

# KCE

## ELECTRONICS

Public Company Limited



# ANNUAL REPORT

# 2021

(56-1 One Report)



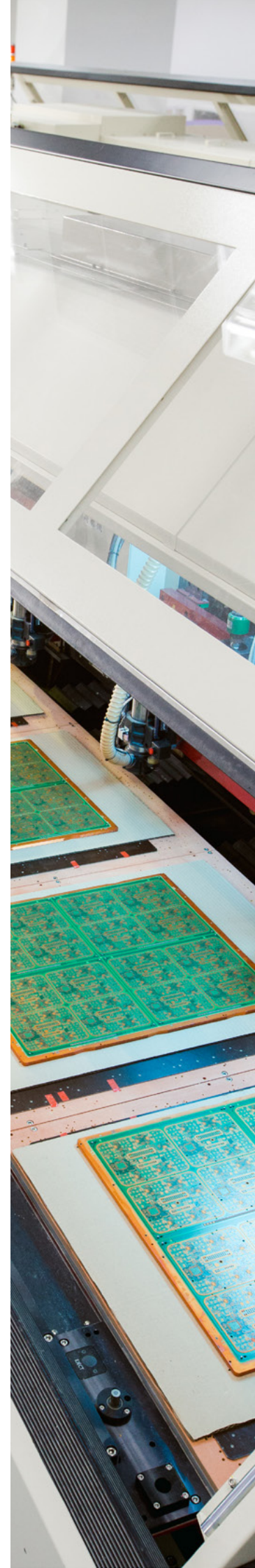
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# ABOUT KCE

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.30, 2021, the Company's registered capital was Bt591,396,798, with paid-up capital of Bt590,794,798.

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. KCE Singapore Pte., Ltd.  
(Since November 1, 2014)
7. Chemtronic Products Co., Ltd.
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

	2021	2020	2019
Total Revenues	15,329.77	11,741.86	12,288.69
EBITDA	3,739.03	2,327.61	2,059.36
Net profit	2,426.28	1,126.79	934.49
Net cash from operating activities	1,735.46	2,260.83	2,327.24
Earnings per share (in Baht)	2.06	0.96	0.80
Weighted average number of shares outstanding* (Thousand Shares)	1,180,286.00	1,173,607.00	1,172,794.00
Number of employees (person)	5,488.00	5,371.00	5,624.00
Total assets	21,950.73	17,377.04	16,501.00
Total liabilities	8,508.64	5,315.02	4,739.06
Total shareholders' equity	13,442.09	12,062.02	11,761.94
Issued and paid up capital	590.79	589.03	586.40
Dividend Payout ratio* (%)	77.91%	83.45%	100.40%

\* The proposed dividend in the 2022 Annual Shareholders' Meeting

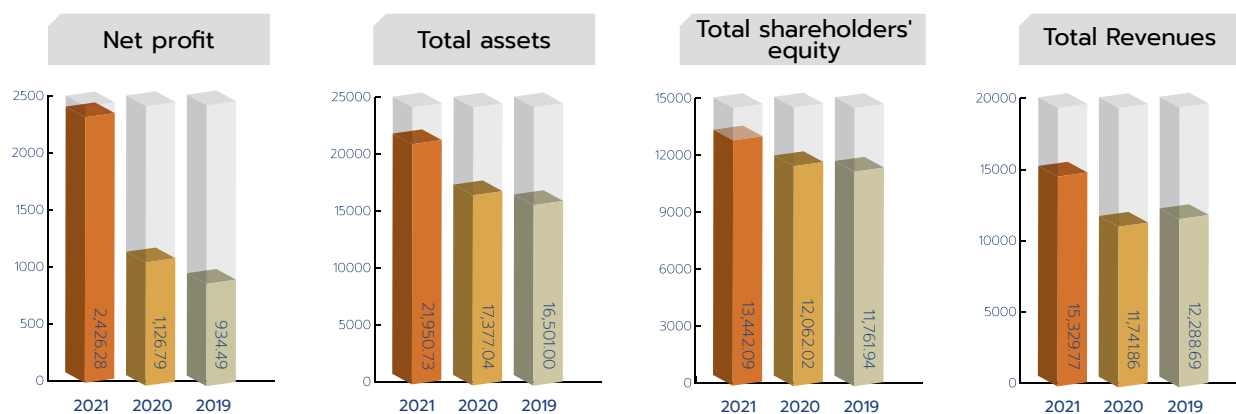
Unit : Million Baht

Financial Data	2021	2020	2019
Total Assets	21,950.73	17,377.04	16,501.00
Total Liabilities	8,508.64	5,315.02	4,739.06
Total Shareholders' Equity	13,442.09	12,062.02	11,761.94
Sales and Service Income	14,937.78	11,527.16	12,097.37
Total Revenues	15,329.77	11,741.86	12,288.69
Gross Margin	3,972.58	2,512.10	2,453.77
Operating profit before interest and tax	2,716.40	1,279.55	1,044.57
Net Profit (Loss)	2,426.28	1,126.79	934.49
Net cash from Operating Activities	1,735.46	2,260.83	2,327.24

Unit : Million Baht

Financial Ratios	2021	2020	2019
Gross Profit Margin / Total Sales	26.59%	21.79%	20.28%
EBIT / Total Sales	18.18%	11.10%	8.63%
Net profit / Total Sales	16.24%	9.78%	7.72%
Return on Shareholders' Equity	18.05%	9.34%	7.95%
Return on Assets	11.05%	6.48%	5.66%
Net cash from operating activities / Sales	11.67%	19.71%	19.24%
Net cash from operating activities/Shareholders' equity	12.97%	18.83%	19.79%
Earning Per Share (Baht)	2.06	0.96	0.80
Dividend Per Share* (Baht)	1.60	0.80	0.80
Book Value Per Share (Baht)	11.39	10.28	10.03

\* The proposed dividend in the 2022 Annual Shareholders' Meeting





# | 2021 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 2021 based on the audited consolidated financial statements for the period ended December 31, 2021. The Group's sales and net profit totalled Bt14,937.8 million and Bt2,426.3 million, respectively, compared to Bt11,527.2 million and Bt1,126.8 million in 2020. A summary of the Company's operating performance in 2021 and 2020 is shown in the following table :

(Amt : in baht millions)

	Y2021	Y2020	%Change Y-o-Y (2021 VS. 2020)	Y2019	%Change Y-o-Y (2020 VS. 2019)
FX : THB/USD	31.8764	30.9757		30.7824	
FX : THB/EUR	37.4456	35.2339		34.3100	
Sales Revenue	14,937.8	11,527.2	+29.59%	12,097.4	-4.71%
Sales Revenue, USD	\$468.6	\$372.1	+25.93%	\$393.0	-5.32%
Cost of Sales	10,965.2	9,015.1		9,643.6	
Gross margin, (%)	26.6%	21.8%		20.3%	
Selling & Administration	1,655.7	1,449.2		1,612.8	
Net Profit	2,426.3	1,126.8	+115.33%	934.5	+20.58%
	16.2%	9.8%		7.7%	

Since the fourth quarter of 2020, the automotive industry recovered due to the easing of the COVID-19 situation, and the market continued to grow strongly in 2021. Customer order bookings returned to above existing capacity and forward delivery schedules extended longer into the year. To cope with the increase in orders, the Company invested in expanding capacity at both the LatKrabang and Ayutthaya plants by a total of 600,000 square feet per month which was expected to become available in mid-2021. The new production capacity was not available until the fourth quarter, however, which caused an ongoing backlog especially of HDI products.

Later in the year, the third wave of COVID-19 spread further and led to local lockdown restrictions, which seriously impacted the Company's operations in the month of June. In 3Q21, there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut down for 10 days from late June to early July. In addition, the price of copper rose, and the chip shortage and logistics problem caused shipments to be delayed.

However, sales revenue grew resulting mainly from better efficiency that led to an improved gross profit margin; an increase in product selling prices that fully took effect in the third quarter; and the THB weakening.

As a result, the Group reported consolidated sales revenue of Bt14,937.8 million in 2021, representing growth of 29.59% Y-o-Y, and a consolidated net profit of Bt2,426.3 million, representing an increase of 115.3% Y-o-Y.

## PERFORMANCE HIGHLIGHTS

### Sales Revenue

Consolidated sales revenue in Thai baht terms increased from Bt11,527.2 million in 2020 to Bt14,937.8 million in 2021, representing a growth of 29.59% Y-o-Y, while sales revenue in USD terms increased by 25.93% Y-o-Y to USD468.6 million.

The Y-o-Y increase in revenue was due mainly to a 23.35% increase in sales volume of PCBs, as production output continued to ramp up following an aggressive booking of customer orders and a change in product mix, particularly of special grade products. A continual rise in the price of copper since the beginning of the year had led to an increase in selling prices of products that took effect in May 2021. In addition, the weakened THB against the US dollar in the period resulted in a gain in revenue recognition in Thai Baht terms of Bt393.63 million in Y-o-Y. Nevertheless, sales revenue was adversely impacted by unrealized consignment sales of Bt470.1 million, an ongoing backlog of orders at the end of the year, the chip shortage, and a delay in shipments caused by the shortage of shipping containers.

The outbreak of the third wave of COVID-19 led to lockdown restrictions, which had a major impact on the Company's operations in the third quarter and caused a delay in machine installation of an increase in capacity of HDI.

### Cost of Sales and Gross Profit

In 2021, the cost of sales decreased considerably to 73.4% from 78.2% in 2020, which resulted in the gross profit margin increasing to 26.6% of sales from 21.8% the previous year.

The widened gross profit margin followed a full production capacity utilization, which reflected a firm recovery of order bookings Q-o-Q and in the entire year. However, in 3Q21 there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut down for 10 days in late June to early July. Even though the business gradually returned to normal in September, this resulted in a continued higher cost of goods in the second half of 2021.

Meanwhile, new selling prices that took effect in May 2021 that helped compensate for the high cost of goods sold in relation to the increased price of copper and the Thai baht's depreciation, all supported the widening of gross profit margin.

### Sales and Administrative Expenses

Selling, general, and administrative expense amounted to Bt1,655.7 million in 2021, or 11.08 % of sales, an increase from Bt1,449.2 million the previous year. Selling expense, such as freight costs and sales commissions, increased in line with higher sales. The increase in administrative expense related mainly to staff costs and R&D expense. In addition, expense was recognized for the subscription of share warrants (ESOP-W6) in the amount of Bt4.2 million and for COVID protection measures amounting to Bt35.6 million in 2021.



## Net Profit

The Group reported a consolidated net profit of Bt2,426.3 million for 2021, representing an increase of 115.3% Y-o-Y. Normalized profit in 2021 totalled Bt2,272.2 million, which excluded a foreign exchange gain of Bt189.7 million and a one-off expense related to COVID protection measures of Bt35.6 million, compared to Bt1,093.9 million the previous year, representing an increase of 107.7% Y-o-Y.

The improvement in profitability was driven by revenue growth that resulted from higher sales and a reduction in the cost of goods sold that led to a higher gross profit margin. Moreover, an adjustment of selling prices that took place in the second quarter the weak THB and a decline in the LME price of copper, all eventually helped improve the Group's consolidated operating results.

In addition, in 2021 the Group set aside an impairment provision in the amount of Bt4.6 million for the assets of a subsidiary company that was temporarily closed (KCE International), a provision for share warrants (ESOP-W6) in the amount of Bt4.2 million, and a Corporate income tax provision in the amount of Bt156.2 million.

This resulted in an increase in basic earnings per share from Bt0.96 for 2020 to Bt2.05 for 2021.

## Total Assets

Total assets as of December 31, 2021, amounted to Bt21,950.7 million, consisting of current assets of Bt11,794.0 million; property, plant and equipment of Bt8,978.7 million net; intangible assets of Bt211.4 million; contract costs assets of Bt394.9 million; investment property of Bt156.9 million; goodwill of Bt153.5 million; investments in associates of Bt38.3 million; deferred tax assets of Bt113.4 million; and other non-current assets of Bt109.6 million.

An increase in assets of Bt4,573.7 million from Bt17,377.0 million at the end of 2020, was due mainly to a decrease in cash of Bt376.6 million, an increase in the value of trade receivable and other receivable of Bt1,219.9 million, an increase in inventory of Bt2,247.0 million, an increase in other current financial asset of Bt511.3 million, an increase in contract costs of Bt20.9 million, an increase in other non-current assets of Bt78.9 million and an increase in the value of property, plant and equipment of Bt872.0 million.

## Total Liabilities

Total liabilities increased from Bt5,315.0 million at the end of 2020 to Bt8,508.6 million as of December 31, 2021; short-term debt increased, and long-term loan increased for additional investment in the period; trade and other current payables increased due to higher purchase to support the increased production.

As of December 31, 2021, Net Interest-bearing Debt to Equity was 0.27 times as a result of higher debts and higher equity.

## Shareholders' Equity

As of December 31, 2021, shareholders' Equity was Bt13,442.1 million, an increase of Bt1,380.1 million, due mainly to operating profit from the period, dividend payment and an additional paid-up capital from subscribed ESOP warrant.

## BUSINESS OUTLOOK

KCE is one of the world's top 10 PCB suppliers to the Automotive Electronics Market, the size of which exceeded USD 240 billion in 2020 and is estimated to grow at over 6% CAGR between 2021 and 2027. In particular, KCE is a supplier to the fast-growing electric vehicle (EV) market. The EV market is expected to reach a value of USD 725.14 billion by 2026, registering a CAGR of around 27.19% during 2021-2026. Vehicle electrification stimulates demand for PCBs.

A regular gasoline engine car, utilizes approx. 0.5 sqm to 0.7 sqm of PCB. High end cars use 1.0 sqm to 2.0 sqm of PCB. An EV car uses 2.0 to 3.0 sqm of PCB. Differing from conventional gasoline engined cars, EV's need PCB-based power systems like DC-DC inverters, on-board chargers, power management systems and motor controllers, which directly boosts demand for PCBs. Examples include the Tesla Model 3, a model with total PCB requirements of 6.25 times that of conventional gasoline engined cars.

The COVID-19 outbreak has impacted the automotive industry due to the shutting down of different manufacturing facilities and supply chain disruption. The fall in demand from consumers resulted in numerous automakers cutting down their production capabilities for gasoline cars. However, from mid 2021, many automotive OEMs have revamped their production facilities by increasing their investments in auto electronics market, electric vehicles, and autonomous technologies.

The COVID pandemic has continued to accelerate the proliferation of new electric cars (EVs), rather than slow it down. Several European countries have adopted aggressive targets for switching to 100% EV new sales ranging from 2025, 2030, or 2035. Norway still leads the way, with 65% of new cars in 2021 being fully electric. So far in 2022, Norway's new EV registrations have hit a record of 84% of new cars sold. Sweden is not that far behind at 45%, Germany 26%, the UK and France at 19%. China is now at 15%.

The growth in EV's is driving increased demand for PCB's, but this is not the only growth driver. EU Safety legislation and Vehicle intelligence requirements pushes up the requirement for PCBs. As consumers demand safer, more comfortable, more intelligent automobiles, new model vehicles are being electrified, digitalized and intelligent. Automated Driver Assistance Systems (ADAS) need many PCB-based components such as sensors, controllers and safety systems. ADAS Vehicle intelligence therefore directly spurs demand for PCBs which KCE currently supplies to many of its Automotive customers. There are 10 ADAS systems that will become mandatory fitments on new automobiles in Europe from 2022, including; Automatic emergency braking; Lane keeping systems; Reverse detection for all vehicles; and Intelligent speed assistant for all vehicles. All these systems are complex electronic systems requiring high tech and high value PCB's. The average intelligent vehicle carries multiple cameras and radars to enable ADAS driving assistance functions. For example, Tesla's Model 3 is again a leading example and packs in 8 cameras, 1 radar and 12 ultrasonic sensors. This is a typical of new generation EV cars and regular gasoline powered cars that need to be compliant with new safety laws and to meet consumers demands for ADAS vehicle intelligence.

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



The global PCB market is estimated to have reached 74.4 Billion USD in 2021 and PCB market growth for 2020 to 2025 is conservatively estimated at 5.8% CAGR. Because of the rapid growth of the PCB market, KCE has embarked on the construction of a new PCB production facility. The plant will be built on the Rojana Industrial Estate near Bangkok in Thailand. Once finished, the new plant will double KCE's current output elevating KCE's world rankings from a top 40 PCB manufacturer to being one of the top 20 PCB manufacturers in the world. First production of the new plant is anticipated to commence in 2023.

KCE Group successfully increased revenue and earnings in a difficult, and at times, challenging year. At the start of the Covid Pandemic, KCE and Thailand was relatively Covid free, but this changed dramatically third quarter 2021 with the onset of the Delta Virus in Thailand and then in the KCE factories. Due to a strict regime of COVID testing and quarantine, rapidly implemented by KCE management and supported by KCE staff, KCE was able to control the impact of Covid and to maintain factory production output. The Board of Directors would like to thank its staff, customers, shareholders, suppliers and business partners for their support during what has proven to be a very challenging 2021.



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

# | REPORT OF THE AUDIT COMMITTEE

## To the Shareholders

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

In 2021, the Audit Committee met 4 times. The executive management did not attend any of the meetings. At each session, the Committee consulted with an external auditor, the chief of the internal audit unit and the accounting director, and also provided candid and independent views and recommendations. The Committee reported the results of its audits of the Company's business operations to the Board on a quarterly basis, with a summary of its performance, as follows :

### The accuracy, completeness and reliability of financial reports

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

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

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

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



## Oversight of Anti-Corruption

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

## Transactions that may cause conflicts of interests

The Audit Committee reviewed the financial reports and significant financial activities among the Company's subsidiaries and associated companies with a particular focus on connected transactions as well as transactions that may lead to conflicts of interests, to ensure they are in compliance with the applicable laws and regulations of the Stock Exchange of Thailand. Additionally, the external auditor was requested to undertake a full review of these connected transactions occurred during 2021, in a quarterly basis. The Audit Committee concluded that these related-party transactions were part of the company's normal course of business and based on regular commercial terms, sensible and fair conditions and were undertaken for the maximum benefit of the Company.

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

The Committee assessed the independence of the external auditor and its performance in 2021 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 2022, 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 2022. 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 2022.

## 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 2021, 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 2021, 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 comprises of three directors : Chairperson Mrs.Siriphan Suntanaphan and committee members Mrs.Voraluk Ongkosit and Mr.Paitoon Taveebhol. The Committee performed its duties according to the scope and responsibilities as assigned by the Board. In 2021, the Committee met two times to consider and follow up the operations of the ESG and anti-corruption, and provided suggestions in compliance with the principles of good corporate governance. The Committee regularly provided a summary of its performance to the Audit Committee and the Board. A summary of the Committee's performance in 2021 is as follows :

1. The Committee reviewed preparations for the 2021 Annual General Meeting of Shareholders (AGM) and provided necessary suggestions to ensure that the Meeting was well organized, transparent, efficient and carried out in accordance with the criteria of good corporate governance and in line with the Stock Exchange of Thailand's AGM checklist. As a result, the Thai Investors Association and the Stock Exchange of Thailand rated the Company's AGM that was held in past consecutive years as "excellent."

2. The Committee stipulated the conditions and timeframe for Shareholders to propose agenda items as well as qualified candidates to be nominated for election to the Board of Directors for the 2022 AGM in advance between September 8, 2021, and December 31, 2021.

3. The Committee reviewed the results of last year's performance regarding the ESG's operations and considered and endorsed its operational plan for 2022 that placed importance on the Environment, Social and Governance in order to ensure the sustainability of the corporate.

4. The Company achieved an "Excellent" corporate governance score in the 2021 annual survey for the seventh consecutive year.

5. The Committee reviewed the reporting of the Annual Registration Statement/Annual Report (56-1 One Report) for 2021 to ensure that information was completely disclosed and complied with good corporate governance guidelines. The Committee plans to prepare its SD Report in 2022.

6. The Committee determined the Company's policy regarding the Environment, Social, Governance and Sustainable Development. The ESG topic was proposed to be added as among the main targets in the Company's 5-year business plan. The Committee initiated a long-term ESG project that focuses on reducing greenhouse gas emissions.

7. The Company modified the KCE Group Code of Conduct in accordance with the RBA Code of Conduct (Responsible Business Alliance) and participated in the RBA Validated Assessment program in 2021.



8. The Committee reviewed and advised the team responsible for anti-corruption training in regard to various activities to create a corporate culture that values honesty, transparency, and anti-corruption.

9. The Committee reviewed the anti-corruption measures that were implemented in 2021 and endorsed an action plan regarding anti-corruption for the year 2022.

10. In December 2021, Thailand's private sector Collective Action Coalition (CAC) approved the extension of the Company's certification as a CAC member in the second round. The extension will last for another three years after the approval date.

11. There was a risk assessment process and adequate risk management to respond to the COVID-19 outbreak, which deemed that the Company was able to effectively control the situation.

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



Mrs. Siriphan Suntanaphan  
Chairperson of the ESG and Sustainability  
Development Committee

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

## To the Shareholders

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

In 2021, the Committee met three times with all Committee members attending each meeting. The Committee's operations and important matters were reported continuously to the Board for its acknowledgement, as follows :

1. The Committee reviewed roles, duties and responsibilities of the Nomination and Remuneration Committee

2. The Committee reviewed the policy and criteria in regard to the nomination and remuneration of directors, including the criteria and selection procedure, the remuneration structure and other benefits, in line with their duties and responsibilities, and considering information in reference to other companies in the same industry, including the report on the remuneration of directors surveyed by the Thai Institute of Directors (IOD).

3. Suitable candidates were nominated for appointment as directors to the Board and the 2021 Annual Shareholders' meeting (AGM), and Directors who were retiring by rotation in 2021 were reelected to resume their positions as Directors for another term. The AGM approved the appointment of all nominated Directors.

