.co.th

Furthermore, the Company has mandated that suppliers of products containing 3TG (tin, tantalum, tungsten, and gold), cobalt, and mica provide information regarding conflict minerals in the supply chain using the Conflict Minerals Reporting Template (CMRT) and Extended Mineral Reporting Template (EMRT) from the Conflict-Free Sourcing Initiative (CFSI). CFSI is an organization that supports responsible mineral sourcing. Regular data reviews are conducted



TARGET AND PERFORMANCE



Suppliers acknowledge and sign an agreement of non-use of conflict minerals



TARGET OF 2023



PERFORMANCE
OF 2023

100%

100%

3 Suppliers Management

The Company expects its suppliers to be aware of the importance of sustainable procurement and to work collaboratively with the company in accordance with appropriate practices to create value for all stakeholders. This includes promoting the growth and efficiency of suppliers together, with policies and guidelines for managing the supply chain. These encompass the Supplier Code of Conduct in environmental, social, and governance aspects, as well as fair business competition practices. The Company does not tolerate any form of corruption or coercion, both direct and indirect. The Company communicates with suppliers to ensure their understanding of the company's sustainable procurement policy, including requiring suppliers to sign acceptance an anti-corruption policy.

The Company requires suppliers on the Approved Vendor List (AVL) to conduct a Supplier Self-Assessment, focusing on key areas such as quality management systems, environmental management, social responsibility, business ethics, and information security systems. These assessments are reviewed every 2 years. The company uses the self-assessment data from suppliers to select and develop its suppliers.

Suppliers that meet the selection criteria must sign acknowledgment of the sustainable procurement policy before approval for inclusion in the Approved Vendor List (AVL). The Company conducts quarterly monitoring and evaluation of the performance of suppliers. If a supplier's performance does not meet the criteria, control measures are implemented, and corrective actions are sought.

TARGET AND PERFORMANCE

	Suppliers acknowledge and sign an agreement the Sustainable Procurement Policy
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 All suppliers acknowledge the Sustainable Procurement Policy

100%

 All suppliers acknowledge and signed the Supplier Code of Conduct

100%

 All suppliers signed the Anti-Corruption Policy

100%

 No complaints were found regarding non-transparent and non-fair procurement

0%

All suppliers in the AVL passed the performance evaluation criteria, with an overall score in the range of 80-89% (Good performance)



SUPPLIER PERFORMANCE RATING OF 2023



Direct Material

89%



Indirect Material

87%



Packaging

88%



NEW KEY SUPPLIERS IN 2023

Answer the self assessment

100%

Passes the criteria for environment
social and governance aspects

100%

Acknowledged and signed the Supplier
Code of Conduct and anti-corruption policy

100%

The Company treats its suppliers with fairness and equality, without discrimination and respecting the diversity of suppliers. In 2023, there are 2 key suppliers which are Woman-Owned Business, supplying indirect raw materials and packaging.



Sourcing local suppliers

The Company recognizes the risks that may arise within the supply chain, such as raw material shortages in production and delays in product delivery, which are critical to business operations and can impact the company's confidence and reputation. Therefore, to mitigate supply chain risks, the Company supports local procurement and promotes local suppliers development for sustainable business growth. This initiative aims to contribute to societal development, economic growth, improve the quality of life for community members, generate income for local people, and reduce production costs and delivery times. Consequently, the company sets a target for at least 55% of its main suppliers to be local partners.



TARGET AND PERFORMANCE

Indicators	Target	Year 2021	Year 2022	Year 2023
Number of Local suppliers in AVL	55%	49%	50%	55%

5 Supplier Risk Assessment

The Company mandates supplier risk assessment as part of the procurement process after suppliers are approved to be on the Approved Vendor List (AVL). Approved vendors must undergo performance assessment through Supplier Self-Assessment every 2 years. Additionally, the company conducts on-site audits at the suppliers' production facilities both domestically and internationally, with a frequency of auditing each supplier every 3 years.

TARGET AND PERFORMANCE

	Supplier Self-Assessment result meets the criteria
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TARGET OF 2023



PERFORMANCE
OF 2023

100%

100%

	Supplier Onsite Audit score meets the criteria of 80%. In 2023, there was an Onsite Audit for 26 suppliers
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TARGET OF 2023



PERFORMANCE
OF 2023

100%

100%



In the fast-paced and ever-evolving landscape of PCB manufacturing, the company stands as a beacon of innovation, consistently pushing the boundaries of what is possible. With a steadfast commitment to creativity, adaptability, and forward-thinking, our company has become a leader in the Thailand PCB industry, setting new standards and redefining the notion of what is achievable.



MANAGEMENT APPROACH AND PERFORMANCE



1 Cultivating a Culture of Innovation:

At the heart of the company's success is its unwavering dedication to fostering a culture of innovation. From the leadership team to every individual contributor, innovation is not just encouraged, it's ingrained in the company's DNA. Employees are empowered to think outside the box, challenge the status quo, and pursue novel ideas fearlessly.

Regular brainstorming sessions provide a platform for cross-functional collaboration, enabling employees to share diverse perspectives and pool their talents. This collaborative approach ensures that innovation is not confined to a particular department but permeates every aspect of the organization.



PERFORMANCE 2023

Initiatives	Target 2023 No. of projects	Performance 2023 No. of Projects	Hard Saving (Million Baht/ Year)
Six Sigma	24	24	34.7
QCC	28	28	11.3
Total	52	52	46.0

2 Cutting-Edge Technological Integration :

Innovation at the Company is a commitment to staying at the forefront of technological advancements. The company consistently invests in research and development to leverage cutting-edge technologies that can revolutionize the Printed Circuit Board industry. Printed Circuit Board industry is constantly evolving and developing new materials, processing methods, and new advanced capabilities that the company is quick to adopt and integrate them into its operations.



- The Company has replaced photo imaging with Laser Direct Imaging equipment to expand capability to produce higher density interconnection for next generation electronics as follows:

- The Company improved laser drilling capability and introduced copper fill chemistry to achieve stacked blind microvias found in compact electronics like smart phones, wireless ear buds
- The Company implemented a new semi additive process for optimized Radar antenna designs used in Advanced Driver Assistance Systems (ADAS).
- The Company has developed process capability of new materials with high voltage, high power and thermal resistance properties for electrification of mobility.
- The Company designed special frames for processing very thin laminates for KCE to produce the most complex PCB designs for semiconductor substrates.
- The Company is committed to Industry 4.0 smart manufacturing by integration of intelligent digital technologies, including Robotics automation, wireless connectivity or Internet of Things (IoT), and data analytics to enhance productivity, efficiency, and flexibility.
- The Company has introduced AI into defect detection systems for improved yield analysis. KCE has also developed new test methods to ensure long term reliability under extreme environment conditions.

This commitment to staying ahead of the technological curve not only enhances our products and services but also positions the company as an industry leader, attracting top talent and strategic partnerships.

3 Customer-Centric Innovation :

Innovation at the Company is not solely about internal advancements; it's about creating solutions that directly address the evolving needs of our customers. Through rigorous market research, customer feedback channels, and a keen understanding of industry trends, the company remains agile and responsive to the dynamic demands of the market.

Our customer-centric approach to innovation has led to the development of groundbreaking products such as Semi-flex PCB, that is not only meet but exceed customer expectations. The Company investigates new PCB process technologies such as embedded components and optical waveguides for our customer future products. This commitment to understanding and anticipating customer needs positions the company as a trusted partner, capable of delivering solutions that not only solve existing challenges but also anticipate future trends.

Technology Driver	Influence on PCB Design	Enabling Technology	Development Roadmap			
			Year 2020	Year 2022 / 2023	Year 2024 / 2025	Year 2026
Interconnect Complexity	Circuit Density	mSAP & LDI Controlled Etching	75 um	50 um	35 um	20 um
Increasing Bandwidth / Datarate	High Layer Count Parasitic signal	Adv. Regist. LDI Active Scaling Back Drill	14 Layer	18 Layer	24 Layer	30 Layer
Component Package Size	HDI Microvia	Laser Drill Copper Fill	HDI Type III	4 Level Stacked	ELIV	SLP / SIP Substrate Like
High Speed Signal Integrity	Low Permittivity low Loss	Plasma Desmear	Modified Epoxies	Hydrocarbon Ceramic	Ceramic PTFE	Liquid Crystal Polymer
High Voltage Heat Dissipation	Heavy Copper	Heat Sink Attach Metal Core Copper Insert	4 oz/sqft	6 oz/sqft	12 oz/sqft copper inserts	Thermal Conductive Resins

4 Sustainability, Environment and Social Responsibility :

Innovation at the Company extends beyond products and services; it encompasses a responsibility to the environment and society at large. The Company is committed to sustainable practices and social responsibility, incorporating eco-friendly initiatives, ethical sourcing, and community outreach programs into its operations.

By aligning innovation with sustainability, the Company not only contributes to a better future but also meets the growing demands of socially conscious consumers. This commitment enhances the company's reputation, fostering trust and loyalty among customers, partners, and the community.



PERFORMANCE OF 2023

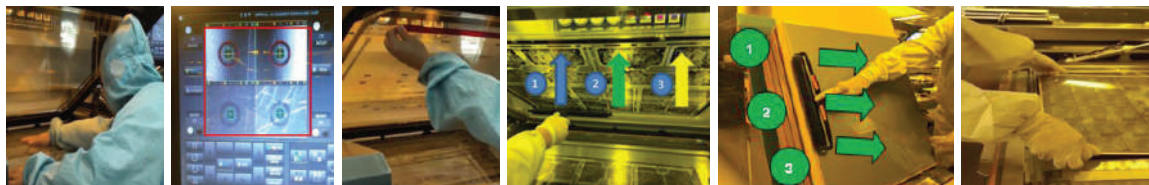


LASER DIRECT IMAGING (LDI)

The Company has replaced 4 units of photo imaging with 1 unit of Laser Direct Imaging equipment to expand capability to produce higher density interconnection for next generation electronics.

BEFORE

Semi-auto Photo Imaging Process



AFTER

LDI Streamline Automated Imaging Process



ESG Benefits		
Environment	Social	Economic / Governance
- Energy saving at 820,000 kWh/year per 1 machine - Reduce carbon emission at 410 ton CO₂e/year per machine - No more film artwork (single-used plastic)	Up-skill of workers to operation on new high technology equipment	- Lean manufacturing to reduce imaging process from 18 steps to 4 steps - LDI Production capacity is 4 times of photo imaging - Improve yield of imaging proces



INDUSTRY 4.0 SMART MANUFACTURING

The Company is committed to Industry 4.0 smart manufacturing by integration of intelligent digital technologies, including Robotics automation, wireless connectivity, IOT, and data analytics to enhance productivity, efficiency, and flexibility. The Company has introduced AI into defect detection systems for improved yield analysis.

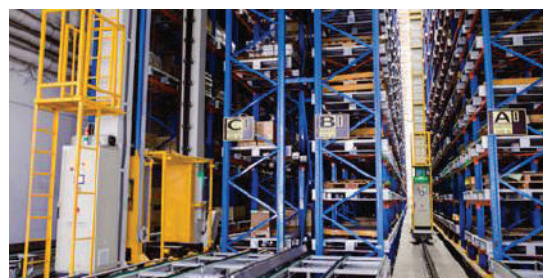


ESG Benefits		
Environment	Social	Economic / Governance
■ Optimize resource usage, leading to reduced waste and energy consumption. ■ Reduce carbon emission of energy consumption.	■ Ensure the safety of workers by using of sensors and AI to detect anomalies and prevent accidents. ■ Replace repetitive and labor intensive tasks, when human workers focus on more skilled and creative tasks	■ Improve yield of production ■ Consistent product quality, eliminate variations caused by human error. ■ Enhance productivity, efficiency and flexibility.



AUTOMATED STORAGE AND RETRIEVAL SYSTEM (ASRS)

The Company uses an Automated Storage and Retrieval System (ASRS) in both raw material and finished goods warehouse. The raw material warehouse can store up to 3,040 pallets and the finished goods warehouse can store up to 432 pallets. The storage and retrieval operations are controlled by a computer connected to the warehouse management program in the SAP system.



ESG Benefits		
Environment	Social	Economic / Governance
■ Reduce fuel consumption of forklifts by using energy-efficient Storage and Retrieval Machines (SRMs). ■ Reduce carbon emission of energy consumption. ■ Reduce the risk of damage raw material and finished goods during storage and retrieval	■ Safer working environment and minimizes the risk of accidents ■ Up-skill of workers to operation on new high technology equipment	■ Utilize vertical space efficiently, allowing for high-density storage. ■ Minimize the risk of human error and ensure accuracy and precision in storing and retrieving items.

In conclusion, the Company stands as a testament to the transformative power of innovation. From cultivating a culture of creativity to embracing cutting-edge technologies, the Company continues to push the boundaries of what's possible in the PCB industry. By remaining customer-centric and socially responsible, the Company not only adapts to change but leads the way, shaping the future of the industry. As we continue on this trajectory, the Company is poised to remain a beacon of innovation, inspiring others in the industry to follow suit.



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

KCE GROUP'S OVERALL 2023 OPERATING PERFORMANCE

The group's operating performance of FY23 was impacted by the global economic slowdown, leading to a significant reduction in global demand for electronics in 1H23. There was a slight improvement in demand in 3Q23, but it did not return to normal. Despite the shortage of chips and semiconductor, which has been ongoing since last year, has seen an improved situation, the electronics industry had to adapt to high inventory levels with reduced demand. Another factor affected by the global economic situation include country's financial policies is the volatility of foreign exchange rates, particularly in 1Q23. The company had to adjust management plans throughout the year to mitigate various risks, closely monitoring the situation and communicating with both customers and suppliers to align plans. Positive factors that helped alleviate the severity of the impact include a decrease in the price of key raw materials, such as copper, resulting in lower raw material costs compared to the previous year. Additionally, the electricity cost, a primary production overhead expense, which was a significant increase rate since 2022, continuously at high rate until 1H23, was a rate reduction in 2H23. The adjustments in raw material prices and electricity costs led to an improved gross profit rate in 2H23 compared to 1H23.

Nevertheless, due to the global economic recession in FY23, there were many factors that greatly affect sales and product costs. The company adapted management strategies, accelerate investment for production efficiency improvement and cost reduction, and properly controlled expenses to achieve overall efficiency while still achieving customers' expectations accordingly. As a result, The net profit of 2023 was Bt1,719.6 million or 10.5% of sales, compared with FY22 net profit was Bt2,317.2 million or 12.6% of sales.



OPERATING PERFORMANCE

[Amount : in Million Baht]

	Y2023	Y2022	%Change Y-o-Y [2023 VS. 2022]	Y2021	%Change Y-o-Y [2022 VS. 2021]
FX : THB/USD	34.6159	34.8192		31.8764	
FX : THB/EUR	37.2871	36.5020		37.4456	
Sales Revenue	16,343.6	18,456.3	-11.45	14,937.8	+23.55
[Sales Revenue, USD]	\$472.1	\$530.1	-10.93	\$468.6	+13.11]
Cost of Sales	12,940.6	14,254.4		10,965.2	
Gross margin (%)	20.8%	22.8%		26.6%	
Selling & Administration	1,774.1	1,988.5	-10.78	1,655.7	+20.10
Operating profit *	1,569.4	2,280.9	-31.20	2,218.8	+2.80
Net Profit	1,719.6	2,317.2	-25.79	2,426.3	-4.50
Net Profit margin (%)	10.5%	12.6%		16.2%	

[Remark * Excludes foreign exchange rate effects and special exceptional item]



REVENUES ANALYSIS

SALES AND SERVICES INCOME

Consolidated sales revenue in THB decreased from Bt18,456.3 million in FY22 to Bt16,343.6 million in FY23, representing a decline of 11.45% Y-o-Y, while sales revenue in USD decreased by 10.93% Y-o-Y, from USD 530.1 million in FY22 to USD 472.1 million in FY23 due to the fluctuation of FX rate, resulting a negative impact of revenue recognition in THB at Bt95 Million compared to FY22.

FY23 proved to be a challenging year for the electronics PCB industry, primarily due to the global economic downturn, resulting in diminished customer demand across all regions and the necessary adjustment of oversupplied inventory. Consequently, the total volume of PCB sales decreased by 9.8% Y-o-Y. However, despite these challenges, special-grade PCBs, particularly HDI products, continued a positive growth trend, showing a 1.3% Y-o-Y. The company also has a backlog of orders awaiting production and delivery for the upcoming year. Notably, these HDI products contributed to 22% of the total PCB sale volumes in FY23, compared to 19% and 11% in FY22 and FY21, respectively.

[Volume : SQFT-Thousand]

	Y2023	Y2022	%Change Y-o-Y [2023 VS. 2022]	Y2021	%Change Y-o-Y [2022 VS. 2021]
PCB Product Mix					
2 Layer	4,127.3	4,152.5	-0.61	5,625.0	-26.18
4 Layer	12,089.9	14,667.7	-17.57	15,703.0	-6.59
6 + Layer	6,030.2	6,595.7	-8.57	6,490.0	+1.63
Special Grade	<u>6,161.8</u>	<u>6,080.2</u>	<u>+1.34</u>	<u>3,420.9</u>	<u>+77.74</u>
Total SQFT (Thousand)	<u>28,409.2</u>	<u>31,496.1</u>	<u>-9.80</u>	<u>31,238.9</u>	<u>+0.82</u>

FOREIGN CURRENCY EXCHANGE

		2023	2022	2021	2020	2019
THB/USD	Avg. rate	34.6159	34.8192	31.8764	30.9757	30.7824
THB/EUR	Avg. rate	37.2871	36.5020	37.4456	35.2339	34.3100



QUARTERLY SALES REVENUE

QUARTERLY SALES REVENUE IN DOLLAR TERMS WAS AS FOLLOWS :

[Unit : USD million]

	2023	2022	2021	2020	2019
Quarter 1	119.4	137.8	113.3	104.8	99.4
Quarter 2	113.6	136.2	113.3	67.3	95.5
Quarter 3	123.7	127.8	115.5	87.5	101.4
Quarter 4	115.4	128.3	126.4	112.5	96.7
Total Year	472.1	530.1	468.5	372.1	393.0

THE PROPORTION OF SALES BY LAYER COUNT WAS AS FOLLOWS :

[% Sqft]

	2023	2022	2021	2020	2019
Double-sided PCBs	14.5%	13.2%	18.0%	18.4%	20.3%
4 Layer PCBs	42.6%	46.6%	50.3%	50.0%	51.8%
6+ Layer PCBs	21.2%	20.9%	20.7%	21.1%	21.5%
Special Grade (HD)	21.7%	19.3%	11.0%	10.5%	6.4%
	100.0%	100.0%	100.0%	100.0%	100.0%

SALES DISTRIBUTION BY TERRITORY WAS AS FOLLOWS :

[Unit : % to total sales]

	2023	2022	2021	2020	2019
Europe	49.3%	48.5%	50.1%	48.6%	53.0%
United States	22.9%	23.9%	21.1%	20.8%	19.5%
Asia	17.7%	19.1%	18.3%	21.9%	19.2%
Local	10.1%	8.5%	10.5%	8.7%	8.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

OTHER INCOME WAS AS FOLLOWS :

[Unit : Baht million]

	2023	2022	2021	2020	2019
Sales of scrap materials	160.7	193.7	150.8	64.9	53.5
Gains from FX & Hedging	153.4	105.8	189.7	108.7	99.4
Miscellaneous income	25.6	30.7	51.5	41.1	38.4
Total Other Income	339.7	330.2	392.0	214.7	191.3



COST OF SALES/GROSS MARGIN ANALYSIS

In FY23, the primary factor impacting production costs was the substantial decrease in sales volumes, leading to a notable reduction in production line utilization. The actual production capacity utilization dropped to 77%, a decline from 85% in FY22. Consequently, fixed overheads in manufacturing, including depreciation, machinery and facility repair and maintenance expenses, and employee costs for operational support, posed a challenge in FY23. Regarding raw material costs, the price of copper, the main material, experienced a positive decrease, contributing to a 1.9% reduction in product costs. Furthermore, improvements in the production process which support for better production efficiency, including a reduction in electricity rates in 2H23 due to government support policies, played a role in mitigating these challenges.

In summary, the decline in revenue, influenced by the slowdown in the global electronics industry, coupled with fixed costs due to lower production capacity utilization, has affected the gross profit margin in FY23. Despite improvements in the production process and lower prices of key materials, the gross profit margin of FY23 stands at 20.8% of sales, a decrease from 22.8% in FY22.



SALES AND ADMINISTRATIVE EXPENSES ANALYSIS

SELLING EXPENSE

In FY23, selling expenses amounted to Bt515.2 million or 3.15% of total sales, decreasing from 2022 which was Bt623 million or 3.38% of total sales. Selling expenses decreased in proportion to sales, such as sales commissions, transportation costs, freight costs, and packaging costs. In addition, the improvement in the logistics management process has helped efficiently control transportation costs.

ADMINISTRATIVE EXPENSE

The administrative expenses totaled Bt1,259.0 million, accounting for 7.70% of sales, compared to FY22 when they amounted to Bt1,365.5 million or 7.40% of sales. The reduction in administrative expenses mainly due to a one-time loss on investment in FY22 amounting to Bt69.6 million, which no longer impact this year and lower loss on asset sold by Bt13 million. Additionally, expenses reduction related to other staff cost due to a decrease in workforce and the management of working hours for administrative support aligning with the adjusted production plan.



NET PROFIT/ NORMALIZED PROFIT

As a result of higher costs as per mention above, the Group reported a consolidated net profit of Bt1,719.6 million in FY23, which represented a decrease of 25.8% Y-o-Y. Operating profit in FY23 totaled Bt1,569.4 million (excluding a gain on foreign currency exchange rate of Bt153.4 million and oversea withholding tax of dividend receipt Bt-3.2 million), representing a decrease of 31.2% Y-o-Y. This resulted in basic earnings per share of Bt1.45 compared to Bt1.96 per share in FY22.



FINANCIAL STATUS

ASSETS

Total assets as of December 31, 2023, amounted to Bt19,193.3 million, consisting of current assets Bt10,079.4 million and non-current assets Bt9,113.9 million that consisting of property plant and equipment of Bt8,124.5 million, net intangible assets of Bt130.7 million, contract costs assets of Bt368.7 million, investment property of Bt153.3 million, goodwill of Bt153.5 million, investments in associates of Bt31.9 million, deferred tax assets of Bt116.1 million and other non-current assets of Bt35.1 million.

In FY23, total assets decreased by Bt1,800.2 million, mainly due to a decrease in the value of trade receivable and other receivable of Bt521.5 million, reflecting the decrease in sales, and a reduction in inventory of Bt1,115.1 million, which is a part of the strategic management to align with the decreased demand for products. In addition, land, buildings, and equipment decreased by Bt739.6 million, resulting from the year's depreciation being higher than additional investment in assets (CAPEX). This is due to gradual investments in machinery and equipment to improve production efficiency as appropriate. Efficient working capital management and meticulous investment planning in machinery have resulted in an increase in cash of Bt622.3 million to prepare for future growth plans.

TRADE AND OTHER RECEIVABLES - NET

KCE's customers include some of the world's leading electronics companies. They are considered financially stable customers. Total trade and other receivables decreased from a net Bt4,900.1 million in 2022 to Bt4,378.6 million in 2023 in accordance with the decreased sales volume. The company has a policy to set an allowance for doubtful debts by analyzing debt settlement history and predicting future payments. Bad debts are written off when incurred. There was no allowance for doubtful debts based on this policy as of December 31, 2023.

INVENTORY - NET

As of December 31, 2023, the company and its subsidiaries had a net inventory of Bt3,792.5 million, decreased by Bt1,115.1 million from 2022. This is achieved through inventory management planning to adjust it to a level that can accommodate changes in customer demand appropriately.

The inventory value shown in the consolidated financial statement as of December 31, 2023 included consignment stock of finished goods (made to order) valued Bt1,001 million (31, 2022 : Bt975 million) which were already delivered to customers' warehouses but the title of ownership still remain with the company until the goods are released into production process according to conditions within the periods stated in the purchase agreement.

The company has a policy to set an allowance for the diminution of inventory value accordingly depending on material shelf life and types, as well as the allowance for diminution of finished goods in order to balance with the net realizable value (NRV). As of December 31, 2023, the company and its subsidiaries had set the allowance for inventory diminution value at Bt127 million and already recorded a write-off inventory in cost of goods sold of 2023 at Bt35 million.

The average inventory turnover of 2023 is 125 days, compared to 2022's at 128 days.

LIABILITIES

[Unit : Baht million]

	2023	2022	2021	2020	2019
Total Liabilities	5,444.0	7,548.2	8,508.6	5,315.0	4,739.0
Debt :					
Short-term borrowing	1,280.5	2,172.5	1,797.6	1,282.9	1,066.7
Long-term loan	927.8	1,642.0	1,856.8	1,063.1	983.1
Leasing	18.9	10.2	14.4	8.2	10.9
Total Debt	2,227.2	3,824.7	3,668.8	2,354.2	2,060.7
Total Debt-to-Equity (times)	0.40	0.56	0.63	0.44	0.40

Debt to Equity Ratio decreased to 0.40 times in 2023 due to the decrease of total liabilities from Bt7,548.2 million at the end of 2022 to Bt5,444.0 million as of December 31, 2023. The major causes are a decrease of short-term loan at Bt892 million, a decrease of trade and other current payables of Bt484 million and a decrease of long term loan of Bt714.2 million, according to repayment schedule, while total shareholders' equity amounted to Bt13,749.3 million, increased Bt304 million from December 31, 2022 due to operating profit of the period, dividend payment and an additional paid-up capital from subscribed ESOP warrant.

LIQUIDITY

According to the operating profit in 2023, the net cash flow was greatly generated by operating activities at Bt4,213.8 million (2022 : Bt2,035.9 million). Net cash used for investment activities, property plant and equipment, in total of Bt443.9 million. Net cash out-flow from financing activities at Bt3,179.8 million, being an decrease in short-term loans by Bt897.5 million and additional long-term loans Bt146 million while repaid to long-term loans at Bt854.2 million. Moreover, there was a capital increase by warrant exercised of Bt3.3 million and dividend payment of Bt1,441.5 million. In summary, cash balance as of December 31, 2023 was increased by Bt622.3 million.

As of December 31, 2023, the current ratio was 2.21 times which is a better rate compared to the previous year. 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]

	2023	2022	2021	2020	2019
Debt	2,227.2	3,824.7	3,668.8	2,354.3	2,060.7
Equity	13,688.5	13,389.5	13,380.4	12,009.8	11,712.3
Non-controlling interests	60.8	55.8	61.7	52.1	49.6
Total capital	15,976.5	17,270.0	17,110.9	14,416.2	13,822.6
Gearing Ratio (times) (Interest-bearing debt only)	0.16	0.29	0.27	0.20	0.18

The capital structure has been reviewed and properly adjusted to support business direction as well as operating and investment activities, therefore, the Gearing Ratio (Interest-Bearing debt only) is currently 0.16 times.

CAPITAL EXPENDITURE

Total capital expenditure (CAPEX) in 2023 amounted to Bt336.6 million, of which approximately Bt203.5 million was mainly for new machines for HDI production and efficiency improvement of KCE Electronics PCL, Lat Krabang Plant; Bt62.6 million was capacity expansion project and building and facilities renovation of KCE Technology Co., Ltd.; Bt50.4 million was for additional machine of Thai Laminate Manufacturer Co.Ltd.; and Bt19.2 million was additional machine/plant renovation of Chemtronic Product Co., Ltd. Other expenditures were for other subsidiaries mostly to cover efficiency improvement projects included necessary equipment and facility improvements.

FACTORS & INFLUENCES THAT MIGHT AFFECT TO FUTURE OPERATION AND FINANCIAL STATUS

The company continues to focus on developing advanced technology and improving the quality of its performance in order to serve more complex technological requirements and to capture opportunities created by the technology development of automotive PCBs.

The company moved forward with enhanced levels of efficiency that will continue to improve and support sustainable growth and profitability. The Company will build a strong foundation for the future by utilizing expertise and experiences 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 expanding customer base in target-market especially the high-potential customers in Asian to accelerate growth of future business.

In preparation for the future, the company is investing in the construction of a new factory building and installing new machinery for PCB manufacturing at the Rojana Industrial Park, Ayutthaya province. This project still has operational plan in place, but considering various industry challenging factors, the company has decided to postpone the construction of the new plant project at Rojana Industrial Park from FY23 to the upcoming year. With factors like weak demand, high inventory oversupply, low utilization, and intense competition, the company is carefully reviewing customer demand and closely monitoring the global market to adjust the construction plan appropriately to project for capacity expansion that aligns with the growth of both existing customers and new market opportunities. Despite lower demand in the electronics industry during FY23 and an anticipated slowdown in the PCB market in 1H24, a growth trend is expected in 2H24, especially in the automotive industry and the server/data storage segment.

The updated construction plan will commence with the installation of foundation piles starting in June 2024 to prepare a foundation for the designed building construction. The first-phase production capacity will be 1 million sq.ft/month, with a total of 3 million sq.ft/month across three phases of machine installation. The expansion will be contingent on future innovations and advancements in manufacturing technology. The company is rigorously testing new machinery and technologies, focusing on innovation, upgrades, and advancements for the new factory to enhance efficiency, reduce power consumption, and accommodate evolving needs. In addition to technological advancements, extensive research is being conducted on infrastructure, including water usage and treatment, to design an efficient and environmentally friendly resource utilization system. Further updates on this exciting project and opportunities for future expansions will be announced.



GENERAL INFORMATION AND OTHER MATERIAL FACTS

5.1

GENERAL INFORMATION

COMPANY INFORMATION

Company name	:	KCE Electronics Public Company Limited
Symbol	:	KCE
Company registration number	:	0107535000354
Nature of business	:	Manufacturer and distributor of Printed Circuit Boards (PCBs)
Type of stock	:	Common stock, 1,182,088,596 shares at par value of Baht 0.50 per share
Registered capital	:	Baht 591,396,798
Paid-up capital	:	Baht 591,044,298
Other type of stock	:	None
Address	:	72-72/1-3 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Lumplatew, Lat Krabang, Bangkok 10520
Website	:	www.kce.co.th
E-mail	:	information@kce.co.th
Telephone	:	(662) 326-0196 - 9
Facsimile	:	(662) 326-0300

KCE Electronics Public Company Limited holds more than 10% in other company as follow :

- 1) **Company name** : K.C.E. International Co., Ltd. ('KCEI')
- Nature of business** : Manufacturer and distributor of Printed Circuit Boards (PCBs)
- Type of stock** : Common stock
- Registered capital** : Issued and Paid-up Capital Baht 100 million
- Address** : 72 Lat Krabang Industrial Estate, Soi Chalongkrung 31,
Lumplatew, Lat Krabang, Bangkok 10520
- Telephone** : 02-709-3156-62
- Facsimile** : 02-324-0368-9

- 2) **Company name** : KCE Technology Co., Ltd. ('KCET')
- Nature of business** : Manufacturer and distributor of Printed Circuit Boards (PCBs)
- Type of stock** : Common stock
- Registered capital** : Issued and Paid-up Capital Baht 1,600 million
- Address** : 117, 118 Moo 1 Hi-Tech Industrial Estate, Asia Road, Banlain, Bang Pa-In,
Ayutthaya 13160
- Telephone** : 035-351-812-19
- Facsimile** : 035-351-811

- 3) **Company name** : Thai Laminate Manufacturer Co., Ltd. ('TLM')
- Nature of business** : Manufacture and distribution of LAMINATE and PRE IMPREGNATED
FIBERGLASS (PREPREG) which is an important raw material for
producing Printed Circuit Boards (PCBs)
- Type of stock** : Common stock
- Registered capital** : Issued and Paid-up Capital Baht 250 million
- Address** : 70, 70/1 Lat Krabang Industrial Estate, Soi Chalongkrung 31,
Kwang Lumplatew, Lat Krabang, Bangkok 10520
- Website** : www.tlm.co.th
- Telephone** : 02-326-1312-3
- Facsimile** : 02-326-0016

- 4) **Company name** : KCE (Thailand) Co., Ltd.
- Nature of business** : Distributor of Printed Circuit Boards (PCBs) in Thailand
- Type of stock** : Common stock
- Registered capital** : Issued and Paid-up Capital Baht 3.6 million
- Address** : 100/61 Vongvanij Building, 21th Floor, Rama 9 Road,
Huaykwang Sub-District, Huaykwang District, Bangkok 10310
- Telephone** : 02-645-0304-5
- Facsimile** : 02-645-0306

- 5) **Company name** : Chemtronic Technology (Thailand) Co., Ltd.
- Nature of business** : Manufacture and distribution a chemical used in the animal feed mill
- Type of stock** : Common stock
- Registered capital** : Issued and Paid-up Capital Baht 48 million
- Address** : 1/28 Moo 5 Tambol Khan Ham, Amphur Uthai, Ayutthaya 13210
- Website** : www.chemtronic-thai.com
- Telephone** : 035-719-674-6
- Facsimile** : 035-719-677

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AUDITOR

KPMG Phoomchai Co., Ltd.

48th-50th Floor, Empire Tower, 1 South Sathorn Road, Yanawa, Sathorn, Bangkok 10120

Telephone : (662) 677-2000

Facsimile : (662) 677-2222

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 and/or

Mr. Teerawat Witthayaphalert Certified Public Account Registration No. 11464



LEGAL ADVISOR

Seri Manop & Doyle Ltd.

21 Soi Amnuaywat, Suthisarn Road, Huay Kwang, Bangkok 10310

Telephone : (662) 693-2036

Facsimile : (662) 693-4189



INVESTOR RELATION

KCE Electronics Public Company Limited

72- 72/1-3 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Lumplatew, Lat Krabang, Bangkok 10520

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Telephone : (662) 326-0196 - 9 Ext. 1201, 1501

Facsimile : (662) 326-0300

E-mail : wasara.c@kce.co.th or niraphat@kce.co.th

5.2

OTHER MATERIAL FACTS

There is no other necessary information that may influence investors' decision making significantly.

5.3

LEGAL DISPUTES

As at December 31, 2023, there is no any lawsuit that may negatively affect the assets of the Company or a subsidiary at an amount higher than 5 percent of the shareholders' equity.

5.4

SECONDARY MARKET

- None -

5.5

REGULAR CONTACT FINANCIAL INSTITUTION (IN CASE OF DEBT SECURITIES OFFER OR)

- None -

PART

2

CORPORATE
GOVERNANCE



06 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 Cooperation & 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 2023, 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 ninth consecutive year, in the 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.

1 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 specified related to the principles under the Corporate Governance Code of the Stock Exchange of Thailand.

- 1.1 The right to register as an owner of shares of the Company; to buy, sell, or to transfer shares; with Thailand Securities Depository Co., Ltd. (TSD) as the register.
- 1.2 The right to receive equal treatment in the repurchase of shares by the company, which in 2023, the Company does not engage in share repurchases.
- 1.3 The right to share a portion of the profits of the Company in the form of dividends; The Company’s policy is to pay a dividend clearly. In 2023, dividends and interim dividends were paid to the shareholders a total of 2 times, with the details appearing in the shareholder’s meeting invitation letter.
- 1.4 The right to obtain relevant and adequate information about the Company in a timely manner and on a regular basis. In 2023 the Company has consistently provided important updated of information through the (SET) and the Company’s website ensuring convenient and promptness.
- 1.5 The right to be informed of and to make decisions on any key transactions that could affect the Company in the General Meeting of the Shareholders.
- 1.6 The right to participate and vote in Shareholders’ Meetings by self or by Proxy.
- 1.7 The right to elect or terminate members of the Board.
- 1.8 The right to decide on all forms of remuneration for the Board of Directors.
- 1.9 The right to appoint and terminate the external auditor and set the auditor’s fees;
- 1.10 The right to leave a comment in the General Meeting of Shareholders, such as dividend payment. Amendment to the Company’s Memorandum of Association or the Company’s Articles of Association, capital increases or decreases, the approval of extraordinary transactions, etc.

- 1.11 The right to propose agenda items for Shareholder Meetings as well as qualified candidates to be nominated for election to the Board of Directors in advance between September 9, 2022 - December 31, 2022 via company's website, email, fax or the letter with details and guidelines published on the Company's website www.kce.co.th. including publishing the right granting through the channel of the Stock Exchange of Thailand, to preliminarily screen before submit to the Board of Directors for consideration. The Shareholders are given the opportunity to submit questions related to the agenda of the meeting in advance. Finally no Shareholders proposed an agenda or nominated a person to consider or send the questions related to the meeting agenda.
- 1.12 The right to participate in and to be informed of major decisions concerning fundamental corporate changes.
- 1.13 The right to receive accurate, complete and sufficient information before the Shareholders' meeting to use for decision making on voting on each agenda.
- 1.14 The right to convenient access to participate in shareholders meetings.
- 1.15 The right to verify accuracy and maintain independence while participating in shareholder meeting, including the right to vote freely.
- 1.16 The right to verify accuracy after the meeting.

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.



OPERATING PERFORMANCE FOR THE YEAR 2023



THE 2023 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.

The 2023 the Company held the annual General Meeting of Shareholders in a hybrid meeting format, which included both an electronic Annual General Meeting (E-AGM) and Physical meeting on April 27, 2023, at 15.00 hours, with live broadcasting from the Ballroom, 3rd floor, the Grand Fourwings Convention Hotel, 333 Srinakarin Road, Huamark, Bangkapi, Bangkok. The Company followed the guidelines of the Shareholder Meeting quality assessment Project (AGM Checklist) of the Thai Investors Association, Listed Companies Association and the Securities and Exchange Commission (SEC). In 2023, the company received a perfect score of 100 points in the evaluation of shareholder meeting for the fourth consecutive year, and there were no extraordinary meeting called for shareholders during the year.



PRIOR TO THE MEETING

The Board of Directors adopted a resolution to convene the 2023 Annual General Meeting of Shareholders No. 40/2023. The notice of the Meeting, including the Meeting agenda and the closing date of the share transfer suspension register for shareholders' meeting attendance and dividend receipt, has been communicated to shareholders in advance through the SET's information channels on March 7, 2023. The company also released the comprehensive meeting notice, containing the agenda and essential supplementary information for decision-making, as well as the board's opinions and minutes from previous meetings, in both Thai and English languages, on the company's website (www.kce.co.th) 30 days prior to the meeting, with disclosure on March 28, 2023. Shareholders were given ample time to review the meeting agenda and pertinent information related to the matters to be decided upon. Additionally, the annual general meeting invitation was advertised in newspapers, both in Thai and English, on April 5, 7, and 10, 2023, for three consecutive days. Furthermore, the meeting invitation letter, in both Thai and English, was dispatched 14 days in advance via the Thailand Securities Depository Co., Ltd., on April 12, 2023. The documents provided to shareholders were as follows :

- ♦ The letter of invitation to KCE's AGM No. 40/2023 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.
- ♦ Minutes of AGM No. 39/2022.
- ♦ The 2022 Annual Report (56-1 One Report) via QR CODE.
- ♦ Information about the individuals who have been to replace directors who retire by rotation, which included the name, age, type of directorship, education, training courses attended, experience, the holding of positions in registered company and other businesses, the criteria and methods of directors to proposed and nominate for another term, participation in meetings during the previous year, and date of appointment as a director of the company and other relevant information.
- ♦ Details of the proposed auditors such as the names of the auditors and their affiliation for consideration. Auditor independence, Audit fees and non-assurance services.
- ♦ The Company's articles of association relating to Shareholders' Meetings.
- ♦ The Proxy Form as recommended by the Department of Business Development of the Ministry of Commerce.
- ♦ 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. Details of Independent Directors who are nominated to be a shareholders' proxy.
- ♦ A Map of the Meeting venue.

In cases where a shareholder is unable to attend the meeting in person, the company provides the opportunity for shareholders to appoint a proxy, whether an independent director or any other individual, to attend the meeting on their behalf by using a specific proxy form that allows shareholders to vote on each agenda item, and includes a list of more than one independent director along with their profiles, enabling shareholders to choose their preferred proxy. Additionally, the company also offers notary services for shareholders to certify their proxy forms.



THE MEETING



Annual General Meeting of Shareholders No. 40/2023 the Company used the E-AGM application software of OJ International Co., Ltd., which is a standardized system that complies with the conditions and methods of Emergency Decree on Electronic Meeting B.E.2563 (2020) and Notice of the Ministry of Digital Economy and Society on Security Standards of Electronic Meeting B.E.2563 (2020) which covers;

1. Meeting Registration
2. Attending the Meeting
3. Questioning or commenting
4. Vote casting
5. Vote counting
6. A display of the vote count and report of the Meeting's resolution

This is to ensure that the voting record is accurate, transparent and traceable.

After Shareholders confirmed their identity Shareholders will receive a manual and link to register to attend the meeting starting at 1:00 p.m. This meeting is via electronic media. Therefore, ballots will not be used. When shareholders are at the main window after logging in, press the E-Voting button to vote on each agenda.

In addition, third party mediators have been arranged, responsible for inspecting and observing from the registration process on the counting of votes by the end of the meeting Shareholders can request to check the details.

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.

In the annual general meeting, the Company has considered the agenda in the order as specified in the meeting letter sent to the Shareholders in advance. There was no change in the order of agenda and no request for the meeting to consider matters other than those specified in the letter of general meeting of the Shareholders.

Annual General Meeting of Shareholders No.40/2023 Mr. Bancha Ongkosit, Chairman of the Board of Directors acting as the chairman of the meeting with the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Enterprise Risk Management Policy Committee, Management term, Auditors and the Legal advisors all attended the meeting. A total of 1,081 Shareholders attended the Meeting, comprising 36 Shareholders holding 216,416,047 shares and 1,045 Shareholders represented by authorized Proxy holding 471,440,960 shares, or a total of 687,857,007 shares accounting for 58.19 percent of the Company's total paid-up 1,182,088,596 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 the Chairman of the Environmental, Social, Governance and Sustainability Development Committee, and the Chairman of the Enterprise Risk Policy Committee.

The Company provided a registration period of two hours even after the registration period has passed; there is still an opportunity for shareholders who wish to attend the meeting to register to attend the meeting without losing their rights. Shareholders can join the meeting after the meeting has started, Shareholders were able to register to attend the Meeting and cast votes on agenda items that were not yet resolved.

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

- ♦ 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.
- ♦ Shareholders/proxies cast their votes via E-Voting by press "Approved", "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.
- ♦ Before a Shareholder cast a vote for an agenda item, the Chairman allowed Shareholders to ask questions relevant to said agenda item.
- ♦ Shareholders/proxies who wished to leave the Meeting before its conclusion could cast votes in advance for the remaining agenda items.
- ♦ In the event that Shareholders/proxies did vote "Disapproved" or "Abstained" before the Chairman closed each agenda, the vote was regarded as "Approved."
- ♦ 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.
- ♦ 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.
- ♦ 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.

- ♦ After the Meeting, the Company collected all voting result of 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 2023 AGM. Information regarding this was announced on the Company's website and the SET's portal system between September 9, 2022, and December 31, 2022; however, no Shareholders submitted proposals in advance. When information is provided in accordance with the agenda, the chairman conducted the meeting in accordance with the agenda items specified in the meeting invitation letter sent to the shareholders and no additional agenda items were added without prior notification to the shareholders.



THE MEETING COMMENCED

Mr. Bancha Ongkosit, the Chairman of the Shareholders' Meeting, opened the Meeting and welcomed Shareholders and all participants to AGM No. 40/2023. He then introduced the Company's Board of Directors, Audit Committee members, Nomination and Remuneration Committee members, the Environmental, Social, Governance and Sustainability Development Committee, and the Enterprise Risk Policy Committee, the company's management, the 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. No. 40/2023 and no other agenda item was added to the 2023 AGM.

After provided information according to the agenda, the Chairman of the Shareholders' Meeting allowed the Shareholders sufficient time to pose questions or make suggestions and to make recommendations in each agenda. 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 2023 Annual General Meeting of Shareholders through electronic media (E-AGM) and in the meeting room (Physical Meeting), which adhere to standardized systems in compliance with the conditions and methods of Emergency Decree on Electronic Meeting B.E.2563 (2020), there will be no printing of the ballots for attendees participating via electronic media. Shareholders will cast their votes through the screen. For onsite meetings, the ballots will be utilized for each agenda item. Shareholders will choose to vote for approval, disapproval, or abstention for each agenda item within the specified time (1 minute). Shareholders who do not vote or fail to press their vote into the system will be considered as approving the resolution. During the electronic media meeting (E-AGM), shareholders will have the opportunity to offer comments, pose questions, or express opinions related to the agenda items as appropriate in the chat box. Questions and answers, along with the names of the questioners, will be recorded in the meeting report.

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 AGM No. 40/2023 started at 13.00 p.m. The Meeting commenced at 15.00 p.m. and ended at 16.40 p.m.



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 2023 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 May11, 2023, as an additional channel of providing information to Shareholders.



EQUITABLE TREATMENT OF SHAREHOLDERS

The company is dedicated to protecting the rights and benefits of shareholders and emphasizes the significance of the rights of all types of shareholders, whether major or minor shareholders, foreign shareholders, institutional investors or disability investors. Shareholders must be treated equally without discrimination and protected from improper actions or actions for the benefit of controlling shareholders that may affect the company's business operations, whether direct or indirect. The principles are an integral part of the company's corporate governance policy.



OPERATING PERFORMANCE FOR THE YEAR 2023

1. DESIGNATION OF PROXIES TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

In order to preserve the rights of shareholders who are unable to attend the AGM meeting in person, shareholders have the right to appoint another person or any independent director of the Company from among all independent directors attending the meeting as a proxy. The Company provides information about independent directors in the proxy form as specified by the Ministry of Commerce, enabling them to participate in and vote on behalf of shareholders. If shareholders appoint a proxy to another person, the company will grant rights and act towards the proxy as if they were a shareholder. Additionally, the Company discloses the proxy form along with details and procedures on the website in advance of the meeting, at least 30 days before the meeting. Shareholders can also inquire for further information via telephone, email, etc.

The Company has issued a procedure for shareholders meeting attached with the shareholders meeting invitation letter in order for the attending shareholders and/or the proxies (in the cases where proxies are assigned) to be able to prepare documents/evidence as a self-identification to properly enter the meeting in accordance with the law and the Company's regulation whereby the Company does not stipulate conditions in an obstructive or unreasonably create a burden to the shareholders.

The Company has held 1 shareholders' meeting, which are : The 2023 Annual General Meeting of Shareholders on 27 April 2023, with all 9 directors presenting at the meeting and has authorized Thailand Securities Depository Co., Ltd., which is the Company's share registrar, to send out the meeting invitation letter in both Thai and English language to the shareholders 14 days in advance, as well as publicized the meeting invitation letter including the supporting documents on the Company's website in both Thai and English language 30 days in advance in order for the shareholders to learn the information prior to the date of the meeting.

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. The 2023 AGM was held through electronic media (E-AGM) and in the meeting room (Physical meeting) with live broadcasting from the Ballroom, 3rd floor, the Grand Fourwings Convention Hotel, 333 Srinakarin Road, Huamark, Bangkok. The venue for the AGM was chosen due to its convenient location and to facilitate accessibility to public transportation for the Shareholders.

VOTING PROCEDURE AT THE AGM

The Company gives shareholders voting rights, one share, and one vote per ordinary share held and uses E-Voting system to vote for all items on a meeting agenda, and the legal advisor was arranged to check the vote counting, and third party was arranged to be the witness for the vote counting. For agenda items involving the election of directors to replace those retiring by rotation, the company conducts individual elections.

DATE, TIME AND PLACE OF THE MEETING

The Company has considered the convenience of shareholders in attending the shareholders' meeting, providing adequate time for discussion. The meeting venue is located at Ballroom, 3rd Floor, The Grand Fourwings Convention Hotel, 333 Srinakarin Road, Huamak, Bangkok. This location is conveniently situated for transportation, with sufficient access to public transportation to allow shareholders to attend the meeting conveniently.

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 to the main principles,

3.1 Established an internal control system to prevent the leakage of information

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.
2. Strict management of documentation and accessibility to information.
3. A clear policy regarding communication with mass media and other outsiders.
4. 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.
5. The Company has implemented a Firewall system to prevent unauthorized access or destruction of important company data. Additionally, there is an Anti-Virus system in place to prevent the introduction and spread of viruses that could destroy data.
6. The Company has established the security control system for employee data access within each software, defining the access rights of employees to data.

3.2 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.

3.3 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.

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.
2. The Company Executives who have access to the company's financial information must not exploit this information for personal benefit before disclosing it to the public, either directly or indirectly.
3. The Company has established guidelines for the storage, retention, and protection of internal company data in employment contracts, regulations, and codes of conduct related to work. Employee and related parties are not permitted to seek personal benefits from any confidential information or news of the Company that has not been disclosed to the public.
4. In case of a resignation, an exit interview will be conducted and all internal information must be returned to the Company.
5. The Company promoted and facilitated training and knowledge sharing for the Directors, Management and all employees who involved in handling confidential information. This is to prevent unintentional or inappropriate disclosure of confidential information.
6. 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. And Members of the Board of Directors, Management, and Investor Relations are prohibited from trading shares and derivatives

that are relative to the Company during the silent period of each quarter, up until 1 calendar day after the quarterly result announcement. 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. Members of the Board of Directors, Management, and Investor Relations are prohibited from trading shares and derivatives that are relative to the Company during the silent period of each quarter, up until 1 calendar day after the quarterly result announcement.

7. External parties involved in auditing or transactions related to information that may affect the company's securities prices must enter into a confidentiality agreement with the company until the information is disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission.

4. REPORT ON FINANCIAL ASSISTANCE

In 2023, the Company did not engage in any financial assistance transactions, such as lending money or providing credit guarantees to entities other than its subsidiaries.

- 5 In 2023, the Company did not violate any criteria regarding share repurchases/preventing shareholders from communicating with each other/failure to disclose agreements between shareholders.
- 6 To promote the ratio of the common shares held by minority shareholders (Free Float) at more than 40% of the total issued shares of the Company.
- 7 In the event that the shareholders will enter into a shareholder's agreement, the Company will ensure that the agreement between the shareholders does not have a significant impact on the Company or other shareholders

PENALTY REGARDING THE USE OF INTERNAL INFORMATION BY EXECUTIVES AND EMPLOYEES

Penalties for unauthorized use of internal information include various measures, starting from verbal warnings, written warnings, deduction of allowances, deduction of wages, temporary suspension without pay, or termination of employment. Additionally, the individual may be required to compensate the company for any financial losses incurred due to their actions. The severity of the penalty depends on the seriousness of the offense and may also involve legal consequences depending on the circumstances.

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 2022, 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 (56-1 One Report), 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 2023. 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.

ACTIONS TOWARDS COMPANY STAKEHOLDERS



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 :

- ♦ Ensure stable long-term sustainable growth while maximizing Shareholders' wealth.
- ♦ Knowledgeably execute responsibilities with the utmost care and professionalism.
- ♦ Safeguard the Company's assets.
- ♦ Disclose sufficient and accurate financial and non-financial information on the Company's operating and financial status.



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) and Employee Joint Investment Program (EJIP) to motivate and reward employees for their dedication in helping the Company attain its goals.

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 cooked rice for employees.



- ◆ Religious ceremonies and merit-making on New Year.
- ◆ Annual recreation activity.
- ◆ 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.

Throughout 2023, the Company provided various work-related training programs for employees in all sections: i) quality, e.g., standard quality system, reduction of scrap page, process control; ii) safety, e.g., training of an emergency response team, work procedures for X-rays; iii) human resources, e.g., the role of a leader, KPI, Strategic Management; and iv) environment, e.g., storage procedures for chemicals, measurement and reporting of energy management, and other training. In addition, the Company provided an opportunity for employees to self-study or continued higher education.



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.



The company has operated according to the Occupational Health and Safety Management System, certified on February 6, 2023 and continued to operate such as

- ♦ To comply the laws, regulations, standards, including customer requirements for occupational health and safety.
- ♦ To control the risks by using risks assessment and planning, measurement to reduce the working accidents such as working with chemicals, working with machines, and working with electricity, etc.
- ♦ To prepare the emergency situations, fire protection such as the installation of standard fire detection and prevention systems, equipment inspection, training the emergency team regularly.
- ♦ To control the contractor's work risks, implement the work permit systems.



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 2023 was satisfactory.



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 :

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

There were no disputes with the Company's suppliers in 2023.



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;

1. A clear process, qualifications and criteria of trade partner/creditor selection
2. The term of the guarantee
3. The capital management
4. The event of payment default
5. Conflict of Interest/ Related Transaction
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 2023.



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 2023.



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 not support or encourage employees to violate the human rights or general rights of other people.
- ♦ The Company will keep all personal information of employees confidential and will not disclose it to others without their permission.
- ♦ 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 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 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 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 Report (56-1 One Report), as well as via the Company's website (www.kce.co.th) both 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 :

- ♦ 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.
- ♦ 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.
- ♦ 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.
- ♦ The Company's employees must follow the Company's code of conduct where sensitive information is involved.
- ♦ 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 :

- ♦ The Company discloses accurate, complete and timely financial information and non-financial information.
- ♦ 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.
- ♦ 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).
- ♦ 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).
- ♦ 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.
- ♦ 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.
- ♦ 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. 2535, as amended by the Securities and Exchange ACT (No.4) 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.
- ♦ 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.

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 2023, the Chairman of the Board, the Directors and senior executives provided information to investors

- ♦ 5 times of Conference Call/Video Conference
- ♦ 11 meetings with securities analysts and fund managers
- ♦ 6 times of Group Company Visit
- ♦ Participated in 2 events held by Stock Exchange of Thailand
- ♦ 4 times analysts' meeting
- ♦ 2 times of media interviews, 1 time of video media interview



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.

5.1 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 Environmental, Social, Governance and Sustainability Development 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 "Corporate Governance Structure" 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 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, 2023 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 "Corporate Governance 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. Furthermore, the company has established a policy to limit the number of non-listed companies in which the chief executive officer can be a Director, not exceeding five non-listed companies.

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 Environmental, Social, Governance and Sustainability Development Committee and the Risk Management Committee. In 2016, the Board appointed the Enterprise Risk Policy Committee. The Company has four subcommittees, as follows :

1. Audit Committee
2. Nomination and Remuneration Committee
3. Environmental, Social, Governance and Sustainability Development 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 "Corporate Governance 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 term for such independent director expires according to the term limit, the board may propose the name of that director to the ordinary shareholders' meeting for re-election as an independent director. In case the tenure of an independent director exceeds 9 years, the consideration will be based on necessity and reasonable grounds.