4. The Committee promoted, supported and provided opportunities for minor shareholders to jointly manage and propose any suggestions regarding

the Company's business. The Committee allowed minor Shareholders to propose an agenda item as well as a qualified candidate to be nominated for election to the Board of Directors in advance of the 2020 AGM, not less than 90 days, between September 10, 2020, and December 31, 2020. However, no candidate was proposed to be nominated as a Director.

5. The Committee considered the remuneration of the Board, the Audit Committee and Sub-committee for 2021 and proposed this to the Board and the AGM for consideration. The Committee's proposal was endorsed by the 2021 AGM. For the purpose of transparency, the remuneration of Directors was disclosed in the annual report.

6. Evaluated the CEO's performance in 2021, with CEO's participation in goal setting and appraisal method for his performance self-assessment.

7. The Committee acknowledged the result of its self-assessment for 2021. The results of the assessment were used for further improvement of the Committee's performance according to the principles of good governance.

8. The Nomination and Remuneration's Charter was reviewed and updated once a year.

9. Nominated suitable candidates for appointment as directors to replace the directors who will be retiring by rotation in 2022, and to propose this to the Board and the 2022 AGM for consideration.

10. The Committee considered the remuneration of the Board, the Audit Committee, the Nomination and Remuneration Committee, the ESG and Sustainability Development Committee and the Enterprise Risk Policy Committee for 2022, and to propose this to the Board and the 2022 AGM for consideration.

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



Mr. Paitoon Taveebhol  
Chairman of the Nomination and  
Remuneration Committee

# REPORT OF THE ENTERPRISE RISK POLICY COMMITTEE

## To the Shareholders

Sustainable risk management has been an essential management tool for KCE Electronics Public Company Limited throughout the years. It has enabled the Company to drive business growth and minimize risks associated with it. The Company has applied COSO ERM standard as risk management tool to be effective in preventing and reducing risks that may cause the organization to not meet the specified goals. At present, the Enterprise Risk Policy Committee consists of 6 members. Under the supervision of the Enterprise Risk Policy Committee In 2021, the Enterprise Risks Policy Committee held a total of 4 meetings comprising the following details :

1. Reviewed annual corporate risk issues of five key risks : strategic, operational, financial, compliance, and hazard risks. Details about each of these present under "Risk Factors".

2. Consider the emerging risk, which the risk arising from the effects of the COVID-19 epidemic.

3. Focus and follow up on key risks and reviewed risk response plans of risk owners.

4. Consider emerging risks that may affect the Company's business in the future.

5. To report risk management result to the Board of Directors on a regular basis.

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



Mr. Kanchit Bunajinda  
Chairman of the Enterprise Risk Policy Committee



# BOARD OF DIRECTORS



**Mr. Bancha Ongkosit**

Chairman of the Board of Directors  
Chairman of the Executive Board



**Panja Senadisai, Ph.D.**

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



**Chantima Ongkosit, MD**

Director



**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



**Mrs. Voraluksana Ongkosit**

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



**Mrs. Siriphan Suntanaphan**

Director  
Chairman of the Environmental, Social, Governance  
and Sustainability Development Committee  
Enterprise Risk Policy Committee Member



**Mr. Kanchit Bunajinda**

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



**Sutee Mokkhavesa, Ph.D.**

Independent Director  
Audit Committee Member  
Enterprise Risk Policy Committee Member



**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



## Mr. Bancha Ongkosit

Chairman of the Board of Directors

Chairman of the Executive Board

Age : 70 Years

Appointed Date : April 29, 1982

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

### Education :

SIAD, SURREY DIP. GRAPHIC  
DESIGN

(Second Class Honours)

REIGATE COLLEGE OF ARTS,  
ENGLAND

### Certification from Thai Institute of Directors (IOD) :

2004 Director Accreditation  
Program (DAP)

### 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.



## Panja Senadisai, Ph.D.

Vice Chairman of the Board of Directors

Nomination and Remuneration Committee Member

Enterprise Risk Policy Committee Member

**Age :** 73 years

**Appointed Date :** April 28, 1983

**Shareholding in the Company :** 55,950,800 shares or 4.74%

### Education :

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

### Certification from Thai Institute of Directors (IOD) :

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

### Current Positions :

#### Positions in Listed Company - The Stock Exchange of Thailand (4)

- 2016 - Present** Enterprise Risk Policy Committee member, KCE Electronics PCL
- 2005 - Present** Director & Chairman of the Audit Committee, Pylon PCL.
- 2002 - Present** Director, Audit Committee & Chairman of the Remuneration Committee, Trinity Watthana PCL.
- 2000 - Present** Director, Chairman of the Audit Committee, Nomination & Remuneration Committee, Somboon Advance Technology PCL.
- 1983 - Present** Director, Nomination & Remuneration Committee KCE Electronics PCL.

#### Positions in Other Organizations / Institutes / Businesses (Non-Listed Company) (10)

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

### Working Experiences :

- 2006 - 2009** Director, Executive Director & Remuneration Committee, Government Saving Bank
- 2004 - 2011** Chairman of the Board, Deva Development PCL.
- 2003 - 2014** Director & Audit Committee, Rasa Property Development PCL.
- 2003 - 2008** Advisor, Technicolor (Thailand) Co., Ltd.
- 1999 - 2006** Director, Advisor & Remuneration Committee, CVD Entertainment PCL.
- 1994 - 1997** President, Raimon Co., Ltd.
- 1993 - 2007** Director & Remuneration Committee, SMC Motor PCL.
- 1991 - 1994** Managing Director, H&Q (Thailand) Co., Ltd.
- 1976 - 1991** Vice President, Bangkok Bank PCL.
- 1974 - 1976** Treasury Manager, Commercial Credit Corp. (Thailand)
- 1972 - 1974** Senior Sales, Planning Analyst, Ford Motor (Thailand) Co., Ltd.
- 1971 - 1972** Administrative Officer, Ministry of Commerce

### AWARDS :

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



## Chantima Ongkosit, MD

Director

Age : 75 years

Appointed Date : April 28, 1983

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

### Education :

- M.D. (1<sup>st</sup> 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
- 2003 Directors Accreditation Program (DAP)

### Current Positions :

#### Positions in Listed Company - The Stock Exchange of Thailand (1)

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)

### 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 Somdet Chaopraya Institute of Psychiatry
- 2000 - 2007 Director, KCE Technology Co., Ltd
- 1997 - 2004 Director, Thai Laminate manufacturer Co., Ltd
- 1988 - 2007 Director, K C E International Co., Ltd
- 1980 - 1984 Assistant Professor of Psychiatry, Faculty of Medicine at Ramathibodi Hospital, Mahidol University
- 1978 - 1980 Lecturer of Psychiatry, Faculty of Medicine at Ramathibodi Hospital, Mahidol University
- 1976 - 1998 Chief of In-patient and Research Unit, Westside Veteran Administration Hospital, Chicago, Illinois, U.S.A.
- 1976 - 1978 ■ Associate Director of Affective Disorders Clinic, University of Illinois, Chicago, Illinois, U.S.A.
- 1976 - 1978 ■ Assistant Professor of Psychiatry, University of Illinois, Chicago, Illinois, U.S.A.





## 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 :** 71 years

**Appointed Date :** April 27, 2012

**Shareholding in the Company :** 50,000 shares or 0.004%

### 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 :

- November 2021** The Securities and Exchange Commission (SEC)
- August 2020** GRC Series Ep.3 : ESG Driven Boardroom for "Purpose" to "Performance", IOD
- September 2020** Director Forum : "Board's Role in Strategy for Business Sustainability", 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, IO
- 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 9<sup>th</sup> National Conference on Collective Action against Corruption - Disruption Corruption, CAC
- October 2018** Independent Director Forum – Tough Boardroom Situations (Independent Directors Share Lessons Learned), IOD and PwC

<b>September 2018</b>	Inaugural Corporate Governance Conference 2018 - Building Trust in a Transforming Economy, SEC
<b>March 2018</b>	Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management, Thammasat University & SET
<b>November 2017</b>	<ul style="list-style-type: none"> <li>■ 2017 Independent Director Forum, IOD</li> <li>■ Chairman Dinner Talk, IOD</li> <li>■ 8<sup>th</sup> CAC National Conference, CAC &amp; IOD</li> </ul>
<b>October 2016</b>	National Conference of CAC
<b>August 2016</b>	<ul style="list-style-type: none"> <li>■ CG Forum</li> <li>■ Good Principle of business Administration, CG for Institution investment, related to the listed company</li> </ul>
<b>June 2016</b>	Enhancing Growth Through Governance in Family-Controlled Business
<b>March 2016</b>	Internal Control and the Audit Committee's work, FAP
<b>October 2015</b>	IOD Director Forum, Building Better Board through Effective Independent Director
<b>October 2015</b>	2015 OECD Asian roundtable on Corporate Governance by OECD, IOD, SET and SEC
<b>June 2015</b>	IOD Director Conference 2015, Re-energizing Growth through better Governance
<b>2013</b>	The 2 <sup>nd</sup> National Director Conference 2013 Board Leadership Evolution

#### Current Positions :

##### Positions in Listed Company - The Stock Exchange of Thailand (5)

<b>2021 - Present</b>	Environmental, Social, Governance and Sustainability Development Committee Member, KCE Electronics PCL.
<b>2020 - Present</b>	Chairman of the Nomination and Remuneration Committee, Enterprise Risk Policy Committee Member, KCE Electronics PCL.
<b>2014 - Present</b>	<ul style="list-style-type: none"> <li>■ Chairman of the Board of Director, Independent Director, Zen Corporation Group PCL.</li> <li>■ Chairman of the Risk Management Committee, Central Pattana PCL.</li> </ul>
<b>2012 - Present</b>	<ul style="list-style-type: none"> <li>■ Independent Director, Chairman of Audit Committee, KCE Electronics PCL.</li> <li>■ Independent Director, Audit Committee Member, Easy Buy PCL.</li> </ul>
<b>2008 - Present</b>	Independent Director, Chairman of the Nomination & Remuneration Committee, Audit and Corporate Governance Committee Member, Somboon Advance Technology PCL.
<b>2002 - Present</b>	Independent director, Chairman of the Audit Committee, Central Pattana PCL.

### Positions in Other Organizations / Institutes / Businesses (Non-Listed Company) (1)

2004 - Present Board Member, Mater Dei Institute

### Working Experiences :

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



## Mrs. Voraluksana Ongkosit

Director / Executive Vice Chairperson

Environmental, Social, Governance and Sustainability

Development Committee Member

**Age :** 70 years

**Appointed Date :** April 27, 1989

**Shareholding in the Company :** 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 Instrument for Directors

**2008** Directors Certification Program (DCP)

**2005** Thai Directors Compensation Survey 2004

**2004** Finance for Non-Finance Director

**2003** Directors Accreditation Program (DAP)

### 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 / Chairman of the Environmental, Social,  
Governance and Sustainability Development Committee  
Enterprise Risk Policy Committee Member

**Age :** 66 years

**Appointed Date :** April 29, 1992

**Shareholding in the Company :** 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
- 2004** Directors Accreditation Program (DAP)

### 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.

### 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 : 54 years

Appointed Date : April 28, 2016

Shareholding in the Company : 100,000 shares or 0.01%

### 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) :

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

### 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) (3)

- 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 of Asian Corporate Governance Association Singapore
- 2006 - 2015** Director, Risk Committee member, Pruksa Real Estate PCL.
- 2006 - 2014** Director, Audit Committee member, Chairman of Risk Committee, Central Plaza Hotel PCL.
- 2003 - 2015** Director, Risk Committee member, Nomination & Remuneration Committee member, Central Pattana PCL.



## Sutee Mokkhavesa, Ph.D.

Independent Director / Audit Committee Member

Enterprise Risk Policy Committee Member

Age : 46 years

Appointed Date : January 1, 2020

Shareholding in the Company : None

### Education :

- PhD. Applied Mathematical Finance, Imperial College, London
- MSci. Mathematics, Imperial College, London

### Certification from Thai Institute of Directors (IOD) :

**2016** Director Certification Program (DCP)

### Current Positions :

#### Positions in Listed Company - The Stock Exchange of Thailand (5)

**2020 - Present** Independent Director, Audit Committee member, Enterprise Risk Policy Committee Member, KCE Electronics PCL.

**2018 - Present** Board of Director, Investment Committee, Risk Management Committee Member, Thaire Life Assurance PCL.

**2009 - Present** Director, Member of The Executive Committee, Advisor to the President, Risk Management Committee, Investment Committee, Phatra Leasing PCL.

**2006 - Present** Advisor to the President, Risk Management Committee Member, Muang Thai Insurance PCL.

**2003 - Present** Senior Executive Vice President Risk, Strategy & Transformation Secretary of The Executive Committee, Member of Risk Management, Investment Committee, Muang Thai Life Assurance PCL.

#### Positions in Other Organizations / Institutes / Businesses (Non-Listed Company) (4)

**2019 - Present** Director and Chairman of the Board, Aigen Co., Ltd.

**2017 - Present** Board of Director, Investment Committee, Fuchsia Venture Capital Co., Ltd.

**2016 - Present** Member of The Supervisory Board, Member of Risk Management Committee, Member of Investment committee, ST - Muang Thai Insurance Co., Ltd. (Lao People's Democratic Republic)

**2006 - Present** Advisor Market and Liquidity Risk Consultant, Securitization Member, Mortgage Insurance Member, ALM System Implementation, 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 :** 40 years

**Appointed Date :** April 29, 2014

**Shareholding in the Company :** 164,754,244 shares or 13.94%

### 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)

### 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.
- 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 :

**2016**

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

**2015** Outstanding CEO Awards - SET AWARDS 2015

# MANAGEMENT TEAM

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

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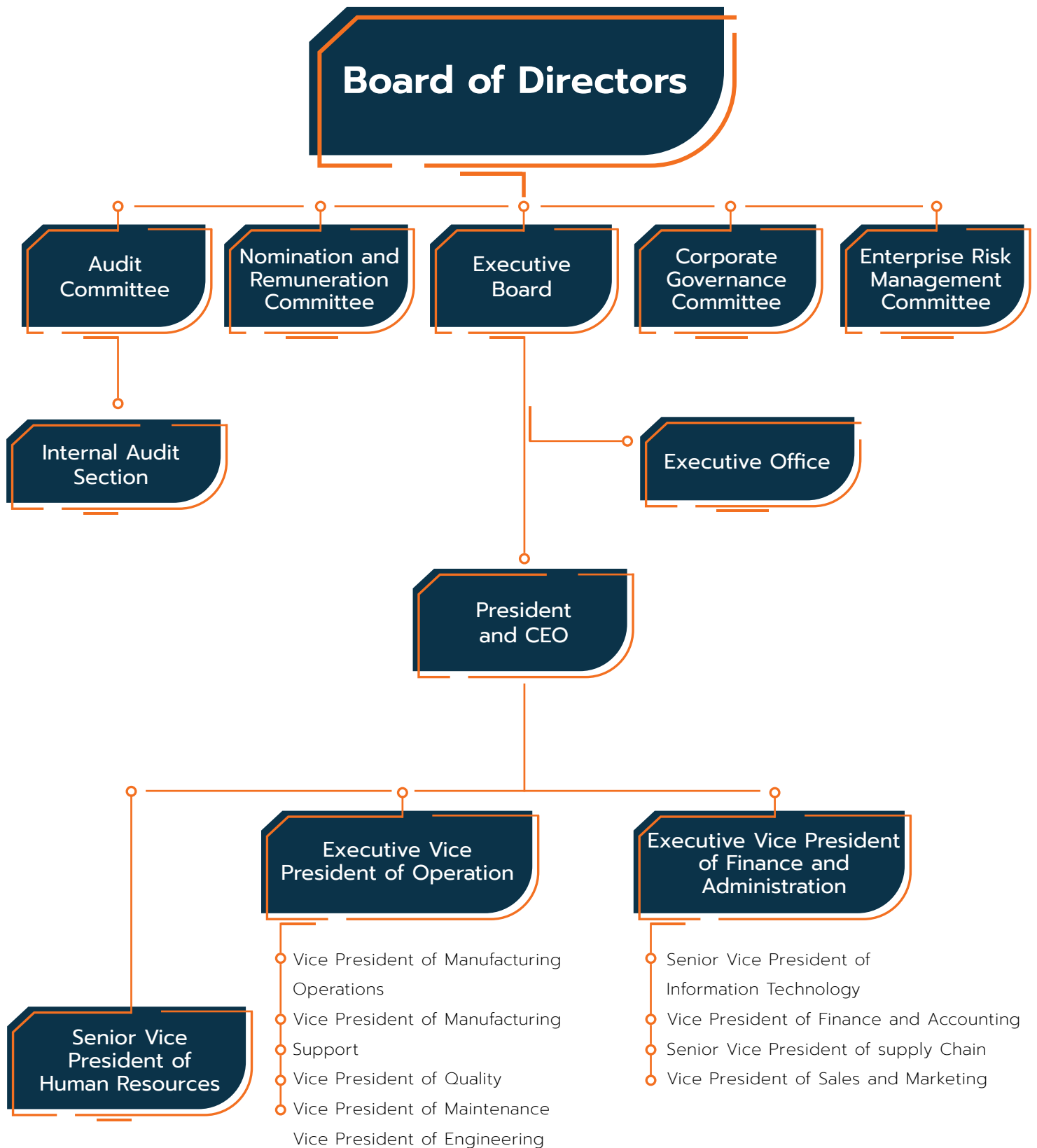
Name list of Directors and Management holding the company shares, as at December 30, 2021.

Name		Position	No. of shares Dec 30, 2020	No. of shares* Dec 30, 2021	Share held (%) Dec. 30, 2021	Type of holding
Mr. Bancha Ongkosit		- Chairman, - Chairman of the Executive Board	404,760	404,760	0.03%	Direct
			1,879,500	1,879,500	0.16%	Indirect (wife)
Mrs. Voraluksana Ongkosit		- Director - Executive Vice Chairperson - CG Committee member	1,879,500	1,879,500	0.16%	Direct
			404,760	404,760	0.03%	Indirect (husband)
Mr. Pitharn Ongkosit		- Vice Chairman of the Board of Director - President & CEO - Chairman of the Risk Management Committee - Enterprise Risk Policy Committee member	174,754,244	164,754,244	13.94%	Direct
			-	-	-	Indirect
Chantima Ongkosit, MD		- Director	8,267,650	8,267,650	0.70%	Direct
			-	-	-	Indirect
Dr. Panja Senadisai		- Vice Chairman of the Board of Director - Nomination & Remuneration Committee member - Enterprise Risk Policy Committee member	55,213,500	55,950,800	4.74%	Direct
			-	-	-	Indirect
Mrs. Siriphan Suntanaphan		- Director - Chairman of the CG Committee - Enterprise Risk Policy Committee member	11,209,800	11,209,800	0.95%	Direct
			1,490,000	1,190,000	0.10%	Indirect (husband)
Mr. Paitoon Taveebhol		- Independent Director - Chairman of the Audit Committee - Chairman of the Nomination & Remuneration Committee - Enterprise Risk Policy Committee member - CG Committee member	-	50,000	0.004%	Direct
			-	-	-	Indirect



Name		Position	No. of shares Dec 30, 2020	No. of shares* Dec 30, 2021	Share held (%) Dec. 30, 2021	Type of holding
Mr. Kanchit Bunajinda		- Independent Director	-	100,000	0.01%	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				
Mrs. Tanyarat Tessalee		- Executive Vice President of Finance and Administration	664,600	764,600	0.07%	Direct
			-	-	-	Indirect
Mr. Fredrick Ohanian	Gharapet	- Executive Vice President of Operations	1,950,000	1,650,000	0.14%	Direct
			1,000,000	1,000,000	0.08%	Indirect (child)
Mr. Athasidh Ongkosit		- Senior Vice President of Information Technology	71,596,683	71,609,000	6.06%	Direct
			2,000,000	2,000,000	0.17%	Indirect (wife)
Mr. Sunan Sripetch		- Vice President of Operations	69,349	34,525	0.003%	Direct
			-	-	-	Indirect
Mr. Pairoj Tarawatcharasart		- Vice President of Engineering	1,185,283	1,201,355	0.10%	Direct
			-	-	-	Indirect
Mr. Viboon Sunthornwiwath		- Senior Vice President of Human Resources	56,189	72,278	0.006%	Direct
			-	-	-	Indirect
Ms. Kanokporn Sukprasitpredee		- Senior Vice President of Supply Chain	48,115	38,826	0.003%	Direct
			-	-	-	Indirect

# ORGANIZATION CHART



# PART 1

## BUSINESS OPERATIONS AND OPERATING RESULTS



# 1 ORGANIZATIONAL STRUCTURE AND OPERATION OF THE GROUP OF COMPANIES

## 1.1 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 Dec.30, 2021, the Company's registered capital was Bt591,396,798 with paid-up capital of Bt590,794,798.

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

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

Regarding the management of operations, the Board is responsible for the determination of strategies and key policies. In the early of January 2021, a meeting was organized for CEO and Management, for the purpose of communicating such strategies and setting up the operational objectives (KPI) for the factory as well as for each section of operation. Management of each section then continued to arrange separate meetings to further communicate the strategies and targets down to employee level. During the year, the targets were seriously monitored by comparing actual results with the planned KPI. Managements also regularly reported the operation results to the CEO in the monthly Management meeting. CEO then summarized the operation results for the strategies and reported to the Board in each quarter.

## VISION AND MISSION

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



### Vision

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



### Mission

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

To drive the Company's vision and mission, in 2021 the Company has determined the Company's long-term operational objectives in achieving the world leading PCB producer, with utmost potential and resources.