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 Sub-Committee is in line with the term of Directorship of the Company's Directors.

Addition Note :

In the year 2023, the board consisted of four independent directors. Among them, three served as independent directors for less than 9 years from their appointment, while one director, Mr. Paitoon Taveebhol, had served as an independent director for more than 9 years. Mr. Paitoon, who holds expertise in accounting and finance, has been able to provide highly beneficial advice and guidance to the company. Throughout his tenure as an independent director, he conducted independent audits to protect the interests of minority shareholders, maintaining an independent standpoint from the management.

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 for voting individuals nominated to be a Director, one person at a time.
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.
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.



BOARD SKILL METRIC

Experience and Expertise	Mr. Bancha Ongkosit	Mr. Pitham Ongkosit	Chantima Ongkosit, MD	Mr. Paitoon Taveebhol	Mrs. Voraluksana Ongkosit	Mrs. Siriphan Suntanaphan	Mr. Kanchit Bunajinda	Sutee Mookhavesa, Ph.D.	Mr. Sant Senadisai
Management / Business	✓	✓	✓	✓	✓	✓	✓	✓	✓
Electronics and Automotive Industry	✓	✓				✓			
Accounting and Audit				✓			✓		
Finance and Capital Management		✓		✓			✓	✓	✓
Engineering	✓	✓							
Strategic and Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economics and Analysis	✓	✓		✓			✓	✓	✓
Corporate Governance & Sustainability		✓	✓	✓	✓	✓	✓		
Marketing/International Commerce	✓	✓				✓			✓
Information Technology								✓	✓
Laws and Tax				✓					
Insurance								✓	
Medical			✓						



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 2023

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 2023, 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 :

- ♦ Endorsed an action plan on CG and Anti-corruption for the year 2023, together with the annual goals for cascading the plan to all for implementation.
- ♦ Encouraged the distribution of Corporate Governance Policy, business ethics and a code of conduct.
- ♦ Reviewed and updated the corporate governance and code of conduct handbook.
- ♦ Had all subcommittees and the CEO conduct a self-performance appraisal.
- ♦ Established a channel for claims and suggestions on any matter so that employees and stakeholders could express their opinions independently, which led to improvements.
- ♦ Oversaw the Environmental, Social, Governance and Sustainability Development 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.
- ♦ Designated the Internal Auditor unit to take role of the "Compliance Unit", and directly reported to the Audit Committee.
- ♦ 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. Arranged non-executive Directors and independent directors meeting without the participation of management once a year.
6. Oversight the preparation of practical guidelines for anti-corruption policy, and promote communication regarding an anti-corruption measures through all subsidiaries in the group.
7. 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.
8. Conduct an internal control self-assessment by related management, then reviewed by the Audit Committee and propose the result to the Board.
9. 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.
10. The Nomination and Remuneration Committee revised the Committee's Charter once a year.
11. 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 fourth consecutive years an "Excellent" level.
12. 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 2023 Annual survey by the Thai Institute of Directors Association (IOD), for the ninth consecutive year.
13. 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 2023, 12 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. Wasara Chotithammarat, 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 via electronic means 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 have 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 two-three hours.

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 Environmental, Social, Governance and Sustainability Development 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 2023, 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 2023 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

1. The Board reviewed and approved the form and format used in the assessment in accordance with the criteria set by the Environmental, Social, Governance and Sustainability Development Committee.
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.
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.

THE CRITERIA OF THE SELF-ASSESSMENT - THE INDIVIDUAL DIRECTORS

1. The qualification of Directors, the Board's diversity, performance of Directors.
2. Roles, duties and responsibilities : independence, expressing opinions, participating in activities, the internal control system, risk management and disclosure of information.
3. Meetings : meeting attendance, expressing opinions and studying the agenda before the meetings.
4. Providing other recommendations that are useful for management of the organization.

THE RESULT OF THE 2023 SELF-ASSESSMENT - THE INDIVIDUAL DIRECTOR :

The average score was "excellent"



SELF-ASSESSMENT OF THE OVERALL PERFORMANCE - THE SUBCOMMITTEES

All Subcommittees : The Audit Committee, the Nomination and Remuneration Committee, the Environmental, Social, Governance and Sustainability Development 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 2023 SELF-ASSESSMENT - THE AUDIT COMMITTEE :

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 2023 SELF-ASSESSMENT - THE NOMINATION AND REMUNERATION COMMITTEE :

The average score was "excellent"

3. THE ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT 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 2023 SELF-ASSESSMENT - THE ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE :

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 2023 SELF-ASSESSMENT - THE ENTERPRISE RISK POLICY COMMITTEE :

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 2023 are reported in the section "Corporate Governance Structure."

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 has a policy to support and provide training and knowledge on the Company's corporate governance system to related parties, including Directors, members of the Audit Committee, member of the Nomination and Remuneration Committee, members of the Enterprise Risk Policy Committee, members of the Environmental, Social, Governance and Sustainability Development Committee, to ensure the continuous performance improvement as arranged by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and training courses of Thai Institute of Directors Association (IOD).

There were directors attending trainings with the Thai Institute of Directors Association (IOD) in courses related to their roles. 100% of the total board members participated, with the IOD courses as follows :

Directors Accreditation Program (DAP) : 67% of the total board members.

Directors Certification Program (DCP) : 89% of the total board members.

Courses	Name of Directors							
	Mr. Bancha Ongkosit	Mr. Pitharn Ongkosit	Chantima Ongkosit, MD	Mr. Paitoon Taveebhol	Mrs. Voraluksana Ongkosit	Mrs. Siriphan Suntanaphan	Mr. Kanchit Bunajinda	Sutee Mokkhavesa, Ph.D.
Audit Committee Program (ACP)				◆			◆	
Anti-Corruption for Executive Program (ACEP)				◆				
Director Accreditation Program (DAP)	◆		◆	◆	◆	◆	◆	
Director Certification Program (DCP)		◆	◆	◆	◆	◆	◆	◆
Financial Statements for Directors (FSD)					◆			
Monitoring the Internal Audit Function (MIA)				◆			◆	
Monitoring the System of Internal Control and Risk Management (MIR)				◆			◆	
Monitoring Fraud Risk Management (MFM)				◆				
Monitoring the Quality of Financial Reporting (MFR)				◆			◆	
Chartered Director Class (R-CDC)				◆				
Role of the Compensation Committee (RCC)				◆				
Role of the Chairman Program (RCP)				◆				
Risk Management Program for Corporate Leaders (RCL)						◆		
Finance for Non-Finance Director (FN)			◆		◆	◆		
Director Leadership Certification Program (DLCP)							◆	
Role of the Chairman Program (RCP)							◆	
Strategic Board Master Class (SBM)							◆	

In 2023, the directors attended training courses of the directors organized by the Thai Institute of Directors Association (IOD) as follows :

Director	Training Course	Institute	Date
1. Mr. Kanchit Bunajinda	1. Strategic Board Master Class (SBM)	IOD	November 2023
	2. Role of the Chairman Program (RCP)	IOD	March 2023
2. Mr. Sant Senadisai	1. Director Certification Program (DCP)	IOD	December 2023

Additionally, in 2023, the board of directors and executives were also encouraged to acquire knowledge in management practices. During the year, directors and executives participated in training sessions and seminars for other courses as follows :

Director	Training Course	Institute	Date
1. Mr. Bancha Ongkosit	1. ESG Overview for Management	Twin P Consulting Co., Ltd. Electrical and Electronics Institute	August 2023
	2. Risk Management for IATF16949		March 2023
2. Mr. Pitharn Ongkosit	1. VDA ISA 5.1 for Management Level	ISO Training Center	November 2023
	2. ESG Overview for Management	Twin P Consulting Co., Ltd.	August 2023
	3. Risk Management for IATF16949	Electrical and Electronics Institute	March 2023
3. Chantima Ongkosit, MD	1. ESG Overview for Management	Twin P Consulting Co., Ltd. Electrical and Electronics Institute	August 2023
	2. Risk Management for IATF16949		March 2023
4. Mr. Paitoon Taveebhol	1. CAC National Conference 2023 : Public-Private Collaboration : A Strong Collective Action Against Corruption	IOD	December 2023
	2. National Director Conference 2023 : Delivering "Net Zero" together	IOD	July 2023
	3. Engaging Board in ESG : The Path to Effective Sustainability	IOD	July 2023
5. Mrs. Voraluksana Ongkosit	1. ESG Overview for Management	Twin P Consulting Co., Ltd. Electrical and Electronics Institute	August 2023
	2. Risk Management for IATF16949		March 2023
6. Mrs. Siriphan Suntanaphan	1. Hot Issue for Directors: Climate Governance	IOD	August 2023
	2. National Director Conference 2023 Delivering "Net Zero" Together	IOD	July 2023
7. Mr. Kanchit Bunajinda	1. Global and Thailand Economic Outlook 2023	Bangkok Bank Ltd.. KPMG	2023
	2. Concept of integrating organizational management according to the principles of Governance, Risk, Compliance & Risk		
8. Sutee Mokkhavesa, Ph.D.	Management (GRC) 1. The Importance of the Audit Committee and Confidence in the Thai Capital Market	The Securities and Exchange Commission (SEC)	2023

Management	Training Course	Institute	Date
1. Mr. Fredrick Gharapet Ohanian	1. VDA ISA 5.1 for Management Level 2. ESG Overview for Management	ISO Training Center Twin P Consulting Co., Ltd.	November 2023 August 2023
2. Mrs. Wasara Chotithammarat	1. CFO Refresher 2023 2. Insight in SET : "Learning for sustainable growth in capital market" 3. CFO Professional Development Program "Economic Update for CFO" 4. Executive Forum 2023 : The Digital CFO 5. Conflict of Interest Report and Inside Information Policy 6. CFO Professional Development Program 7. Governance System for Fraud Detection 8. "National Director Conference 2023 Delivering "Net Zero" Together 9. Risk Management for CFO 10. Engaging Board in ESG : The Path to Effective Sustainability 11. Role of Director and Management of Listed Company "Board 's Challenges in driving ESG"	SET SET TLCA DUGA TLCA/TCSC TLCA TLCA IOD TLCA/SEC SET Thai SEC	November 2023 November 2023 November 2023 October 2023 October 2023 October 2023 September 2023 July 2023 July 2023 July 2023 June 2023
3. Mr. Athasidh Ongkosit	1. VDA ISA 5.1 for Management Level	ISO Training Center	November 2023
4. Mr. Pairoj Tarawatcharasart	1. Social Responsibility Standard Code of Conduct-Study of Code Requirements 2. ESG Overview for Management	Intertek Testing Services (Thailand) Co., Ltd. SBD Research Co., Ltd.	September 2023 July 2023
5. Mr. Viboon Sunthornwiwath	1. Guidelines according to personal data protection laws For the working group 2. VDA ISA 5.1 FOR Management Leve 3. Record of Processing Activity PDPA - RoPA 4. ESG Overview for Management	ISO Training Center Professional Training & Consultancy Professional Training & Consultancy Twin P Consulting Co., Ltd.	November 2023 November 2023 September 2023 August 2023
6. Mr. Boonchuan Immaraporn	1. VDA ISA 5.1 for Management Level 2. IATF 16949:2016 Requirement	ISO Training Center Electrical and Electronics Institute	November 2023 March 2023

Accounting Supervisor	Training Course	Institute	Date
1. Mrs. Patcharin Balankura	1. ESG & TAX	KPMG Pumchai Audit Co., Ltd.	November 2023
	2. Errors from accounting that certified public accountants should not miss, version 2/99	Federation of Accounting Professions	November 2023
	3. Discussion on joint practices between ERM and ESG Related Risks and Opportunities	NYC Management Co., Ltd.	November 2023
	4. 2023 Annual CFO Summit : Navigating a Changing Regulatory Environment	BDO Audit Co., Ltd.	October 2023
	5. Future of Tax & Legal, KPMG Business leaders' summit 2023 : Driving the future	KPMG Pumchai Co., Ltd.	September 2023
	6. Knowledge about society and compensation fund for employees, Provident fund, Sufficiency economy	MERCER (Thailand) Co., Ltd.	June 2023
	7. ISO 26000 standard requirements, guidelines for social responsibility (Social Responsibility Requirement)	BSI Group (Thailand) Co., Ltd.	June 2023
	8. ISO 22301 standard requirements (Business Continuity Management System)	Twin P Consulting Co., Ltd.	January 2023

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 2023, 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 2023, 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, which can be summarized as follows :

1 CONTROL ENVIRONMENT

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 Environmental, Social, Governance and Sustainability Development 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 Thai Private Sector Collective Action Against Corruption (CAC) since 2015, and get the 4th extension in 2023 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 CONTROL ACTIVITIES

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 Environmental, Social, Governance and Sustainability Development 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 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 ACTIVITIES

The Board keeps track of the company performance against target. In 2023, there were 12 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 GOVERNANCE OF CONFLICTS OF INTEREST

The Company has a policy to conduct its business with honesty, integrity, transparency and fairness. This policy mandates that Directors, Management and Staff avoid transactions involving themselves or individuals/legal entities associated with them that may create conflicts of interest with the company.

The company's board of director has established a policy for clear consideration of items identified as conflicts of interest. The board members have the responsibility to report to the meeting if there are actions that constitute conflicts of interest. In cases of identified conflicts of interest, the respective Director is not permitted to participate or vote during that meeting agenda. That director must report such conflicts of interest to the audit committee for auditing and feedback to the board of directors. The company's board of director is responsible for overseeing compliance with procedures and strictly ensuring the disclosure of interconnected information in accordance with the regulations set by laws or regulatory authorities.

In addition, the directors are required to report any conflicts of interest that may arise to the Audit Committee. Furthermore, Management and Staff working in high-risk job functions (Purchasing & Shipping Department) must report conflicts of interest to the Chief Executive Officer and President through the "Conflict of Interest Report" in electronic format. This reporting occurs annually and any changes during the year that may lead to conflicts of interest should be promptly communicated.

For 2023, all Directors, Management and Staff of the Purchasing & Shipping Department disclosed conflicts of interest through the Conflict of Interest Report, and no conflicts of interest were identified, as indicated in the table below :

Level	Response Rate	Any Conflict Interest
The Directors	100%	No
The Company's Management	100%	No
Purchasing & Shipping Department' staff	100%	No

Moreover, the company has prepared training document and conducted online training on practices to combat fraud and corruption aiming to communicate the guideline effectively to the directors, executives and employees. This initiative aims to foster clear knowledge and understanding to promote collaboration in implementing policies across all departments in accordance with the company objectives. Employees can access these training documents through the company's website as needed.

The Company and its subsidiaries engage in intercompany transactions, disclosed details in the note to financial statement as of the fiscal year ending December 31, 2023. These transactions align with routine and normal business operations with the subsidiaries and do not involve any conflicts of interest.

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 the year of 2004 as;

- The Directors and Management within the specified group, as defined by the Securities and Exchange Commission, must disclose personal information, including transactions with related parties.
- Each time there is an appointment of new Management, the Company Secretary will send the "Details of Related Persons" form, following the Notification of the Securities and Exchange Commission regarding the Disclosure of Information and Others Acts of Listed Companies Concerning the Connected Transaction B.E. 2546. This is to ensure that the newly appointed Management provides information along with their signed certification of the accuracy of the data. In case there are subsequent changes to the information, the Management must submit the updated form, duly signed to certify its accuracy. The Company Secretary will then prepare a summary list of individuals and companies related to each other.
- Details of individuals related to Management must be accessible for audit purposed.
- When related transaction occurs, the company will prepare a summary report of conflicts of interest and submit it to the Stock Exchange of Thailand. This information will also be disclosed in the Annual Report or the Information Disclosure Report (Form 56-1 One Report).

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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OPERATING PERFORMANCE FOR THE YEAR 2023

The Company follows the guidelines and procedures as stipulated by the SET as below :

1. Transactions of the company that are interrelated or may involve conflicting interests must be regular business transactions or transactions supporting normal business operations, with consideration given to the company's maximum benefit. The pricing and terms of trade for such transactions must be conducted according to normal commercial principles as if transacting with external parties.
2. The company's board of directors shall act with caution, honesty, whereby directors and/or individuals with vested interests in any particular item shall refrain from participating in the discussion, consideration, and/or decision-making process regarding that item.
3. Prepare reports and disclose information regarding related transactions or transactions that may cause conflicts of interest to shareholders, and/or convene shareholder meetings to seek approval before proceeding with such transactions. In cases where such transactions meet the criteria, approval must be obtained from a shareholder meeting.
4. Summarize the details, value, counterparties, rationale, and necessity of related transactions or transactions that involve conflicts of interest meeting disclosure criteria as of the end of the company's accounting period in the company's annual statement of financial information (Form 56-1 One Report)
5. During the "Blackout Period," the company has a policy regarding securities transactions that specifies prohibitions in accordance with relevant laws governing securities trading, using internal information that encompasses directors and executives. Trading in the company's securities is prohibited during the 30 day period before the disclosure of quarterly and annual financial statements, and for one day after the disclosure, or during any other period temporarily designated by the company.

In the 2023, the secretary' informed relevant individuals via email in advance about the blackout period, and found no instances of directors, executives, or related employees trading securities during the designated blackout period

6. 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.

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 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.
- ♦ 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.
- ♦ Risk management is implanted into the corporate culture.

In 2023, the Enterprise Risk Policy Committee undertook the following :

1. Reviewed annual corporate risk issues of seven key risks: Details about each of these present under "Risk Factors"
 - 1) Strategic Risks
 - 2) Operational Risks
 - 3) Financial Risks
 - 4) Compliance Risks
 - 5) Hazard Risks
 - 6) Information Technology Risks
 - 7) Environmental, Social and Governance Risks
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 submitted Declaration of Intent to the Thai Private Sector Collective Action against Corruption (CAC). The Company was certified by CAC as a member on April 3, 2015. The Company retained CAC membership for the 4th consecutive period on December 30, 2023.

In 2023, the Affiliated Companies, that are Thai Laminate Manufacturer Co., Ltd., and KCE Technology Company Limited which is the Company's subsidiary, submitted Declaration of Intent to join CAC On August 22 and November 16, 2023, respectively.

And on December 7, 2023, the Company has been awarded the CAC Chang Agent Award 2023 from CAC. The award is given to companies that comply with CAC's criteria on Anti-Corruption practices. Also the company must expand the transparent business network by persuading at least 10 SMEs in its supply chain to submit Declaration of Intent with the CAC project to create transparency and sustainability of supply chain.

IN-HOUSE TRAINING

- ♦ In 2023, the Company arranged 9 courses of "KCE Life & Core Value and Anti-Fraud & Corruptions" training for the Company's staff.
- ♦ In March, April and September 2023, the Company arranged seminar, in the topic of Joining CAC, Benefits of joining CAC, CAC Declaration Process and CAC Certification Process, for the Company affiliates' Anti-Corruption Working Group.
- ♦ In Jul 2023, the Anti-Fraud & Corruption Policy and Fraud Risk Management Procedures are reviewed and approved by the Board of Directors and the Company communicated to the Board to disclose any conflict of interest via "Conflict of Interest Report" for the year 2023.
- ♦ In November 2023, the Company arranged seminar to communicate the Anti-Fraud & Corruption Policy including Conflict of Interests to the Company and Company affiliates' Anti-Corruption Working Group in order that the Working group can communicate to the Management and staff for acknowledgement and comply with the established procedures.

PUBLIC TRAINING

In June 2023, the Anti-Corruption Working Group of the Company and Company affiliates and the Purchasing & Shipping Department' staff joined the seminar of "CAC Change Agent" arranged by CAC to obtain information about importance of Anti-Fraud & Corruption and to persuade the Company's suppliers to be a part of good governance and working with transparency.



REPORT ON KEY OPERATING RESULTS ON CORPORATE GOVERNANCE

During 2023, the Company carried out the following tasks :

1. The Committee reviewed the preparations for the 2023 Annual General Meeting of Shareholders (AGM) and provided suggestions to ensure efficiency and transparency, in line with the criteria of good corporate governance and the Stock Exchange of Thailand's AGM checklist.
2. The Company's 2023 AGM was rated "Excellent", scoring a full 100 points in the Quality Assessment of the Annual General Meeting of Shareholders (AGM Checklist) organized by the Thai Investors Association (TIA).
3. The Company obtained "Excellent CG Scoring" assessment for the 9th consecutive year with an overall score of 92% from Thai Institute of Directors Association (IOD) under the 2023 Thai Listed Company Corporate Governance Survey project.
4. The Committee reviewed the Charter of the Environment, Social, Governance and Sustainability Development (ESG) and other related policies. The revisions have been published on the Company website www.kce.co.th, as well as communicated to all executives and employees to promote good governance principles and enhance environmental stewardship and social responsibility.
5. The Committee reviewed the results of last year's performance regarding the ESG's operations and considered to endorse its operational plan for 2023 with a focus on the Environment, Social and Governance in order to develop the sustainable business.
6. The Committee reviewed and establishes core goals for reducing greenhouse gas emissions, including Net-Zero targets, in alignment with the Science-Based Target Initiative (SBTi).
7. The Company appointed a Sustainable Development Management Committee consisting of senior executives from various departments and establishes a working group to implement and promote the sustainable management framework and environmental social and governance activities.
8. The Committee enforced the Personal Data Protection Act B.E. 2562 (2019) by establishing a Personal Data Protection Committee, appointing Personal Data Protection Officer (DPO), and establishing a Personal Data Protection Working Group to ensure compliance to both the law and internal policies.
9. The Company put more emphasis on information security for both internal sources and from external business partners. In 2023 the Company has implemented and certified an international standard of security control system Trusted Information Security Assessment Exchange (TISAX), to ensure information management and security is on internationally accepted standards, providing confidence to stakeholders and business partners.
10. The Committee reviewed the anti-corruption measures and activities implemented in 2023 including relevant training and knowledge sharing exercises to promote an honest and transparent corporate environment. The Committee also endorsed the 2024 action plan to ensure continual enforcement of anti-corruption practices and measures.
11. The Company achieved the membership re-certification by the Thai Private Sector Collective Action Against Corruption (CAC) for the 3rd consecutive year in 2023 and additionally achieved the CAC Change Agent 2023 Award for inviting the business partners and subcontractors to become a part of CAC.



CORPORATE GOVERNANCE STRUCTURE AND MATERIAL FACTS

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 Environmental, Social, Governance and Sustainability Development Committee, and the Enterprise Risk Policy Committee. The details of each committee and their scope, duties and responsibilities are as follows :

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.
- ♦ Four 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 ASFOLLOWS :

- | | | | |
|----|------------------|-------------------------|--|
| 1. | Mr. Bancha | Ongkosit ⁽¹⁾ | <ul style="list-style-type: none"> ◆ Chairman of the Board of Directors ◆ Chairman of the Executive Board |
| 2. | Mr. Paitoon | Taveebhol | <ul style="list-style-type: none"> ◆ Independent Director ◆ Chairman of the Audit Committee ◆ Chairman of the Nomination & Remuneration Committee ◆ Enterprise Risk Policy Committee member ◆ Environmental, Social, Governance and Sustainability Development Committee member |
| 3. | Chantima | Ongkosit, MD | <ul style="list-style-type: none"> ◆ Director ◆ Nomination & Remuneration Committee member |
| 4. | Mrs. Voraluksana | Ongkosit ⁽¹⁾ | <ul style="list-style-type: none"> ◆ Director ◆ Executive Vice Chairperson ◆ Environmental, Social, Governance and Sustainability Development Committee member |
| 5. | Mrs. Siriphan | Suntanaphan | <ul style="list-style-type: none"> ◆ Director ◆ Executive Director ◆ Chairman of the Environmental, Social, Governance and Sustainability Development Committee ◆ Enterprise Risk Policy Committee member |
| 6. | Mr. Pitharn | Ongkosit ⁽¹⁾ | <ul style="list-style-type: none"> ◆ Vice Chairman of the Board of Director ◆ Chief Executive Officer ◆ Chairman of the Risk Management Committee ◆ Enterprise Risk Policy Committee member |
| 7. | Mr. Kanchit | Bunajinda | <ul style="list-style-type: none"> ◆ Independent Director ◆ Audit Committee member ◆ Chairman of the Enterprise Risk Policy Committee member ◆ Nomination & Remuneration Committee member |
| 8. | Sutee | Mokkhavesa, Ph.D. | <ul style="list-style-type: none"> ◆ Independent Director ◆ Audit Committee member ◆ Enterprise Risk Policy Committee member |
| 9. | Mr. Sant | Senadisai | <ul style="list-style-type: none"> ◆ Independent Director |

Remark : ⁽¹⁾ Executive Director

THE AUTHORIZED DIRECTORS

The directors with company signatory rights are Mr. Bancha Ongkosit, Chantima Ongkosit, MD, 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)
 - 2) Performing duties with faithfulness and honesty (duty of loyalty)
 - 3) Performing duties in compliance with laws, objectives, Articles of Association, and resolutions of Shareholders' Meetings (duty of obedience)
 - 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
 - 2) The Company's monthly and quarterly performance, compare to the plan and budget
 - 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.
 - 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
 - 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
 - 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
 - 8) Related Transactions between the Company, subsidiaries, associate company and related persons, which do not meet with the requirements of the SET and SEC
 - 9) Payment of the interim dividend
 - 10) The change of policy and procedure that significantly affect accounting, risk management or internal control
 - 11) Determination and change of the approval authority conferred to CEO and executive management
 - 12) The proposed appointment and the termination of the Company's directorship and the Company secretary status
 - 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
 - 14) The appointment and determination of the sub-committee's duties and responsibilities
 - 15) The appointment of the Director in subsidiaries
 - 16) The change or reorganizing the Company structure, for the Executive VP position up
 - 17) Any other actions to comply with laws, the Company's objectives, the Articles of Association and the resolutions of the Board.
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 :

- ♦ 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).
- ♦ Have not been or are not involved in the Company in any of the following positions :
 - 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.
- ♦ 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.
- ♦ 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 :

- ♦ 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.
- ♦ 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. Wasara | Chotithammarat | Senior Vice President of Accounting & Finance |
| 6. | Mrs. Siriphan | Suntanaphan | Director of Thai Laminate Manufacturer Co., Ltd.
(Subsidiary Company) |
| 7. | Mr. Lin, | Po-Chiung | Director of Chemtronic Products Co., Ltd.
(Subsidiary Company) |

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. | Sutee | Mokkhavesa, Ph.D. | 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
 - 2) Adequacy of the internal control
 - 3) Compliance with the law on securities, SET requirements and applicable law
 - 4) Auditor's suitability
 - 5) Transactions with potential conflict of interests
 - 6) Audit Committee's meetings and the attendance of individual member
 - 7) Opinion or notice arising out of performing duties
 - 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.

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.	Chantima	Ongkosit, MD	Member
3.	Mr. Kanchit	Bunajinda	Member

Mrs. Wasara Chotithammarat was appointed as the Nomination and Remuneration Committee's secretary.

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

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE

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

THE NAMES AND POSITIONS OF THE MEMBERS OF THE ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE ARE AS FOLLOWS :

- | | | | |
|----|------------------|-------------|-------------|
| 1. | Mrs. Siriphan | Suntanaphan | Chairperson |
| 2. | Mrs. Voraluksana | Ongkosit | Member |
| 3. | Mr. Paitoon | Taveebhol | Member |

Mrs. Wasara Chotithammarat was appointed as the Environmental, Social, Governance and Sustainability Development Committee's secretary.

DUTIES AND RESPONSIBILITIES OF THE ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT 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.

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. | Mr. Pitharn | Ongkosit | Member |
| 4. | Mrs. Siriphan | Suntanaphan | Member |
| 5. | Sutee | Mokkhavesa, Ph.D. | Member |

Miss. Kanjana Khwannimit appointed as the Enterprise Risk Policy Committee's 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. Wasara | Chotithammarat | Member |
| 4. | Mr. Athasidh | Ongkosit | Member |
| 5. | Mr. Viboon | Sunthornwiwath | Member |
| 6. | Ms. Nitaya | Rojanakamphol | Member |
| 7. | Mrs. Wanvadee | Patasart | Member |
| 8. | Mr. Lin, | Po-Chiung | Member |
| 9. | Mr. Pol | Duriyabanleng | Member |

Miss. Kanjana Khwannimit was appointed as the Risk Management Committee's 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	ESG & SD Committee	Enterprise Risk Policy Committee
Mr. Bancha	Ongkosit	C	-	-	-	-
Mr. Pitharn	Ongkosit	VC	-	-	-	M
Chantima	Ongkosit, MD. ⁽³⁾	M	-	M	-	-
Mr. Paitoon	Taveebhol	M	C	C	M	M
Mrs. Voraluksana	Ongkosit	M	-	-	M	-
Mrs. Siriphan	Suntanaphan	M	-	-	C	M
Mr. Kanchit	Bunajinda	M	M	M	-	C
Sutee	Mokkhavesa, Ph.D.	M	M	-	-	M
Panja	Senadisai, Ph.D. ⁽¹⁾	VC	-	M	-	M
Mr. Sant	Senadisai ⁽²⁾	M	-	-	-	-

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

⁽¹⁾ Panja Senadisai, Ph.D. ends his term as director on June 26, 2023

⁽²⁾ Mr. Sant Senadisai was appointed as a director on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023

⁽³⁾ Chantima Ongkosit, MD. was appointed as a director of Nomination and Remuneration Committee on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023



SUMMARY OF MEETING ATTENDANCE OF THE BOARD OF DIRECTORS IN 2023

Directors		Attendance (Meeting)						
		Board of Directors	Audit Committee	Nomination & Remuneration Committee	ESG & SD Committee	Enterprise Risk Policy Committee	Non-Executive Meeting	Annual General Meeting 27 Apr.2023
Mr. Bancha	Ongkosit	10/12	-	-	-	-	-	1/1
Mr. Pitharn	Ongkosit	12/12	-	-	-	4/4	-	1/1
Chantima	Ongkosit, MD. ⁽³⁾	12/12	-	1/1	-	-	1/1	1/1
Mr. Paitoon	Taveebhol	12/12	6/6	3/3	2/2	4/4	1/1	1/1
Mrs. Voraluksana	Ongkosit	12/12	-	-	2/2	-	-	1/1
Mrs. Siriphan	Suntanaphan	10/12	-	-	2/2	4/4	-	1/1
Mr. Kanchit	Bunajinda	12/12	6/6	3/3	-	4/4	1/1	1/1
Sutee	Mokkhavesa, Ph.D.	10/12	6/6	-	-	2/4	1/1	1/1
Panja	Senadisai, Ph.D. ⁽¹⁾	6/6	-	1/1	-	2/2	-	1/1
Mr. Sant	Senadisai ⁽²⁾	5/5	-	-	-	-	-	-

Remark :

⁽¹⁾ Panja Senadisai, Ph.D. ends his term as director on June 26, 2023

⁽²⁾ Mr. Sant Senadisai was appointed as a director on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023

⁽³⁾ Chantima Ongkosit, MD was appointed as a director of Nomination and Remuneration Committee on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023



EXECUTIVE MANAGEMENT

As at December 31, 2023, the names of 9 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. Wasara | Chotithammarat | Senior Vice President of Accounting & Finance |
| 6. | Mr. Athasidh | Ongkosit | Senior Vice President of Information Technology |
| 7. | Mr. Pairoj | Tarawatcharasart | Vice President of Engineering |
| 8. | Mr. Viboon | Sunthornwiwath | Senior Vice President of Human Resources |
| 9. | Mr. Boonchuan | Immaraporn | Senior Vice President of Manufacturing Engineer |

THE AUTHORITY AND DUTIES OF THE CHIEF EXECUTIVE OFFICER

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 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. Wasara Chotithammarat, 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. Wasara Chotithammarat

- ♦ Currently, being the Senior Vice President of Accounting & Finance
- ♦ Education : Master of Business Administration, Faculty of Commerce and Accountancy, Thammasat University
- ♦ 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, posses a good interpersonal relationship, creative thinking and posses 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 other related trainings from SET

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 2022 and 2023 remuneration of directors was approved by AGMNo. 39/2022 on April 21, 2022 and AGM No. 40/2023 on April 27, 2023 respectively.

REMUNERATION OF BOARD OF DIRECTORS

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2023	2022	2023	2022
1	Mr. Bancha	Ongkosit	Chairman	2,200,000	2,000,000	520,000	480,000
2	Mr. Pitharn	Ongkosit	Vice Chairman	1,100,000	1,000,000	460,000	420,000
3	Chantima	Ongkosit, MD	Director	1,100,000	1,000,000	460,000	420,000
4	Mr. Paitoon	Taveebhol	Director	1,100,000	1,000,000	460,000	420,000
5	Mrs. Voraluksana	Ongkosit	Director	1,100,000	1,000,000	460,000	420,000
6	Mrs. Siriphan	Suntanaphan	Director	1,100,000	1,000,000	460,000	420,000
7	Mr. Kanchit	Bunajinda	Director	1,100,000	1,000,000	460,000	420,000
8	Sutee	Mokkhavesa, Ph.D.	Director	1,100,000	1,000,000	460,000	420,000
9	Panja	Senadisai, Ph.D. ⁽¹⁾	Vice Chairman	-	1,000,000	220,000	420,000
10	Mr. Sant	Senadisai ⁽²⁾	Director	1,100,000	-	200,000	-
Total				11,000,000	10,000,000	4,160,000	3,840,000

Remark :

⁽¹⁾ Panja Senadisai, Ph.D. ends his term as director on June 26, 2023

⁽²⁾ Mr. Sant Senadisai was appointed as a director on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023

REMUNERATION OF AUDIT COMMITTEE

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2023	2022	2023	2022
1	Mr. Paitoon	Taveebhol	Chairman	560,000	560,000	240,000	200,000
2	Mr. Kanchit	Bunajinda	Member	480,000	480,000	210,000	175,000
3	Sutee	Mokkhavesa, Ph.D.	Member	480,000	480,000	210,000	140,000
Total				1,520,000	1,520,000	660,000	515,000

REMUNERATION OF NOMINATION AND REMUNERATION COMMITTEE

No.	Name		Position	Meeting allowance (Baht)	
				2023	2022
1	Mr. Paitoon	Taveebhol	Chairman	90,000	30,000
2	Mr. Kanchit	Bunajinda	Member	75,000	25,000
3	Panja	Senadisai, Ph.D. ⁽¹⁾	Member	25,000	25,000
4	Chantima	Ongkosit, MD ⁽²⁾	Member	25,000	-
Total				215,000	80,000

Remark :

⁽¹⁾ Panja Senadisai, Ph.D. ends his term as director on June 26, 2023

⁽²⁾ Chantima Ongkosit, MD was appointed as a director of Nomination and Remuneration Committee on July 11, 2023 in accordance with the resolution of the Board of Director's Meeting No.7/2023 on July 11, 2023

REMUNERATION OF ENTERPRISE RISK POLICY COMMITTEE

No.	Name		Position	Meeting allowance (Baht)	
				2023	2022
1	Mr. Kanchit	Bunajinda	Chairman	120,000	120,000
2	Mr. Pitharn	Ongkosit	Member	100,000	100,000
3	Mr. Paitoon	Taveebhol	Member	100,000	75,000
4	Mrs. Siriphan	Suntanaphan	Member	100,000	100,000
5	Sutee	Mokkhavesa, Ph.D.	Member	50,000	100,000
6	Panja	Senadisai, Ph.D. ⁽¹⁾	Member	50,000	75,000
Total				520,000	570,000

Remark :

⁽¹⁾ Panja Senadisai, Ph.D. ends his term as director on June 26, 2023

REMUNERATION OF ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE

No.	Name		Position	Meeting allowance (Baht)	
				2023	2022
1	Mrs. Siriphan	Suntanaphan	Chairman	60,000	60,000
2	Mrs. Voraluksana	Ongkosit	Member	50,000	50,000
3	Mr. Paitoon	Taveebhol	Member	50,000	50,000
Total				160,000	160,000

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	2023		2022	
	Number	Amount (Baht)	Number	Amount (Baht)
Salary	10	30,357,341	11	34,431,814
Bonus / Contribution to Provident fund		4,835,201		4,214,760

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, 2023, there is no outstanding warrant.

PERSONNEL

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

Number of personnel	2023 (person)	2022 (person)	2021 (person)	2020 (person)
Management (Assistant MGR and up)	73	75	65	66
Sales & Administration staffs	153	180	143	117
Manufacturing operations	812	794	766	801
Subcontracted workers	1,746	1,688	1,552	1,441
Total personnel*	2,784	2,737	2,526	2,425

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

Number of personnel*	2023 (person)	2022 (person)	2021 (person)	2020 (person)
KCE Electronics PCL.	2,784	2,737	2,526	2,425
KCE Technology Co., Ltd	1,824	1,820	1,824	1,785
K.C.E. International Co., Ltd.	-	142	257	307
Thai Laminate Manufacturer Co., Ltd.	334	346	345	328
Group of Chemtronic	69	70	64	63
KCE (Thailand) Co., Ltd.	16	16	16	16
Total personnel in the country	5,027	5,131	5,032	4,924
KCE Singapore Pte., Ltd.	29	32	32	32
KCE America Inc.	26	26	26	26
Total overseas personnel	55	58	58	58
Total Personnel*	5,082	5,189	5,090	4,982

*Include subcontracted personnel

REMUNERATION TO EMPLOYEES

As at December 31, 2023, total number of the Company's employee was 2,784 and total remuneration paid to employee was at a totaling of Baht 1,144 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 total employee 2,298 and also paid the same form of remuneration to employee at a totaling of Baht 1,249 million during 2023.

Remuneration to employees	2023 (Million Baht)	2022 (Million Baht)	2021 (Million Baht)	2020 (Million Baht)
KCE Electronics PCL.	1,144	1,259	1,139	888
Company's subsidiaries	1,249	1,350	1,325	1,166
Total Remuneration to employees	2,393	2,609	2,464	2,054

AUDITOR'S REMUNERATION

The Board provides external independent auditors who are qualified to be the auditors of companies approved by the Securities and Exchange Commission (SEC) by appointing a rotating auditor at least every 7 years. The same auditor shall not be appointed to perform the audit for 7 years whether consecutive or not, and will not be appointed to audit the Company's accounts except after at least 5 consecutive fiscal years have elapsed.

The auditor has authority to audit the Company's and subsidiaries accounts, other related documents and evidence related to income and expenses including the assets and liabilities of the Company and subsidiaries during business hours. In this case, the auditor has authority to interrogate directors, management, employees of the Company in any position and also representatives of the Company and also advise them to provide financial facts or provide related documents or evidence related to the Company's business operations. The auditor has a duty to attend every shareholders' meeting when considering the financial statements and any issues related to the Company's accounting.

In 2023, the shareholder meeting approved the appointment of auditors of KPMG Phoomchai Audit Company Limited as the company's auditors for the year 2023 with the remuneration of the group of companies total amount is 4,490,000 Baht.

List of auditors approved by shareholders	CPA Registration No.
1) Mr. Sumate Jangsamsee	9362
2) Mr. Chokechai Ngamwutikul	9728
3) Mr. Veerachai Ratanajaratkul	4323
4) Mr. Teerawat Witthayaphalart	11464

The Key Audit Engagement Partner in auditing the company's financial reports in 2023 is Mr. Sumate, who has been performing his duties in auditing the company's accounts for the 4th year.

The Company and 7 subsidiaries paid the audit fees to KPMG Poomchai Audit Ltd., as follows :

1. AUDIT FEE :

(Unit : Baht)

Company	2023	2022	2021
1. KCE Electronics PCL	1,657,000	1,563,000	1,488,000
2. K.C.E. International Co., Ltd.	115,000	200,000	375,000
3. KCE Technology Co., Ltd.	1,112,000	1,049,000	999,000
4. Thai Laminate Manufacturer Co., Ltd.	589,000	556,000	530,000
5. KCE (Thailand) Co., Ltd.	375,000	357,000	340,000
6. Chemtronic Technology (Thailand) Co., Ltd.	75,000	75,000	278,000
7. Chemtronic Products Co., Ltd.	294,000	280,000	165,000
8. CTC Chemical Co., Ltd.	273,000	260,000	165,000
Total Audit fee for the year	4,490,000	4,340,000	4,340,000

2. NON-ASSURANCE SERVICES

(Unit : Baht)

Company	Non-Assurance Service	2023		2022	2021
		Paid during the year	Future Payment	Total	Total
1. KCE Electronics PCL	Inventory and asset destruction fee	-	15,000	15,000	15,000
2. K.C.E. International Co., Ltd.	Inventory and asset destruction fee	-	15,000	15,000	15,000
3. KCE Technology Co., Ltd.	Inventory and asset destruction fee	15,000	-	-	15,000
4. KCE Electronics PCL	BOI audit fee	-	140,000	70,000	70,000
5. KCE Technology Co., Ltd.	BOI audit fee	-	210,000	210,000	70,000
6. Thai Laminate Manufacturer Co., Ltd.	BOI audit fee	-	195,000	195,000	130,000
7. Chemtronic Technology (Thailand) Co., Ltd.	BOI audit fee	-	-	-	60,000
8. Chemtronic Products Co., Ltd.	BOI audit fee	-	120,000	120,000	120,000
Total Non-Assurance Service		15,000	695,000	625,000	495,000

For the financial year ended 31 December 2023, the external auditors confirmed to the Audit Committee on the actions they take to maintain their professional independence with respect to the Company and its affiliates in accordance with the Code of Ethics for Professional Accountants issued by Thailand's Federation of Accounting Professions by not holding any shares in the Company and its affiliates and not purchasing goods and services from the Company and its affiliates.



REPORT OF THE SUB-COMMITTEE



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 2023, the Audit Committee met 6 times. 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 4th consecutive year on December 30, 2023. 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.

CONNECTED TRANSACTIONS OR 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 in a quarterly basis. In 2023, 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, REVIEW, SELECTION AND THE APPOINTMENT OF THE EXTERNAL AUDITOR

The Committee assessed the independence of the external auditor and its performance in 2023 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 2024, 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 2024. 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 2024.

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 2023, 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.

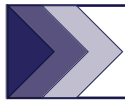
OVERALL VIEW OF THE PERFORMANCE IN COMPLIANCE WITH THE CHARTER

The Committee conducted a self-assessment of the overall performance of the Audit Committee in 2023, 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 ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE

TO THE SHAREHOLDERS

The ESG and Sustainability Development Committee consists of three directors; Mrs. Siriphan Suntanaphan, chairperson, Mrs. Voraluk Ongkosit and Mr. Paitoon Taveebhol. The Committee performed its duties according to the scope and responsibilities as assigned by the Board of Director. In 2023, the Committee convened in January and November to evaluate and follow up on the ESG and anti-corruption practices and provided additional guidance in compliance with the principles of good corporate governance. The Committee's activities and matters were regularly reported to the Audit Committee and the Board of Directors and can be summarized as follows :

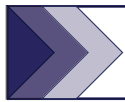
1. The Committee reviewed the preparations for the 2023 Annual General Meeting of Shareholders (AGM) and provided suggestions to ensure efficiency and transparency, in line with the criteria of good corporate governance and the Stock Exchange of Thailand's AGM checklist.
2. The Company's 2023 AGM was rated "Excellent", scoring a full 100 points in the Quality Assessment of the Annual General Meeting of Shareholders (AGM Checklist) for the 4th consecutive year that organized by the Thai Investors Association (TIA).
3. The Company obtained "Excellent CG Scoring" assessment for the 9th consecutive year with an overall score of 92% from Thai Institute of Directors Association (IOD) under the 2023 Thai Listed Company Corporate Governance Survey project.
4. The Committee reviewed the Charter of the Environment, Social, Governance and Sustainability Development (ESG) and other related policies. The revisions have been published on the Company website www.kce.co.th, as well as communicated to all executives and employees to promote good governance principles and enhance environmental stewardship and social responsibility.
5. The Committee reviewed the results of last year's performance regarding the ESG's operations and considered to endorse its operational plan for 2023 with a focus on the Environment, Social and Governance in order to develop the sustainable business.
6. The Committee reviewed and establish core goals for reducing greenhouse gas emissions, including Net-Zero targets, in alignment with the Science-Based Target Initiative (SBTi).
7. The Company appointed a Sustainable Development Management Committee consisting of senior executives from various departments and establish a working group to implement and promote the sustainable management framework, and environmental, social and governance activities.
8. The Committee enforced the Personal Data Protection Act B.E. 2562 (2019) by establishing a Personal Data Protection Committee, appointing Personal Data Protection Officer (DPO), and establishing a Personal Data Protection Working Group to ensure compliance to both the law and internal policies.
9. The Company put more emphasis on information security for both internal sources and from external business partners. In 2023 the Company has implemented and certified an international standard of security control system Trusted Information Security Assessment Exchange (TISAX), to ensure information management and security is on internationally accepted standards, providing confidence to stakeholders and business partners.

10. The Committee reviewed the anti-corruption measures and activities implemented in 2023 including relevant training and knowledge sharing exercises to promote an honest and transparent corporate environment. The Committee also endorsed the 2024 action plan to ensure continual enforcement of anti-corruption practices and measures.
11. The Company achieved the membership re-certification by the Thai Private Sector Collective Action Against Corruption (CAC) for the 3rd consecutive year in 2023 and additionally achieved the CAC Change Agent 2023 Award for inviting the business partners and subcontractors to become a part of CAC.

The Board of Directors is committed to adhering to the standards of corporate governance, ethics and Code of Business Conduct, and anti-corruption. The ESG and Sustainability Development Committee oversaw the conduct of directors, executive management and employees at all levels to ensure that they fully complied with the principles of good governance, which create more confidence for all stakeholders and support for development of sustainable growth.



Mrs. Siriphan Suntanaphan
Chairman of the Environment, Social, Governance
and Sustainability Development Committee



REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

TO THE SHAREHOLDERS

The Nomination and Remuneration Committee consists of 3 directors, of which two are the independent directors. In 2023, The Company has a director who has passed away, Dr. Panja Senadisai, vacated his duties in June 2023. The Nomination and Remuneration Committee proposed the appointment of Chantima Ongkosit, MD to be a member of the Nomination and Remuneration Committee replacing Dr. Panja Senadisai since July 2023. Therefore, The Nomination and Remuneration Committee is chaired by Mr. Paitoon Taveebhol, an Independent Director, together with Mr. Kanchit Bunajinda, an Independent director, and Chantima Ongkosit, MD, director 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 2023, the Committee met one time with all Committee members attending the meeting. The Committee's operations and important matters were reported to the Board for its acknowledgement, as follows :

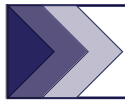
1. The Committee reviewed roles, duties and responsibilities of the Nomination and Remuneration Committee.
2. The Committee reviewed the charter, policy and criteria in regard to the nomination and remuneration of directors, including the criteria and selection procedure, the remuneration structure and 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).
3. Suitable candidates were nominated for appointment as directors to the Board and the 2023 Annual Shareholders' meeting (AGM), and Directors who were retiring by rotation in 2023 were reelected to resume their positions as directors for another term. The AGM approved the appointment of all nominated directors.
4. Suitable candidate was nominated for appointment as director passed away. In July 2023, the committee proposed to appoint Mr. Sant Senadisai to take the position of independent director and replace the director position of Dr. Panja Senadisai, with the remaining term of Dr. Panja Senadisai.
5. 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 2023 AGM, not less than 90 days, between September 9, 2022, and December 31, 2022. However, no candidate was proposed to be nominated as a director.
6. Nominated suitable candidates for appointment as directors to replace the directors who will be retiring by rotation in 2024, and to propose to the Board and the 2024 AGM for consideration.

7. The Committee considered the annual remuneration of year 2023 for the Board, the Audit Committee, Sub-committee and proposed to the Board and the AGM for consideration. The Committee's proposal was endorsed by the 2023 AGM. For the purpose of transparency, the remuneration of Directors was disclosed in this annual report.
8. The Committee evaluated the CEO's performance in 2023, with CEO's participation in goal setting and appraisal method for his performance self-assessment.
9. The Committee acknowledged the result of its self-assessment for 2023. The results of the assessment were used for further improvement of the Committee's performance according to the principles of good governance.
10. The Committee reviewed the current Board structure and the composition of the directors. The Committee was particularly strong in establishing the right size and mix of members of the Board with a good balance of the core skills, knowledge and experience (board skills matrix) align with business strategies for the business to remain effective in achieving the goals.

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 enables the company to drive business growth and minimize risks associated with it. International Standard "COSO ERM" is also being applied to risk management methodology to effectively prevent and reduce risks that might cause the company to fail to achieve its specified goals. At present, there are 5 members of the Enterprise Risk Policy Committee, successfully performed 4 meetings in 2023, comprising details of significant tasks and the risks considered as follows :

1. Reviewed annual corporate risks covering 7 aspects :
 - 1) Strategic Risks
 - 2) Operational Risks
 - 3) Financial Risks
 - 4) Compliance Risks
 - 5) Hazard Risks
 - 6) Information Technology Risks
 - 7) Environment, Social and Governance Risks
2. Analyze & determine preventive countermeasures and/or solutions to mitigate the potential impacts of the protracted Russia-Ukraine conflict which now affects global economic conditions and information system security risks. This is an urgent matter that could cause a serious negative impact on the company's business.
3. Focus and follow up on the status of key risks and review the risk response plans of risk owners.
4. Consider emerging risks that might affect the company's future business such as the risks that could delay the investment in capacity expansion and/or new plant construction, etc.
5. Report risk management results to the Board of Directors on regular basis.

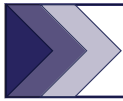
In the following year, the Enterprise Risk Policy Committee will continue to oversee and monitor significant risks management results, to ensure that those risks can be controlled at an acceptable level in order to promote and develop overall organizational capabilities, thus the mission can be achieved as planned.

Mr. Kanchit Bunajinda
Chairman of the Enterprise Risk Policy
Committee

PART

3

FINANCECIAL
REPORT



REPORT ON RESPONSIBILITIES FOR FINANCIAL REPORTS OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS

The Board of Directors of KCE Electronics Public Company Limited is responsible for the Company's financial statements and its subsidiaries, including financial information appeared in the annual report. The financial statements were prepared in accordance with generally accepted accounting principles by applying proper accounting policies and consistently adhering to them. Moreover, the Company carefully exercised discretion with reasonable estimations for such preparation and also disclosed information in Notes to Financial Statements sufficiently. Hence, such financial statements were completely audited and unqualified opinions were expressed by the independent certified public accountant with transparency and beneficially to shareholders and general investors.

The Board of Directors has provided and maintained an appropriate and effective internal control system to reasonably ensure that accounting information is accurate, complete and sufficient to maintain assets as well as to prevent fraud or materially abnormal operations.

The Board of Directors appointed the Audit Committee, comprised of independent directors, who are responsible for the quality of the financial reports and the internal control systems. The Audit Committee expressed the opinions on such matters in the Audit Committee's report as shown in the Form 56-1 One Report.

The Board of Directors was of opinion that the Company's internal control system was sufficient and appropriate. Moreover, it could build reasonable confidence in the reliability of the Company's financial statements for the year ended December 31, 2023.

Mr. Bancha Ongkosit
Chairman of the Board of Directors

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

Financial statements for the year ended
31 December 2023
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 2023, 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 2023 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 including Independence Standards* issued by the Federation of Accounting Profession (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
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. In assessing impairment of goodwill from business combinations, the amount of the CGU to which goodwill belongs 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 of the CGU to which goodwill belongs assessment could vary significantly. Therefore, this is an area of focus for my audit.	My audit procedures included, • understanding, evaluating the design and implementation of controls relating to the process of impairment assessment of goodwill from business combination; • assessed if the Group's identification of the CGU to which goodwill belongs were appropriate; • 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, actions taken to eliminate threats or safeguards applied.