- Deliver a better quality product, by dedicated and professional team
- Keeping a long term relationship with its customers
- Introducing new technologies in production and upgrade IT system
- Emphasis on personal development and good compensation
- Fully utilize current assets to its utmost benefits to reach the maximum production efficiency and environmental friendly
- Enhanced competitiveness to a top-tier of the industry
- Create appropriated value for shareholders and all stakeholders, which will ensure sustainable growth

## MATERIAL CHANGES AND DEVELOPMENTS IN THE PAST 3 YEARS



### 2019

#### April

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

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

#### May

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

#### July

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

#### August

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

#### September

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

#### October

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





## 2020

### March

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

### April

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

### May

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

### July

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

- Approved the Company's financial statements for the year ended Dec. 31, 2019

- Acknowledge interim dividend payment for the operating result of 2019

- No dividend payment in respect of the Company's operating results in 2019

Started the 5th year of the Employee Joint Investment Program "KCE EJIP No.1" for the employees and management executives of KCE Electronics PCL and its subsidiaries.

### August

The Company was 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 with 25,547 million Baht of brand value for the second consecutive year.

### December

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

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



## 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 with 20,248 million Baht of brand value for the third consecutive year.

## THE OBJECTIVE OF MONEY SPENDING

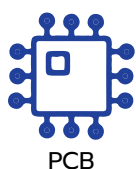
In 2021, The Company has capital increase deriving from the exercise of the Warrants to purchase the Company's ordinary shares on March 2021 to December 2021 under ESOP-W6. The amount of Baht 93,408,200 received from such exercising has been utilized for the Company's working capital.

## OTHER OBLIGATIONS

- None -

## MANUFACTURING FACILITIES

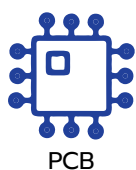
The Company and its subsidiaries have factories and offices for manufacturing as follows :



PCB

### KCE Electronics Public Company Limited

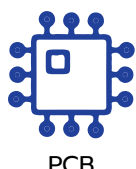
Located at 72-72/1-3 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Kwang Lumplatew, Lat Krabang, Bangkok



PCB

### K C E International Co., Ltd.(subsidiary)

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



PCB

### KCE Technology Co., Ltd. (subsidiary)

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



LAMINATE,  
PREPREG

### Thai Laminate Manufacturer Co., Ltd. (subsidiary)

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



Chemical  
Product

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

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



Chemical  
Product

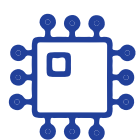
### Chemtronic Products Co., Ltd. (subsidiary)

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

# 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 are printed circuit boards, PCBs

Revenue	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Sales revenues<sup>(1)</sup></b>						
- Printed Circuit Board business						
America	2,427.88	15.84	1,744.51	14.86	1,907.97	15.53
Europe	5,850.96	38.16	4,511.34	38.43	5,597.11	45.55
Asia	4,904.77	32.00	4,129.95	35.17	4,102.69	33.38
- Prepreg and Laminate business <sup>(2)</sup>	1,152.49	7.52	756.75	6.44	174.53	1.42
- Chemical Business	601.68	3.92	384.61	3.27	315.07	2.56
<b>Total sales revenues</b>	<b>14,937.78</b>	<b>97.44</b>	<b>11,527.16</b>	<b>98.17</b>	<b>12,097.37</b>	<b>98.44</b>
Other income <sup>(3)</sup>	202.24	1.32	105.99	0.90	91.93	0.75
Gains from Exchange rate <sup>(3)</sup>	199.42	1.30	110.48	0.94	101.02	0.82
Gains from Hedging <sup>(3)</sup>	(9.67)	(0.06)	(1.77)	(0.01)	(1.63)	(0.01)
<b>Total revenues</b>	<b>15,329.77</b>	<b>100.00</b>	<b>11,741.86</b>	<b>100.00</b>	<b>12,288.69</b>	<b>100.00</b>

- Note –
1. The revenue come from sales to third parties only, excluding the parts are sold to the Group
  2. The revenue come from sales to third parties only. Sales to the Group in 2019-2021 accounted for 92%, 71% and 70% of revenue from prepreg and laminate business, respectively.
  3. Other income consists of the selling scrap, revenue from production contract, compensation of materials that are poor quality, insurance compensation, penalties for canceling an order, profit from exchange rate, interest income, etc.

## Revenue structure of KCE Group in 2019-2021 classified by segment as follows

### Revenue structure by segment

Revenue Structure	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Sales revenues*</b>						
- Printed Circuit Board business						
DOUBLE SIDED	1,773.55	11.87	1,280.63	11.11	1,641.36	13.57
MULTI-LAYER	11,410.06	76.38	9,105.17	78.99	9,966.41	82.38
- Prepreg and Laminate business	1,152.49	7.72	756.75	6.56	174.53	1.44
- Chemical Business	601.68	4.03	384.61	3.34	315.07	2.61
<b>Total sales revenues</b>	<b>14,937.78</b>	<b>100.00</b>	<b>11,527.16</b>	<b>100.00</b>	<b>12,097.37</b>	<b>100.00</b>

\* Revenue from external customers

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

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

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

The main types are :

1) Single-sided PCBs: The circuit line for the electrical signal connection is printed on one side of the copper layer.

2) Double-sided plated-through-hole PCBs: the circuit line that carries the electrical signal is printed on both sides of the copper layer. The board is drilled to make holes for leaded components; copper is then plated through holes called vias, so that the electrical signal on both sides of the board can be connected.

3) Multilayer PCBs: the circuit lines are on different copper layers: the inner and the outer layers, which are connected with plated-through holes.

The PCB products that the Company produces are as follows:

1) Double-sided plated-through hole PCBs

2) Multilayer PCBs (4-24 layers), which are more complex, higher technology board.

Both types of PCBs are used in many industries, i.e. the automotive industry, industrial equipment industry, telecommunications industry, as well as for medical equipment, mobile phones and computer equipment.

Due to the fact that the production of PCBs requires modern technology, special techniques and must comply with accepted industry standards,

the Company has continuously focused on improving quality control, the production technology and the skill level of operators. The Company has repeatedly 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.

## 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

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

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

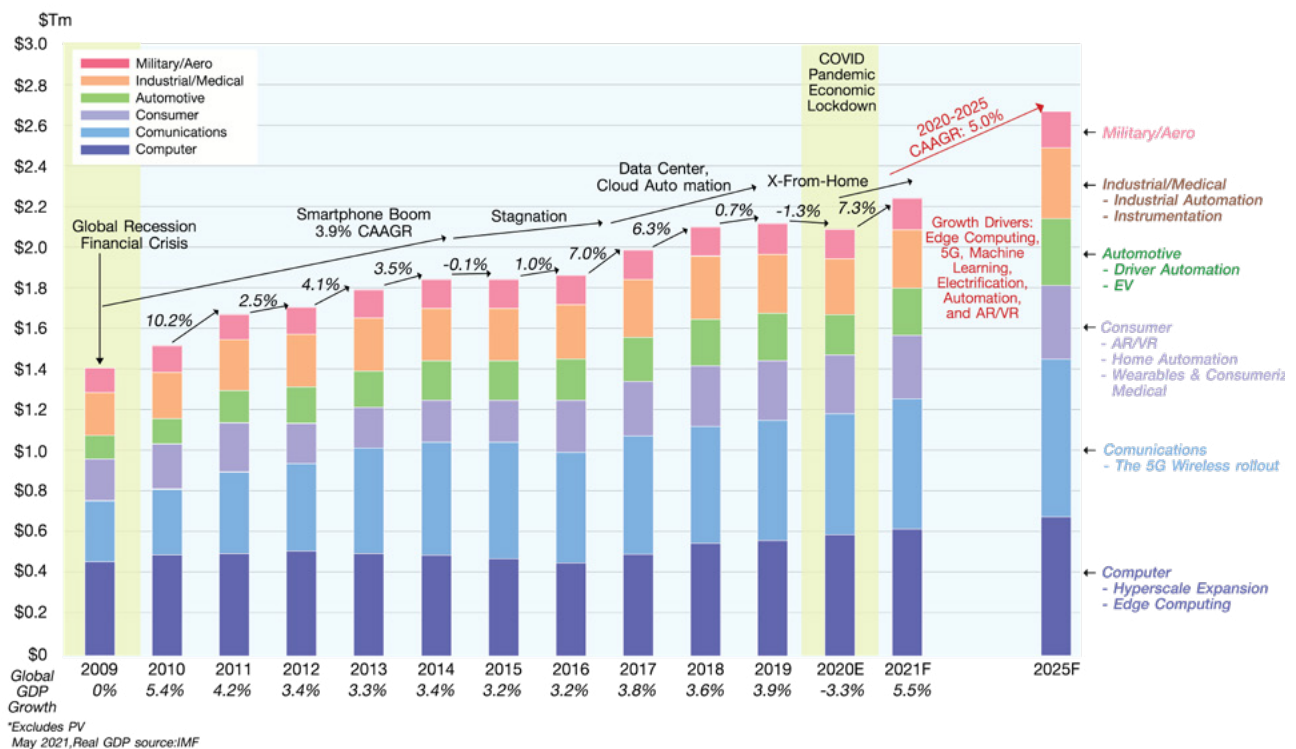
everyone was forced to stay at home, did not need to communicate, and was reluctant to spend much money on a new car during a time of high economic uncertainty. Once the social distancing restrictions were relaxed, however sales of new and used cars actually shot up because commuters preferred private cars over public transportation. Having said that, automotive electronics market was hit so hard in 1H, that even a strong recovery in 2H, will not reverse the decline this year.

After a remarkable performance by the electronics industry during 2020 by actually growing while the global economy was in recession, the momentum has carried over into 2021 with every major sector projected to thrive.

PCB sales growth driven by the widespread economy recovery as the pandemic is controlled and pent-up consumer demand results in strong consumption. All PCB segments and all regions are expected to perform unusually well in 2021. After a record growth in the first half of the year, a number of economists were projecting slower projected economic growth in the third quarter. There are many factors beyond COVID infection that are contributing to the reductions in growth rates, including the supply chain logistics issues, labor availability and inflation.

In 2021, the electronics industry had experienced the most unexpected and fastest growth in decades. The automotive electronics forecast for 2021 was downgraded as a result of semiconductor and other supply chain issues that have impacted car production in the second half of 2021. It is likely that the automotive electronics shortfall will be made up in 2022 as the logistics issues are resolved.

## A HISTORY AND FORECAST OF THE ELECTRONICS INDUSTRY



Data source: PRISMARK PARTNERS LLC: First quarter, May2021

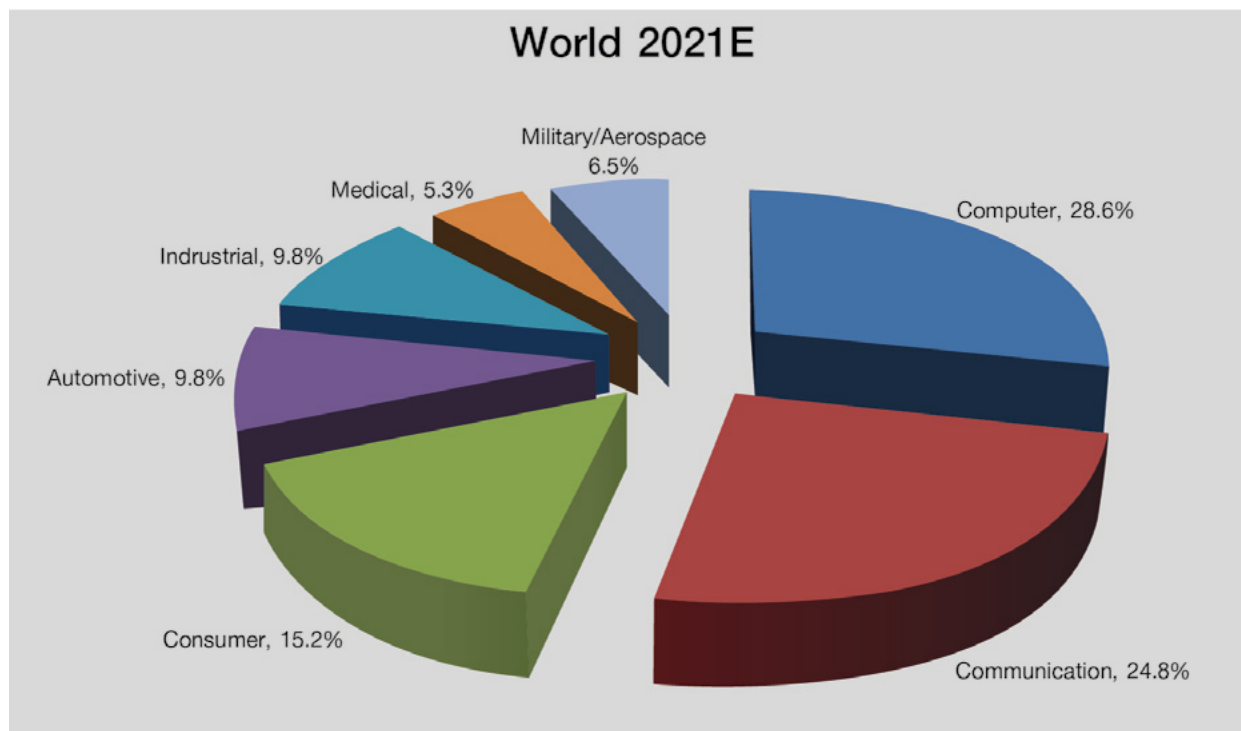


## ELETRONICS SYSTEMS MARKET FORECAST

\$Bn		2020	'21E/'20	2021E	'22F/'21E	2022F	2025F	CAAGR '20-'25*
Computer	PC	289	19.4%	345	-10.1%	310	310	1.4%
	Server/Data Storage	180	5.6%	190	15.8%	220	275	8.8%
	Other Computer	146	13.7%	166	-5.4%	157	144	-0.3%
Communication	Mobile Phones	368	4.9%	386	6.1%	410	489	5.8%
	Wired Infrastructure	128	10.2%	141	8.5%	153	165	5.2%
	Wireless Infrastructure	71	12.7%	80	0.0%	80	108	8.8%
Consumer	TV	100	17.0%	117	-16.2%	98	97	-0.6%
	Audio Video/Personal	132	13.6%	150	8.7%	163	174	5.7%
	Other Consumer	93	12.9%	105	6.7%	112	142	8.8%
Automotive		214	12.1%	240	7.1%	257	315	8.0%
Industrial	Automation/Control	47	14.6%	54	7.4%	58	71	8.5%
	Instrumentation	59	9.9%	65	7.7%	70	74	4.6%
	Other Industrial & Commercial	112	8.9%	122	6.6%	130	145	5.3%
Medical		115	12.2%	129	-1.6%	127	140	4.0%
Military/Aerospace		154	5.2%	162	-2.5%	158	184	3.6%
Total		\$2,209	11.0%	\$2,452	2.1%	\$2,503	\$2,833	5.1%

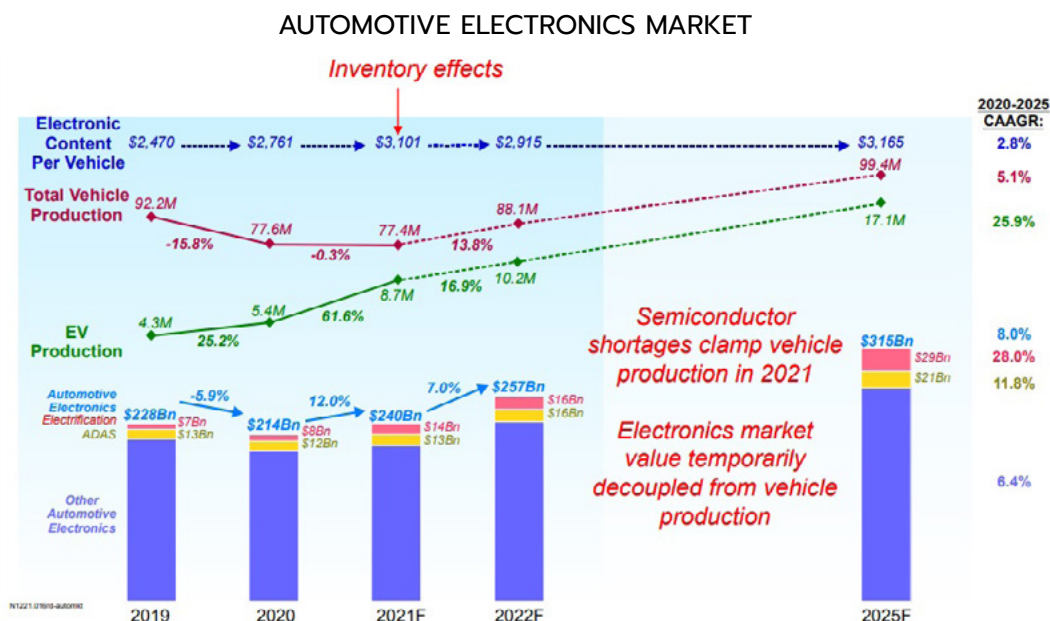
\* Assumes constant currency exchange rate / Update December 2021

## ELECTRONICS SYSTEM MARKET ESTIMATE 2021



(Data source: PRISMARK PARTNERS LLC: ELECTRONICS SUPPLY CHAIN REPORTER, Fourth Quarter, December 2021)

## World automotive electronic market



Forecasts are at constant currency exchange. Vehicle production includes light and heavy vehicles; EV production includes BEV, PHEV, HEV. Automotive electronics excludes Li-ion batteries.

(Data source: PRISMARK PARTNERS LLC: ELECTRONICS SUPPLY CHAIN REPORTER, Fourth Quarter, December 2021)

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

Automotive electronics sale is increasing at 12.1% YoY ('21/'20), and it was forecasted to be growing at 7.1% YoY ('22/'21) and 8.0% YoY ('20/'25). The main innovations and trends that will drive automotive electronics growth in the future are :

- The increased Energy Efficiency as mechanical systems are replaced by smart electronics.
- The growth of ADAS/ Autonomous driving systems to enhance vehicle systems for safety and better driving, i.e. advance emergency parking, automatic emergency braking system (AEB) crash avoidance system, automatic cruise control, lane assist, cross traffic alert and etc.
- Continued development of advanced "connected car" that will allow the car to make use of the Internet, while also functioning as part of the network, i.e. the automatic notification of the car's speed and of nearby crashes, along with other alerts.
- Advanced Safety and Security features, both the passive safety and active safety, which includes DADS (driver alertness detection system), infrared night vision, lane departure warning, braking and stability, as well as driver assistance system such as camera and radar systems and communication devices embedded in the vehicle.
- Popularity of EVs

New Automotive Electronics Technology introduced recently are HUD (Head up Display), Smart room mirrors, Pre-crash Safety system, Self Drive cars, Lighting with Laser/LED, whereas many kinds of radar, sensor, camera and display modules are embedded in a car and being interconnected to coordinate self-driving, i.e. Radar sensor, Ultrasonic sensor, Stereo camera, Infrared camera and etc.

## Printed circuit board market and Industry

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

#### 2021 REGIONAL PCB PRODUCTION ESTIMATION (VALUE)

##### Multilayer

(\$M)	Paper	Composite	Rigid DS	4 Layer	6 Layer	8-16 Layer	18+ Layer	HDI	Package Substrate	Flex	Total
AMERICAS	\$5	\$14	\$294	\$325	\$349	\$1,158	\$428	\$290	\$14	\$369	\$3,245
EUROPE	\$5	\$70	\$615	\$451	\$274	\$217	\$68	\$132	\$6	\$179	\$2,018
JAPAN	\$16	\$183	\$133	\$489	\$489	\$795	\$225	\$470	\$3,582	\$883	\$7,264
CHINA	\$749	\$1,434	\$4,578	\$8,592	\$5,325	\$6,246	\$603	\$7,373	\$2,270	\$6,458	\$43,627
ASIA (xJP/CN)	\$180	\$281	\$674	\$1,152	\$1,246	\$2,253	\$368	\$3,447	\$8,180	\$5,993	\$23,774
<b>Total</b>	<b>\$955</b>	<b>\$1,983</b>	<b>\$6,293</b>	<b>\$11,009</b>	<b>\$7,683</b>	<b>\$10,669</b>	<b>\$1,692</b>	<b>\$11,711</b>	<b>\$14,052</b>	<b>\$13,881</b>	<b>\$79,928</b>

#### 2021-2020 PCB YEAR-ON-YEAR GROWTH ESTIMATION (VALUE)

##### Multilayer

(%Value) Y/Y	Paper	Composite	Rigid DS	4 Layer	6 Layer	8-16 Layer	18+ Layer	HDI	Package Substrate	Flex	Total
AMERICAS	8.5%	6.9%	7.9%	8.0%	8.9%	12.0%	10.5%	12.0%	23.5%	8.4%	10.3%
EUROPE	20.9%	11.1%	22.0%	27.2%	27.2%	34.7%	25.9%	31.5%	28.9%	19.1%	25.1%
JAPAN	9.2%	14.9%	17.4%	15.6%	16.2%	18.2%	14.9%	13.8%	39.1%	12.4%	25.9%
CHINA	11.0%	17.0%	19.4%	27.9%	28.3%	33.8%	31.7%	22.8%	53.2%	11.4%	24.6%
ASIA (xJP/CN)	9.8%	10.4%	10.5%	18.1%	16.8%	19.7%	19.7%	11.3%	33.8%	10.8%	19.6%
<b>Total</b>	<b>10.8%</b>	<b>15.5%</b>	<b>18.0%</b>	<b>25.5%</b>	<b>24.5%</b>	<b>26.7%</b>	<b>20.7%</b>	<b>18.6%</b>	<b>37.9%</b>	<b>11.2%</b>	<b>22.6%</b>

#### AMERICAS PCB GROWTH FORECAST (\$M)

2019	2020		2021E		2022F		2023F		2024F		2025F		2020-2025 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$2,810	4.7%	\$2,943	10.3%	\$3,245	3.4%	\$3,355	3.2%	\$3,461	3.5%	\$3,583	3.8%	\$3,719	4.8%

#### EUROPE PCB GROWTH FORECAST (\$M)

2019	2020		2021E		2022F		2023F		2024F		2025F		2020-2025 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$1,820	-11.4%	\$1,613	25.1%	\$2,018	6.2%	\$2,143	3.5%	\$2,217	3.7%	\$2,298	4.2%	\$1,820	8.2%

#### CHINA PCB GROWTH FORECAST (\$M)

2019	2020		2021E		2022F		2023F		2024F		2025F		2020-2025 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$32,895	6.4%	\$35,009	24.6%	\$43,627	4.8%	\$45,721	4.7%	\$47,856	4.8%	\$50,139	5.1%	\$52,718	8.5%

#### JAPANESE PCB GROWTH FORECAST (\$M)

2019	2020		2021E		2022F		2023F		2024F		2025F		2020-2025 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$5,288	9.1%	\$5,771	25.9%	\$7,264	6.8%	\$7,758	5.0%	\$8,146	4.0%	\$8,468	3.0%	\$8,719	8.6%

#### REST OF ASIA PCB GROWTH FORECAST (\$M)

2019	2020		2021E		2022F		2023F		2024F		2025F		2020-2025 CAAGR
Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	
\$18,498	7.5%	\$19,883	19.6%	\$23,774	4.2%	\$24,776	4.8%	\$25,968	4.9%	\$27,246	5.2%	\$28,669	7.6%

Data source: PRISMARK PARTNERS LLC: The Printed Circuit Report, Third Quarter, November 2021)

According to NTI-100 World's Top PCB Makers, produced by N.T. Information Ltd., KCE was ranked the in top 50 - largest PCB manufacturer in the world in 2020.

PCB is widely used. Research and analysis of market demand in recent years mainly come from four areas :

One is consumer electronics dominated by smart phones. 5G technology has triggered a wave of replacement of smart phones, and the rise of wearable devices such as TWS headsets and smart watches has prompted a significant increase in the demand for corresponding PCBs.

The second is server and data storage. With the rapid development of global cloud computing, the demand for cloud infrastructure such as servers and data centers continues to expand.

The third is automotive electronics. The high volume of new energy vehicles gives new space for automotive PCBs. The Research predicts that global new energy vehicle production will reach 17 million units by 2025, and the annualized compound growth rate of new energy vehicle prouction from 2020 to 2025 will be 26%

Fourth, it is a communication facility based on wired and wireless network infrastructure such as 5G base stations. But in the long run, based on factors such as the continued construction of 5G base stations, the recovery of overseas epidemics will promote a new wave of infrastructure construction, and the follow-up of wired network construction, communication PCBs still have growth momentum.

It is now projecting an overall 8.1% compound value growth 2020-2025, as a result of the increased 2021 baseline. These forecasts are grounded in the market and technology projections outlined earlier.

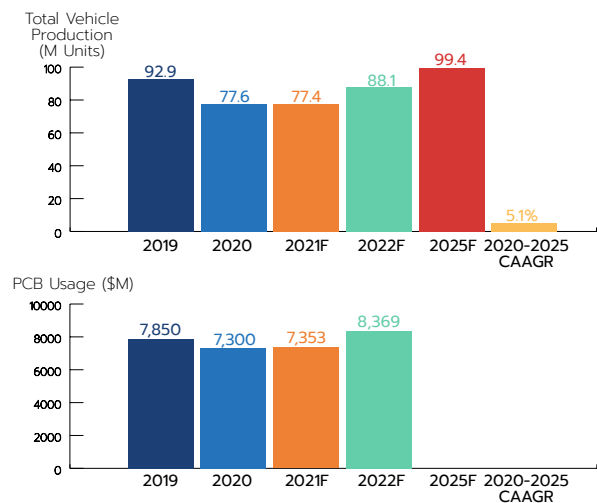
## World Automotive PCB market and growth forecasts

An important part of the PCB industry is the PCB for automotive electronics segment, which is KCE's core end market. The automotive PCB market was worth about USD7.4 Bn. in 2021, accounting for about 9% of world PCB production. This segment is growing rapidly as automakers look to add more and more electronic components to cars. Demand for more electric cars (PHV, EV, and FCR, etc.) will require a large number of inverters and converters with heavy copper. Automotive PCB demand is expected to grow at a rate of 4.4% annually, which is faster than vehicle sales (2-3% annually) in the pre-COVID year and the overall PCB market (2.9% CAAGR for 2018-20).

## Automotive market and Industry

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

## Total Vehicle Production & PCB Usage for Automotive Electronics



(Data source: NTI Digest, N.T. Information Ltd, October 2021 and Prismark 4Q'21 Report, December 2021)

\* Including passenger cars, trucks and buses

The automotive electronics sector that KCE serves is highly competitive by the standards of the overall electronics industry. The Company faces competition from local, regional and large international providers of PCBs. However, the Company also believes that product reliability, responsive customer service and support and fair pricing, all areas where KCE is strong, are of greater importance to customers.

According to the N.T. Information, the top 10 automotive PCB makers have an aggregate output of 50% of world production. KCE was ranked the 8th largest automotive PCB maker of the world.

## 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.

### 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.

### 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.

### 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.

### Pros

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

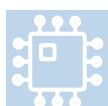
The Company's customers are manufacturer in various industries as follows :



1. Automotive Electronics



2. Telecommunication



3. Industrial Electronics



4. Medical Equipments



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 2021, top 10 major customers placed order accounted to 65% 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 31.3% 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 68.7% of the Company's revenue comes from selling products directly to customers.



In 2019-2021, the Group has sales revenue by classified sale channel as follows :

Distribution channel	2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Distributing by distributors	4,678.69	31.3	3,559.31	30.9	4,391.39	36.3
2. Distributing by agent	10,259.09	68.7	7,967.85	69.1	7,705.98	63.7
<b>Total Revenue</b>	<b>14,937.78</b>	<b>100.0</b>	<b>11,527.16</b>	<b>100.0</b>	<b>12,097.37</b>	<b>100.0</b>

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 2021, the Company has sold its products through the agent in Thailand for the amount of 8.7% 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 2021, the company has sold products in these regions amounted to 33.5% 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 2021, this distributor has sold products in those areas amounted to 17.3% 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 2021, the company has sold products accounted for 21.1% 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 2021, the company has sold products accounted for 19.4% 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

Nowadays, electronic products are designed to have better performance and more utilization of different functions, resulting in the demand for high-tech PCBs. That can work fast and supports connecting a large number of electronic devices. The need to manufacture such complex PCBs causes major manufacturers to always invest in new, innovation machines and hiring more the engineers with the knowledge of the production

### 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 2021, PCBs made from China account for 55% of the world's PCB production.

### The volatility of copper and gold prices

Copper and gold are the main raw materials for PCB manufacturing. 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

for delivery of goods to customers on time.

### 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

to manage information for effective administration.

## 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.)	Capacity Rate (%)	Scrap Rate (%)
KCE Electronics Public Company Limited	Printed Circuit Board (PCB)	3	2021	22,050,000	18,935,166	85.87	7.40
			2020	21,000,000	12,847,573	61.18	7.19
			2019	19,200,000	12,996,485	67.69	7.56
KCE Technology Co., Ltd. (subsidiary)	Printed Circuit Board (PCB)	2	2021	14,400,000	12,785,994	88.79	6.62
			2020	14,400,000	11,203,140	77.80	6.43
			2019	14,400,000	12,093,392	83.98	6.73
K C E International Co., Ltd. (subsidiary)	Printed Circuit Board (PCB)	-	2021	5,400,000	-	-	-
			2020	5,400,000	1,311,301	24.28	1.65
			2019	5,400,000	3,709,966	68.70	1.91
Thai Laminate Manufacturer Co., Ltd. (subsidiary)	Prepreg (PP)	3	2021	395,472,000	313,542,205	79.28	0.85
			2020	395,472,000	246,244,100	62.27	1.27
			2019	395,472,000	224,414,258	56.75	1.42
	Laminate (LM)		2021	62,208,000	55,641,000	89.44	1.86
			2020	62,208,000	42,925,839	69.00	2.63
			2019	62,208,000	37,555,639	57.94	3.27

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 working 3 shifts, employees are divided into 3 groups and alternate working.

- The 1<sup>st</sup> shift starts from 06.00 a.m. to 2:00 p.m.
- The 2<sup>nd</sup> shift starts from 2:00 p.m. to 10:00 p.m.
- The 3<sup>rd</sup> shift starting from 10.00 p.m. to 06.00 a.m.

In the case of working 2 shifts, employees are divided into 2 groups and alternate working.

- The 1<sup>st</sup> shift starts from 07.00 a.m. to 07:00 p.m.
- The 2<sup>nd</sup> shift starts from 07:00 p.m. to 07:0000 p.m.

## ASSETS USED IN BUSINESS OPERATIONS

Book value of Assets of the Company and Subsidiaries as of December 31, 2021

Assets*	Net Book Value (Million Baht)
Land	690.91
Building and building improvements	1,713.32
Machinery and factory equipment	4,861.59
Factory improvement	344.75
Furnishings, fixtures and office equipment	8.11
Office improvement	31.23
Vehicle	30.37
Factory and factory improvements under construction	321.23
Machinery and equipment during installation and other assets	977.20
<b>Total</b>	<b>8,978.71</b>

\*See attachment 4 for more details.



# 1.3 SHAREHOLDING STRUCTURE

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. KCE Singapore Pte., Ltd.  
(Since November 1, 2014)
7. Chemtronic Products Co., Ltd.
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. The Company holds shares of Chemtronic Technology (Thailand) Co., Ltd.

in the proportion of 94.75% of the paid-up capital. The registered capital is 48,000,000 baht. 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. 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 4 executives from the Company to be directors in the Company Limited. KCE Singapore PTE. Mr. Bancha Ongkosit, Mrs. Voraluksana Ongkosit, Mr. Pitharn Ongkosit and Mrs. Tanyarat Tessalee.

#### **7. 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 Ingot 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.

#### **8. KCE America Inc.**

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 Ohanian holds 5% of the paid-up capital. Mr. Pitharn Ongkosit, Mrs. Voraluksana Ongkosit and Mrs. Tanyarat Tessalee are directors of KCE America Inc.

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

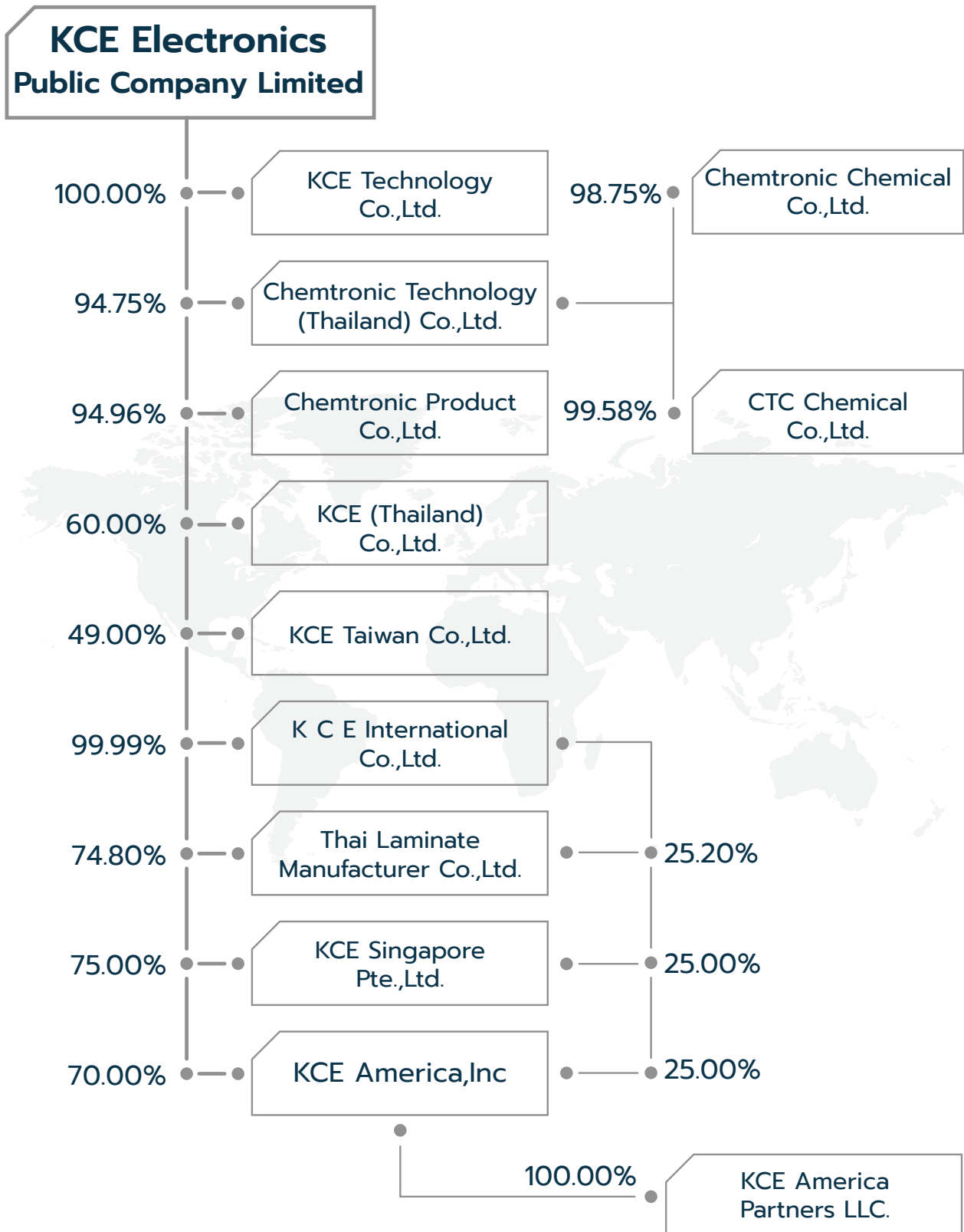
### **Associated Companies**

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#### **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. Jenny Hsiao, Taiwanese is the Managing Director. hold 12.5% of shares and Mrs. Thanya 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, Mr. Pitharn Ongkosit and Mrs. Tanyarat Tessalee, representing 3 from 6 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 2021 were disclosed in Note No. 5 in the financial statement for the year ended December 31, 2021, 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

## 1.4 CAPITAL STRUCTURE & MAJOR SHAREHOLDERS

### REGISTERED CAPITAL AND PAID-UP CAPITAL

#### Capital as of December 30, 2021

Registered capital	591,396,798	Baht
Issued and Paid-up capital	590,794,798	Baht
Ordinary share (par value Baht 0.50 per share)	1,181,589,596	Shares

### SHAREHOLDERS

#### List of the Top 10 major shareholders as at December 30, 2021

	Number of shares held	Percentage of Total shares
Ongkosit Group*	385,877,040	32.65
Thai NVDR Co., Ltd.	107,031,984	9.06
Mr. Panja Senadisai	55,950,800	4.74
SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	27,584,296	2.33
BANK OF NEW YORK MELLON	27,494,200	2.33
SCB DIVIDEND STOCK 70/30 LONG TERM EQUITY FUND	13,144,400	1.11
BUALUANG LONG-TERM EQUITY FUND	12,882,200	1.09
K FLEXIBLE EQUITY RMF	12,172,700	1.03
K 20 SELECT LTF	11,287,700	0.96
Mrs. Siriphan Suntanaphan	11,209,800	0.95
<b>Total</b>	<b>664,635,120</b>	<b>56.25</b>

Ongkosit Group* comprises of the followings :	Number of shares	Percentage
Mr. Pitharn Ongkosit	174,754,244	13.94
Mr. Athasidh Ongkosit	71,609,000	6.06
Miss Chutinart Ongkosit	56,445,336	4.78
Mrs. Rossarin Ongkosit	2,000,000	0.17
Mrs. Voraluksana Ongkosit	1,879,500	0.16
Mr. Bancha Ongkosit	404,760	0.03
MORGAN STANLEY & CO. INTERNATIONAL PLC	88,784,200	7.51

As at December 30, 2021, the Company's shares held by foreign investor was 21.0%.

## 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 :

		2021 (Proposed year)	2020	2019	2018
1. Net Profit – Consolidated FS	(Baht)	2,426,284,100	1,126,786,742	934,491,809	2,014,871,988
2. Number of shares as of Dec.31,	(Shares)	1,181,589,596	1,178,062,096	1,172,793,596	1,172,793,596 <sup>(1)</sup>
3. Annual Dividend	(Baht/Share)	1.60	0.80	0.80	1.10
- Interim dividend		0.60	0.40	0.40	0.55
- Yearly dividend		1.00 <sup>(2)</sup>	0.40	0.40	0.55
4. Total dividend payment	(Baht)	1,890,233,574	940,342,277	938,229,134	1,290,072,956
5. Dividend Payment to Net profit – Consolidated FS		77.91%	83.5%	100.4%	64.0%

<sup>(1)</sup> A change in par value of the Company's shares from 1 Baht per share to 0.50 Baht per share since May 16, 2018.

<sup>(2)</sup> The proposed dividend in the 2022 Annual Shareholders' Meeting.



# 2

## RISK MANAGEMENT

### 2.1

### 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 comparison of the Company's performance with strategy and goals, the compliance with laws and regulations. The company has the internal auditors that will audit the accuracy of the information as well as take care of the preservation and use of the assets, assess the adequacy and efficiency of the internal control system of various work systems. along with the planning, auditing and monitoring the implementation of the plan with the aim of making the company's operations efficient and effective. To help prevent, manage and manage various risks that may occur to the company and stakeholders

The Board of Directors is responsible for the financial statements, the Company's financial information and subsidiary and annual financial reporting. The Company's financial statements will be audited by the auditor to ensure that they are correct in material respects according to the accounting standards accepted in Thailand. There is sufficient disclosure of important information in the financial statements and the notes to the financial statements.in the Company's annual report.

The Board of Directors is also responsible for maintaining an effective internal system to reasonably ensure with respect to the financial statements that the records are accurate and complete. Supervising the preservation and use of the property and to prevent mistreatment or corruption. The Board of Directors has appointed an Audit Committee consisting of 3 independent directors to supervise the Company's financial reporting and auditing systems.



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

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

The Board of Directors has the opinion of the Company's internal control system, risk management, information and communication systems and tracking system is sufficient and appropriate.

## 2.2 RISK FACTORS AND RISK MANAGEMENT

*" KCE Electronics Public Company Limited  
is committed in achieving our goal of becoming the world's largest PCB  
manufacturer and focuses on risk management as an important  
component in every process of business operations. "*

The Company has established a series of risk management committees to look into risks in all areas. In order to ensure that KCE Electronics Public Company Limited's risk management is clearly aligned with business strategies and goals under the Good Regulatory Framework, the Company has classified risk management by the major risks as following :

### 1. STRATEGIC RISK

The company envisions becoming the world's largest PCB manufacturer and aims to produce PCBs as electronic components for products in all technological fields including auto parts, which is currently the company's largest proportion of production. We also plan to increase our customer base outside the auto parts segment. At the same time, the company plans to continuously improve production capacity and efficiency to support the growing demand PCB in the market while maintaining the low production costs in order to remain competitive. The risks associated with the company's strategic plan include :

## 1.1 | RAW MATERIAL SOURCING RISK

In 2021, as the result of the COVID-19 pandemic, the Company faces numerous problems including delayed transportation of goods from vendors due to the lack of shipping containers. As a series of aftermaths, the Company had to book shipping lines in advance and faced with material price surges,

especially copper which is the main raw material. However, the company has overcome this problem with good planning and coordination. The Company has also sourced more vendors to reduce the risk of raw material and manufacturing supplies shortage.

## 1.2 | MARKET RISK & COMPETITION RISK

The COVID-19 pandemic has resulted in a major economic slowdown due to the lockdown measures imposed by many countries in 2020 and many countries closing their borders, banning international or intercity traveling. The necessity of "Work from home" measures also led to people having to spend most of their time at home, resulting in an increase in consumption of electronic consumer products. However, the proportion of the company's sales in this group is relatively small, meaning the company have lost some sales opportunity. The Company has then revised its marketing plan by

increasing the proportion of sales to other customers outside the automotive segment to reduce the risk from overreliance on automotive customers. In 2021, the global economy is getting better with the increasing vaccinated population ratio, the consumption has begun to rise again including automotive which are the main products the Company takes part in the supply chain. As a result, orders from automotive customers have increased, resulting in the company returning to full production capacity. The company have also increased the proportion of production of products outside the automotive segment.

## 1.3 | TECHNOLOGICAL CHANGE RISK

Electronic devices in the present and future will become smaller while advancing in working capacity, meaning a multitude of technical change and production skills would be needed for the PCBs of the required quality. The Company has invested in machinery and equipment to support the said adaptation to improve our competitiveness. In 2021, we have invested in machines for the production of HDI (High Density Interconnect) products that require state-of-the-art technology for production. In addition, the Company continues to prepare for technological

changes through investments in continuous product development and production processes, as well as expanding production capacity to meet customer needs and prioritizing the quality inspection process, delivering the products tailored to the customers' requirements, and providing assistance to customers in developing new products to maintain good relationships with electronics manufacturers. Such qualities of ours have aided us in maintaining our customer base and keep our pace with the ever-changing technology.

## 2. Operation Risk

### 2.1 | PRODUCTION RISK

As the global COVID-19 pandemic improved in 2021, consumption have also improved compared to 2020. This resulted in resumption of order to our full production capacity, requiring us to plan for production to meet the existing demand. However, the domestic outbreak in June of 2021 has caused cases of infections in our group's employees, necessitated quarantine measures, and impacted our manpower.

The company has adopted automated machinery instead of manual labor at certain stages of production and has also improved production procedures to suit new technologies to reduce damage rates and reduce production time as well as intensify preventive maintenance to reduce the down time of production machinery, increasing the overall efficiency.