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
13 February 2024

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

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Assets	Note	2023	2022	2023	2022
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	4	1,766,783,801	1,144,528,180	479,388,111	188,569,284
Trade and other current receivables	3, 5	4,378,648,427	4,900,149,501	3,233,993,848	3,661,119,448
Inventories	6	3,792,514,860	4,907,618,627	1,999,573,641	2,655,987,399
Other current financial assets	25	51,418,719	8,370,270	32,395,836	-
Other current assets		75,387,698	118,529,656	31,226,612	43,040,665
Non-current assets classified as held for sale	7	14,670,791	-	-	-
Total current assets		10,079,424,296	11,079,196,234	5,776,578,048	6,548,716,796
<i>Non-current assets</i>					
Investment in associate	8	31,873,080	35,764,117	1,642,115	1,642,115
Investments in subsidiaries	9	-	-	2,849,475,934	2,849,397,111
Contract costs assets	20	368,735,153	384,228,618	355,515,499	365,046,124
Investment properties	10	153,316,660	154,711,713	178,869,437	180,496,999
Property, plant and equipment	11	8,124,497,954	8,864,067,535	5,115,810,846	5,512,631,553
Right-of-use assets	12	29,551,809	14,135,238	12,913,983	14,135,238
Goodwill	13	153,517,054	153,517,054	-	-
Intangible assets	14	130,713,337	169,629,573	55,037,617	69,508,296
Deferred tax assets	22	116,137,015	110,333,843	33,605,795	29,930,237
Other non-current assets		5,551,603	27,897,317	3,280,594	18,237,954
Total non-current assets		9,113,893,665	9,914,285,008	8,606,151,820	9,041,025,627
Total assets		19,193,317,961	20,993,481,242	14,382,729,868	15,589,742,423

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	
		2023	2022	2023	2022
		<i>(in Baht)</i>			
Current liabilities					
Short-term borrowings from financial institutions	15, 25	1,280,499,340	2,172,506,962	570,499,340	1,516,881,905
Trade and other current payables	25	2,728,403,511	3,248,752,674	2,010,982,678	2,617,210,900
Current contract liabilities	7	36,360,000	-	-	-
Current portion of long-term borrowings	15, 25	425,348,096	738,423,026	294,587,924	537,999,770
Current portion of lease liabilities	15, 25	6,279,388	4,159,321	3,780,521	4,159,321
Income tax payable		85,044,796	79,717,874	26,550,429	8,220,392
Total current liabilities		4,561,935,131	6,243,559,857	2,906,400,892	4,684,472,288
Non-current liabilities					
Long-term borrowings	15, 25	502,519,096	903,532,854	495,005,217	648,080,329
Lease liabilities	15, 25	12,580,698	6,108,303	5,653,267	6,108,302
Deferred tax liabilities	22	44,362,870	47,841,670	-	-
Non-current provisions for employee benefits	16	322,637,455	347,131,531	171,580,588	172,223,626
Total non-current liabilities		882,100,119	1,304,614,358	672,239,072	826,412,257
Total liabilities		5,444,035,250	7,548,174,215	3,578,639,964	5,510,884,545

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	2023	2022	2023	2022
<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		591,044,298	590,982,798	591,044,298	590,982,798
Share premium		2,160,858,725	2,156,722,646	2,160,858,725	2,156,722,646
Warrants	18	-	738,677	-	738,677
Retained earnings					
Appropriated					
Legal reserve	19	59,139,680	59,139,680	59,139,680	59,139,680
Unappropriated		10,916,658,370	10,615,582,725	7,992,046,543	7,270,273,419
Other components of equity		(39,189,274)	(33,694,359)	1,000,658	1,000,658
Equity attributable to owners of the parent		13,688,511,799	13,389,472,167	10,804,089,904	10,078,857,878
Non-controlling interests		60,770,912	55,834,860	-	-
Total equity		13,749,282,711	13,445,307,027	10,804,089,904	10,078,857,878
Total liabilities and equity		19,193,317,961	20,993,481,242	14,382,729,868	15,589,742,423

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	
		2023	2022	2023	2022
<i>(in Baht)</i>					
<i>Income</i>					
Revenues from sale of goods and rendering of services	20	16,343,630,238	18,456,340,888	9,510,453,227	10,439,277,353
Dividend income from subsidiaries	9	-	-	1,601,702,263	1,734,602,060
Dividend income from associate	8	-	-	16,271,265	17,360,493
Other income		339,730,781	330,249,085	230,323,770	189,371,453
Total income		16,683,361,019	18,786,589,973	11,358,750,525	12,380,611,359
<i>Expenses</i>					
Cost of sale of goods and rendering of services	21	12,940,633,602	14,254,348,417	7,997,755,094	8,396,764,291
Distribution costs	21	515,168,029	622,977,922	488,072,588	578,020,360
Administrative expenses	21	1,258,968,428	1,365,512,785	634,794,658	654,089,380
Total expenses		14,714,770,059	16,242,839,124	9,120,622,340	9,628,874,031
Profit from operating activities		1,968,590,960	2,543,750,849	2,238,128,185	2,751,737,328
Finance costs		(103,794,020)	(72,079,285)	(69,088,683)	(50,699,390)
Share of profit from investments in associate	8	14,169,662	18,553,130	-	-
Profit before income tax expense		1,878,966,602	2,490,224,694	2,169,039,502	2,701,037,938
Tax expense	22	(131,493,397)	(143,514,517)	(28,760,063)	(12,909,964)
Profit for the year		1,747,473,205	2,346,710,177	2,140,279,439	2,688,127,974
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		(5,494,915)	2,987,217	-	-
Total items that will be reclassified subsequently to profit or loss		(5,494,915)	2,987,217	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on remeasurements of defined benefit plans	16	-	51,557,677	-	12,934,483
Income tax relating to items that will not be reclassified	22	-	(10,311,535)	-	(2,586,897)
Total items that will not be reclassified subsequently to profit or loss		-	41,246,142	-	10,347,586
Other comprehensive income for the year, net of tax		(5,494,915)	44,233,359	-	10,347,586
Total comprehensive income for the year		1,741,978,290	2,390,943,536	2,140,279,439	2,698,475,560

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 31 December		For the year ended 31 December	
		2023	2022	2023	2022
		<i>(in Baht)</i>			
Profit attributable to:					
Owners of the Company		1,719,581,960	2,317,230,051	2,140,279,439	2,688,127,974
Non-controlling interests		<u>27,891,245</u>	<u>29,480,126</u>	<u>-</u>	<u>-</u>
Profit for the year		<u>1,747,473,205</u>	<u>2,346,710,177</u>	<u>2,140,279,439</u>	<u>2,688,127,974</u>
Total comprehensive income attributable to:					
Owners of the Company		1,714,087,045	2,361,463,410	2,140,279,439	2,698,475,560
Non-controlling interests		<u>27,891,245</u>	<u>29,480,126</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,741,978,290</u>	<u>2,390,943,536</u>	<u>2,140,279,439</u>	<u>2,698,475,560</u>
Earnings per share <i>(in Baht)</i>					
Basic earnings per share	23	<u>1.45</u>	<u>1.96</u>	<u>1.81</u>	<u>2.27</u>
Diluted earnings per share	23	<u>1.45</u>	<u>1.96</u>	<u>1.81</u>	<u>2.27</u>

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											
		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)											
		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			
	Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated							
Year ended 31 December 2022													
Balance at 1 January 2022		590,794,798	2,146,465,366	(26,216)	59,139,680	10,620,714,724	(154,597)	(38,558,460)	2,031,481	(36,681,576)	13,380,406,776	61,683,076	13,442,089,852
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
17, 18		188,000	10,257,280	(488,800)	-	-	-	-	-	-	9,956,480	-	9,956,480
18		-	-	1,253,693	-	-	-	-	-	-	1,253,693	-	1,253,693
24		-	-	-	-	(2,363,608,192)	-	-	-	-	(2,363,608,192)	(35,328,342)	(2,398,936,534)
Total contributions by and distributions to owners		188,000	10,257,280	764,893	-	(2,363,608,192)	-	-	-	-	(2,352,398,019)	(35,328,342)	(2,387,726,361)
Total transactions with owners, recorded directly in equity		188,000	10,257,280	764,893	-	(2,363,608,192)	-	-	-	-	(2,352,398,019)	(35,328,342)	(2,387,726,361)
Comprehensive income for the year													
Profit or loss		-	-	-	-	2,317,230,051	-	-	-	-	2,317,230,051	29,480,126	2,346,710,177
Other comprehensive income		-	-	-	-	41,246,142	2,987,217	-	-	2,987,217	44,233,359	-	44,233,359
Total comprehensive income for the year		-	-	-	-	2,358,476,193	2,987,217	-	-	2,987,217	2,361,463,410	29,480,126	2,390,943,536
Balance at 31 December 2022		590,982,798	2,156,722,646	738,677	59,139,680	10,615,582,725	2,832,620	(38,558,460)	2,031,481	(33,694,359)	13,389,472,167	55,834,860	13,445,307,027

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										
Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Translation financial statements	Other components of equity			Total equity
				Legal reserve	Unappropriated		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)	Change in percentage of holding in subsidiaries	Total other components of equity	
Year ended 31 December 2023	590,982,798	2,156,722,646	738,677	59,139,680	10,615,582,725	2,832,620	(38,558,460)	2,031,481	(33,694,359)	13,445,307,027
Balance at 1 January 2023										
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners</i>										
17, 18	61,500	3,355,440	(159,900)	-	-	-	-	-	-	3,257,040
18	-	780,639	(578,777)	-	-	-	-	-	-	201,862
24	-	-	-	-	(1,418,506,315)	-	-	-	-	(1,418,506,315)
	61,500	4,136,079	(738,677)	-	(1,418,506,315)	-	-	-	-	(22,955,193)
Total contributions by and distributions to owners										
	61,500	4,136,079	(738,677)	-	(1,418,506,315)	-	-	-	-	(22,955,193)
Total transactions with owners, recorded directly in equity										
Comprehensive income for the year										
Profit or loss	-	-	-	-	1,719,581,960	-	-	-	-	1,719,581,960
Other comprehensive income	-	-	-	-	-	(5,494,915)	-	-	(5,494,915)	(5,494,915)
Total comprehensive income for the year										
	-	-	-	-	1,719,581,960	(5,494,915)	-	-	(5,494,915)	1,714,087,045
Balance at 31 December 2023	591,044,298	2,160,858,725	-	59,139,680	10,916,658,370	(2,662,295)	(38,558,460)	2,031,481	(39,189,274)	13,749,282,711

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	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve (in Baht)	Retained earnings	Other components of equity Change in percentage of holding in subsidiaries
Year ended 31 December 2022		590,794,798	2,146,465,366	(26,216)	59,139,680	6,935,406,051	9,732,780,337
Balance at 1 January 2022							
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	17, 18	188,000	10,257,280	(488,800)	-	-	9,956,480
Share-based payment transactions	18	-	-	1,253,693	-	-	1,253,693
Dividends	24	-	-	-	-	(2,363,608,192)	(2,363,608,192)
Total contributions by and distributions to owners		188,000	10,257,280	764,893	-	(2,363,608,192)	(2,352,398,019)
Total transactions with owners, recorded directly in equity		188,000	10,257,280	764,893	-	(2,363,608,192)	(2,352,398,019)
Comprehensive income for the year							
Profit or loss		-	-	-	-	2,688,127,974	2,688,127,974
Other comprehensive income		-	-	-	-	10,347,586	10,347,586
Total comprehensive income for the year		-	-	-	-	2,698,475,560	2,698,475,560
Balance at 31 December 2022		590,982,798	2,156,722,646	738,677	59,139,680	7,270,273,419	10,078,857,878

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	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve (in Baht)	Retained earnings	Other components of equity Change in percentage of holding in subsidiaries
Year ended 31 December 2023							
Balance at 1 January 2023		590,982,798	2,156,722,646	738,677	59,139,680	7,270,273,419	10,078,857,878
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of ordinary shares	17, 18	61,500	3,355,440	(159,900)	-	-	3,257,040
Share-based payment transactions	18	-	780,639	(578,777)	-	-	201,862
Dividends	24	-	-	-	-	(1,418,506,315)	(1,418,506,315)
<i>Total contributions by and distributions to owners</i>		61,500	4,136,079	(738,677)	-	(1,418,506,315)	(1,415,047,413)
Total transactions with owners, recorded directly in equity		61,500	4,136,079	(738,677)	-	(1,418,506,315)	(1,415,047,413)
Comprehensive income for the year							
Profit or loss		-	-	-	-	2,140,279,439	2,140,279,439
Total comprehensive income for the year		-	-	-	-	2,140,279,439	2,140,279,439
Balance at 31 December 2023		591,044,298	2,160,858,725	-	59,139,680	7,992,046,543	10,804,089,904

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 31 December		For the year ended 31 December	
	2023	2022	2023	2022
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	1,747,473,205	2,346,710,177	2,140,279,439	2,688,127,974
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	131,493,397	143,514,517	28,760,063	12,909,964
Share of profit of associate accounted for using equity method, net of tax	(14,169,662)	(18,553,130)	-	-
Depreciation for plant and equipment, investment properties and right-of-use assets	1,052,429,231	1,038,932,609	606,994,293	588,094,701
Amortisation	43,137,314	42,968,266	17,983,903	17,795,411
Amortisation on contract costs assets	30,099,774	32,104,548	24,136,934	15,589,915
Reversal of expected credit loss	(11,000)	(40,000)	-	-
(Reversal of) loss on inventories devaluation	(942,621)	60,263,248	(22,034,000)	36,327,484
Loss on sale of unit trust	-	69,631,785	-	-
Loss (gain) on disposal of machinery and equipment	6,392,923	21,279,407	9,108,257	(1,129,211)
Loss from write-off of inventories	35,272,297	29,626,828	21,376,482	25,769,863
Loss from write-off of equipment	2,807,993	4,469,612	824,675	561,970
Reversal of impairment loss on machinery and plant equipment	(1,076,779)	-	-	-
Provision for employee benefit	41,407,072	38,909,133	15,962,621	36,237,007
Unrealised loss on exchange rate and hedging activities	5,152,836	79,306,830	15,720,723	70,461,236
Share-based payment transactions	201,862	1,253,693	123,040	663,594
Dividend received from subsidiaries	-	-	(1,601,702,263)	(1,734,602,060)
Dividend received from associate	-	-	(16,271,265)	(17,360,493)
Interest expense	96,522,105	63,090,653	64,957,172	46,864,134
	<u>3,176,189,947</u>	<u>3,953,468,176</u>	<u>1,306,220,074</u>	<u>1,786,311,489</u>
<i>Changes in operating assets and liabilities</i>				
Trade and other current receivables	400,499,932	(668,378,338)	292,199,939	(395,683,392)
Inventories	1,080,774,091	(156,031,749)	657,071,276	(399,950,100)
Other current financial assets	11,539,192	(2,286,118)	-	-
Other current assets	51,735,227	(31,375,057)	16,011,580	(11,454,158)
Contract costs assets	(14,606,309)	(21,420,046)	(14,606,309)	(21,540,470)
Other non-current assets	4,027,024	30,118,264	(5,000)	(7,743,907)
Trade and other current payables	(354,105,900)	(832,687,099)	(452,390,690)	(131,233,521)
Current contract liabilities	36,360,000	-	-	-
Employee benefit paid	(65,901,148)	(23,817,266)	(16,605,659)	(10,585,527)
Net cash generated from operations	<u>4,326,512,056</u>	<u>2,247,590,767</u>	<u>1,787,895,211</u>	<u>808,120,414</u>
Taxes paid	<u>(112,690,043)</u>	<u>(211,683,093)</u>	<u>(12,899,732)</u>	<u>(12,872,642)</u>
Net cash from operating activities	<u>4,213,822,013</u>	<u>2,035,907,674</u>	<u>1,774,995,479</u>	<u>795,247,772</u>

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 31 December		For the year ended 31 December	
	2023	2022	2023	2022
	(in Baht)			
<i>Cash flows from investing activities</i>				
Cash receipts from unit trust	-	446,646,020	-	-
Proceeds from disposals of machinery and equipment	23,916,935	10,007,094	9,188,432	1,042,665
Acquisition of property, plant and equipment	(443,880,205)	(1,020,686,919)	(261,443,866)	(399,459,151)
Acquisition of intangible assets	(4,221,078)	(1,410,551)	(3,513,223)	(681,969)
Dividend received from subsidiaries	-	-	1,601,702,263	1,734,602,060
Dividend received from associate	16,271,265	17,360,493	16,271,265	17,360,493
Net cash from (used in) investing activities	(407,913,083)	(548,083,863)	1,362,204,871	1,352,864,098
<i>Cash flows from financing activities</i>				
Interest paid	(108,533,966)	(81,825,340)	(77,271,968)	(57,868,497)
Increase (decrease) in short-term borrowings from financial institutions	(897,506,963)	379,122,743	(951,881,905)	424,222,357
Payment of lease liabilities	(27,398,054)	(3,514,096)	(9,978,605)	(3,514,096)
Proceeds from borrowings from financial institutions	146,000,000	453,661,362	146,000,000	308,078,762
Repayment of borrowings from financial institutions	(854,193,350)	(672,640,891)	(537,999,770)	(509,393,009)
Proceeds from capital increase and warrants exercised	3,257,040	9,956,480	3,257,040	9,956,480
Dividend paid	(1,441,461,508)	(2,398,936,534)	(1,418,506,315)	(2,363,608,192)
Net cash used in financing activities	(3,179,836,801)	(2,314,176,276)	(2,846,381,523)	(2,192,126,195)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate	626,072,129	(826,352,465)	290,818,827	(44,014,325)
Effect of exchange rate changes on balances held in foreign currencies	(3,816,508)	5,098,311	-	-
Net increase (decrease) in cash and cash equivalents	622,255,621	(821,254,154)	290,818,827	(44,014,325)
Cash and cash equivalents at 1 January	1,144,528,180	1,965,782,334	188,569,284	232,583,609
Cash and cash equivalents at 31 December	1,766,783,801	1,144,528,180	479,388,111	188,569,284
Supplemental disclosure of cash flows information				
1) Net increase in other current receivables from disposal of machinery and equipment	(112,350)	-	(1,714,000)	(3,995,000)
2) Net increase in trust receipts from purchase of machinery and equipment	5,499,340	-	5,499,340	-
3) Net decrease in other current payables from purchase of machinery and equipment	(130,971,538)	(97,134,422)	(65,224,949)	(77,813,622)
4) Net increase (decrease) in right-of-use assets	18,596,652	3,944,553	6,264,820	(5,104,806)
5) Borrowing costs relating to the acquisition of assets	13,956,301	20,358,968	12,587,975	12,428,468

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 2023

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KCE Electronics Public Company Limited and its subsidiaries

Notes to the financial statements

For the year ended 31 December 2023

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 13 February 2024.

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 Chalongkrung 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok.

The Company’s major shareholders during the financial year were Ongkosit family including APCO CAPITAL PTE. LTD (33% 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 2023 and 2022 are given in note 3 and 9.

2 Basis of preparation of the financial statements

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. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies, described in the notes, have been applied consistently to all periods presented in these financial statements.

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 that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Related parties

A related party is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the group; a person or entity that is under common control or under the same significant influence as the group; or a person or entity over which the group has direct or indirect control or has significant influence over the financial and managerial decision-making.

Relationships with subsidiaries and associates are described in notes 8 and 9. Other related parties which 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.

KCE Electronics Public Company Limited and its subsidiaries

Notes to the financial statements

For the year ended 31 December 2023

<i>Significant transactions with related parties</i> <i>For the years ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	1,169,873	1,711,497
Rendering of service	-	-	124,139	76,769
Rental income	-	-	4,879	7,318
Other income	-	-	12,180	11,097
Purchases of goods	-	-	2,663,086	3,388,828
Purchases of property, plant and equipment	-	-	3,182	11,219
Sales of property, plant and equipment	-	-	8,437	4,371
Dividend income	-	-	1,601,702	1,734,602
Commission expense	-	-	208,237	218,921
Other expenses	-	-	58,498	113,153
Associates				
Sales of goods	-	4,290	-	4,290
Other income	731	695	731	695
Purchases of raw materials	83,660	104,491	57,196	72,077
Purchases of property, plant and equipment	2,739	4,433	2,681	4,433
Dividend income	16,271	17,360	16,271	17,360
Other expenses	6,110	5,368	5,076	3,106
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	151,297	138,107	53,618	50,083
Retirement benefits obligations	2,431	1,858	1,203	508
Total key management personnel compensation	153,728	139,965	54,821	50,591
Balance with related parties At 31 December				
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Trade receivables				
Subsidiaries	-	-	453,375	572,937
Total	-	-	453,375	572,937
Less allowance for expected credit loss	-	-	-	-
Net	-	-	453,375	572,937
Other current receivables				
Subsidiaries	-	-	17,144	19,911
Total	-	-	17,144	19,911
Expected credit losses Year ended 31 December				
	Consolidated financial statements		Consolidated financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Trade receivables	-	-	-	-

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

<i>Balance with related parties</i> <i>At 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Trade payables</i>				
Subsidiaries	-	-	860,494	1,212,999
Associate	21,183	23,814	14,548	15,116
Total	21,183	23,814	875,042	1,228,115
<i>Other payables for purchase of</i> <i>machineries and equipment</i>				
Subsidiaries	-	-	4,869	9,865
Associate	54	1,505	-	1,505
Total	54	1,505	4,869	11,370
<i>Other current payables</i>				
Subsidiaries	-	-	335	86
Total	-	-	335	86

4 Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Cash on hand	460	969	50	50
Cash at banks	1,643,779	1,142,944	479,338	188,519
Others	122,545	615	-	-
Total	1,766,784	1,144,528	479,388	188,569

5 Trade accounts receivables

Accounting policy

A trade receivable is recognised when the group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

	Consolidated financial statements		Separate financial statements	
<i>At 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Within credit terms	3,473,095	3,600,397	2,342,922	2,764,226
Overdue:				
Less than 3 months	791,057	1,116,857	810,943	782,308
3 - 6 months	42,387	74,362	36,941	73,538
6 - 12 months	3,567	6,596	-	5,358
Over 12 months	563	574	-	-
Total	4,310,669	4,798,786	3,190,806	3,625,430
Less allowance for expected credit loss	(563)	(574)	-	-
Net	4,310,106	4,798,212	3,190,806	3,625,430

	Consolidated financial statements		Separate financial statements	
<i>Allowance for expected credit loss</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
At 1 January	574	2,642	-	-
Reversal	(11)	(2,068)	-	-
At 31 December	563	574	-	-

Information of credit risk is disclosed in note 25 (b.1).

6 Inventories

Accounting policy

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, 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 complete and to make the sale.

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Finished goods	1,687,548	2,153,520	912,525	1,280,248
Work in progress	444,019	586,651	334,510	471,677
Raw materials	756,941	1,018,816	236,574	294,340
Factory supplies	617,040	729,006	396,279	450,291
Spare parts	253,224	241,973	123,688	123,115
Goods in transit	161,116	305,969	38,822	101,174
	3,919,888	5,035,935	2,042,398	2,720,845
Less allowance for decline in value	(127,373)	(128,316)	(42,824)	(64,858)
Net	3,792,515	4,907,619	1,999,574	2,655,987

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	12,906,305	14,164,458	7,998,413	8,334,667
- Write-off	35,272	29,627	21,376	25,770
- Write-down to net realisable value (reversal)	(943)	60,263	(22,034)	36,327
Net	12,940,634	14,254,348	7,997,755	8,396,764

Inventories as at 31 December 2023 included finished goods (made to order) of Baht 1,001 million (2022: Baht 975 million) in the consolidated financial statements and Baht 498 million (2022: Baht 597 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.

7 Non-current assets classified as held for sale

Accounting policy

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, buildings and equipments are no longer depreciated.

(a) Property and plant of K.C.E. International Co., Ltd.

On 20 September 2023, K.C.E. International Co., Ltd., a subsidiary, entered into a property sale and purchase agreement with a local company to dispose of its land and buildings, in accordance with a resolution passed by a meeting of the K.C.E. International Co., Ltd.’s Board of Directors on 15 August 2023 and Extraordinary General Meeting of Shareholders on 15 September 2023. The agreement will become effective upon the fulfillment of all the terms and conditions as prescribed in the agreement. The sales of land and buildings shall complete within 90 days from the agreement date. However, this local company requested to extend the time for registration of transfer of land ownership for 60 days from completion date because they are in the process of applying land utilization with industrial estate. Therefore, as at 31 December 2023, the Group classified those assets to non-current assets classified as held for sale. On 21 September 2023, the subsidiary received advance amounting to Baht 36.4 million which has been recognised in current contract liabilities in the statement of financial position.

Details of non-current assets classified as held for sale as at 31 December 2023 was as follows:

	Consolidated financial statements <i>(in thousand Baht)</i>
Assets	
Property and plant	14,671
	14,671

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

8 Investments in associate

Accounting policy

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The Group recognised investments in associates using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Investments in associates in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

The Group translated the financial statements of foreign associates and considers impairment on investments in associates as disclosed in note 9 and 11, respectively.

	<i>Note</i>	Consolidated financial statements Equity Method		Separate financial statements Cost Method	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Associate					
At 1 January		35,764	38,290	1,642	1,642
Share of profit from investments in associate using equity method		14,170	18,553	-	-
Dividend income	3	(16,271)	(17,360)	-	-
Foreign currency translation differences for foreign operations		(1,790)	(3,719)	-	-
At 31 December		31,873	35,764	1,642	1,642

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

Investments in associate as at 31 December 2023 and 2022 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		
		2023	2022	2023	2022	2023	2022	2023	2022	
		(in thousand Baht)								
Associate										
KCE Taiwan Co., Ltd.	(1)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,642	1,642	31,873	35,764
Total							1,642	1,642	31,873	35,764

(1) Foreign raw materials and machinery sourcing representative of the Group

Associate was incorporated and operate in Taiwan.

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

Separate financial statements									
	Ownership interest		Paid-up capital		Cost		Warrant granted to associate's directors and employees		Dividend income
	2023	2022	2023	2022	2023	2022	2023	2022	
	(in thousand Baht)								
Associate									
KCE Taiwan Co., Ltd.	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,642	1,642	-	-	16,271
Total					1,642	1,642	-	-	17,360

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)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		(%)									
		(in thousand Baht)									
KCE Taiwan Co., Ltd.	31 December	49.00	49.00	94,201	108,525	29,958	36,461	129,331	153,411	28,930	37,825
Total				94,201	108,525	29,958	36,461	129,331	153,411	28,930	37,825

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

9 Investments in subsidiaries

Accounting policy

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. Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. In addition, when there is a change in the Group's interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid from the acquisition of the non-controlling interests with no change in control are accounted for as other in shareholders' equity.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. 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.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date. 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 are recognised in other comprehensive income. Foreign exchange differences are accumulated in the translation reserve until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Investments in subsidiaries in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss. The Company considers impairment of investments in subsidiaries as disclosed in note 11.

KCE Electronics Public Company Limited and its subsidiaries

Notes to the financial statements

For the year ended 31 December 2023

Investments in subsidiaries as at 31 December 2023 and 2022, 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				Dividend income		
		2023	2022	2023	2022	employees		Total	2023	2022	2023	2022
						2023	2022					
(in thousand Baht)												
Direct subsidiaries												
KCE Technology Co., Ltd.	(1)	100.00	1,600,000	1,600,000	1,600,000	25,324	25,276	1,625,324	1,625,276	696,000	800,000	
K.C.E. International Co., Ltd.	(1)	99.99	100,000	100,000	185,395	14,477	14,477	199,872	199,872	174,989	219,987	
Chemtronic Technology (Thailand) Co., Ltd.	(2)	94.75	48,000	48,000	227,810	2,356	2,356	230,166	230,166	-	90,960	
Chemtronic Products Co., Ltd.	(2)	94.96	80,000	80,000	75,968	-	-	75,968	75,968	189,920	75,968	
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	250,000	250,000	368,460	15,596	15,565	384,056	384,025	448,800	448,800	
KCE (Thailand) Co., Ltd.	(4)	60.00	3,600	3,600	2,160	1,366	1,366	3,526	3,526	16,632	36,720	
KCE Singapore Pte., Ltd.	(5)	75.00	SGD 500,000	SGD 500,000	168,267	675	675	168,942	168,942	51,666	38,227	
KCE America, Inc.	(5)	70.00	USD 50,000	USD 50,000	161,009	613	613	161,622	161,622	23,695	23,940	
Total					2,789,069	60,407	60,328	2,849,476	2,849,397	1,601,702	1,734,602	
Indirect subsidiaries												
Chemtronic Chemical Co., Ltd.	(2)	93.57	4,800	4,800	-	-	-	-	-	-	-	
CTC Chemical Co., Ltd.	(2)	94.35	4,800	4,800	-	-	-	-	-	-	-	
KCE America Partner Co., Ltd.	(6)	70.00	USD 302,257	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

Accounting policy

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 Group considers impairment of the investment properties as disclosed in note 11.

Depreciation is calculated on a straight-line basis over the estimated useful lives of buildings and improvement of 25 years and recognised in profit or loss. No depreciation charged on freehold land and assets under construction.

Differences between the proceeds from disposal and the carrying amount of investment property are recognised in profit or loss.

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Cost</i>				
At 1 January	167,966	167,966	195,961	195,961
Additions	821	-	957	-
At 31 December	168,787	167,966	196,918	195,961
<i>Depreciation</i>				
At 1 January	13,254	11,072	15,464	12,918
Depreciation charge for the year	2,216	2,182	2,585	2,546
At 31 December	15,470	13,254	18,049	15,464
<i>Net book value</i>				
At 1 January	154,712	156,894	180,497	183,043
At 31 December	153,317	154,712	178,869	180,497
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>The amounts recognised in profit or loss</i>				
Rental income	6,799	7,229	7,830	8,336

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 2022 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. The fair value of investment property has been categorised as a Level 3 fair value.