### 2.2 | HUMAN RESOURCE MANAGEMENT RISK

The impact of the global COVID-19 pandemic since 2020 resulted in approximately 40% decrease in purchase order. The Company decided not to downsize and adhere to the policy to keep the employees. This resulted in the Company not lacking skilled labor which in turn allowed us to handle the resuming orders in large amount in 2021. However, the new wave of COVID-19 outbreaks in Thailand especially in June 2021 caused many large clusters

in industrial factories and manpower shortage. This led to many factories competing for human resources by increasing compensation and have raised our resigning rates. The Company responded by raising the minimum wages and improving our employment conditions resulting in higher overall compensation. The corrective action led to a lower resigning rate to a satisfactory level.

### 2.3 | INFORMATION SECURITY MANAGEMENT RISK

At present, there are incidents where scammers often attack the information of companies and organizations to claim many benefits. Therefore, the company is focused on protecting the information system with the following actions :

- Installing and updating computer fire wall to prevent malicious attacks from outside as well as installing antivirus software to protect the Company's computer network from damages.

- Installing data backup system to prevent data loss in cases of irreparable damages to the operating systems or servers. The Company has also made use of server storage room that can withstand fires for about 10 hours and has equipped the systems with uninterruptible power supply systems to handle cases of power outage.

- Contracting the computer equipment and software suppliers to service their supplied goods.

## 3. FINANCIAL RISK

### 3.1 FOREIGN EXCHANGE LOSS RISK

Because most of the Company's revenue and cost of sales are in foreign currency, with US Dollars as the main currency, the company benefits during 2021 when Thai Baht is depreciated comparing to US Dollars. However, the Company continues to implement hedging policies to help reduce 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 enter into forward contracts for the difference in foreign exchange assets and liabilities, which can be used as a tool to hedge against exchange rate fluctuations to a certain level.

### 3.2 INTEREST RATE RISK

In order to make investment in technological improvements and capacity expansion in 2021, the Company has made loans from domestic financial institution. However, the loaned amount is not very

high as the Company has available funds from normal operations. Some operating loans are short-term loans with low interest rate, which maintains the interest rate risk at low level.

## 4. HAZARD RISK

Fires and natural disasters can have a significant impact on the Company's operations. The Company and all its subsidiaries have reduced the risk if this occurs by making all-risks-insurance and business interruption insurance to the insurer with a strong financial position to manage the risk. The insurance policy is reviewed every year to ensure that it has the right sum insured and adequate coverage in all cases. Moreover, the company has added many fire prevention measures in accordance with the advice of experts.

### 4.1 FLOOD RISK

In 2021, Thailand saw more rainfall compared to the previous year and some provinces have flooded. The Company's factory is located in an area of risk in Ayutthaya. However, by monitoring the information at all times, having a well-prepared

response plan, having good building design, and considering the flood situation such as raising the floor of the building beyond the level of the flooding, the impacts from flood risk is of low level.

## 4.2 | FIRE ACCIDENT RISK

Fire is a serious hazard with significant impact on the company's business operations. The Company has placed great emphasis and awareness of fire prevention through series of provisions and regulations including workshops for all employees on fire prevention and preliminary fire suppression. 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 Company also follows the guideline provided by experts from insurance companies, making this particular risk remains at low level in 2021.



## 5. LEGAL AND ENVIRONMENTAL COMPLIANCE RISK

### 5.1 | PRODUCTION WASTE LEAKAGE AND CONTAMINATION RISK

In 2021, the Company has improved several waste disposal equipment, leading to better control of waste treatment. The risk from waste leakage is at low level.

## 6. EMERGING RISK

### 6.1 | COVID-19 PANDEMIC

As a result of the new COVID-19 pandemic in Thailand since the beginning of 2021, The Company has recognized that a viral spread within the Company will affect the Company and may result in a sudden halt to the production, causing damage to the Company and loss of massive revenue. Therefore, the company has introduced several control measures. The Company has reduced sharing contact-objects, provided alcohol gel disinfectant at various locations, and encouraged the employees to wash their hands frequently with soap. The measures were unsuccessful as the Company still faced a large number of infected employees during June 2021, which was the peak time of the pandemic in Thailand. The factory outbreak impacted the Company's production capacity due to the needs to quarantine the COVID-19 patients and the employees who came in contact with them. The Company responded to the problem by expedited provision of vaccines for employees and performing thorough screening tests with ATK for every employee every seven days. The said responses resulted in the Company making through the crisis and rapidly resuming normal production at full capacity.



# 3

## BUSINESS SUSTAINABILITY DEVELOPMENT

### 3.1

#### POLICY AND OBJECTIVES OF SUSTAINABLE MANAGEMENT

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

## 3.2 MANAGEMENT OF IMPACTS ON STAKEHOLDERS IN THE BUSINESS VALUE CHAIN

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



### 1. CORPORATE ETHICS

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

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

#### 1 | ENSURE FAIR COMPETITION

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

#### 2 | PROMOTE SOCIAL RESPONSIBILITY WITH TRADING PARTNERS

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

#### 3 | RESPECT THE RIGHT OF PROPERTY

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

#### 4 | RELATE TO POLITICS IN A RESPONSIBLE WAY

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

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



## 2. ANTI-CORRUPTION

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

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

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



## 3. RESPECT FOR HUMAN RIGHTS

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

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

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

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





## 4. FAIR TREATMENT TO LABOR

The Company emphasizes the equal treatment of employees.

- 1 | Respect the right to work according to the rule of human rights without discriminating in the workplace and without the use of force and with no use of child labor. The right and freedom of employees are respected.
- 2 | Promote social protection and work conditions of employees by providing fair working conditions and remuneration and other welfare that is appropriate and in accordance with the law. Avoid unfair action that would affect the stability of the employee or to threaten or create emotional pressure on an employee.
- 3 | Promote protection against workplace health, safety and environmental hazards, and maintain a working system that ensures safety for life and property and good health.

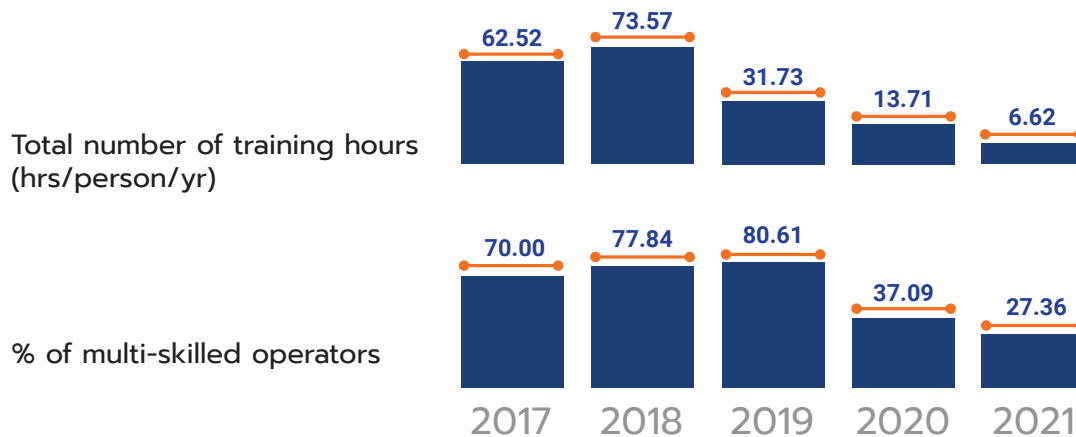
The Company is also committed to supporting the professional advancement and self-development of all employees. We use a fair compensation and merit system to measure the performance of our employees. The Company encourages employees to participate in recreational activities. A corporate intranet system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

”

***The Company emphasizes the  
equal treatment of employees.***

”

The Company's policies and objectives are delivered through “continuous training” and development programs, which include specific knowledge and skill training, basic training courses, and strategic policy training to enable our employees to easily adapt themselves to the Company's ethics. In 2021, the Human Resource & Organization Development Department arranged numerous training programs for employees throughout the year, which resulted in an increase in the total number of training hours and the number of multi-skilled employees.



**2017** In 2017, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level for the 5th consecutive year, award organized by the Department of Labour Protection and Welfare, issued date August 25, 2017; and a Certificate that the Company is able to maintain Thai Labour Standard for 5 years continuously, issued by the Department of Labour Protection and Welfare, on August 25, 2017.



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

The Company was awarded the Certificate of Good and Happy Workplace, award organized by The Association for The Development of Environmental Quality, Thai Health Promotion Foundation, issued date August 22, 2018

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



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

The Company was awarded the Certificate of Good and Happy Workplace, award organized by The Association for The Development of Environmental Quality, Thai Health Promotion Foundation, issued date August 22, 2019.

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



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

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



**2021** In 2021, the Company was awarded the “Excellent Establishment on Labour Relations and Welfare” at the National level for the 9th year, award organized by the Department of Labour Protection and Welfare



## 5. RESPONSIBILITY TO CONSUMERS

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

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

The Company, including all of its Sales Offices worldwide, has been awarded ISO/TS 16949:2016 Edition 1 (September 10, 2021 - September 9, 2024), Certificate of Quality Management System of Technical Specification for Automatic Productive and Relevant Service Part. SGS (Thailand) Limited conducts the audits, and the audit result is accredited by the IATF. The Company has been continuously audited to ensure adherence to all stipulations and strictly meets the quality standard. In 2021, the Company was capable to maintain its status even in Covid-19 outbreak situation. During the year, there was the Remote Audit via Video conference by customers such as VALEO, APTIV, CONTINENTAL, DELL, SCHNEIDER, SAGEM to follow up on compliance with the Quality standard. There were no major deviations found.

During 2021, the Company conducted Customer Satisfaction surveys in various categories, such as technical area, quality, on-time delivery, problem responsiveness, logistics, accuracy of the document and communication. The results of which are satisfactory (in the level of 88%)

For 2021, the Company set quality target, as follows:

INCREASE PRODUCTIVITY: PCB OUTPUT

PCB OUTPUT

= 21.6 MILLION SQ. FT PER YEAR



In the year 2021, the Company enhanced its standard quality system, as follows:

1. Improve the quality management system, risk assessment and action to address risks, and conduct the internal audit system to ensure that all departments' performance compliance to the customer's requirements, and IATF16949 and VDA 6.3 standard requirements.
2. Implement the Six Sigma program to improve the quality of products and manufacturing processes using the statistical techniques and continuous improvement process follows Six Sigma concept that focus on reducing waste in process and minimizing the variation in process.
3. Provide training to the leaders in APQP, PPAP, FMEA, SPC, MSA, Risk management, FMEA new version (AIAG & VDA), and Root cause analysis and corrective action (8D), so employees will have knowledge, understanding and ability to produce and control product quality according to customer requirements.

## 3.3 MANAGEMENT OF ENVIRONMENTAL SUSTAINABILITY

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

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

### ENVIRONMENTAL MANAGEMENT POLICY

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

- Comply with legislation Requirements and regulations related to the environmental.
- Reduce waste and natural resources consumption include energy consumption, and water consumption.
- Commitment to use renewable source of energy as Solar power to conversion of energy from sunlight into electricity
- Reduce of Carbon dioxide (CO<sub>2</sub>) emission and greenhouse gases-related issues during operations.
- Protect of environment, prevention of pollution include sustainable resource use, climate change mitigation and adaptation, and protection of biodiversity and ecosystems
- Implement and continual improvement of the environmental management system to enhance environmental performance.
- Cultivate environmental and energy conservation awareness and communicated to employees, contractors, supplier and interested parties.

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

The Company received ISO 14001: 2015 certification (March 28, 2020 - March 28, 2023), which is the standard for environmental management. An audit is continually conducted by SGS (Thailand) to ensure that the Company complies with the policy and strictly operates according to environmental regulations. In 2021, 1 audit was performed in February.

In addition, the Company was certified by the "Green Industry", the Ministry of Industry, that the Company is rated "Green industry-Level 3) in the Green system, as the Company has systematically manage the environment, monitor and assess the outcome and continuously improve the results, issued by June 25, 2021 - June 24, 2024.

In 2021, the Company's environmental plans are as follows:

REDUCE ELECTRICITY  
CONSUMPTION USAGE

≤ 6.26  
Kw. hr/sq.ft

REDUCE WATER USAGE TO

≤ 0.09  
m3/sq.ft

WATER RECYCLE

≥ 42%

REDUCE GREENHOUSE  
GAS EMISSION PER OUTPUT

≤ 4.17 kg  
CO2e per sq. ft

In 2021, the Company arranged several activities for employees to participate in with the aim to promote and encourage environmental safety in accordance with ISO 14001 practices, as follows:

- 1 | Appointing KCE Group's environmental management system team to monitor and implement the environmental management system for all plants.
- 2 | Installation of Solar Roof-Top (Phase 2), which is clean energy helping reduce greenhouse gas emissions and global warming. In 2021, the solar roof-top phase 1 & 2 produced electricity 1.65 Million KW-Hr and reduce greenhouse gas emissions 800 ton CO<sub>2</sub>e per year.
- 3 | Study and collect data about Greenhouse gas emission or CO<sub>2</sub> emission from the production process and various supporting activities within the company in order to be a database to measure the results of the project to reduce greenhouse gas emissions in the future. This is an important environmental trend in the world, Thailand, including customers, especially automotive customer
- 4 | Procurement of environmental friendly raw materials which controlling of using the prohibited substances in raw materials which compliant with regulations of RoHS 3 (EU Directive 2015/863), Packaging Directive (Directive 94/62/EC), End-of-Life Vehicle or ELV (Directive 2000/53/EC), REACH and Substance of Very High Concern (SVHC) (Directive 1907/2006/EC), Global Automotive Declarable Substance List (GASL).
- 5 | Discontinue the use of foam in product packaging and switch to use recycled paper instead to reduce hazardous waste that pollutes the environment, and also conform to customer requirements



## ENVIRONMENTAL MEASUREMENTS IN 2021

ENVIRONMENTAL QUALITY	2021 ACTUAL MEASUREMENT		PER LAW
AIR QUALITY FROM CHIMNEYS	JAN - JUN	JUL - DEC	
CO EMISSION (ppm)	34.84	14.28	690
NOX EMISSION (ppm)	31.24	39.99	200
SOX EMISSION (ppm)	<1.3	<1.3	60
PARTICULATE (mg/Nm3)	6.71	2.77	400
NOISE QUALITY			
AVERAGE NOISE LEVEL 8 HRS.	83.58		85
MAXIMUM NOISE LEVEL	90.90		140
QUANTITY OF INDUSTRIAL WASTE			
NON-TOXIC INDUSTRIAL WASTE (PER YEAR)	11,637 Tons/Year		Properly Buried or Recycled Managed by licensed company
TOXIC INDUSTRIAL WASTE (PER YEAR)	5,382 Tons/Year		

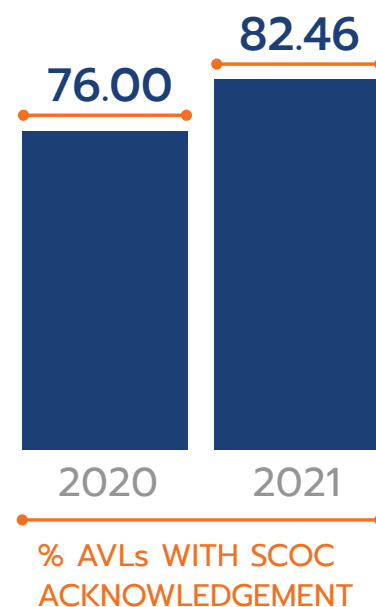
## SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN RISK MANAGEMENT

The problem of the corona virus (Covid-19) epidemic that no company in the world plans to deal with this. As a result, many industries lack raw materials and products for production. from the interruption of the supplier or transport in many areas Many companies are scrambling for raw materials to use in their factories. Reliance on supplier management alone may be insufficient and too risky. The Company's Purchasing Goals It has shifted to focusing on revenue preservation or managing the risk of disruption to the supply chain. The Company has predicted events more accurately and accurately. Thus, there is no need to compete for products and raw materials during the crisis. The Company has analyzed and planned to cope with risks arising within the business along with the management of risks from external factors. It will help the organization to cope with various incidents. that may occur. The Company has taken several measures immediately such as Review any possible supply risks, work closely with suppliers to ensure that the limited supply of raw materials is sufficient for the Company's production needs, as well as formulate a supply plan in place. future by booking production capacity and entering into a purchase contract with long-term supply Through these efforts, the company was not only able to manage the mitigation and disruption, but also helped to reduce the downside from disruption in the supply chain to as little as possible

## ENVIRONMENT, SOCIAL GOVERNANCE (ESG) AND SUPPLIER CODE OF CONDUCT

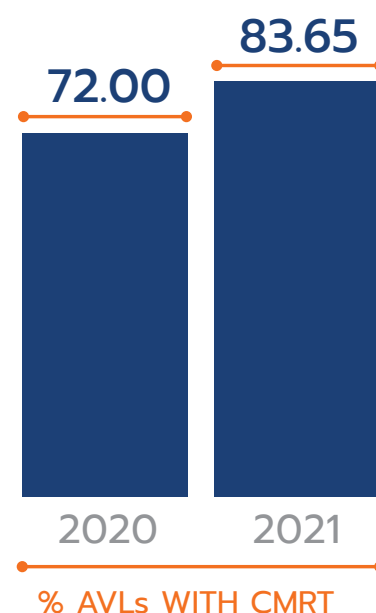
KCE has a strong commitment to strategic planning for a procurement strategy that focuses on the quality of products and services. Establish a risk management process that encompasses environmental, social and governance (ESG) so that management is consistent with the level of risk taking into account quality, quantity, products and services. as well as complying with labor laws Environmental laws and other quality management systems To protect and reduce risks that may affect quality KCE's Supplier Code of Conduct (SCOC) is also established for suppliers. The document covers a wide range of issues., KCE also communicates with suppliers through the KCE website <https://www.kce.co.th/Eng/index.aspx#SupplyChain> for Conflict Minerals Policy, Supplier Code of Conduct, Anti-Corruption Policy, Sustainable Procurement Policy etc. As reported in the 2020 Annual Report. The acknowledgement from AVL (Approved Vendors List) suppliers on "Supplier Code of Conduct (SCOC)" was around 76%. At the end of December 2021, we achieved at 82.46% respectively.



## CONTROLLING THE USE OF CONFLICT MINERALS

Conflict minerals originated in the Democratic Republic of Congo ("DRC") and its bordering countries known as the Democratic Republic of Congo. The "comprehensive group" encompasses the four minerals tin, tungsten, tantalum and gold (tin, tungsten, tantalum, gold, or "3TG"), which are widely used in the machinery industry. communication tool electronic equipment electrical appliance vehicles and cosmetics The root of the problem lies in the Congo. Uganda and Rwanda in Africa, where the mineral is produced in large quantities. But at the same time, production sites such as mines in the aforementioned countries have become sources of funding for armed groups. leading to human rights violations and environmental destruction It is also a threat that supports other forms of international conflict.

This human rights violation and its impact on national security are caused by the use of child labor and illegal labor in the mining or production of such minerals under the control of armed groups that exploit it. Mining workers to finance crimes against humanity, in order to meet the needs of consumers around the world and to satisfy the peaceful and peaceful living of all mankind. The United Nations has adopted the requirements in line with the Guidelines for Preventing the Use of Such Minerals Through the Supply Chain System and has published a set of Principles that provide guidelines



for mineral business dealing with human rights issues. It stipulates that, initially, each sector should formally report on its management of vulnerable minerals through the issuing of company policy on procuring minerals responsibly and that compliance with this policy is a duty of entrepreneurs around the world is not an option.

The Company has a policy to discontinue the use of conflict minerals and has issued a "Conflict Minerals Control Policy" which prohibits the purchase of tungsten, Tantalum, tin, gold (3TG) and cobalt are mined from the aforementioned human rights violation countries. and requested supplier AVL to clarify the origin of 3TG minerals and to sign the "Conflict Minerals Control Agreement" as reported in the 2020 Annual Report, the supplier received a response to the signing of the "Conflict Minerals Control Agreement" approximately 72% and as of December 2021, approximately 83.65%, respectively.

## GREEN PROCUREMENT

The components of green logistics and supply chain activities include Green Design, Green Procurement/Green Supply, Green Manufacturing, Green Marketing, Green Consumption, Green Reverse Logistics, Green Transportation/Distribution, Green Communication in many industries around the world. The movement towards sustainable procurement is gaining momentum and broad acceptance. This concept builds on environmentally responsible procurement but sets additional expectations for key business partners and suppliers to operate more on human rights. Fair Labor Practices and Governance KCE Electronics Public Company Limited (KCE) is an international trading company where customers, suppliers, service providers and business partners have trusted on the basis of a long-standing trusted partnership, corporate stability and striving to continually improve and improve. Therefore, the company is confident that its products and services are manufactured according to the highest international standards.

Green Procurement or Green Purchasing is the procurement of goods and services that are environmentally friendly, that is, the procurement of goods and services with less impact than conventional goods and services. that perform the same function considered throughout the product life cycle. Starting from the raw material procurement process to the process of handling waste products after the end of their lifespan instead of solving problems arising from the use of goods and services that affect the environment It can be seen that green procurement differs from general procurement in that it takes into account environmental factors. In addition to quality, price and delivery according to general procurement rules.

### CONSUMABLE GOODS

#### COPY PAPER



#### TONER



#### FILES



#### CORRECTION FLUID



#### GLUE STICK



### DURABLE GOODS

#### LED TUBE



#### REFRIGERATOR



#### NOTEBOOK



#### MONITOR



In the policy of selection of new suppliers of raw materials (New Supplier Qualification), which is involved in the production and delivery of products, the company will request and verify important documents such as IATF 16949/ ISO 9001/, ISO 14001. (minimum) / ISO 45001 Certificate, etc. The company also attaches importance to "Green Procurement or Green Purchasing" in the following product groups: consumables such as copy paper, toner, document file, correction fluid. Wrong, glue, etc. Durable goods such as LED lamps, refrigerators, computers and notebook monitor.

Such products must be certified for environmental management such as DEFORESTING, green label, green leaf certificate, energy saving label 5, ENERGY SAVING, or ISO 14001 certification, etc.

## GREEN PACKAGING, SAY NO TO FOAM PROJECT

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means the design and creation of packaging for products that Made from environmentally friendly raw materials, biodegradable rawmaterial, and as recycled raw materials, etc. Foam products are not biodegradable. Foam is also a waste that affects the environment. For example, if not disposed of properly, it will clog drains causing flooding problems. If incomplete combustion will release toxic gases and carbon dioxide which is one of the causes of global warming affect the ecosystem and the livelihood of different plants and animals causing contamination to the environment both in soil and water sources

From the foregoing, the company intends to focus on it. in conserving the environment, society and the community as a whole, as well as participating in the reduction of toxic gas emissions and carbon dioxide which is one of the causes of global warming In the supply chain and has been coordinating with vendors, suppliers, until last year the company still has foam packaging to control temperature for the main raw materials, consumables, spare parts are still of good quality. The purchase value of raw materials that are still foam packaging is only 0.20% of the total purchase value of the company

## GREEN LOGISTICS MANAGEMENT (GREEN LOGISTICS)

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Logistics management in terms of reducing environmental impacts arising from logistics activities throughout the supply chain. From the source and the raw material procurement process product and service design production processes, services, internal and external transportation processes, consumption, and the life cycle management of products and other inputs (Figure 1), and also achieve key objectives to increase

As previously reported on GREEN LOGISTIC, or Logistic for the Environment, the company has collaborated with logistics service providers to optimize transportation cost management. Combined Shipping full load packaging design packaging and choosing the most suitable delivery route The company encourages its suppliers to use e-invoice and e-document as much as possible to save natural resources. and help reduce greenhouse gas emissions from long distance transportation As for packaging materials such as wooden pallets, packing paper All corner papers and paper boxes are made from 100% recycled components.

In 2021, Packaging Design, Purchasing and Procurement Department have collaborated with integrated customers to phase out foam as a packaging component in accordance with the aforementioned "SAY NO TO FOAM" project

## 3.4

# MANAGEMENT OF SOCIAL SUSTAINABILITY

## COMMUNITY AND SOCIAL DEVELOPMENT

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

In 2021 The company has jointly organized activities with Chalong Krung Police Station. Lat Krabang Industrial Estate Office and surrounding communities as follows:

On April 12, 2021 KCE and Chalong Krung Police Station supported drinking water and stickers for travel safety campaign during Songkran Festival.

On May 18 and 24, 2021 KCE donated face masks to various communities for Covid-19 prevention campaign.

- Public Health Service Center 45, Romklao
- Housing Community Health Center, Romklao, Ladkrabang
- Public Health Service Center 44, Nong Chok District
- Community Health Center 201, Red Roof, Romklao
- Wat Bueng Bua
- Wat Pol Manee
- Wat Suthaphoch
- Wat Uthai Thammaram
- Chalong Krung Police Station

- Wat Lam Phak She

- Wat Lam Pha Ong

On May 27, 2021 KCE donated thermometers

- Community Health Center 201, Red Roof, Romklao
- Community Health Center 202

One May 30, 2021 KCE support consumer goods for communities around the factory to alleviate the COVID-19 crisis.

On June 23, 2021 KCE donate old computers and equipment to Association of Persons with Physical Disability International to be recycled and sold for money to help people with disabilities.

On July 31, 2021 KCE donated survival bags to Sala Loi community.

On August 28, 2021 KCE & PTT donate plastic bottles recycle to make PPE for medical personnel.



## COPING WITH THE IMPACT OF THE COVID-19 CRISIS

Due to the COVID-19 epidemic situation has greatly affected the government, private sector, economy, industry, consumption and lifestyle.

In this regard, the Company has a management policy and measurement to prevent and control the outbreak of COVID-19, focus on the employee health and safety throughout the group, provide knowledge to employees, promote good hygiene practices, social distancing and wearing a mask. In addition, the Company implements the operation technology helping in running the business continuously and efficiently

In addition, the Group also expressed its intent and concern for society during the COVID-19 crisis continually by supporting and donating medical equipments, masks and alcohol gel for hospitals and government agencies such as Children's Hospital, Banphaeo General Hospital, Klang Hospital, Charoenkrung Pracharak Hospital Foundation, Thammasat University Hospital, and others, totaling more than 3 million Baht.



## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company realizes the importance and responsibility towards the Community, Society, Religion, Culture, Natural Resources and Public Benefit as well as to promote social responsibility awareness among employees at all levels. The company has allocated budgets for social responsibility projects by focusing on long-term projects that will contribute to sustainable social development. The main activities of the company are to maintain support youth, teachers and schools include promotion of the underprivileged, and community support to develop their potential to be self-reliant, also to promote environmental conservation. The Company has organized various social and environmental activities emphasis on activities for the benefit of Sufficiency Economy, Development of youth education standards, Development of physical and mental health, including development of arts and sports

In 2021, the Company and its employees have joined together to do social and community activities as follows:

### ACTIVITY 1 Supports Foods and Drinking Water for Medical Staffs during the COVID-19 Situation" Activity at the COVID-19 Vaccination Center, Kasem Bundit University, Romklao Campus Between 27 July 2021 and 27 August 2021

As from the epidemic situation of COVID-19 that spread rapidly. It affects people's lives in every aspect. What will stop the spread of the disease is people must be treated and vaccinated against COVID-19 thoroughly, forcing medical personnel to work hard both inside and outside of hospitals. Therefore, the company is a part of helping medical staffs that issued a vaccination services unit to the general public including factory workers in Lat Krabang Industrial Estate and various areas that need vaccination against COVID-19 by donating 260 dozen of drinking water and 50 sets of food boxes per day for a total of 16 days.

COVID-19 Vaccination Service Center at Kasem Bundit University, Romklao Campus Located in Minburi, Bangkok had been providing vaccination services to prevent COVID-19 for 800 people each day.



## ACTIVITY

2

### KCE activity sharing kindness to help flood victims" in Ban Kham, Chaturat District, Tako Thong, Sap Yai Subdistrict, Tha Kub, Sap Yai District, Chaiyaphum Province, and Ban Lam Choeng Krai Community, Muang District, Nakhon Ratchasima Province on Saturday October 16, 2021

As from the heavy rain and the impact of Dian Mu Tropical Storm in many districts in Chaiyaphum Province during September and October 2021, results in flooding in many areas which affected to many People who were living in the area of 16 districts. Farms, gardens, roads, utilities were damaged. People living in Tako Thong Subdistrict, Sap Yai Subdistrict, Tha Kub Subdistrict, Sap Yai District, Chaiyaphum Province, and Ban Lam Choeng Krai Community Mueang Nakhon Ratchasima District Nakhon Ratchasima Province has been suffered this time

KCE Group has been a part in helping alleviate the suffered people who have suffered from the floods this time. 460 sets of survival bags containing rice, dried food, instant noodles, chili paste, canned fish, snacks, masks, detergent, dishwashing liquid, soap, drinking water, etc., were distributed to villagers in the area of Tambon Tha Kub, Ban Sap Yai, Ban Tako. Thong Ban Non Nakhon, Sap Yai District, Chaiyaphum Province and Lam Choeng Krai Village Community, Muang District, Nakhon Ratchasima Province On Saturday October 16, 2021

Ban Tha Kub, Ban Sap Yai, Ban Tako Thong, Ban Non Nakhon located in Sub-Yai District. Chaiyaphum have population of 5,404 households, totaling 15,401 people. Most of the terrain is mountain areas. Most of the people in the area are engaged in agriculture, farming, orchards, vegetable gardening, and ornamental plants. Lam Choeng Krai Village Community located in Mueang Nakhon Ratchasima District Nakhon Ratchasima Province has a population of 250 households





## ACTIVITY

3

### KCE joins together to fight flood disaster for Ayutthaya brothers and sisters" donating survival bags help flood victims at Ban Lat Nga, Lat Nga Subdistrict, Sena District, Phra Nakhon Si Ayutthaya Province On Saturday, November 6, 2021

KCE Group has been a part in helping alleviate the suffering of people who have suffered from the floods this time. By bringing 1,102 sets of survival bags containing rice, dried food, instant noodles, chili paste, canned fish, snacks, masks, detergent, dishwashing liquid, soap, drinking water, etc., to give to people who were affected by floods in the Lat Nga Subdistrict area, including Rang Sao Thong, Ban Nong No, Ban Phai Khwang, Ban Mu Yai, Lat Nga Subdistrict, Sena District, Phra Nakhon Si Ayutthaya Province On Saturday, November 6, 2021

Ban Lat Nga, Ban Rang Sao Thong, Ban Nong No, Ban Phai Khwang, Ban Mu Yai, located in Lat Nga Subdistrict, Sena District, Phra Nakhon Si Ayutthaya Province. There have population of 759 households, totaling 3,052 people lowland. The area is a vast field, the condition was clay and some are sandy soil with many natural water sources suitable for cultivation. Around September-December is the flooding season, this year the water level is higher than normal. Most of the population has main occupation is agriculture (farming) / secondary occupation is employed, accounted for agriculture, farming, farming, gardening.



## ACTIVITY

4

### Activity#4 "KCE Sharing Kindness for Society" activity at Baan Phra Phon Foundation, Bang Kapi Sub-district, Huai Khwang District, Bangkok on Saturday 20 November 2021.

The KCE Group has brought rice, consumer goods and money to the Baan Phraphon Foundation, which takes care of helping both adults and youth including children up to 10 years of age from parents in prison and children of prisoners whose parents are in prisons and cannot take care of them By the items to be given as follows:



- 10,000 baht donation
- Sweets and milk
- Face mask
- 10 sacks of rice
- Dolls and baby toys
- Alcohol gel
- Instant noodles
- Second hand clothes
- ATK Examination Gloves

Seasonings in cooking such as seasoning sauce, oyster sauce, fish sauce, vegetable oil, alcohol gel.

Baan Phraphon Foundation is a home that provides assistance to both adults and juveniles, encourages and supports them to have a good quality of life and career that is able to live in society stably including helping the children of prisoners. The foundation has sponsored children born to parents who are in prison and children of prisoners whose parents are in prisons and cannot take care of them. The foundation has taken these children to take care and support education. The numbers of people are totally 150 people, divided into 70 children from birth to 10 years old, 50 youths and 30 adults excluding 22 persons of officer





**ACTIVITY** KCE donates survival bags to the blind at the Thai Community Association for the Blind” Sao Thong Hin Subdistrict, Bang Yai District, Nonthaburi Province on Saturday 20 November 2021

From the situation of COVID-19 severely affects all groups of people even the visually impaired that requires touch primarily. This creates a very high risk of infection in everyday life and activities. The temporary closure of shops and workplaces to prevent the spread of COVID-19 causing blind people and their family members to suffer, many blind people lost their jobs, can't go out to do various occupations, Lack of money to spend in daily life, and some areas are flooded with difficulty to go to work.

KCE Group has been a part in helping and alleviating the suffering of the visually impaired, who have suffered a career by brought 120 sets of survival bags containing rice, dried food, instant noodles, chili paste, canned fish, masks, detergent, dishwashing liquid, soap, drinking water, and others, to the visually impaired at the Community Association, Sao Thong Hin Subdistrict, Bang Yai District. Nonthaburi Province on Saturday 20 November 2021

The Thai Blind Community Association, located at Sao Thong Hin Subdistrict, Bang Yai District, Nonthaburi Province, has provided assistance to visually impaired people. Currently, the association has provided assistance to heal more than 3,800 blind people suffering from Covid-19. including 27 provinces and 50 provinces that still have blind people waiting for help from the association.



## IMPLEMENTATION AND REPORTING

### IMPLEMENTATION IN 2021

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

- 1 | The development of an environmentally friendly production process by increasing production efficiency, reducing the impact on the environment and reducing energy consumption.
- 2 | The development of products that are environmentally friendly, such as those that reduce energy consumption in the production process and that enhance product quality.

### OPERATION PLAN FOR 2022

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

- 1 | Solar Roof-Top Project (Phase 3) to generate clean energy of electricity and reduce greenhouse gas emissions. It's targets are to generate electricity by 1.5 million kilowatt-hours per year and reduce greenhouse gas emissions by 750 ton CO<sub>2</sub>e per year.
- 2 | Improve the efficiency of the chiller system and the air compressor system to reduce the use of electricity and reduce greenhouse gas emissions. It's targets are to reduce electricity consumption by 600,000 kWh per year and reduce greenhouse gas emissions by 300 ton CO<sub>2</sub>e per year.

### REPORTING

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

## IMPACT FROM SOCIAL OR ENVIRONMENTAL ISSUES

In 2021, the Company had no social or environmental legal disputes.



# 4

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### KCE GROUP'S OVERALL 2021 OPERATING PERFORMANCE

Since the fourth quarter of 2020, the automotive industry recovered due to the easing of the COVID-19 situation, and the market continued to grow strongly in 2021. Customer order bookings returned to above existing capacity and forward delivery schedules extended longer into the year. To cope with the increase in orders, the Company invested in expanding capacity at both the Lat Krabang and Ayutthaya plants by a total of 600,000 square feet per month which was expected to become available in mid-2021. The new production capacity was not available until the fourth quarter, however, which caused an ongoing backlog especially of HDI products.

Later in the year, the third wave of COVID-19 spread further and led to local lockdown restrictions,

which seriously impacted the Company's operations in the month of June. In 3Q21, there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut down for 10 days from late June to early July. In addition, the price of copper rose, and the chip shortage and logistics problem caused shipments to be delayed.

However, sales revenue grew resulting mainly from better efficiency that led to an improved gross profit margin, an increase in product selling prices that fully took effect in the third quarter, and the THB weakening.

A summary of the Company's operating performance in 2021 is shown in the following table :

[Amount: in baht millions]

	2021	2020	% Change Y-O-Y 2021 vs 2020	2019	% Change Y-O-Y 2020 vs 2019
FX: THB/USD	31.8764	30.9757		30.7824	
Sales Revenue, THB	14,937.8	11,527.2	+29.59%	12,097.4	-4.71%
Sales Revenue, USD	\$468.6	\$372.1	+25.93%	\$393.0	-5.32
Cost of Sales	10,965.2	9,015.1		9,643.6	
Gross Profit Margin, %	26.6%	21.8%		20.3%	
Selling & Administration	1,655.7	1,449.2		1,612.8	
Net Profit	2,426.3	1,126.8	+115.33%	934.5	+20.58%
	16.2%	9.8%		7.7%	

## REVENUES ANALYSIS

Consolidated sales revenue in Thai baht terms increased from Bt11,527.2 million in 2020 to Bt14,937.8 million in 2021, representing a growth of 29.59% Y-o-Y, while sales revenue in USD terms increased by 25.93% Y-o-Y to USD468.6 million.

The Y-o-Y increase in revenue was due mainly to a 23% increase in sales volume of PCBs, as production output continued to ramp up following an aggressive booking of customer orders and a change in product mix, particularly of special grade products. A continual rise in the price of copper since the beginning of the year had led to an increase in selling prices of products that took effect in May 2021. In addition, the weakened THB against the US dollar in the period resulted in a gain in

revenue recognition in Thai Baht terms. Nevertheless, sales revenue was adversely impacted by unrealized consignment sales of Bt470.1 million, an ongoing backlog of orders at the end of the year, the chip shortage, and a delay in shipments caused by the shortage of shipping containers.

The outbreak of the third wave of COVID-19 led to lockdown restrictions, which had a major impact on the Company's operations in the third quarter and caused a delay in machine installation of an increase in capacity of HDI.

Changes in foreign currency exchange rates had an impact on revenue recognition in Thai baht terms, which resulted in a gain of Bt393.63 million Y-o-Y.

		2021	2020	2019	2018
THB/ USD	Avg. rate	31.8380	30.9757	30.7824	32.0815
THB/ EURO	Avg. rate	37.4456	35.2339	34.3100	37.7391

## **QUARTERLY SALES REVENUE**

Quarterly sales revenue in dollar terms was as follows :

[Unit: USD million]	2021	2020	2019	2018	2017
Quarter 1	113.3	104.8	99.4	109.1	101.3
Quarter 2	113.3	67.3	95.5	115.4	107.2
Quarter 3	115.5	87.5	101.4	113.0	108.3
Quarter 4	126.4	112.5	96.7	98.5	103.6
<b>Total year</b>	<b>468.6</b>	<b>372.1</b>	<b>393.0</b>	<b>435.9</b>	<b>420.4</b>

The proportion of sales by layer count was as follows :

(% Sq ft)	2021	2020	2019	2018	2017
Double-sided PCBs	18.0%	18.4%	20.3%	21.4%	23.4%
4 Layer PCBs	50.3%	50.0%	51.8%	52.2%	51.9%
6+ Layer PCBs	20.8%	21.1%	21.5%	22.3%	22.5%
Special Grade (HDI)	11.0%	10.5%	6.4%	4.1%	2.2%

Sales distribution by territory was as follows :

(Unit: % to total sales)	2021	2020	2019	2018	2017
Europe	50.1%	48.6%	53.0%	54.0%	55.0%
United States	21.1%	20.8%	19.5%	19.4%	17.3%
Asia	18.2%	21.9%	19.2%	19.2%	20.5%
Local	10.5%	8.7%	8.3%	7.4%	7.3%

### Other income

Other income was as follows :

(Unit: Baht million)	2021	2020	2019	2018	2017
Sales of scrap materials	150.8	64.9	53.5	63.4	58.3
Gains from FX & Hedging	189.7	110.5	99.4	186.0	203.2
Miscellaneous income	51.5	39.3	38.4	28.3	39.9
<b>Total Other Income</b>	<b>392.0</b>	<b>214.7</b>	<b>191.3</b>	<b>277.7</b>	<b>301.4</b>

## COST OF SALES/GROSS MARGIN ANALYSIS

In 2021, the cost of sales decreased considerably to 73.4% from 78.2% in 2020, which resulted in the gross profit margin increasing to 26.6% of sales from 21.8% the previous year.

The widened gross profit margin followed a full production capacity utilization, which reflected a firm recovery of order bookings Q-o-Q and in the entire year. However, in 3Q21 there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut

down for 10 days in late June to early July. Even though the business gradually returned to normal in September, this resulted in a continued higher cost of goods in the second half of 2021.

Meanwhile, new selling prices that took effect in May 2021 that helped compensate for the high cost of goods sold in relation to the increased price of copper and the Thai baht's depreciation, all supported the widening of gross profit margin.

## SALES AND ADMINISTRATIVE EXPENSES ANALYSIS

### Selling expense

represented 3.63% of total sales, or Bt542 million in 2021, compared to 3.94% of total sales, or Bt455 million, in 2020. As much as 70% of the total selling expense varied at the same proportion as sales, including freight and insurance costs, sales commissions for overseas sales representatives, carton and packaging costs, and other costs that

are variable and linked to sales. The remaining 30% accounted for other fixed expenses – sales staff costs, product liability and recall insurance premiums, sample products, reject/returns and sorting costs, and miscellaneous sales office expenses. Selling expense, such as freight costs and sales commissions, increased in line with higher sales.

### Administrative expense

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

In 2021, administrative expense totaled Bt1,114 million, comparable to Bt995 million in the previous year. The increase in administrative expense related mainly to staff costs and R&D expense. In addition, expense was recognized for the subscription of share warrants (ESOP-W6) in the amount of Bt4.2 million and for COVID protection measures amounting to Bt35.6 million in 2021.



## NET PROFIT/ NORMALIZED PROFIT

The Group reported a consolidated net profit of Bt2,426.3 million for 2021, representing an increase of 115.3% Y-o-Y. Normalized profit in 2021 totaled Bt2,272.2 million, which excluded a foreign exchange gain of Bt189.7 million and a one-off expense related to COVID protection measures of Bt35.6 million, compared to Bt1,093.9 million the previous year, representing an increase of 107.7% Y-o-Y.

The improvement in profitability was driven by revenue growth that resulted from higher sales and a reduction in the cost of goods sold that led to a higher gross profit margin. Moreover, an adjustment of selling prices that took place in the second quarter,

the weak THB and a decline in the price of copper all eventually helped improve the Group's consolidated operating results.

In addition, in 2021 the Group set aside an impairment provision in the amount of Bt4.6 million for the assets of a subsidiary company that was temporarily closed (KCE International), a provision for share warrants (ESOP-W6) in the amount of Bt4.2 million, and a Corporate income tax provision in the amount of Bt156.2 million.

This resulted in an increase in basic earnings per share from Bt0.96 for 2020 to Bt2.05 for 2021.

## FINANCIAL STATUS

### Assets

Total assets as of December 31, 2021, amounted to Bt21,950.7 million, consisting of current assets of Bt11,794.0 million; property, plant and equipment of Bt8,978.7 million net; intangible assets of Bt211.4 million; contract costs assets of Bt394.9 million; investment property of Bt156.9 million; goodwill of Bt153.5 million; investments in associates of Bt38.3 million; deferred tax assets of Bt113.4 million; and other non-current assets of Bt109.6 million.

An increase in assets of Bt4,573.7 million from Bt17,377.0 million at the end of 2020, was due mainly to a decrease in cash of Bt376.6 million, an increase in the value of trade receivable and other receivable of Bt1,219.9 million, an increase in inventory of Bt2,247.0 million, an increase in other current financial asset of Bt511.3 million, an increase in contract costs of Bt20.9 million, an increase in other non-current assets of Bt78.9 million and an increase in the value of property, plant and equipment of Bt872.0 million.

### Trade and other receivables - net

KCE's customers include some of the world's leading electronics companies. Total trade and other receivables increased from a net Bt3,174 million in 2020 to Bt4,394 million in 2021 in line with higher sales. KCE's policy is that an allowance for doubtful accounts is assessed primarily on analysis of payment

history and expectations of customer payment in the future. Bad debts are written off when incurred. There was no allowance for doubtful accounts established based on this policy as of December 31, 2021.