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11 Property, plant and equipment

Accounting policy

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 capitalised borrowing costs and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

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 when 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 on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

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	5 - 20 years
Vehicles	5 years

Impairment losses

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 in profit or loss if the carrying amount of an asset exceeds its recoverable amount. Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

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<i>Cost</i>											
At 1 January 2022	690,908	2,942,037	12,561,678	804,360	477,728	109,665	84,203	321,233	949,114	28,093	18,969,019
	3,778	19,550	95,820	3,375	10,729	17	5,707	192,518	609,328	(2,302)	938,520
	-	278,577	818,364	113,298	3,032	3,064	10,658	(356,935)	(846,710)	-	23,348
	-	(19,002)	(230,982)	(173)	(5,082)	(102)	(14,531)	-	(3,496)	-	(273,368)
At 31 December 2022											
and 1 January 2023	694,686	3,221,162	13,244,880	920,860	486,407	112,644	86,037	156,816	708,236	25,791	19,657,519
Additions	-	9,786	74,364	7,196	10,915	2,646	2,943	17,919	242,214	(21,434)	346,549
Transfers	-	2,669	344,728	77,365	(470)	360	15,383	(95,418)	(331,703)	-	12,914
Transfers to assets held for sale	(12,000)	(68,927)	(660)	-	-	-	-	-	-	-	(81,587)
Disposals/write-off	-	(3,396)	(969,391)	(1,747)	(42,896)	-	(5,015)	-	(1,032)	-	(1,023,477)
At 31 December 2023	682,686	3,161,294	12,693,921	1,003,674	453,956	115,650	99,348	79,317	617,715	4,357	18,911,918

KCE Electronics Public Company Limited and its subsidiaries

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
						<i>(in thousand Baht)</i>					
<i>Depreciation and impairment losses</i>											
At 1 January 2022	-	1,228,721	7,700,089	459,613	469,616	78,438	53,835	-	-	-	9,990,312
Depreciation charge for the year	-	145,783	802,628	54,631	8,306	10,143	10,754	-	-	-	1,032,245
Transfers	-	-	2	19	(21)	-	7,096	-	-	-	7,096
Disposals/write-off	-	(7,855)	(211,671)	(64)	(4,301)	(28)	(12,283)	-	-	-	(236,202)
At 31 December 2022 and 1 January 2023	-	1,366,649	8,291,048	514,199	473,600	88,553	59,402	-	-	-	10,793,451
Depreciation charge for the year	-	149,368	803,243	62,594	8,867	10,236	12,567	-	-	-	1,046,875
Reversal of impairment loss	-	-	(1,077)	-	-	-	-	-	-	-	(1,077)
Transfers	-	-	90	-	(90)	-	5,598	-	-	-	5,598
Transfers to assets held for sale	-	(66,257)	(659)	-	-	-	-	-	-	-	(66,916)
Disposals/write-off	-	(2,708)	(939,748)	(405)	(42,637)	-	(5,013)	-	-	-	(990,511)
At 31 December 2023	-	1,447,052	8,152,897	576,388	439,740	98,789	72,554	-	-	-	10,787,420
<i>Net book value</i>											
At 31 December 2022	694,686	1,854,513	4,953,832	406,661	12,807	24,091	26,635	156,816	708,236	25,791	8,864,068
Owned assets	694,686	1,854,513	4,953,832	406,661	12,807	24,091	26,635	156,816	708,236	25,791	8,864,068
At 31 December 2023	682,686	1,714,242	4,541,024	427,286	14,216	16,861	26,794	79,317	617,715	4,357	8,124,498
Owned assets	682,686	1,714,242	4,541,024	427,286	14,216	16,861	26,794	79,317	617,715	4,357	8,124,498

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Separate 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
						<i>(in thousand Baht)</i>					
<i>Depreciation and impairment losses</i>											
At 1 January 2022	-	436,115	3,012,371	338,680	70,794	69,051	12,690	-	-	-	3,939,701
Depreciation charge for the year	-	59,248	464,371	41,491	3,697	9,523	2,714	-	-	-	581,044
Transfers	-	-	45	-	(45)	-	7,096	-	-	-	7,096
Disposals/write-off	-	-	(29,331)	-	(695)	-	(4,713)	-	-	-	(34,739)
At 31 December 2022 and 1 January 2023	-	495,363	3,447,456	380,171	73,751	78,574	17,787	-	-	-	4,493,102
Depreciation charge for the year	-	59,390	474,858	48,258	4,639	9,526	4,859	-	-	-	601,530
Transfers	-	-	82	-	(82)	-	5,598	-	-	-	5,598
Disposals/write-off	-	-	(106,453)	-	(502)	-	(4,086)	-	-	-	(111,041)
At 31 December 2023	-	554,753	3,815,943	428,429	77,806	88,100	24,158	-	-	-	4,989,189
<i>Net book value</i>											
At 31 December 2022	362,340	1,027,660	3,088,933	320,307	9,329	52,861	2,953	156,816	466,105	25,328	5,512,632
Owned assets	<u>362,340</u>	<u>1,027,660</u>	<u>3,088,933</u>	<u>320,307</u>	<u>9,329</u>	<u>52,861</u>	<u>2,953</u>	<u>156,816</u>	<u>466,105</u>	<u>25,328</u>	<u>5,512,632</u>
At 31 December 2023	362,340	969,277	2,849,029	352,916	10,716	43,521	1,665	79,317	443,136	3,894	5,115,811
Owned assets	<u>362,340</u>	<u>969,277</u>	<u>2,849,029</u>	<u>352,916</u>	<u>10,716</u>	<u>43,521</u>	<u>1,665</u>	<u>79,317</u>	<u>443,136</u>	<u>3,894</u>	<u>5,115,811</u>

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Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory for the Group and the Company amounted to Baht 13.96 million (2022: Baht 20.4 million) and Baht 12.59 million (2022: Baht 12.4 million), respectively with a capitalization rate of 0.2% - 7.3% (2022: 1.9% - 6.1%) and 0.2% - 7.3% (2022: 1.9% - 6.1%), respectively.

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 2023 amounted to Baht 2,931 million (2022: Baht 3,007 million) for the consolidated financial statements and Baht 796 million (2022: Baht 743 million) for the separate financial statements.

Mortgage and pledge

- 11.1 The Company and its subsidiary, 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 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 December 2023 of Baht 134 million (2022: Baht 138 million), as collateral for loans from banks, as described in Note 15.
- 11.2.2 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 2023 of Baht 188 million (2022: Baht 196 million), as collateral for loans from banks, as described in Note 15.
- 11.2.3 KCE America Partner Co., Ltd has mortgaged its land and construction with a total net book value as at 31 December 2023 of Baht 131 million (2022: Baht 137 million), as collateral for loans from banks, as described in Note 15.

12 Leases

Accounting policy

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

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly 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.

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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 prepaid lease payments, 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 Group by the end of the lease term or 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 Group considers impairment of the right-of-use asset as disclosed in note 11.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. 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 lease modification, or a change in the assessment of options specified in the lease. 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.

Right-of-use assets At 31 December	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Vehicles	28,190	11,411	11,552	11,411
Others	1,362	2,724	1,362	2,724
Total	29,552	14,135	12,914	14,135

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.

Extension options

The Group has extension options on property leases exercisable up to one year before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Amounts recognised in profit or loss				
Depreciation of right-of-use assets:				
- Vehicles	1,977	3,193	1,518	3,193
- Others	1,362	1,313	1,362	1,313

In 2023, total cash outflow for leases of the Group and the Company were Baht 27.4 million and Baht 10.0 million, respectively. (2022: Baht 3.5 million and Baht 3.5 million, respectively)

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13 Goodwill

Accounting policy

Goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment.

Impairment losses

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, the recoverable amount is estimated each year at the same time. An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. 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. Impairment losses in respect of goodwill is not reversed.

	Consolidated financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 1 January	153,517	153,517
At 31 December	153,517	153,517
<i>Impairment losses</i>		
At 1 January	-	-
At 31 December	-	-
<i>Net book value</i>		
At 1 January	153,517	153,517
At 31 December	153,517	153,517

CGUs of goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows.

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<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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Impairment testing for CGUs containing 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	
	2023	2022
	(%)	
Chemtronic Group		
Discount rates	11	15
Terminal value growth rate	0	0
KCE Singapore Pte. Ltd.		
Discount rate	12	17
Terminal value growth rate	0	0
KCE America, Inc.		
Discount rate	11	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 growth rate 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.

14 Other intangible assets

Accounting policy

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. The Group considers impairment of the intangible assets as disclosed in note 11.

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. The estimated useful lives are as follows:

Software licences	3-15	years
Customer relationship	10	years

The amortisation of software licences is allocated to the cost of inventory and is recognised as cost of sales as inventory is sold. The amortisation of customer relationship acquired from business combination is included in administrative expense.

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	Consolidated financial statements		
	Software License	Customer Relationship	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2022	464,830	96,219	561,049
Additions	1,602	-	1,602
Transfers	(177)	-	(177)
Disposals	(4,325)	-	(4,325)
At 31 December 2022 and 1 January 2023	461,930	96,219	558,149
Additions	1,756	-	1,756
Transfers	2,469	-	2,469
Disposals	(11,614)	-	(11,614)
At 31 December 2023	454,541	96,219	550,760
Amortisation and impairment losses			
At 1 January 2022	280,730	68,955	349,685
Amortisation for the year	33,346	9,622	42,968
Disposals	(4,134)	-	(4,134)
At 31 December 2022 and 1 January 2023	309,942	78,577	388,519
Amortisation for the year	33,515	9,622	43,137
Disposals	(11,609)	-	(11,609)
At 31 December 2023	331,848	88,199	420,047
Net book value			
At 31 December 2022	151,988	17,642	169,630
At 31 December 2023	122,693	8,020	130,713

	Separate financial statements	
	Software License	
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2022		230,422
Additions		682
Transfers		(177)
At 31 December 2022 and 1 January 2023		230,927
Additions		1,044
Transfers		2,469
At 31 December 2023		234,440
Amortisation and impairment losses		
At 1 January 2022		143,624
Amortisation for the year		17,795
At 31 December 2022 and 1 January 2023		161,419
Amortisation for the year		17,983
At 31 December 2023		179,402
Net book value		
At 31 December 2022		69,508
At 31 December 2023		55,038

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15 Interest-bearing liabilities

Accounting policy

The Group recognises and measures financial liabilities as disclosed in note 25.

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Current				
Short-term borrowings from financial institutions - secured	515,499	665,625	225,499	280,000
Packing credits - secured	765,000	1,506,882	345,000	1,236,882
Total short-term borrowings from financial institutions	1,280,499	2,172,507	570,499	1,516,882
Current portion of long-term borrowings - secured	425,348	738,423	294,588	538,000
Lease liabilities	6,279	4,159	3,781	4,159
Total current interest-bearing liabilities	1,712,126	2,915,089	868,868	2,059,041
Non-current				
Long-term borrowings - secured	502,519	903,533	495,005	648,081
Lease liabilities	12,581	6,108	5,653	6,108
Total non-current interest-bearing liabilities	515,100	909,641	500,658	654,189
Total	2,227,226	3,824,730	1,369,526	2,713,230
Assets pledged as security for liabilities as at 31 December	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Property, plant and equipment	453,086	470,633	-	-
Total	453,086	470,633	-	-

- 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 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.
- 15.3 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.

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Details of long-term borrowings from financial institutions as at 31 December 2023 and 2022 are as follows:

		Outstanding long-term borrowings amount				Significant terms and conditions of loan agreements			
No.	Contract date	2023		2022		Borrowings period	Interest rate	Principal repayment	Interest repayment
		Current portion	Non-current portion	Total	Non-current portion				
<u>The Company</u>									
<i>(in thousand Baht)</i>									
1.	2 December 2016	-	-	-	24,396	-	Fixed percentage	3 months	1 month
2.	16 August 2018	-	-	-	93,750	-	Fixed percentage	3 months	1 month
3.	23 August 2019	-	-	-	75,000	-	MLR - fixed percentage	3 months	3 months
4.	12 May 2020	-	-	-	15,000	-	THB FIX + fixed percentage	3 months	1 month
5.	1 July 2020	-	-	-	66,667	-	THB FIX 6 months + fixed percentage	3 months	1 month
6.	11 May 2021	20,000	20,000	40,000	20,000	40,000	THB FIX + fixed percentage	3 months	1 month
7.	11 May 2021	188,788	257,305	446,093	190,687	450,580	SOFR + CAS + fixed percentage	3 months	1 month
8.	11 May 2021	52,500	105,000	157,500	52,500	157,500	BIBOR 3M + fixed percentage	3 months	1 month
9.	15 August 2023	-	33,000	33,000	-	-	THOR + fixed percentage	3 months	1 month
10.	7 December 2023	33,300	79,700	113,000	-	-	MLR + fixed percentage	3 months	1 month
Total borrowings of the Company		294,588	495,005	789,593	538,000	648,080			
<u>Subsidiaries</u>									
<u>Chemtronic Products Co., Ltd.</u>									
1.	10 August 2017	-	-	-	1,875	-	MLR - fixed percentage	3 months	1 month
		-	-	-	1,875	-			
<u>KCE Technology Company Limited</u>									
1.	29 March 2021	128,953	-	128,953	173,667	130,251	Fixed percentage	3 months	1 month
		128,953	-	128,953	173,667	130,251			
<u>Thai Laminate Manufacturer Company Limited</u>									
1.	19 November 2021	-	-	-	23,146	115,788	LIBOR 3M + fixed percentage	3 month	1 month
		-	-	-	23,146	115,788			

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No.	Contract date	Outstanding long-term borrowings amount				Significant terms and conditions of loan agreements					
		2023		2022		Borrowings period	Interest rate	Principal repayment	Interest repayment		
		Current portion	Non-current portion	Total	Current portion					Non-current portion	Total
		(in thousand Baht)									
KCE America Partner Company Limited											
1.	15 December 2016	1,807	7,514	9,321	1,735	9,414	11 years 6 months	Fixed percentage	1 month		
		1,807	7,514	9,321	1,735	9,414					
Total borrowings of subsidiaries		130,760	7,514	138,274	200,423	255,453					
Total borrowing of the Company and subsidiaries		425,348	502,519	927,867	738,423	903,533					

As at 31 December 2023, the Group and the Company had all types of unutilised credit facilities totaling Baht 19,216 million and US dollar 42 million (Baht 5,803 million for separate financial statements).

As at 31 December 2022, the Group and the Company had all types of unutilised credit facilities totaling Baht 15,734 million and US dollar 67 million (Baht 1,767 million for separate financial statements).

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16 Non-current provisions for employee benefits

Accounting policy

Defined contribution plan

Obligations for contributions to the Group's provident fund are expensed as the related service is provided.

Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the 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 defined benefit liability during the period as a result of contributions and benefit payments. 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 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.

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Wages and salaries	1,847,167	2,004,349	874,003	959,835
Defined contribution plans	41,655	43,723	13,993	13,676
Defined benefit plans	41,407	38,910	14,680	13,714
Others	463,047	522,202	241,130	272,380
Total	<u>2,393,276</u>	<u>2,609,184</u>	<u>1,143,806</u>	<u>1,259,605</u>

Defined benefit plans

The Company and subsidiaries in Thailand operate 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 plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
At 1 January	347,132	383,597	172,224	159,507
Include in profit or loss:				
Current service cost	31,449	32,953	9,744	11,296
Interest on obligation	9,958	5,957	4,936	2,418
	41,407	38,910	14,680	13,714
Included in other comprehensive income				
Actuarial (gain) loss				
- Financial assumptions	-	(60,930)	-	(25,765)
- Experience adjustment	-	9,372	-	12,831
	-	(51,558)	-	(12,934)
Transfers employee benefits from related party	-	-	1,283	22,523
Benefit paid	(65,902)	(23,817)	(16,606)	(10,586)
	(65,902)	(23,817)	(15,323)	11,937
At 31 December	322,637	347,132	171,581	172,224

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(%)</i>			
Discount rate	3.40	3.40	3.40	3.40
Future salary growth	4.0-6.0	4.0-6.0	4.0-6.0	4.0-6.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

As at 31 December 2023, the weighted-average duration of the defined benefit obligation was 9 years (2022: 9 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 2023				
Discount rate (1% movement)	(28,194)	33,007	(12,237)	14,092
Future salary growth (1% movement)	35,216	(30,550)	15,012	(13,243)
At 31 December 2022				
Discount rate (1% movement)	(28,884)	33,791	(12,482)	14,373
Future salary growth (1% movement)	36,100	(31,344)	15,312	(13,508)

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17 Share capital

Accounting policy

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

<i>Authorised shares at 31 December</i>	Par value per share (in Baht)	2023		2022	
		Number	Amount	Number	Amount
		(thousand shares / in thousand Baht)			
<i>Authorised</i>					
At 1 January					
- ordinary shares	0.5	<u>1,182,794</u>	<u>591,397</u>	<u>1,182,794</u>	<u>591,397</u>
At 31 December					
- ordinary shares	0.5	<u>1,182,794</u>	<u>591,397</u>	<u>1,182,794</u>	<u>591,397</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.5	<u>1,181,966</u>	<u>590,983</u>	<u>1,181,590</u>	<u>590,795</u>
Issue of new shares	0.5	<u>123</u>	<u>61</u>	<u>376</u>	<u>188</u>
At 31 December					
- ordinary shares	0.5	<u>1,182,089</u>	<u>591,044</u>	<u>1,181,966</u>	<u>590,983</u>

Issue of new shares

During the year ended 31 December 2023, the Company issued new shares from the exercise of warrants as follows:

	2023	
	Number	Amount
	(thousand shares / in thousand Baht)	
The exercise of warrants ESOP-W6	<u>123</u>	<u>61</u>
Total	<u>123</u>	<u>61</u>

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.

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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 2023 was Baht 0.2 million for the consolidated financial statements (2022: 1.3 million) and Baht 0.1 million for the separate financial statements (2022: 0.7 million).

Movements of the number of issued and allotted share warrants ESOP-W6 during the year ended 31 December 2023 are summarised below:

	2023	2022
	Number (in thousand unit)	
Warrants issued at 1 January	828	1,204
Add: Warrants issued during the year	-	-
Less: Warrants exercised during the year	(123)	(376)
Less: Warrants cancellation	(705)	-
Warrants issued at 31 December	<u>-</u>	<u>828</u>

During the year ended 31 December 2023, 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
March	123	26.48	3.3	14 March 2023
Total	<u>123</u>		<u>3.3</u>	

Movements of the fair value of share warrants ESOP-W6 during the year ended 31 December 2023 are summarized below:

	2023	2022
	Fair value (in thousand Baht)	
At 1 January	739	(26)
Increase	202	1,254
Exercised during the year	(160)	(489)
Cancellation	(781)	-
At 31 December	<u>-</u>	<u>739</u>

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19 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.

20 Segment information and disaggregation of revenue

Accounting policy

(1) 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. Unallocated items comprise mainly from distribution costs and administrative expenses.

(2) Revenue recognition

Revenue is recognised when a customer obtains control of the goods 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 or other sales taxes and is after deduction of any trade discounts and volume rebates. Revenue in foreign currency are translated into functional currency at exchange rates at the dates of transactions.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognise revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognised over time as the services are provided.

For bundled packages, the Group recognises revenue from sales of products and rendering of services separately 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.

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.

(3) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs. However, the incremental costs of obtaining a contract are expensed when incurred, if the expected amortisation period is one year or less.

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.

The Group considers impairment of the contract cost assets as disclosed in note 11.

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(a) Segment information

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 2023 or 2022.

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 2023 and 2022 is as follows:

Consolidated financial statements											
For the years ended 31 December 2023 and 2022											
Printed Circuit Board business											
	Prepreg and Laminate business		America		Europe		Asia		Total		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	(in thousand Baht)										
Information about reportable segments											
	Revenues from external customers	1,188,956	1,408,020	3,408,537	3,093,860	7,007,519	6,686,318	4,087,520	6,521,396	14,503,576	16,301,574
	Inter-segment revenues	2,275,874	3,104,169	809,420	1,131,844	-	-	2,810,392	3,010,300	3,619,812	4,142,144
	Total revenues	3,464,830	4,512,189	4,217,957	4,225,704	7,007,519	6,686,318	6,897,912	9,531,696	18,123,388	20,443,718
Disaggregation of revenue											
	Revenues from sales	3,446,017	4,504,931	4,217,957	4,225,704	7,007,519	6,686,318	6,688,457	9,261,608	17,913,933	20,173,630
	Revenues from rendering of services	18,813	7,258	-	-	-	-	209,455	270,088	209,455	270,088
	Total	3,464,830	4,512,189	4,217,957	4,225,704	7,007,519	6,686,318	6,897,912	9,531,696	18,123,388	20,443,718
Timing of revenue recognition											
	At a point in time	3,464,830	4,512,189	4,217,957	4,225,704	7,007,519	6,686,318	6,897,912	9,531,696	18,123,388	20,443,718
	Total	3,464,830	4,512,189	4,217,957	4,225,704	7,007,519	6,686,318	6,897,912	9,531,696	18,123,388	20,443,718

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Consolidated financial statements

For the years ended 31 December 2023 and 2022

Printed Circuit Board business

	Prepreg and Laminate business		America		Europe		Asia		Total		Chemical business		Eliminating entries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment operating profit	685,988	645,142							2,783,420	3,678,388	287,355	321,430	(353,766)	(442,968)	3,402,997	4,201,992
Unallocated profit and expenses:									<i>(in thousand Baht)</i>							
Other income															339,730	330,249
Distribution costs															(515,168)	(622,978)
Administrative expenses															(1,258,969)	(1,365,513)
Finance costs															(103,794)	(72,079)
Share of profit from investments in associate															14,170	18,553
Income tax expense															(131,493)	(143,514)
Profit for the year															1,747,473	2,346,710
Segment assets as at 31 December	2,208,917	2,645,789							23,777,347	25,997,275	631,733	650,220	(7,424,679)	(8,299,803)	19,193,318	20,993,481
Segment liabilities as at 31 December	707,779	1,075,648							6,519,943	8,718,908	115,241	143,594	(1,898,928)	(2,389,976)	5,444,035	7,548,174

For the year ended 31 December 2023, the Group had total revenues which were converted to US Dollar amounted to US dollar 472.1 million (2022: US dollar 530.1 million).

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	Separate financial statements							
	Reportable segment							
	Printed Circuit Board business							
	America		Europe		Asia		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	<i>(in thousand Baht)</i>							
<i>For the years ended 31 December</i>								
Disaggregation of revenue								
	2,464,458	2,432,491	5,155,170	5,463,792	1,890,825	2,542,994	9,510,453	10,439,277
Revenues from sales	2,464,458	2,432,491	5,155,170	5,463,792	1,766,686	2,466,225	9,386,314	10,362,508
Revenues from rendering of services	-	-	-	-	124,139	76,769	124,139	76,769
Total	2,464,458	2,432,491	5,155,170	5,463,792	1,890,825	2,542,994	9,510,453	10,439,277
Timing of revenue recognition								
At a point in time	2,464,458	2,432,491	5,155,170	5,463,792	1,890,825	2,542,994	9,510,453	10,439,277
Total	2,464,458	2,432,491	5,155,170	5,463,792	1,890,825	2,542,994	9,510,453	10,439,277

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(b) Geographical information

In presenting geographical information, revenue is based on the geographical location of customers.

(c) Major customer

Revenues from 3 customers of the Group's printed circuit board business segment represents approximately Baht 6,088 million (2022: Baht 5,918 million) of the Group's total revenues.

(d) Contract Balances

The following table provides information about receivable and contract assets from contracts with customer.

		Consolidated		Separate	
		financial statements		financial statements	
		31	31	31	31
	Note	December	December	December	December
		2023	2022	2023	2022
<i>(in thousand Baht)</i>					
Trade accounts receivable - net	5	4,310,106	4,798,212	3,190,806	3,625,430
Contract costs assets		368,735	384,229	355,515	365,046

The amount of amortisation which is included in the consolidated statement of comprehensive income for the year ended 31 December 2023 were Baht 30.1 million (2022: Baht 32.1 million) and the separate statement of comprehensive income for the year then ended were Baht 24.1 million (2022: Baht 15.6 million). There was no impairment loss recognised from the said assets.

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(e) *Promotional privileges*

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	Chemtronic Products Co., Ltd.
1. Certificate No.	1219(2)/2557	62-0056-1-00-1-0
2. Promotional privileges for	Manufacturing of Printed Circuit Board	Recovery of Copper Sulfate
3. The significant privileges are	8 years	8 years
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.	Not granted	Not granted
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
3.3 Exemption from import duty on machinery as approved by the board	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
4. Date of first earning operating income	1 October 2015	27 June 2018
	2 October 2023	16 January 2020

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Details	KCE Technology Co., Ltd.			
	60-0545-1-05-1-0 Manufacturing of Printed Circuit Board	63-1212-1-05-1-0 Manufacturing of Printed Circuit Board	64-1034-1-00-1-0 Manufacturing of Printed Circuit Board	65-0300-1-07-1-0 Manufacturing of Printed Circuit Board
1. Certificate No.				
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.	3 years	4 years	6 years	3 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 (Expired) Not granted	Granted (Expired) Not 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.	1 June 2017	3 November 2020	2 March 2022	1 March 2022
4. Date of first earning operating income				

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Details	Thai Laminate Manufacturer Co., Ltd		
1. Certificate No.	2490(2)/2557	59-1009-1-00-1-0	64-0897-1-00-1-0
2. Promotional privileges for	Manufacturing of Laminate	Manufacturing of Prepreg	Manufacturing of Prepreg
3. The significant privileges are	6 years	7 years	6 years
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.	Not granted	Not granted	Not granted
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.	Granted	Granted	Granted
3.3 Exemption from import duty on machinery as approved by the board	Granted	Granted	Not 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.	27 November 2017	1 December 2017	7 November 2022
4. Date of first earning operating income			

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

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21 Expenses by nature

Accounting policy

The Group recognises expenses as disclosed in note 5-6, 10-12, 14, 16, 20.

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		8,725,105	9,972,251	5,671,752	6,059,115
Employee benefit expenses	16	2,393,276	2,609,184	1,143,806	1,259,605
Utility expenses		1,142,831	1,090,994	656,577	627,897
Depreciation of plant and equipment investment properties and right-of-use assets	10, 11, 12	1,052,429	1,038,933	606,994	588,095
Repair and maintenance expenses		344,453	322,787	183,978	175,866
Commission expense		161,650	180,959	344,891	372,685
Freight charge		70,872	153,912	39,815	104,323
Others		824,154	873,819	472,809	441,288
Total cost of sales of goods, distribution costs and administrative expenses		14,714,770	16,242,839	9,120,622	9,628,874

22 Income tax

Accounting policy

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of 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 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 and joint ventures 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, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

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. 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.

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Income tax recognised in profit or loss

<i>For the years ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Current tax expense</i>				
Current year	140,775	153,470	32,436	14,938
Under provided in prior years	-	864	-	864
	<u>140,775</u>	<u>154,334</u>	<u>32,436</u>	<u>15,802</u>
<i>Deferred tax expense</i>				
Movements in temporary differences	(9,282)	(10,819)	(3,676)	(2,892)
	<u>(9,282)</u>	<u>(10,819)</u>	<u>(3,676)</u>	<u>(2,892)</u>
Total	<u>131,493</u>	<u>143,515</u>	<u>28,760</u>	<u>12,910</u>

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2023 Tax benefit	Net of tax	Before tax	2022 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	-	-	-	51,558	(10,312)	41,246
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,558</u>	<u>(10,312)</u>	<u>41,246</u>

	Separate financial statements					
	Before tax	2023 Tax benefit	Net of tax	Before tax	2022 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	-	-	-	12,935	(2,587)	10,348
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,935</u>	<u>(2,587)</u>	<u>10,348</u>

Reconciliation of effective tax rate

<i>For the years ended 31 December</i>	Consolidated financial statements			
	Rate (%)	2023 <i>(in thousand Baht)</i>	Rate (%)	2022 <i>(in thousand Baht)</i>
Profit before income tax expense		1,878,967		2,490,225
Income tax using the Thai corporation tax rate	20	375,793	20	498,045
Income not subject to tax	(14)	(257,671)	(14)	(355,525)
Expenses not deductible for tax purposes and additional reduction transactions	1	9,532	-	(10,587)
Under provided in prior years	-	-	-	864
Others	-	3,839	-	10,718
Total	<u>7</u>	<u>131,493</u>	<u>6</u>	<u>143,515</u>

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***For the years ended
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	<i>Rate (%)</i>	Separate financial statements	
		2023	2022
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		2,169,040	2,701,038
Income tax using the Thai corporation tax rate	20	433,808	540,208
Income not subject to tax	(19)	(413,025)	(528,399)
Expenses not deductible for tax purposes and additional reduction transactions	-	9,574	356
Under provided in prior years	-	-	864
Others	-	(1,597)	(119)
Total	1	28,760	12,910

Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
Total	123,409	119,521	(51,635)	(57,029)
Set off of tax	(7,272)	(9,187)	7,272	9,187
Net deferred tax assets (liabilities)	116,137	110,334	(44,363)	(47,842)

	Separate financial statements			
	Assets		Liabilities	
	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
Total	41,053	39,171	(7,447)	(9,241)
Set off of tax	(7,447)	(9,241)	7,447	9,241
Net deferred tax assets	33,606	29,930	-	-

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Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2022	Consolidated financial statements (Charged) / Credited to:			At 31 December 2022	At 1 January 2023	Consolidated financial statements (Charged) / Credited to:			At 31 December 2023
		Profit or loss	Other comprehensive income	(in thousand Baht)			Profit or loss	Other comprehensive income	(in thousand Baht)	
Deferred tax assets										
Allowance for decline in value of inventories	9,242	1,277	-		10,519	10,519	3,330	-		13,849
Allowance for expected credit loss	123	(8)	-		115	115	(25)	-		90
Allowance for impairment of assets	26,840	-	-		26,840	26,840	-	-		26,840
Property, plant and equipment	8,600	-	-		8,600	8,600	-	-		8,600
Employee benefit obligations	80,311	3,448	(10,312)		73,447	73,447	583	-		74,030
Total	125,116	4,717	(10,312)		119,521	119,521	3,888	-		123,409
Deferred tax liabilities										
Leases	(11,743)	2,503	-		(9,240)	(9,240)	1,794	-		(7,446)
Property, plant and equipment	(21,300)	649	-		(20,651)	(20,651)	649	-		(20,002)
Intangible assets	(30,088)	2,950	-		(27,138)	(27,138)	2,951	-		(24,187)
Total	(63,131)	6,102	-		(57,029)	(57,029)	5,394	-		(51,635)
Net	61,985	10,819	(10,312)		62,492	62,492	9,282	-		71,774

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	At 1 January 2022	Separate financial Statements (Charged) / Credited to:		Other comprehensive income <i>(in thousand Baht)</i>	Profit or loss <i>(in thousand Baht)</i>	comprehensive income	At 31 December 2023
<i>Deferred tax assets</i>							
Allowance for decline in value of inventories	867	(236)	-		2,267	-	2,898
Property, plant and equipment	8,600	-	-		-	-	8,600
Employee benefit obligations	31,901	626	(2,587)		(385)	-	29,555
Total	41,368	390	(2,587)		1,882	-	41,053
<i>Deferred tax liabilities</i>							
Leases	(11,743)	2,502	-		1,794	-	(7,447)
Total	(11,743)	2,502	-		1,794	-	(7,447)
Net	29,625	2,892	(2,587)		3,676	-	33,606

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	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
<i>Unrecognised deferred tax assets</i>				
Tax losses	269,251	218,957	-	-
Total	269,251	218,957	-	-

The tax losses expire in 2028. 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.

23 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2023 and 2022 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	
<i>For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	1,719,582	2,317,230	2,140,279	2,688,128
Number of ordinary shares outstanding at 1 January	1,181,965	1,181,590	1,181,965	1,181,590
Effect from ordinary shares issued during the year	99	202	99	202
Weighted average number of ordinary shares outstanding (basic)	1,182,064	1,181,792	1,182,064	1,181,792
Earnings per share (basic) (in Baht)	1.45	1.96	1.81	2.27

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2023 and 2022 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	
<i>For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	1,719,582	2,317,230	2,140,279	2,688,128
Weighted average number of ordinary shares outstanding (basic)	1,182,064	1,181,792	1,182,064	1,181,792
Effect of share warrants	-	544	-	544
Weighted average number of ordinary shares outstanding (diluted)	1,182,064	1,182,336	1,182,064	1,182,336
Earnings per share (diluted) (in Baht)	1.45	1.96	1.81	2.27

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24 Dividends

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>Paid in 2023</i>				
Annual dividend	27 April 2023	12 May 2023	0.60	709
Interim dividend	8 August 2023	7 September 2023	0.60	709
<i>Paid in 2022</i>				
Annual dividend	21 April 2022	9 May 2022	1.00	1,182
Interim dividend	9 August 2022	9 September 2022	1.00	1,182

25 Financial instruments

Accounting policy

(1) Classification and measurement

Financial assets and financial liabilities (except trade accounts receivables (see note 5)) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through 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.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

Financial assets and financial liabilities in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions, and the balances at the end of reporting period are translated at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

(2) Derecognition and offset

The Group derecognises a financial asset when the contractual rights to receive 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.

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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.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

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 the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(3) Derivatives

Derivatives are recognised at fair value and remeasured at fair value at each reporting date. 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.

(4) Hedging

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

(5) Impairment of financial assets other than trade accounts receivables

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.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due, significant deterioration in 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 365 days past due.

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(6) Write offs

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.

(7) Interest

Interest income and expense is recognised in profit or loss using the effective interest method. 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.

(8) 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. 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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability 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, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(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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	<i>Note</i>	Consolidated financial statements			
		Carrying amount		Fair value	
		Fair value through profit or loss	Amortised cost - net	Total	(in thousand Baht)
At 31 December 2023					
Financial assets					
Other financial assets:					
Forward currency exchange contracts	27	51,419	-	51,419	51,419
Total other financial assets		51,419	-	51,419	
At 31 December 2022					
Financial assets					
Other financial assets:					
Forward currency exchange contracts	27	8,370	-	8,370	8,370
Total other financial assets		8,370	-	8,370	
	<i>Note</i>	Separate financial statements			
		Carrying amount		Fair value	
		Fair value through profit or loss	Amortised cost - net	Total	(in thousand Baht)
At 31 December 2023					
Financial assets					
Other financial assets:					
Forward currency exchange contracts	27	32,396	-	32,396	32,396
Total other financial assets		32,396	-	32,396	

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The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position:

Type	Valuation technique
Forward exchange contracts	The fair value of foreign currency forward contracts determined the price from an agreement announced by 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.

(b.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.

(b.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.

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The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 160 days. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables/groupings of various customer segments with similar credit risks to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables and contract assets are disclosed in note 5 and 20, respectively.

(b.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 which the Group considers to have low credit risk.

(b.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 exclude contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements					
Contractual cash flows					
At 31 December	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>			
2023					
Non-derivative financial liabilities					
Trade payables	1,941,430	1,941,430	-	-	1,941,430
Other current payables	786,974	786,974	-	-	786,974
Short-term borrowings from financial institutions	1,280,499	1,280,499	-	-	1,280,499
Lease liabilities	18,860	6,279	12,581	-	18,860
Long-term borrowings	927,867	425,348	502,519	-	927,867
	4,955,630	4,440,530	515,100	-	4,955,630
2022					
Non-derivative financial liabilities					
Trade payables	2,325,065	2,325,065	-	-	2,325,065
Other current payables	923,688	923,688	-	-	923,688
Short-term borrowings from financial institutions	2,172,507	2,172,507	-	-	2,172,507
Lease liabilities	10,268	4,159	6,109	-	10,268
Long-term borrowings	1,641,955	738,423	903,532	-	1,641,955
	7,073,483	6,163,842	909,641	-	7,073,483

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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</i>	Carrying amount	1 year or less	<i>(in thousand Baht)</i>		Total
2023					
<i>Non-derivative financial liabilities</i>					
Trade payables	1,524,081	1,524,081	-	-	1,524,081
Other current payables	486,902	486,902	-	-	486,902
Short-term borrowings from financial institutions	570,499	570,499	-	-	570,499
Lease liabilities	9,434	3,781	5,653	-	9,434
Long-term borrowings	789,593	294,588	495,005	-	789,593
	3,380,509	2,879,851	500,658	-	3,380,509
2022					
<i>Non-derivative financial liabilities</i>					
Trade payables	2,050,035	2,050,035	-	-	2,050,035
Other current payables	567,176	567,176	-	-	567,176
Short-term borrowings from financial institutions	1,516,882	1,516,882	-	-	1,516,882
Lease liabilities	10,268	4,159	6,109	-	10,268
Long-term borrowings	1,186,080	538,000	648,080	-	1,186,080
	5,330,441	4,676,252	654,189	-	5,330,441

(b.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

Managing interest rate benchmark reform (IBOR reform)

The Group's main IBOR exposure at 31 December 2023 was indexed to LIBOR. The Group has finished the process of amending contractual terms for all of the LIBOR indexed exposures to incorporate SOFR by 31 December 2023.

(b.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.

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<i>Exposure to foreign currency as at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>United States Dollar</i>				
Cash and cash equivalents	735,306	585,539	122,200	58,514
Trade and other current receivables	3,260,433	3,727,545	2,540,451	2,858,315
Interest-bearing liabilities	(584,367)	(1,235,627)	(446,093)	(676,001)
Trade and other current payables	(1,561,692)	(1,892,327)	(1,286,801)	(1,763,827)
Gross balance sheet exposure	<u>1,849,680</u>	<u>1,185,130</u>	<u>929,757</u>	<u>477,001</u>
<i>Euro</i>				
Cash and cash equivalents	44,892	31,322	29,138	19,748
Trade and other current receivables	524,384	556,672	457,824	532,478
Interest-bearing liabilities	-	(393,149)	-	(393,149)
Trade and other current payables	(16,361)	(16,815)	(48,709)	(23,859)
Gross balance sheet exposure	<u>552,915</u>	<u>178,030</u>	<u>438,253</u>	<u>135,218</u>
<i>Yen</i>				
Cash and cash equivalents	2,083	2,401	616	344
Trade and other current receivables	-	100	5	46
Interest-bearing liabilities	(5,499)	(24,396)	(5,499)	(24,396)
Trade and other current payables	(17,854)	(38,087)	(17,204)	(32,672)
Gross balance sheet exposure	<u>(21,270)</u>	<u>(59,982)</u>	<u>(22,082)</u>	<u>(56,678)</u>
<i>Chinese Yuan</i>				
Cash and cash equivalents	113,227	54,592	73,443	23,358
Trade and other current receivables	133,907	152,285	118,390	84,144
Trade and other current payables	(85,362)	(117,189)	(66,613)	(70,643)
Gross balance sheet exposure	<u>161,772</u>	<u>89,688</u>	<u>125,220</u>	<u>36,859</u>
<i>Singapore Dollars</i>				
Cash and cash equivalents	6,112	5,326	-	-
Trade and other current payables	(410)	(506)	(190)	(494)
Gross balance sheet exposure	<u>5,702</u>	<u>4,820</u>	<u>(190)</u>	<u>(494)</u>
<i>Pound Sterling</i>				
Cash and cash equivalents	634	603	634	603
Gross balance sheet exposure	<u>634</u>	<u>603</u>	<u>634</u>	<u>603</u>
<i>Taiwan Dollars</i>				
Trade and other current payables	(148)	(213)	-	-
Gross balance sheet exposure	<u>(148)</u>	<u>(213)</u>	<u>-</u>	<u>-</u>
<i>Swiss franc</i>				
Trade and other current payables	(7)	-	(7)	-
Gross balance sheet exposure	<u>(7)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

(b.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. The Group is primarily exposed to interest rate risk from its borrowings (see note 15) which are mainly at fixed interest rate; So the Group has low interest rate risk. The sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Group.

<i>Exposure to interest rate risk at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Financial instruments with fixed interest rates</i>				
Short-term borrowings				
from financial institutions	1,280,499	2,172,507	570,499	1,516,882
Long-term borrowings	138,274	433,213	-	118,146
	1,418,773	2,605,720	570,499	1,635,028
<i>Financial instruments with variable interest rates</i>				
Long-term borrowings	789,593	1,208,743	789,593	1,067,934
	789,593	1,208,743	789,593	1,067,934

26 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.

27 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Buildings and other constructions	36,571	43,082	36,571	43,082
Machinery and equipment	49,797	57,273	46,331	39,774
Total	86,368	100,355	82,902	82,856
<i>Future minimum lease payments under non-cancellable services contracts</i>				
Within one year	54,434	57,406	37,344	36,956
After one year but within five years	9,139	55,418	1,080	31,908
Total	63,573	112,824	38,424	68,864

KCE Electronics Public Company Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 December 2023

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Other commitments				
Unrecognised purchase orders for raw materials	811,760	986,306	149,102	203,102
Bank guarantees	42,085	50,139	37,885	45,939
Total	853,845	1,036,445	186,987	249,041

Forward exchange contracts

As at 31 December 2023, the Group had outstanding forward exchange contracts as follows:

	Consolidated financial statements			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)	
<i>Selling contract</i>				
US dollar	27,950	16 January 2024 – 14 May 2024	34.9700 - 36.5700	
EURO	3,549	16 February 2024 – 11 April 2024	37.8300 - 38.7600	

As at 31 December 2022, the Group had outstanding forward exchange contracts as follows:

	Consolidated financial statements			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)	
<i>Selling contract</i>				
US dollar	2,341	23 – 25 January 2023	37.8150 - 38.1600	

As at 31 December 2023, the Company had outstanding forward exchange contracts as follows:

	Separate financial statements			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)	
<i>Selling contract</i>				
US dollar	17,800	31 January 2024 – 14 May 2024	34.9700 - 36.5700	
EURO	3,549	16 February 2024 – 11 April 2024	37.8300 - 38.7600	

As at 31 December 2022, the Company had no outstanding forward exchange contracts.

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
Mr. Bancha Ongkosit ♦ Chairman of the Board of Directors ♦ Chairman of the Executive Board	72	♦ SIAD, SURREY DIP. GRAPHIC DESIGN (Second Class Honours) Reigate College of Arts, England Certification from Thai Institute of Directors (IOD) 2004 ♦ Directors Accreditation Program (DAP)	0.03	Husband of Mrs. Voraluksana Ongkosit Director	2016 - Present	♦ Chairman of the Board	Chemtronic Products Co., Ltd.
					2512 - Present	♦ Director	CTC Chemical Co., Ltd.
						♦ Chairman of the Board	KCE (Taiwan) Co., Ltd.
						♦ Chairman of the Board	Chemtronic Chemical Co., Ltd.
					2007 - Present	♦ Chairman of the Board	Chemtronic Technology (Thailand) Co., Ltd
					2000 - Present	♦ Chairman of the Board	KCE (Thailand) Co., Ltd.
					1995 - Present	♦ Chairman of the Board	KCE Technology Co., Ltd.
					1991 - Present	♦ Chairman of the Board	Thai Laminated Manufacturer Co., Ltd.
					1988 - Present	♦ Chairman of the Board	KCE Singapore PTE.
					1982 - Present	♦ Chairman of the Board	K.C.E. International Co., Ltd.
Mr. Pitharn Ongkosit ♦ Director ♦ Vice Chairman of the Board of Directors ♦ President and Chief Executive Officer ♦ Chairman of Risk Management Committee ♦ Enterprise Risk Policy Committee Member	42	♦ 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 Certification from Thai Institute of Directors (IOD) 2014 ♦ Director Certification Program (DCP)	13.94	Son of Mr. Bancha Ongkosit Chairman of the Board and Mrs. Voraluksana Ongkosit	2019 - Present	♦ Director	Mos Burger (Thailand) Co., Ltd.
					2017 - Present	♦ Director	The Face Shop Co., Ltd.
					2016 - Present	♦ Director	Chemtronic Products Co., Ltd.
					2016 - Present	♦ Director	CTC Chemical Co., Ltd.
					2016 - Present	♦ Enterprise Risk Policy Committee Member	KCE Electronics PCL.
					2016 - Present	♦ Director	KCE America, Inc.
					2014 - Present	♦ Director	KCE Electronics PCL.
						♦ Chairman of Risk Management Committee	
					2014 - Present	♦ Director	KCE Electronics PCL.
					2014 - Present	♦ Director	KCE Singapore PTE.
					2013 - Present	♦ President and Chief Executive Officer	KCE Electronics PCL.
					2012 - Present	♦ Director	KCE (Thailand) Co., Ltd.

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
Chantima Ongkosit, MD ♦ Director ♦ Nomination & Remuneration Committee Member	77	♦ M.D. (1 st Class Honors), Chiangmai University ♦ Diplomate America Board of Psychiatry & Neurology ♦ Residency training in Psychiatry and Neurology, Department of Psychiatry, University of Illinois, Chicago, Illinois, U.S.A. Certification from Thai Institute of Directors (IOD) 2014 ♦ Director Certificate Program update (DCPU) 2008 ♦ Director Certificate Program (DCP) 2004 ♦ Finance for Non-Finance Director (FN) 2004 ♦ Director Accreditation Program (DAP)	0.70	Sister of Mr. Bancha Ongkosit Chairman of the Board	2012 - Present	♦ Director	KCE Taiwan Co. Ltd.
					2012 - Present	♦ Director	Chemtronic Chemical Co., Ltd.
					2012 - Present	♦ Director	Chemtronic Technology (Thailand) Co., Ltd.
					2010 - Present	♦ Director	Thai Lamine Manufacturer Co., Ltd.
					2009 - Present	♦ Director	K.C.E. International Co., Ltd.
						♦ Assistant to Managing Director	
					2009 - Present	♦ Director	KCE Technology Co., Ltd.
						♦ Assistant to Managing Director	
					2023 - Present	♦ Nomination & Remuneration Committee Member	KCE Electronics PCL.
					2003 - Present	♦ Chairman	PAC (Siam) Co., Ltd. (Manarom Hospital)
					1983 - Present	♦ Director	KCE Electronics PCL.
					1983 - 2021	♦ Chairman of the Corporate Governance Committee	KCE Electronics PCL.
					1985 - 2018	♦ Special Lecturer of Psychiatry	Faculty of Medicine at Ramathibodi Hospital, Mahidol University and Somdet Chaopraya Institute of Psychiatry

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
Mr. Paitoon Taveebhol	73	♦ MBA, Kasetsart University Certificate in Auditing, Thammasat University	-	None	2023 - Present	♦ Chairman of the Audit and Corporate Governance Committee	Somboon Advance Technology PCL
♦ Independent Director		♦ B.A. (Accounting), Ramkhamhaeng University				♦ Nomination & Remuneration Committee Member	
♦ Chairman of Audit Committee		Certification from Thai Institute of Directors (IOD)			2021 - Present	♦ Environmental, Social, Governance and Sustainability Development Committee Member	KCE Electronics PCL
♦ Chairman of Nomination & Remuneration Committee		2012 ♦ Anti-Corruption for Executive Program (ACEP)					
♦ Enterprise Risk Policy Committee Member		2010 ♦ Monitoring the Internal Audit Function (MIA)			2020 - Present	♦ Chairman of the Nomination and Remuneration Committee	KCE Electronics PCL
♦ Environmental, Social, Governance and Sustainability Development Committee Member		2010 ♦ Monitoring the System of Internal Control and Risk Management (MIR)			2014 - Present	♦ Enterprise Risk Policy Committee Member	Zen Corporation Group PCL.
		2010 ♦ Monitoring the Quality of Financial RPT (MFR)				♦ Chairman of the Board of Director	
		2010 ♦ Role of the Compensation Committee (RCC)			2012 - Present	♦ Independent Director	KCE Electronics PCL
		2009 ♦ Monitoring Fraud Risk Management (MFM)				♦ Chairman of Audit Committee	
		2008 ♦ Chartered Director Class (R-CDC)			2012 - Present	♦ Independent Director	Easy Buy PCL
		2005 ♦ Audit Committee Program (ACP)				♦ Audit Committee Member	
		2005 ♦ Role of Chairman Program (RCP)			2008 - Present	♦ Independent Director	Somboon Advance Technology PCL
		2003 ♦ Director Certification Program (DCP)			2004 - Present	♦ Board Member	Mater Dei Institute
		2003 ♦ Director Accreditation Program (DAP)					

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
					2016 - 2019	◆ Chairman of the Enterprise Risk Policy Committee	KCE Electronics PCL.
						◆ Nomination and Remuneration Committee Member	
						◆ Chairman of the Risk Management Committee	
					2014 - 2022	◆ Chairman of the Risk Management Committee	Central Pattana PCL.
						◆ Chairman of the Nomination & Remuneration Committee	
					2008 - 2022	◆ Audit and Corporate Governance Committee Member	Somboon Advance Technology PCL.
						◆ Independent director	
						◆ Chairman of the Audit Committee	
					2002 - 2022		Central Pattana PCL.
Mrs. Voraluksana Ongkosit Original surname Tongpradit ◆ Director ◆ Executive Vice Chairperson ◆ Environmental, Social, Governance and Sustainability Development Committee Member	72	◆ PITMAN DIP. BUSINESS & SECRETARIALST. JAMES COLLEGE, ENGLAND Certification from Thai Institute of Directors (IOD) 2014 ◆ Director Certificate Program update (DCPU) 2011 ◆ Financial Statement for Directors (FSD) 2008 ◆ Directors Certification Program (DCP)	0.16	Wife of Mr. Bancha Ongkosit Chairman of the Board	2007 - Present	◆ Director	KCE (Thailand) Co., Ltd.
					2000 - Present	◆ Director	KCE Technology Co., Ltd.
					1995 - Present	◆ Director	Thai Laminare Manufacturer Co., Ltd.
					1991 - Present	◆ Director	KCE Singapore Pte, Ltd.
					1990 - Present	◆ Director	KCE America, Inc.
					1989 - Present	◆ Director	KCE Electronics PCL.
						◆ Environmental, Social, Governance and Sustainability	

ATTACHMENT 1

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
		2004 ♦ Finance For Non-Finance Director (FN) 2003 ♦ Directors Accreditation Program (DAP)			1988 - Present	Development Committee Member ♦ Director	K.C.E. International Co., Ltd.
Mrs. Siriphan Sutanaphan Original surname Ongkosit ♦ Director ♦ Chairman of the Environmental, Social, Governance and Sustainability Develop- ment Committee ♦ Enterprise Risk Policy Committee Member	68	♦ B.A., Chulalongkorn University Certification from Thai Institute of Directors (IOD) 2018 ♦ Risk Management Program for Corporate Leaders (RCL) 2014 ♦ Director Certificate Program update (DCPU) 2008 ♦ Directors Certification Program (DCP) 2004 ♦ Finance for Non-Finance Director (FN) 2004 ♦ Director Accreditation Program (DAP)	0.95	Sister of Mr. Bancha Ongkosit Chairman of the Board	2021 - Present	♦ Chairman of the Environmental, Social, Governance and Sustainability Development Committee ♦ Enterprise Risk Policy Committee Member ♦ Director ♦ Managing Director ♦ Director	KCE Electronics PCL. KCE Electronics PCL. Thai Laminate Manufacturer Co., Ltd. KCE Electronics PCL.
					2022 - Present	♦ Independent Director	Card X Co., Ltd.
					2022 - Present	♦ Director	Koon Tree Holdings Co., Ltd.
					2020 - Present	♦ Chairman of the Enterprise Risk Policy Committee ♦ Nomination and Remuneration Commit- tee Member ♦ Director ♦ Independent Director ♦ Chairman of Risk Policy Committee	KCE Electronics PCL. Bluebik Group PCL
					2020 - Present		
Mr. Kanchit Bunajinda ♦ Independent Director ♦ Audit Committee Member ♦ Chairman of Enterprise Risk Policy Committee ♦ Nomination & Remuneration Committee Member	56	♦ MBA Finance, Sasin Graduate Institute of Business Administration of Chulalongkorn University ♦ B.S of Civil Engineering, Chulalongkorn University Certification from Thai Institute of Directors (IOD) 2023 ♦ Strategic Board Master Class (SBM) 2023 ♦ Role of the Chairman Program (RCP) 2021 ♦ Director Leadership Certification Program (DLCP)	0.01	None			

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
		2009 ♦ Monitoring the Quality of Financial Reporting (MFR) 2009 ♦ Monitoring the Internal Audit Function (MIA) 2009 ♦ Monitoring the System of Internal Control and Risk Management (MIR) 2006 ♦ Audit Committee Program (ACP) 2005 ♦ Directors Accreditation Program (DAP) 2003 ♦ Directors Certification Program (DCP)			2019 - Present	♦ Nomination and Remuneration Committee Member ♦ Independent Director ♦ Chairman of Risk Policy Committee	Central Retail Corporation PCL
					2019 - Present	♦ Director	Kallayanamit Chucherd Co., Ltd.
					2016 - Present	♦ Independent Director	KCE Electronics PCL.
						♦ Audit Committee member	
					2016 - Present	♦ 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
					2014 - 2017	♦ Advisor	Market for Alternative Investment (MAI)
					2021 - Present	♦ President	Muang Thai Life Assurance PCL.
Sutee Mokkhavesa, Ph.D. ♦ Independent Director ♦ Audit Committee Member ♦ Enterprise Risk Policy Committee Member	48	♦ Ph.D. Applied Mathematical Finance, Imperial College, London ♦ MSci. Mathematics, Imperial College, London Certification from Thai Institute of Directors (IOD) 2016 ♦ Director Certification Program (DCP)	-	None		♦ Director	
						♦ Executive Committee Member	
						♦ Risk Management Committee Member	
						♦ Investment Committee Member	

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
					2021 - Present	◆ Product Governance Committee Member	The Thailand Clearing House Co. Ltd. The Thailand Securities Depository Co., Ltd. Thailand Capital Market Development Fund (CMDP) KCE Electronics PCL.
					2021 - Present	◆ Independent Director	
					2021 - Present	◆ Research Committee Member	
					2020 - Present	◆ Independent Director	The Education and Public Welfare Foundation Aigen Co., Ltd. Fuchsia Venture Capital Co., Ltd.
						◆ Audit Committee Member	
						◆ Enterprise Risk Policy Committee Member	
					2020 - Present	◆ Director and Secretary	Faculty of Science, Mahidol University
					2019 - Present	◆ Chairman	
					2017 - Present	◆ Director	
						◆ Executive Committee Member	Thaire Life Assurance PCL.
						◆ Investment Committee Member	
					2017 - Present	◆ Director, Centre of Excellence in Mathematics	
						◆ Independent Director	Thaire Life Assurance PCL.
					2016 - Present	◆ Chairman of Enterprise Risk Management Committee Member	
						◆ Investment Committee Member	

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
					2009 - Present	♦ Advisor to the President	Phatra Leasing PCL.
						♦ Director	
						♦ Executive Committee Member	
						♦ Risk Management Committee Member	
						♦ Investment Committee Member	
					2006 - Present	♦ Credit Sub-Committee Member	Muang Thai Insurance PCL.
						♦ Advisor to the President	
					2006 - Present	♦ Risk Management Committee Member	Government Housing Bank
						♦ Market and Liquidity Risk Consultant	
						♦ GHB Securitization Team	
						♦ GHB Mortgage Insurance Team	
						♦ GHB ALM System Implementation Team	

ATTACHMENT 1

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (year's)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
Mr. Sant Senadisai Independent Director	36	♦ MBA with a concentration in Strategy Sasin Graduate Institute of Business Administration of Chulalongkorn University ♦ Sasin Exchange Program ESSEC Business School, Paris, France ♦ Bachelor's degree Major : International Business Pepperdine University, Malibu, CA Certification from Thai Institute of Directors (IOD) 2023 ♦ Director Certification Program (DCP)	0.006	None	2023 - Present	♦ Independent Director	KCE Electronics PCL.
					2021 - Present	♦ Assistant Administrative Director	Rumjairak Hospital
					2019 - 2021	♦ Operations Manager	Novart Furniture Professionals
					2016 - 2019	♦ AVP Corporate Sales, Global Markets Division	Citibank N.A.
					2013 - 2016,	♦ Corporate Sales, Financial Markets Division	Siam Commercial Bank
Mr. Fredrick Gharapet Ohanian Executive Vice President of Operations	70	♦ B s c in Mechanical Eng. 2023 ♦ Director Certification Program (DCP)	0.06	None	2019 - 2011	♦ Corporate Sales, Financial Markets Division	Siam Commercial Bank
					2013 - Present	♦ Executive Vice President of Operations	KCE Electronics PCL.
Mrs. Wasara Chotithamarat ♦ Senior Vice President of Accounting & Finance ♦ Company's Secretary	58	♦ Master of Business Administration, Faculty of Commerce and Accountancy, Thammasat University ♦ Bachelor of Accountancy, Faculty of Commerce and Accountancy, Thammasat University Certification from Thai Institute of Directors (IOD) 2022 ♦ Company Secretary Program (CSP) 2022 ♦ Ethical Leadership Program (ELP) 2017 ♦ Advanced Audit Committee Program (AACCP) 2009 ♦ Director Certification Program (DCP)	-	None	2000 - Present	♦ Technical advisor	KCE Group Thai Laminate Manufacturer Co., Ltd.
					2022 - Present	♦ Senior Vice President of Accounting & Finance	KCE Electronics PCL.
					2020 - Present	♦ Independent Director ♦ Member of Audit Committee	Lease IT PCL.
					2016 - Present	♦ Independent Director ♦ Member of Audit Committee	OTC Energy PCL.