## Inventory - net

As of December 31, 2021, the company had a net inventory of Bt4,841 million, up from Bt2,594 million in 2020, due to an increase in sales following a ramping up in orders in 2021.

Inventory as of December 31, 2021, included finished goods (made to order) of Bt808 million (December 31, 2020: Bt548 million) in the consolidated financial statement, which had been delivered to customers' warehouses, but the title of the inventory remained with the Group until the customers' requisition to their production process, or within the period specified in the agreement.

KCE's policy is to establish an allowance for the diminution in the value of inventory in accordance with the ageing of individual material types and an allowance for the diminution in the value of finished goods to net realizable value (NRV). As of December 31, 2021, KCE established allowances for the diminution in the value of inventory amounted to Bt68 million, and recorded a diminution value amounting to Bt11 million in cost of sales of 2021.

The average inventory days was 62 in 2021, from 46 days the previous year, as it was necessary to keep raw material stock in accordance with the safety stock level to ensure sufficient raw materials for production.

## Liabilitie

(Unit: Baht million)	2021	2020	2019	2018	2017
Total Liabilities	<u>8,509</u>	<u>5,315</u>	<u>4,739</u>	<u>6,114</u>	<u>6,576</u>
Debt :					
Short-term borrowing	1,798	1,283	1,067	2,202	1,156
Long-term loan	1,117	1,063	983	827	2,354
Leasing	<u>14</u>	<u>8</u>	<u>11</u>	<u>10</u>	<u>9</u>
Total Debt	<u>2,929</u>	<u>2,354</u>	<u>2,061</u>	<u>3,039</u>	<u>3,519</u>
Total Debt-to-Equity	0.63	0.44	0.40	0.51	0.58 times

KCE's debt/equity ratio increased slightly as 1) short-term and long-term borrowing were higher due to the Company had to reserve cash during the COVID-19 crisis. In addition, shareholder equity has been growing as a result of the Company's profitable operations, although this was offset by a dividend payment of Bt1,206 million during 2021.

## Liquidity

With an operational profit in 2021, KCE achieved positive cash flow from operations totaling Bt1,744 million (2020: Bt2,272 million). Net cash used for investment activities, mostly for the purchase of machinery and equipment accounted for Bt1,725 million. Cash from financing activities was Bt66 million, being an increase in short-term borrowing of Bt502 million, proceed from long-term loan of Bt1,159 million, repayment of long-term loan of Bt425 million, proceed from capital increase by warrant exercised of Bt93 million and dividend payment of Bt1,206 million.

In summary, cash balance as of December 31, 2021, decreased by Bt377 million.

As of December 31, 2021, the current ratio slightly decreased from 1.94 to 1.70 as a result of higher current assets but a much increase in current liabilities due to additional investment during the 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)	2021	2020	2019	2018	2017
Debt	2,929	2,354	2,061	3,039	3,519
Equity	13,380	12,009	11,712	11,951	11,229
Non-controlling interests	<u>62</u>	<u>52</u>	<u>50</u>	<u>56</u>	<u>46</u>
Total capital	<u>16,371</u>	<u>14,415</u>	<u>13,823</u>	<u>15,046</u>	<u>14,794</u>
Gearing Ratio	0.22	0.20	0.18	0.25	0.31 times
(Interest-bearing debt only)					

The capital structure has been reviewed and where possible debt has been restructured, with the gearing ratio gradually being reduced from a level of 0.45 times in 2016 to 0.22 times as of year-end 2021.

## Capital Expenditure

Total capital expenditure (CAPEX) in 2021 amounted to Bt1,848 million, of which approximately Bt1,327 million was mainly for new machines for HDI production at KCE Electronics PCL's new plant; Bt456 million was to expand capacity in KCE Technology Co., Ltd.; and Bt28 million was for additional machine at TLM; and Bt36 million was for Tin and Copper sulphate project of Chemtronic Product Co., Ltd. Other expenditures were for other subsidiaries mostly to cover efficiency improvement projects and necessary equipment and facility improvements.

## Exceptional Items

During 2021, no significant exceptional transactions occurred, except the following transaction:

### **A One-off expense related to the COVID-19 protection measures :**

The administrative expense included a one-off expense related to the COVID-19 protection measures in the amount of Bt35.6 million, which was payments for ATK test kits, PCR test fee, vaccine, personal protective equipments, medical treatment for infected staff, cleaning and disinfecting surfaces, supplies and food & water, but excluded expenses like an overtime payment for replacing line staff during the quarantine period, an additional bus service, and etc.

## Looking forward

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

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

A new plant facility located in the Latkrabang Industrial Estate that will eventually have a production capacity of 2.1 million sq.ft. per month is expected to support increased volumes required for new and existing customers. Additional investment of USD 40 million was spent in 2021 for new machinery to support HDI production capacity, to enhance the efficiency in achieving the growing demand of High-tech PCBs.

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

# 5

## GENERAL INFORMATION AND OTHER MATERIAL FACTS

### GENERAL INFORMATION

<b>Company Name</b>	:	KCE Electronics Public Company Limited ('KCE')
<b>Nature of Business</b>	:	Manufacturer and distributor of Printed Circuit Boards (PCBs)
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Baht 591,396,798
<b>Issued and Paid-up Capital</b>	:	Baht 590,794,798 Ordinary shares: 1,181,589,596 shares (as at December 31, 2021) Par value of Baht 0.50 per share
<b>Address</b>	:	72 - 72/1-3 Lat Krabang Industrial Estate Soi Chalongkrung 31, Lumplatew, Lat Krabang, Bangkok 10520
<b>Registration No.</b>	:	0107535000354 (Old number: Bor Mor Jor 68)
<b>Website</b>	:	<a href="http://www.kce.co.th">www.kce.co.th</a>
<b>Telephone</b>	:	(662) 326-0196 - 9
<b>Facsimile</b>	:	(662) 326-0300

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

- 1)
 

<b>Company Name</b>	:	K.C.E. International Co., Ltd. ('KCEI')
<b>Nature of Business</b>	:	Manufacturer and distributor of Printed Circuit Boards (PCBs)
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Issued and Paid-up Capital Baht 100 million
<b>Address</b>	:	677 Moo 4, Bangpoo Industrial Estate, Sukhumvit Road, Tambol Prangasa, Ampur Muang, Samutprakarn 10280
<b>Telephone</b>	:	02-709-3156-62
<b>Facsimile</b>	:	02-324-0368-9
  
- 2)
 

<b>Company Name</b>	:	KCE Technology Co., Ltd. ('KCET')
<b>Nature of Business</b>	:	Manufacturer and distributor of Printed Circuit Boards (PCBs)
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Issued and Paid-up Capital Baht 1,600 million
<b>Address</b>	:	117, 118 Moo 1 Hi-Tech Industrial Estate, Asia Road, Banlain, Bang Pa-In, Ayutthaya 13160
<b>Telephone</b>	:	035-351-812-19
<b>Facsimile</b>	:	035-351-811
  
- 3)
 

<b>Company Name</b>	:	Thai Laminate Manufacturer Co., Ltd. ('TLM')
<b>Nature of Business</b>	:	Manufacture and distribution of LAMINATE and PRE IMPREGNATED FIBERGLASS (PREPREG) which is an important raw material for producing Printed Circuit Boards (PCBs)
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Issued and Paid-up Capital Baht 250 million
<b>Address</b>	:	70, 70/1 Lat Krabang Industrial Estate, Soi Chalongkrung 31, Kwang Lumplataew, Lat Krabang, Bangkok 10520
<b>Website</b>	:	www.tlm.co.th
<b>Telephone</b>	:	02-326-1312-3
<b>Facsimile</b>	:	02-326-0016
  
- 4)
 

<b>Company Name</b>	:	KCE (Thailand) Co., Ltd.
<b>Nature of Business</b>	:	Distributor of Printed Circuit Boards (PCBs) in Thailand
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Issued and Paid-up Capital Baht 3,600,000
<b>Address</b>	:	100/61 Vongvanij Building, 21th Floor, Rama 9 Road, Huaykwang Sub-District, Huaykwang District, Bangkok 10310
<b>Telephone</b>	:	02-645-0304-5
<b>Facsimile</b>	:	02-645-0306
  
- 5)
 

<b>Company Name</b>	:	KCE America Inc.
<b>Nature of Business</b>	:	Distributor of Printed Circuit Boards (PCBs) in U.S.A
<b>Type of stock</b>	:	Common stock
<b>Registered Capital</b>	:	Issued and Paid-up Capital USD 50,000
<b>Address</b>	:	954 San Rafael Ave., Mountain View, CA94043, U.S.A.
<b>Telephone</b>	:	(650) 934-3700
<b>Facsimile</b>	:	(650) 230-4930

- 6) **Company Name** : KCE Singapore Pte., Ltd.  
**Nature of Business** : Distributor of Printed Circuit Boards (PCBs) in Asia  
**Type of stock** : Common stock  
**Registered Capital** : Issued and Paid-up Capital SGD 500,000  
**Address** : 1 Sims Lane, #05-11, Singapore 387355  
**Telephone** : 65-6748-5603  
**Facsimile** : 65-6748-7192
- 7) **Company Name** : KCE Taiwan Co., Ltd.  
**Nature of Business** : An overseas sourcing representative for raw materials and machinery for the Company and its subsidiaries  
**Type of stock** : Common stock  
**Registered Capital** : Issued and Paid-up Capital NTD 3,000,000  
**Address** : 17 Fl., No.1086, Zhongzheng Rd., Taoyuan Dist., Taoyuan City, 33045, Taiwan (R.O.C.)  
**Telephone** : 886-3-3588101  
**Facsimile** : 886-3-3588210
- 8) **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](http://www.chemtronic-thai.com)  
**Telephone** : 035-719-674-6  
**Facsimile** : 035-719-677
- 9) **Company Name** : Chemtronic Products 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 80 million  
**Address** : 1/97 Moo 5 Tambol Khan Ham, Amphur Uthai, Ayutthaya 13210  
**Telephone** : 035-719674-6  
**Facsimile** : 035-719-677

## OTHER REFERENCES

### Registrar

Thailand Securities Depository Company Limited.  
 93 Stock Exchange of Thailand Building  
 Ratchadapisek Road, Din-Daeng, Bangkok 10400  
 Telephone : (662) 009-9000  
 Facsimile : (662) 009-9991

Auditor

Mr. Sumate	Jangsamsee	Certified Public Account Registration No. 9362 and/or
Mr. Chokechai	Ngamwutikul	Certified Public Account Registration No. 9728 and/or
Mr. Veerachai	Ratanajaratkul	Certified Public Account Registration No. 4323 and/or
Mr. Teerawat	Witthayaphalert	Certified Public Account Registration No. 11464

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

## Legal Advisor

Seri Manop & Doyle Ltd.  
21 Soi Amnuaywat, Suthisarn Road, Huay Kwang, Bangkok 10310, Thailand  
Telephone : (662) 693-2036  
Facsimile : (662) 693-4189

## Investor Relation

KCE Electronics Public Company Limited  
72- 72/1-3 LatKrabang Industrial Estate, Soi Chalongkrung 31, Lumplatew, Lat Krabang,  
Bangkok 10520

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

Facsimile : (662) 326-0300

E-mail : tanyarat@kce.co.th  
niraphat@kce.co.th

Website : www.kce.co.th

## OTHER MATERIAL FACTS

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

## LEGAL DISPUTES

As at December 31, 2021, 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.







# 6

## CORPORATE GOVERNANCE POLICY

*" 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 Board of Directors of KCE Electronics Public Company Limited firmly recognizes the importance of good Corporate Governance by conducting its business within the framework of the principles of Good Corporate Governance of the Stock Exchange of Thailand and in compliance with the law. Compliance with Corporate Governance is critical in enabling the Company to gain the trust and confidence of Shareholders, customers, employees, and the public in order to achieve the highest sustainable benefit for all stakeholders. The Company complies with the principles of the SET's Good Corporate Governance and of the Organization for Economic Co-operation & Development (OECD)'s

international standard. The Board of Directors provides a "Corporate Governance Policy" to encourage the principles of Corporate Governance by focusing on business operations with transparency, morality and integrity and to be applied as the good practices for the directors, executive managements and employees of KCE group; and to reduce conflicts of interest among stakeholders. The Company's compliance with policies, procedures, rules, and codes of conduct ensures the success of good Corporate Governance. The Company aims to achieve sustainable development and to continually review its corporate governance policy on an annual basis.

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

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

characteristics : accountability, responsibility, transparency, and fair and equitable treatment. The Company acts in a fair, lawful, and ethical manner with all stakeholders and their representatives.

In 2021, 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 seventh consecutive year, in the 2021 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.



## RIGHTS OF THE SHAREHOLDERS

The Company protects the rights and interests of Shareholders, both as investors and owners of the Company, whether majority, minority, foreign, or institutional Shareholders. The Company facilitates the needs of its Shareholders and ensures that they receive fair and equitable treatment by complying with applicable laws and guidelines that protect Shareholders’ basic rights. The rights of Shareholders are stipulated in the Company’s Corporate Governance Policy to ensure fair treatment and to protect each Shareholder’s right to register as an owner of shares of the Company; to buy, sell, or to transfer shares; the right to share a portion of the profits of the Company in the form of dividends; the right to obtain relevant and adequate information about the Company in a timely manner and on a regular basis; the right

to participate and vote in Shareholders’ Meetings by self or by Proxy; the right to elect or terminate members of the Board; the right to decide on all forms of remuneration for the Board of Directors; the right to appoint and terminate the external auditor and set the auditor’s fees; the right to propose agenda items for Shareholder Meetings; the right to participate in and to be informed of major decisions concerning fundamental corporate changes; and the right to be informed of and to make decisions on any key transactions that could affect the Company, such as dividend payments, amendments to the Company’s Articles of Association or the Company’s bylaws, capital increases or decreases, the approval of extraordinary transactions, etc.

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

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

In 2021, the AGM was held through electronic media (E-AGM) on April 22, 2021 at 15.00 hours, with live broadcasting from the Ballroom, 3rd floor, the Grand FourWings Convention Hotel, 333 Srinakarin Road, Huamark, Bangkapi, Bangkok. The venue of the Meeting was chosen because it was easily accessible to Shareholders, and as the Meeting room was large enough to host the number of Shareholders who were interested in attending the Meeting. In addition, in order to facilitate Shareholders who wish to attend the Meeting, ask questions, or offer suggestions, the Meeting was arranged in a single room so that it could be conducted smoothly and efficiently.

In 2021 AGM, 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 the Electronic Meeting B.E. 2563 (2020), that covers the followings :

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 a report of the Meeting's resolution

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

After the shareholders confirmed the identity, they will receive a Meeting manual and a 'link' to register for the meeting. The Meeting registration started from 1 p.m. by clicking the 'link'.

An independent observer and inspector were appointed to validate the voting procedure and vote counting. Shareholders were entitled to verify each voting result after the Meeting.

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

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

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



### The 2021 Annual General Meeting of Shareholders (AGM)

The Company holds annual general Meetings of Shareholders in accordance with the legal procedures and requirements of the Stock Exchange of Thailand as well as the Securities and Exchange Commission (SEC). The AGM is held within 4 months after the end

of the fiscal year, and in urgent situations regarding issues that concern any major interest of Shareholders or that require Shareholders' approval, an extraordinary Meeting of Shareholders can be called. There was no Extraordinary Meeting of Shareholders in 2021.

### Prior to the Meeting

The Board of Directors adopted a resolution to convene the 2021 Annual General Meeting of Shareholders No. 38/2021. The notice of the Meeting, including the Meeting agenda both in Thai and English, were announced through the SET's information channels on March 11, 2021, and was posted on the Company's website ([www.kce.co.th](http://www.kce.co.th)) on March 12, 2021. The Company provided sufficient time for Shareholders to review the Meeting agenda and necessary information regarding the issues to be decided at the Meeting. The invitation to the AGM was also announced in both the Thai and English press from April 1, 2 and 5, 2021, for 3 consecutive days. The Thai version of the invitation letter for AGM No. 38/2021 was distributed to Shareholders by Thailand Securities Depository Co., Ltd. on April 7, 2021. The documents provided to Shareholders were as follows :

- The letter of invitation to KCE's AGM No. 38/2021 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. 37/2020.
- The 2020 Annual Report (QR CODE).
- Nomination of Directors: Resumes of Directors who were to retire by rotation of whom the Board had recommended to be reelected for another term. The Company provided basic information of the candidates, which included the name, age, type of Directorship, education, training courses attended, experience, the holding of positions in other businesses, participation in Meetings during the previous year, and other relevant information.

- Appointment of External Auditors: Details of the proposed auditors, including the names of the auditors and their affiliation for consideration.

- The Company's bylaws relating to Shareholders' Meetings.

- The Proxy Form as recommended by the Department of Business Development of the Ministry of Commerce which allows each individual agenda to be voted on specifically.

- 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.

- The Proxy Form as recommended by the Department of Business Development of the Ministry of Commerce

- A Map of the Meeting venue.

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

## The Meeting

Annual General Meeting of Shareholders No. 38/2021 was chaired by the Chairman of the Board Mr. Bancha Ongkosit. The Company's Directors, Audit Committee, Nomination and Remuneration Committee, Enterprise Risk Policy Committee, Management, Auditor, and Legal Advisor attended the Meeting. A total of 1,462 Shareholders attended the Meeting, comprising 11 Shareholders holding 214,118,456 shares and 1,451 Shareholders represented by authorized Proxy holding 656,019,846 shares, or a total of 870,138,302 shares accounting for 73.7471 percent of the Company's total paid-up 1,179,894,596 shares, and more than one-third of the Company's paid-up capital constituting a quorum. The members of the Board of Directors were present at this AGM, which included the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Enterprise Risk Policy Committee.

The Company provided a registration period of two hours and used a computerized barcode system for registration of Shareholders and Proxy holders and vote counting. Separate voting slips were provided for each agenda item. This process provided convenience and facilitated speed in vote counting.

During the Meeting, Shareholders were able to register to attend the Meeting and cast votes on agenda items that were not yet resolved.

Mrs. Tanyarat Tessalee, the Company's Secretary, welcomed the Shareholders and provided a summary regarding the votes represented at the Meeting, explained the voting procedure, 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 not return their ballot paper marked "Disapproved" or "Abstained" to the officer 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 ballot papers from Shareholders to be used as evidence that their votes were cast.

The Secretary of the Meeting announced that in compliance with best practices in respect of Shareholders' rights, the Company provided minor Shareholders an opportunity to propose agenda items in advance as well as an opportunity for qualified candidates to be nominated for election to the Board of Directors for the 2021 AGM. Information regarding this was announced on the Company's website and the SET's portal system between September 10, 2020, and December 31, 2020; however, no Shareholders submitted proposals in advance.

## The Meeting commenced

Mr. Bancha Ongkosit, the Chairman of the Shareholders' Meeting, opened the Meeting and welcomed Shareholders and all participants to the 2021 AGM. He then introduced the Company's Board of Directors, Audit Committee members, Nomination and Remuneration Committee members, the company's management, auditors from KPMG Phoomchai Audit Co., Ltd., and the legal advisor from Seri Manop & Doyle Co., Ltd., who was assigned to be auditors and inspectors of the vote count.

The Chairman of the Shareholders' Meeting conducted the Meeting by addressing each agenda item as stated in the invitation to AGM No. 38/2021, and no other agenda item was added to the 2021 AGM.

During the AGM, the Chairman of the Shareholders' Meeting allowed Shareholders the full opportunity to ask questions and to make recommendations, and provided comprehensive clarification when requested. Other Directors and management also clarified and answered related issues. The Meeting minutes and votes on each agenda item were recorded by the Company's Secretary. Shareholders were given sufficient time to pose questions or make suggestions. Detailed and encompassing answers were provided by Board members and management in response to questions posed by Shareholders prior to voting. In counting votes, the Company abided strictly by its own guideline of one share one vote, and approval was based on

majority vote. The vote was counted as one vote per share and the resolution was by majority vote. If there are an equal number of votes for and against a particular agenda item, the Chairman of the Meeting may exercise his deciding vote.

The Company's Secretary recorded the resolution of the Meeting by classifying votes for

each agenda in writing in terms of Approval, Objection, or Abstention and recorded questions, answers, and opinions made during the Meeting. Resolutions with voting results were recorded in the Shareholders' Meeting minutes. Registration for the 2021 AGM started at 13.00 p.m. The Meeting commenced at 15.00 hours and ended at 16.00 hours.

### After the AGM

The Company posted resolutions of the AGM through the Stock Exchange of Thailand on the same day after the Meeting ended. The Company submitted the minutes of the 2021 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](http://www.kce.co.th) on April 30, 2021, as an additional channel of providing information to Shareholders.

The Thai Investors Association and the Stock Exchange of Thailand rated the Company's 2021 AGM a score of 100, for the second consecutive year. Any recommendations that were made through the assessment will still be integrated in future AGMs for further improvement.