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Name/Position	Age (year's)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					Period	Position	Organization / Company / Business
Mr. Athasidh Ongkosit Senior Vice President of Information Technology	43	♦ Bachelor of Science Assumption University	5.04	Son of Mr. Bancha Ongkosit Chairman of the Board and Mrs. Voraluksana Ongkosit	2010 - Present	♦ Senior Vice President of Information Technology	KCE Electronics PCL. KCE Group
Mr. Pairoj Tarawatcharasart Vice President of Engineering	59	♦ Bachelor of Industrial Technology King Mongkut's Institute of Technology Ladkrabang	0.11	None	1987 - Present	♦ Vice President of Engineering	KCE Technology Co., Ltd. KCE Group
Mr. Viboon Sunthornwiwath Senior Vice President of Human Resources	57	♦ Master of Science in Human Resource Management (M.Sc. in HRM) Sasin Graduate Institute of Business Administration	0.01	None	2016 - Present 2014 - 2016 2012 - 2014	♦ Senior Vice President of Human Resources ♦ Group Head of Human Resource ♦ Asst. General Manager	KCE Electronics PCL. KCE Group The Cool Co., Ltd. Summit Auto Seats Industry Co Ltd.
Mr. Boonchuan Immaraporn Senior Vice President of Manufacturing Engineer	50	♦ Ph.D. Chemistry, MS Colloids, Polymers and Surfaces Carnegie Mellon University	-	None	2021 - Present	♦ Senior Vice President of Manufacturing Engineer	KCE Electronics PCL.
Mrs. Patcharin Balankura The person supervising accounting	54	♦ Master of Business Administration, Ramkhamhaeng University	0.01	None	2022 - Present	♦ Accounting Depart- ment Manager	KCE Electronics PCL.

Note : * Shareholding in the Company as at December 28, 2023

DETAILS OF THE DIRECTORS OF THE COMPANY AND SUBSIDIARIES

Board of Directors and Management Team		KCE	Subsidiaries								Associate
			KCEI	TLM	KCET	KCETH	CT	KCES	CTP	KCEA	KCETW
Mr. Bancha Ongkosit		X, V, /, //	X, /, //	X, /, //	X, /, //	X, /, //	X, /	X, /	X, /		/
Mr. Pitharn Ongkosit		Y, V, P, /, //	P, /, //	/	P, /, //	/	/	/	/	/	/
Chantima Ongkosit, MD		/									
Mrs. Voraluksana Ongkosit		V, /, //	/, //	/	/, //	/		/		/	
Mrs. Siriphan Suntanaphan		/		P, /, //							
Mr. Paitoon Taveebhol		/, 0									
Mr. Kanchit Bunajinda		/, 0									
Sutee Mookhavesa, Ph.D.		/, 0									
Mr. Sant Senadisai		/									
Mr. Fredrick Gharapet Ohanian		V, //	//	/, //	//						
Mrs. Wasara Chotithammarat		V, //									
Mr. Athasidh Ongkosit		//	//		//					/	
Mr. Viboon Sunthornwiwath		//	//		//						
Mr. Boonchuan Immaraporn		//									

SUBSIDIARIES & ASSOCIATE

[illegible]

Note : Symbol X = Chairman of the Board of Director Y = Vice Chairman of the Board O = Audit committee
 V = Executive Board P = Chief Executive Officer / = Director
 // = Management

KCE	KCE Electronics Public Company Limited	KCEA	KCE America Inc.
KCEI	K.C.E. International Co., Ltd.	KCES	KCE Singapore Pte., Ltd.
KCET	KCE Technology Co., Ltd.	KCETW	KCE Taiwan Co., Ltd.
TLM	Thai Laminate Manufacturer Co., Ltd.	CT	Chemtronic Technology (Thailand) Co., Ltd.
KCETH	KCE (Thailand) Co., Ltd.	CTP	Chemtronic Products Co., Ltd.



DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

HEAD OF INTERNAL AUDIT

The Company's head of internal audit is Miss Chayanee Chaidetkhajorn (Assist Vice President - Internal Audit)

EDUCATION BACKGROUND

Master of Accounting (CPA Extension), Macquarie University, Australia

Bachelor of Accountancy, Chulalongkorn University, Thailand

Bachelor of Economics, Ramkhamhaeng University, Thailand

TRAINING COURSES

2023

- ♦ Workshop Working Paper for Better Corruption Preventive no. 1/66 (organized by Federation of Accounting Professions)
- ♦ E-Learning : Ethics in the Accounting Profession (organized by Department of Business Development)
- ♦ E-Learning : Accounting Information System (organized by Department of Business Development)
- ♦ E-Learning : Cash Flow Statements (organized by Department of Business Development)
- ♦ E-Learning : Financial Statements Analysis (organized by Department of Business Development)
- ♦ E-Learning : Accounting Standards - Property, Plant & Equipment (organized by Department of Business Development)
- ♦ E-Learning : Framework for Financial Reporting (organized by Department of Business Development)
- ♦ E-Learning : Financial Statements in Managerial Decision Making (organized by Department of Business Development)
- ♦ E-Learning : Accounting ... Way to Success (organized by Department of Business Development)
- ♦ E-Learning : Business Writing (organized by Department of Business Development)
- ♦ E-Learning : Basic Understanding of E-Commerce (organized by Department of Business Development)
- ♦ E-Learning : Analytics and Business Plan Preparation for the AEC (organized by Department of Business Development)
- ♦ E-Learning : How to Start Business Professionally (organized by Department of Business Development)
- ♦ E-Learning : E-Commerce Marketing (organized by Department of Business Development)
- ♦ Seminar : Overview of Sustainability Development (ESG) for Management (organized by KCE Electronics Public Company Limited and instructor from Twin P Consulting Co., Ltd.)
- ♦ Webinar : Enhancing Internal Audit Maturity through Digital Resilience - A Roadmap for Success (organized by Wolters Kluwer)
- ♦ Webinar : Assessing the Risk of Corruption to Your Business (organized by United Nations Global Compact)
- ♦ Seminar : ISO 26000 Social Responsibility Requirements (organized by KCE Electronics Public Company Limited and instructor from BSI Group (Thailand) Co., Ltd.)
- ♦ Webinar : CAC Change Agent (organized by Thai Private Sector Collective Action Against Corruption (CAC))
- ♦ Seminar : ESG Overview for Management (organized by KCE Electronics Public Company Limited and instructor from Sustainability Business Development Institute)

DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

- ♦ Seminar : Cyber Security for Automotive Sector - For Management Level (VDA ISA 5.1) (organized by KCE Electronics Public Company Limited and instructor from Digitrans Solution Co., Ltd.)
- ♦ Webinar : Preparing for the Future : ESG and Internal Audit in 2023 (organized by Wolters Kluwer)
- ♦ Webinar : Report on Interest and Policy for Non-public Price-Sensitive Information (organized by Thai Listed Companies Association)

2022

- ♦ E-Learning : Ethics & TFRS for NPAEs (organized by Department of Business Development)
- ♦ E-Learning : Accounting Information System 1 (organized by Department of Business Development)
- ♦ E-Learning : Accounting Information System 2 (organized by Department of Business Development)
- ♦ E-Learning : Cash Flow Statements (organized by Department of Business Development)
- ♦ E-Learning : Financial Statements Analysis (organized by Department of Business Development)
- ♦ E-Learning : Accounting Standards - Property, Plant & Equipment (organized by Department of Business Development)
- ♦ E-Learning : Accounting ... Way to Success (organized by Department of Business Development)
- ♦ E-Learning : Basic Understanding of E-Commerce (organized by Department of Business Development)
- ♦ E-Learning : E-Commerce Marketing (organized by Department of Business Development)
- ♦ E-Learning : Data Analytics for Retailers (organized by Department of Business Development)
- ♦ E-Learning : Strategies to Attract Online Customers (organized by Department of Business Development)
- ♦ E-Learning : Financial Statements in Managerial Decision Making (organized by Department of Business Development)
- ♦ Webinar : Ethics in the Accounting Profession (Facebook Live organized by Federation of Accounting Professions)
- ♦ Lean Supply Chain Strategy (organized by KCE Electronics Public Company Limited and instructors from Purchasing and Supply Chain Management Association of Thailand)
- ♦ ISO22301 : 2019 Business Continuity Management Systems - Requirements (organized by KCE Electronics Public Company Limited and instructors from BSI Group (Thailand) Co., Ltd.)
- ♦ Information Security Awareness (organized by KCE Electronics Public Company Limited and instructors from NTT Data Business Solutions (Thailand) Ltd.)
- ♦ Anti-corruption (organized by KCE Electronics Public Company Limited and instructors from Bunne Business Co., Ltd.)
- ♦ Internal Audit for TISAX and Information Security (TISAX VDA ISA 5.0) (organized by KCE Electronics Public Company Limited and instructors from NTT Data Business Solutions (Thailand) Ltd.)
- ♦ Webinar : Data Analytics and Fraud Detection - A Powerful Combination (organized by Wolters Kluwer)

2021

- ♦ E-Learning : Accounting Information System 1 (organized by Department of Business Development)
- ♦ E-Learning : Ethics & TFRS for NPAEs (organized by Department of Business Development)
- ♦ E-Learning : Financial Statements Analysis (organized by Department of Business Development)
- ♦ E-Learning : Accounting Information System 2 (organized by Department of Business Development)
- ♦ E-Learning : Cash Flow Statements (organized by Department of Business Development)



DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

- ♦ E-Learning : Account vs Profit, which one incurs before? (organized by thaicpdathome.com)
- ♦ Ready for ... Personal Data Protection Act. and recruitment in Human Resource Management (organized by KCE Electronics Public Company Limited and instructors from Dharmniti Seminar and Training Co., Ltd.)
- ♦ Implement data management complying with Personal Data Protection Act. (organized by KCE Electronics Public Company Limited)
- ♦ Sustainability procurement (ISO 20400 : 2010) (organized by KCE Electronics Public Company Limited and instructors from Management System Certification Institute (Thailand))
- ♦ Business ethics complying with RBA (organized by KCE Electronics Public Company Limited)
- ♦ IA RBA : Internal Audit Responsibility Business Alliance (organized by KCE Electronics Public Company Limited)
- ♦ TFRS Update 2021 (organized by KPMG Phoomchai Audit Ltd.) and VAT registration for additional business operation (organized by KPMG Phoomchai Tax Ltd.)



ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

The fixed assets of the Company and its subsidiaries has book value as of December 31, 2023 as follows :



LAND AND BUILDING

OWNERSHIP : OWNED BY THE COMPANY OR SUBSIDIARY

Asset	Location	Area (Rai-Ngan-Square Wah)	Objective	Ownership	Book Value (Million Baht)	Obligation Loan Guarantee (Million Baht)
Land and Construction	48 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	1-3-18	Factory and document storage	KCE Electronics PCL.	Land 1.62 Building 1.67	-
Land and Construction	72/1-2 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	9-1-27	Factory	KCE Electronics PCL.	Land 14.57 Building 10.92	-
Land and Construction	72/3 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	10-2-14	Factory	KCE Electronics PCL.	Land 35.00 Building 1.16	-
Land and Construction	72 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	19-3-71	Office, Factory and Warehouse	KCE Electronics PCL.	Land 113.20 Building 955.52	-
Land	Deed #56362 Kwang Lumplatew Lat Krabang, Bangkok	1-3-19	-	KCE Electronics PCL.	Land 19.95	-
Land and Construction	AZ Cube Building 1-2-9 Kouraku Bunkyo-ku Tokyo, JAPAN	1 Floor	Office for rent	KCE Electronics PCL.	Building 25.55	-
Land	Deed #14590, 14591, 32134 Rojana Industrial Estate Ayutthaya	67-2-91	-	KCE Electronics PCL.	Land 178.00	-
Land and Construction	677 Moo 4 Bangpoo Industrial Estate Samutprakarn	8-0-0	Assets available for sale	K.C.E. International Co., Ltd.	Land 12.00 Building 2.67	-
Land and Construction	70 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	8-2-6	Office and Factory	Thai Laminate Manufacturer Co., Ltd.	Land 27.34 Building 70.92	-
Land and Construction	70/1 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	3-1-16	Office and Factory	Thai Laminate Manufacturer Co., Ltd.	Land 32.61 Building 73.96	-



ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

Asset	Location	Area (Rai-Ngan-Square Wah)	Objective	Ownership	Book Value (Million Baht)	Obligation Loan Guarantee (Million Baht)
Land and Construction	70/2 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	2-2-52	Warehouse	Thai Laminate Manufacturer Co., Ltd.	Land 36.82 Building 49.13	-
Land and Construction	117, 118 Moo 1 Hi-Tech Industrial Estate Ayutthaya	28-2-72	Office, Factory and Warehouse	KCE Technology Co., Ltd.	Land 82.53 Building 194.54	-
Land	Deed # 55796 Hi-Tech Industrial Estate Ayutthaya	11-0-53	Build a factory in the future	KCE Technology Co., Ltd.	Land 37.85	-
Land and Construction	1/28 Moo 5 Amphur Uthai Ayutthaya	3-2-59	Office, Factory and Warehouse	Chemtronic Technology (Thailand) Co, Ltd.	Land 14.59 Building 3.38	-
Land and Construction	1/82 Moo 5 Amphur Uthai Ayutthaya	13-1-86.9 For rent 1,500Sq.M.	Office, Factory and Warehouse	Chemtronic Products Co., Ltd.	Land 57.78 Building 11.37	-
Construction on leased land	1/97 Moo 5 Amphur Uthai Ayutthaya 1/98 Moo 5 Amphur Uthai Ayutthaya	3,963.20 Sq.M. 1,564.30 Sq.M.	Office, Factory and Warehouse	Chemtronic Products Co., Ltd.	Building 21.83 Building 27.01	188
Condominium	1 Sims Lane, #05-11, Singapore 387355.	96.5 Sq.M.	Office	KCE Singapore Pte., Ltd.	Land 27.98 Building 139.13	134
Land and Construction	954 San Rafael Ave., Mountain View, California 94043, U.S.A.	17,250 Sq.Ft.	Office	KCE America Partners LLC.	Land 2.85 Building 128.15	131



OWNERSHIP : LEASE AGREEMENT

Asset	Location	Area	Objective	Ownership
1. Land	Lat Krabang Industrial Estate, Bangkok	3,204 Sq.M.	Factory	Industrial Estate
2. the right to use the land	Lat Krabang Industrial Estate, Bangkok	1,225 Sq.M.	Laying pipes in Industrial Estate	Industrial Estate

ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

DETAILS OF THE LEASE AGREEMENT

Agreement	counterparties	Period	Rental Rate (Baht)
1. Land - Rental	Between KCE Electronics PCL. and Industrial Estate Authority of Thailand	3 years (January 1, 2022 - December 31, 2024)	1. January 1, 2022 - April 30, 2022 Total Baht 103,202 per month 2. May 1, 2022 - May 31, 2022 Baht 104,866 per month 3. June 1, 2022 - December 31, 2024 Baht 113,519 per month and the facility maintenance fee Baht 2,403 per month
2. The right to lay Pipes in the Lat Krabang Industrial Estate and the facility maintenance fee	Between KCE Electronics PCL. and Industrial Estate Authority of Thailand	3 year (January 1, 2023 - December 31, 2025)	Rental fee Baht 114,133 per year and the facility maintenance fee Baht 10,493 per year

INVESTMENT PROPERTIES : LAND AND BUILDING IN JAPAN

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cost	(in thousand Baht)			
At 1 January	167,966	167,966	195,961	195,961
Additions	821	-	957	-
At 31 December	168,787	167,966	196,918	195,961
Depreciation				
At 1 January	13,254	11,072	15,464	12,918
Depreciation charge for the year	2,216	2,182	2,585	2,546
At 31 December	15,470	13,254	18,049	15,464
Net book value				
At 1 January	154,712	156,894	180,497	183,043
At 31 December	153,317	154,712	178,869	180,497

ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
(in thousand Baht)				
The amounts recognised in profit or loss				
Rental income	6,799	7,229	7,830	8,336

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 2022 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. The fair value of investment property has been categorised as a Level3 fair value.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

As a committed adherent to the sustainable development values of the United Nations Global Compact (UNGC), KCE Electronics Pcl. ('KCE') upholds the universal principles of human rights, labor, the environment, and anti-corruption. Our values and commitment to the highest business standards are reflected in the KCE Code of Ethics that outlines the policies and practices, and ethical principles and laws to which KCE adheres. This code of conduct is considered an integral part of the Company's working regulations for all directors, management, and employees of the KCE Group to follow.

KCE is committed to the principle of sustainability and good corporate citizenship. To this end, the Company will support total alignment with international recognized standards, including the Responsible Business Alliance (RBA) and the UN Universal Declaration of Human Rights. We are committed to the following :

- ♦ Operating in full compliance with all relevant laws, rules, and regulations.
- ♦ Providing employees with a safe and healthy workplace.
- ♦ Doing business fairly and upholding the highest standards of business integrity.
- ♦ Creating company value and enhancing shareholder value.
- ♦ Reducing the impact our operations may have on the environment.
- ♦ Promoting CSR practices throughout the supply chain.

It is critical that this code of conduct be put to use in daily interactions with our customers, shareholders, and employees. We also expect our business partners to uphold and convey its values within their organizations as well as with their subcontractors.

The Code is made up of five sections. Sections A, B, and C outline standards for Labor, Health and Safety, and the Environment, respectively. Section D adds standards relating to business ethics. Section E outlines the elements of an acceptable system to manage conformity to this Code.



A. LABOR

KCE is committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, contract, direct employees, and any other type of worker.

The labor standards are :

1. FREELY CHOSEN EMPLOYMENT

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities including, if applicable, workers' dormitories or living quarters. As part of the hiring process, all workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. All work must be voluntary, and workers shall be free to leave work



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

at any time or terminate their employment without penalty if reasonable notice is given as per worker's contract. Employers, agents, and sub-agents' may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents. Workers shall not be required to pay employers' agents or sub-agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

2. YOUNG WORKERS

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Participants shall implement an appropriate mechanism to verify the age of workers. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. In the absence of local law, the wage rate for interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks. If child labor is identified, assistance/remediation is provided.

3. WORKING HOURS

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days.

4. WAGES AND BENEFITS

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

5. HUMANE TREATMENT

There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

6. NON-DISCRIMINATION/NON-HARASSMENT

KCE is committed to a workplace free of harassment and unlawful discrimination. Companies shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests, including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way.

7. FREEDOM OF ASSOCIATION

In conformance with local law, the Company shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.



B. HEALTH AND SAFETY

KCE recognizes that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. We also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

The health and safety standards are :

1. OCCUPATIONAL SAFETY

Worker potential for exposure to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, mitigated using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women and nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

2. EMERGENCY PREPAREDNESS

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment, and property.

3. OCCUPATIONAL INJURY AND ILLNESS

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes, and facilitate the return of workers to work.

4. INDUSTRIAL HYGIENE

Worker exposure to chemical, biological, and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls. If any potential hazards were identified, participants shall look for opportunities to eliminate and/or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

5. PHYSICALLY DEMANDING WORK

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks is to be identified, evaluated, and controlled.

6. MACHINE SAFEGUARDING

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7. SANITATION, FOOD, AND HOUSING

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Company or a labor agent, if any, are to be maintained to be clean and safe, and provided with appropriate emergency



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8. HEALTH AND SAFETY COMMUNICATION

The Company shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise any health and safety concerns without retaliation.



C. ENVIRONMENT

KCE recognizes that environmental responsibility is integral to producing world-class products. The Company shall identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within their manufacturing operations, while safeguarding the health and safety of the public.

The environmental standards are :

1. ENVIRONMENTAL PERMITS AND REPORTING

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed.

2. POLLUTION PREVENTION AND RESOURCE REDUCTION

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.

3. HAZARDOUS SUBSTANCES

Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

4. SOLID WASTE

The Company shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5. AIR EMISSIONS

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances, and combustion byproducts generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge. Ozone depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Participants shall conduct routine monitoring of the performance of its air emission control systems.

6. MATERIALS RESTRICTIONS

The Company adheres to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

7. WATER MANAGEMENT

The Company shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. We shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

8. ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

The Company is to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be tracked, documented, and publicly reported against the greenhouse gas reduction goal. We are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.



D. ETHICS

To meet social responsibilities and to achieve success in the marketplace, KCE and their agents are to uphold the highest standards of ethics including :



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

1. BUSINESS INTEGRITY

The highest standards of integrity are to be upheld in all business interactions. The Company shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

2. NO IMPROPER ADVANTAGE

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring, record keeping, and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3. DISCLOSURE OF INFORMATION

All business dealings should be transparently performed and accurately reflected on the Company's business books and records. Information regarding the Company's labor, health and safety, environmental practices, business activities, structure, financial situation, and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

4. INTELLECTUAL PROPERTY

Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

5. FAIR BUSINESS, ADVERTISING AND COMPETITION

Standards of fair business, advertising, and competition are to be upheld.

6. PROTECTION OF IDENTITY AND NON-RETALIATION

Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers are to be maintained, unless prohibited by law. The Company should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

7. RESPONSIBLE SOURCING OF MINERALS

The Company shall adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

8. PRIVACY

The Company is committed to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers, and employees. Participants are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.



E. MANAGEMENT SYSTEMS

KCE shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

The management system should contain the following elements :

1. COMPANY COMMITMENT

Corporate social and environmental responsibility policy statements affirming KCE's commitment to compliance and continual improvement, endorsed by executive management, and posted in the facility in the local language.

2. MANAGEMENT ACCOUNTABILITY AND RESPONSIBILITY

The Company clearly identifies senior executive and company representative(s) responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management systems on a regular basis.

3. LEGAL AND CUSTOMER REQUIREMENTS

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Code.

4. RISK ASSESSMENT AND RISK MANAGEMENT

A process to identify the legal compliance, environmental, health and safety and labor practice and ethics risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

5. IMPROVEMENT OBJECTIVES

Written performance objectives, targets and implementation plans to improve the Company's social, environmental, and health and safety performance, including a periodic assessment of company's performance in achieving those objectives.

6. TRAINING

Programs for training managers and workers to implement the Company's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements.

7. COMMUNICATION

A process for communicating clear and accurate information about the Company's policies, practices, expectations, and performance to workers, suppliers, and customers.

8. WORKER FEEDBACK, PARTICIPATION AND GRIEVANCE

Ongoing processes, including an effective grievance mechanism, to assess workers' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement. Workers must be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation.

9. AUDITS AND ASSESSMENTS

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code, and customer contractual requirements related to social and environmental responsibility.

10. CORRECTIVE ACTION PROCESS

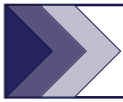
A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

11. DOCUMENTATION AND RECORDS

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

12. SUPPLIER RESPONSIBILITY

A process to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.



POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

CODE OF ETHICS AND ETHICAL STANDARDS

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/charter/20210826-kce-cg-code-of-conduct-en.pdf>

SUSTAINABLE DEVELOPMENT POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20231220-kce-sustainable-development-policy-en.pdf>

STAKEHOLDER ENGAGEMENT POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20231220-kce-stakeholder-engagement-policy-en.pdf>

DISCLOSURE POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20231220-kce-disclosure-policy-en.pdf>

ANTI-FRAUD & CORRUPTION POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20230919-kce-anti-fraud-corruption-policy-en.pdf>

PERSONAL DATA PROTECTION ACT POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20230202-kce-personal-data-protection-act-policy-en.pdf>

INFORMATION SECURITY MANAGEMENT SYSTEM POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20230202-kce-information-security-management-system-policy-en.pdf>

HUMAN RIGHT POLICY AND WORKER PRACTICE

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20231115-kce-human-rights-and-worker-practice-policy-en.pdf>

THE OCCUPATIONAL HEALTH AND SAFETY POLICY

<https://investor.kce.co.th/storage/sustainability/corporate-governance-policy/policy-and-procedure/20230202-kce-the-occupational-health-and-safety-policy-en.pdf>



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