## 2

# EQUITABLE TREATMENT OF SHAREHOLDERS

*" There is no discrimination of Shareholders, whether major or minor, foreign or institutional "*

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

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

## 2.1 DESIGNATION OF PROXIES TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

All Shareholders receive equitable and fair treatment to maintain the right to attend the AGM either in person or by Proxy. Shareholders may also delegate their votes to any of the Company's independent Directors. The names and details of each independent Director were sent with the Proxy Form as defined by the Ministry of Commerce without condition. All information was provided both in Thai and in English. All documents sent to foreign

Shareholders were translated into English. The Company's Proxy Forms comply with the regulations of the Department of Business Development of the Ministry of Commerce, which recommended that each agenda can be voted on specifically and separately. In 2021, Proxy Forms sent with the annual report to all Shareholders 21 days prior to the AGM contained the following instructions for Shareholders :

### 1 IN THE EVENT A SHAREHOLDER IS A NATURAL PERSON

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



## 2 | IN THE EVENT THE SHAREHOLDER IS A JURISTIC PERSON

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

## 3 | IN THE EVENT THAT A SHAREHOLDER IS A NON-THAI SHAREHOLDER OR A JURISTIC PERSON INCORPORATED UNDER FOREIGN LAWS

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

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

## 2.2 FACILITATION OF SHAREHOLDERS' ATTENDANCE AND PARTICIPATION IN THE AGM

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

Registration to attend the AGM began 2 hours prior to the commencement of the Meeting and continued through the end of the AGM. The 2021 AGM was held through electronic media (E-AGM) with live broadcasting from the Ballroom, 3rd floor, the Grand Fourwings Convention Hotel, 333 Srinakarin Road, Huamark, Bangkok, Bangkok. The venue for the AGM was chosen due to its convenient location and to facilitate accessibility to public transportation for the Shareholders, and the meeting room is large enough to host the number of participants.

The Company's staff was present at the Meeting to provide information regarding registration, to collect and to count vote via E-Voting, to collect questions by typing the question via 'Chat' menu, and to provide any assistance that was required.

### Voting card procedure at the AGM

The Company 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. The agenda regarding the election of Directors, the proposed nominees for vacancies arising by rotation were considered individually.

## 2.3 PREVENTION OF THE USE OF INTERNAL INFORMATION BY BOARD MEMBERS, EXECUTIVE MANAGEMENT, EMPLOYEES AND RELATED PERSONS

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

1. Established an internal control system to prevent the leakage of information

1.1 A clear written policy to determine the standard behavior and procedures related to managing confidential internal information. The policy must be communicated to all employees to be put into practice and shall be regularly reviewed.

1.2 Strict management of documentation and accessibility to information

1.3 A control system by IT in which confidential information is stored in a database that is strictly controlled and accessible only by authorized personnel.

1.4 A clear policy regarding communication with mass media and other outsiders

1.5 Conduct an audit and execute steps to deal with a leakage of information. Stipulate a policy to carry out an investigation in case of a suspected leakage of information and communicate said procedures to employees. Provide a whistle-blowing policy.

2. Register a list of names of insiders who are involved with confidential transactions, including both personnel within and without the Company, who are considered an "insider" and limit the list to the least number of persons.

3. Proceed with necessary actions to remind Board members, management and staff who have access to internal information to carry out their duty in treating confidential data.

3.1 Impose a duty of confidentiality and restrictions in stock trading in employment contracts or other agreements for all staff, including temporary staff, who have potential access to internal information.

3.2 Conduct a training course for staff who may be exposed to confidential information in their work in order to prevent the unintentional or inappropriate disclosure of internal information. Continually communicate internally the duty of keeping confidential information and the civil and criminal liabilities on an individual and corporate level.

3.3 In case of a resignation, an exit interview will be conducted and all internal information must be returned to the Company.

3.4 The stock trading policy should state the restrictions concerning inside trading according to law that covers Board members, executives, management and all staff who are registered as insiders. There is also a measure that covers securities trading during which the Company enters into confidential transactions that are not yet disclosed to the public. Board members and those who have retired from office for no more than 6 months are prohibited from making any transactions in regard to KCE shares from 30 calendar days prior to 1 day after disclosure of the Company's financial performance. The Company's Board members and its executives are required to disclose their investments in the Company's shares. Reports of their holding must be updated and submitted to the Board of Directors on a regular basis.

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

### Penalty regarding the use of internal information by executives and employees

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

### Conflicts of interest and related party transactions

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

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

- Information disclosure is a must; should there be any relationship that falls within the definition as stipulated by the SEC, disclosure is made on the person or entity that is related.

- Each time there is a new management appointment, the Company Secretary sends the "Details of Related Persons Form" as per the SEC's guidelines relating to information disclosure for listed companies on related party transactions, B.E. 2546, for the newly-appointed person to fill in and to sign off on the integrity of the information provided. The document is to be returned to the Company's Secretary, who is responsible for summarizing the information of related persons and business entities for review purposes.

- The information provided to each business unit serves as a reference for screening proposals that seek approval of management or the board of Directors.

- Related party transactions are to be disclosed in the annual report / the annual disclosure of the Company's information (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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Kwang Lumplatew, Lat Krabang,  
Bangkok 10520



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## 3

## ROLES OF THE STAKEHOLDERS

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

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

The Company has a clear policy in regard to the fair treatment of each and every stakeholder. The rights of stakeholders as established by law or through mutual agreements are respected. Any actions that can be considered in violation of stakeholders' legal rights are prohibited. Any violation will be effectively redressed. In 2021, 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 / the Annual Registration Statement (form 56-1 One Report), and the Company's website ([www.kce.co.th](http://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](mailto: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 2021. 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.

## 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.
- Safeguard the Company's assets.
- Knowledgeably execute responsibilities with the utmost care and professionalism.
- 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) to motivate and reward employees for their dedication in helping the Company attain its goals.

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



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



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

## TRAINING AND DEVELOPMENT POLICY

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

Throughout 2021, the Company provided various work-related training programs for employees in all sections :

### 1 QUALITY

e.g., standard quality system, reduction of scrappage, process control;

### 3 HUMAN RESOURCES

e.g., the role of a leader, KPI, Strategic Management; and

### 2 SAFETY

e.g., training of an emergency response team, work procedures for X-rays;

### 4 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.

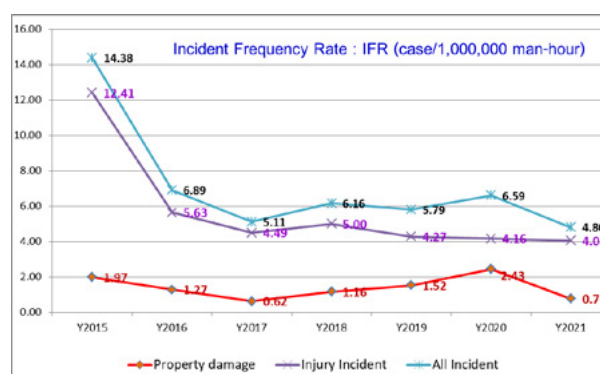
3. Every supervisor and higher has the responsibility to monitor the safety of their subordinates and to ensure that all safety rules are strictly adhered to.

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.

## SAFETY STATISTICS

The company has continually collected the accident statistics and analyzed them in order to plan to reduce accidents. In 2020-2021, the situation of the Covid-19 outbreak, has affects safety operations such as training, safety activities etc., which will be reviewed and planned to control the risks and reduce accidents in 2022.





During 2021, the Company participated in safety, occupational health and environmental workplace activities, reported a 85% achievement rate in compliance with the safety plan.

The company has operated according to the Occupational Health and Safety Management System, certified on March 6, 2020 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 2021 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  | 3. Business Growth                     |
| 2. Business Capability | 4. Innovation & Technology Development |

There were no disputes with the Company's suppliers in 2021.

## 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 | 4. The event of payment default              |
| 2. The term of the guarantee  | 5. Conflict of Interest/ Related Transaction |
| 3. The capital management   | 6. Anti-Corruption and Quality Policy        |

The Company is committed to discipline in the operation of our business and to ensure that all business decisions and actions comply with the terms of loans and obligations as well as with all applicable laws and regulations. The Company observes good standards of behavior and honors all commitments made to creditors. The Company performs according to the terms of the loans and respects obligations towards creditors with prompt communication and information when deemed necessary. Billing dates, documents and conditions for payment are clearly provided to the Company's creditors. There were no disputes with the Company's creditors in 2021.

## 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 2021.

## ENVIRONMENT SOCIAL AND COMMUNITY

*" commits to the 10 principles in respect to human rights, labor rights, the protection of the environment, and anti-corruption "*

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

### 1 | HUMAN RIGHTS

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

### 3 | ENVIRONMENT

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

### 2 | LABOR STANDARDS

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

### 4 | ANTI-CORRUPTION

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

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

## HUMAN RIGHTS

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

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

## POLICY ON INTELLECTUAL PROPERTY

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

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

## 4

## DISCLOSURE AND TRANSPARENCY

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

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

- 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](http://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](http://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. 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](http://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](mailto: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 2021, the Chairman of the Board, the Directors and senior executives provided information to investors

- 18 times Conference Call/Video Conference
- 2 times press interview
- 5 times Analysts' Meeting
- 4 Events
  - 2021 Thailand Investment Conference
  - KS C Series: Company Update & Outlook
  - Thai Corporate Day
  - KASSET Conference

## Meeting Investors

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

# 5

## ROLES AND RESPONSIBILITIES OF THE BOARD



### 5.1 STRUCTURE OF THE BOARD OF DIRECTORS

The structure of the Board of Directors comprises the following :

#### The Board of Directors

##### 4 Subcommittees

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. The 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 5 years. The Company's Board of Directors has a key role in setting the ethical tone of the Company which goes beyond compliance with the law.

#### Diversification of the Board's structure

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

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

As of December 31, 2021 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. The Company also has a policy to limit the number of non-listed companies in which a director can hold the position of Director to not exceeding five companies. The policy sets the procedure by which the Company's Board of Directors approves the chief executive officer being a Director of another company.

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

## 5.2 SUBCOMMITTEES

The Board of Directors established two subcommittees to assist in reviewing necessary subjects for effective decision-making. In 2013, the Board appointed two new subcommittees: the 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 Independent Director will retire, the Board could propose the retiring Director to the Annual General Meeting of Shareholders, for reelection to be an Independent Director for another term. In accordance with the Public Company Limited Act and the Company's articles of association, one-third of the Company's Directors are required to end their term at each AGM. If the number of Directors cannot be divided evenly into three parts, the number of Directors to end their Directorship must be closest to a ratio of 1/3 as much as possible. The order of retirement is based on the length of time a Director has served in his/her current term, so that Directors who have served the longest on the Board are the most eligible to retire. Nevertheless, a retiring Director is eligible for reelection. The policy of the Board of Directors is that the term of Directorship of the Audit Committee is in line with the term of Directorship of the Company's Directors.

### Criteria to Nominate Directors

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

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

1. Each Shareholder shall have one vote per one share.
2. Each Shareholder may exercise all votes as stated in item 1 for voting for one or several persons to be a Director or Directors.
3. Persons who receive the highest vote sequencing from higher to lower are elected to be a Director of the Company per the number required that year. In the case where the a vote is even for the last required Director making the number of Directors more than that required, the Chairman of the Meeting will cast the deciding vote.
4. When there is a vacancy for a Director due to other conditions rather than by rotation, the Board of Directors appoints a qualified person who meets the criteria as required by the Company's articles of association to fill the position and attend the next Board of Director's Meeting. The appointed Director will remain in office for the remaining term of the replaced Director.
5. The Company has implemented a policy to limit the number of listed companies in which a Director can hold the position of Director to not exceeding five listed companies.

## Nomination of Management

### Nomination of the CEO

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

### Nomination of Executive management

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

## 5.3 ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

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

## 5.4 LEADERSHIP AND VISION

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

## 5.5 THE PERFORMANCE OF THE BOARD OF DIRECTORS IN 2021

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 2021, 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 2021, 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. Have non-executive Directors organize their own Meetings at least twice a year without the participation of management.

6. Held one meeting among the independent directors.

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

8. Arrange for the Board to visit the new plant, including encouraging all Directors and management to attend various seminars or courses, which would be beneficial in performing their duties.

9. Conduct an internal control self-assessment by related management, then reviewed by the Audit Committee and propose the result to the Board.

10. Reviewed the policy and criteria in regard to the nomination and remuneration for directors and executive, including the selection procedure, the remuneration structure and the criteria for the determination of compensation, in line with their duties and responsibilities, as recommended by the Nomination and Remuneration Committee.

11. The Nomination and Remuneration Committee revised the Committee's Charter once a year.

12. Continue to improve the Annual Meeting of Shareholders. As a result, the Thai Investors Association and the Stock Exchange of Thailand rated the Company's AGM that was held in the past six consecutive years a "very good" level.

13. The Board has committed to place importance in conducting business within the framework of Good Corporate Governance. As a result, the Company achieved an "Excellent" corporate governance score in the 2021 Annual survey by the Thai Institute of Directors Association (IOD), for the seventh consecutive year.

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

14. Assessed the Board of Directors' performance (overall and individual) with "excellent" outcome for the year.

## 5.6 BOARD OF DIRECTORS' MEETINGS

The Board jointly schedules monthly Meeting dates for the entire year in advance, and extra Meetings may be called as deemed necessary. In 2021, 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. Tanyarat Tessalee, is professionally qualified in terms of education and experience in accountancy and finance. The Secretary submits Meeting documents that can be revealed in written form without affecting the Company's business operations to the Directors at least 7 days in advance for their consideration, together with invitation letters specifying the agenda, Meeting date, time and place. In emergencies, to protect the Company's rights or interests, an appointment for such a Meeting through other methods could be given at shorter notice. Requests for more information could be obtained from the executive office. Members of the Board may also request additional agenda items for the Board's monthly Meeting.

During each Meeting, the Chairman allocates enough time for discussion of each significant issue and encourages all Directors to express their ideas with the Company's Secretary and legal department in attendance. Executives who are directly responsible for pertinent issues discussed during the Meeting could be invited to clarify and provide information. The Company's attorney attended all of the Meetings, recorded the minutes, and managed all documents as well as gave advice to the Board of Directors and executives regarding compliance issues. Directors who 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 three hours.

Non-executive Directors arrange informal Meetings as necessary in order to review miscellaneous issues of interest in the absence of management. In 2021, 2 Meetings were held in April and December.

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

## **5.7 POLICY TO APPOINT A DIRECTOR OR MANAGEMENT TO BE THE DIRECTOR OF A SUBSIDIARY/ ASSOCIATE COMPANY**

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

## **5.8 EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS**

The Board of Directors stipulates (1) a self-assessment of the Board; (2) a self-evaluation of individual Directors; and (3) a self-assessment of all 4 sub-committees (the Audit Committee, the Nomination and Remuneration Committee, the 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 2020, the Board endorsed using an evaluation form established by the SET and modified some questions to cover all areas of its responsibilities and to suit the characteristics and structure of the Company's Board of Directors.

2. The Company's Secretary concludes and analyses the assessment results of the Board's performance and reports the results to the Board.

3. The Company's Secretary summarizes the results of the analysis and additional comments from the Board to develop an improvement plan.

### The criteria of the self-assessment - The entire Board

1. Structure and Qualifications of the Board consisting of the diversification of Directors independent director ratio and qualifications of sub-committee members.

2. Roles, duties and responsibilities of Directors, which consist of a sufficient time in considering important issues, transactions involving a conflict of interest, the internal control system and risk management.

3. The Board Meeting, which consists of arranging the meeting schedule for the entire year in advance, quality of documents for the Meeting that is sufficient for the Board's decision-making.

4. Duties of Directors, which include a regular attendance of meetings and the opportunity to express opinions freely.

5. The relationship with management, which consists of an opportunity to discuss and jointly resolve problems.

6. The self-development of Directors and the development potential provided to executives, which consists of understanding roles, knowledge of the Company's business, the promotion of training for Directors and succession planning.

### The result of the 2021 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 2021 self-assessment – the individual Directors

The average score was "excellent."

## Self-assessment of the Overall Performance - the Subcommittees

All Subcommittees : The Audit Committee, the Nomination and Remuneration Committee, the 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 2021 self-assessment :

The average score was "excellent."

### 2. The Nomination and Remuneration Committee

#### Assessed topics :

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

#### The result of the 2021 self-assessment :

The average score was "outstanding."

### 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 2021 self-assessment :

The average score was "excellent."

### 4. The Enterprise Risk Policy Committee

#### Assessed topics :

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

#### The result of the 2021 self-assessment :

The average score was "excellent."

### Evaluation of the Performance of the CEO

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

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

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

## 5.9 REMUNERATION

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

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

#### Short term :

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

#### Long term :

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

## 5.10 PROFESSIONAL DEVELOPMENT FOR DIRECTORS AND MANAGEMENT

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

### Summary of Director training programs

#### Mr. Bancha Ongkosit

- Director Accreditation Program (DAP) - 2004

#### Dr. Panja Senadisai

- Director Certification Program (DCP) - 2002
- Audit Committee Program (ACP) - 2004
- Role of the Compensation Committee, Thai Institute of Director Association (IOD) - 2007
- Corporate Governance for Directors and Executives of State Enterprises and Public Organizations - 2009
- Executive Director's Course by Capital Market Academy - 2009
- Top Executive Program in Commerce and Trade (TEPCoT) #4 - 2009
- Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute of Director Association (IOD) - 2016
- Risk Management Program for Corporate Leaders (RCL), Thai Institute of Director Association (IOD) - 2018

#### Chantima Ongkosit, M.D.

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

**Mrs. Voraluksana Ongkosit**

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

**Mrs. Siriphan Suntanaphan**

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

**Mr. Paitoon Taveebhol**

- Director Certification Program (DCP) - 2003
- Director Accreditation Program (DAP) - 2003
- Audit Committee Program (ACP) - 2005
- Role of Chairman Program (RCP) - 2005
- Chartered Director Class (R-CDC) - 2008
- Monitoring Fraud Risk Management (MFM) - 2009
- Monitoring the Internal Audit Function (MIA) - 2010
- Monitoring the System of Internal Control and Risk Management (MIR) - 2010
- Monitoring the Quality of Financial Reporting (MFR) - 2010
- Role of the Compensation Committee (RCC) - 2010
- Financial Reporting Standard for Non-Public Accountable Entities - 2011
- Corruption Prevention and Reporting under NACC's Law - 2011
- Audit Committee Forum - KPMG - 2011
- 11th Asian Forum on Corporate Social Responsibility (AFCSR) - 2012
- Anti-Corruption Day: Power of Change to Thailand - 2012
- The 2nd National Director Conference 2013 Board Leadership Evolution, IOD - 2013
- National Director Conference - 2014

- CG in Substance (by SET) - March 2015
- IOD Director Conference 2015 "Re-energizing Growth Through Better Governance" - June 2015
- CG Forum "Risk Oversight High Priority Roles of the Board" (Lecturer) (by SET) - September 2015
- IOD Director Forum "Building Better Board Through Effective Independent Director" - October 2015
- Thailand CG Forum "Governance as a Driving Force for a Business Sustainability" (by SET & SEC) - October 2015
- 2015 OECD Asian Roundtable on Corporate Governance, by OECD/ IOD/ SET/ SEC - October 2015
- Internal Control and the Audit Committee's work, by FAP, March 2016
- Enhancing Growth through Governance in Family-Controlled Business, June 2016
- CG Forum, August 2016
- Good Principle of Business Administration, CG for Institution investment, related to the listed company, August 2016
- National Conference of CAC, October 2016
- 2017 Independent Director Forum by IOD – November 2017
- Chairman Dinner Talk by IOD – November 2017
- 8<sup>th</sup> CAC National Conference by CAC & IOD – November 2017
- Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management by Faculty of Commerce and Accountancy – Thammasat University and SET – March 2018
- Inaugural Corporate Governance Conference 2018 – Building Trust in a Transforming Economy by SEC – September 2018
- Independent Director Forum – Tough Boardroom Situations (Independent Directors Share Lessons Learned) by IOD and PwC – October 2018
- Thailand's 9<sup>th</sup> National Conference on Collective Action against Corruption – Disruption Corruption by CAC – October 2018
- Annual General Meeting 2019 - Business transformation, IOD – May 2019
- Independent Director Forum 1/2019 - Tips and Tricks for Dealing with Questions in AGM, IOD – June 2019
- IOD National Director Conference 2019 - Board of the Future, IOD – July 2019
- Chairman Forum 2019 - Successful Corporate Culture Change: from Policy to Practices, IOD – September 2019
- CAC National Conference 2019 - Innovations in the Fight against Corruption, IOD – October 2019
- Thailand Responsible Business Network - TRBN, IOD – December 2019
- GRC Series Ep.3 : ESG Driven Boardroom for "Purpose" to "Performance", IOD – August 2020
- Director Forum : "Board's Role in Strategy for Business Sustainability", IOD – September 2020
- The Securities and Exchange Commission (SEC), November 2021

**Mr. Pitharn Ongkosit**

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

**Mr. Kanchit Bunajinda**

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

**Dr. Sutee Mokkhavesa**

- Director Certification Program (DCP)

## 5.11 COMPANY'S SECRETARY

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

## 5.12 INTERNAL CONTROL

The Board of Directors emphasizes having an efficient and effective Internal Control system. The Internal Audit system monitors and ensures that the Company has and is in compliance with the prescribed policies and guidelines regarding operating control, financial reporting, information technology as well as applicable rules and regulations as required by competent authorities. The compliance unit determines an audit plan that fully covers operations of all functions, and the plan shall be evaluated every quarter. The sufficiency of the internal control system shall also be evaluated every quarter. In 2021, the Company was in full compliance with its operating policies and applicable rules, regulations and guidelines as prescribed by the relevant authorities.

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

### 1. Internal control within the organization

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

For the corporate governance, the company creates management structure which is consist of the Board of Directors and the sub-committees, being the Audit committee, the Nomination & Remuneration Committee, the Enterprise Risk Policy Committee and the 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 Thailand's private sector Collective Action Coalition (CAC) since 2015, and get the extension in 2020 for three more years. The company conducted a risk assessment concerning fraud within the organization, including review policy practice, to ensure sufficient measures are in place to prevent and to identify the corruption efficiently.

### 2. Risk assessment

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

### 3. Monitoring the operations

The Board controls the operations through its 4 sub-committees, which is consist of the Audit Committee, the Nomination and Remuneration Committee, the Enterprise Risk Policy Committee and the 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 Technology and Communication

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

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

#### 5. Monitoring procedure

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

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

### 5.13 CONFLICTS OF INTEREST

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

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

The Company and subsidiaries have a connected transaction as shown in the Note of Financial Statement regarding Related Parties, for the year ended December 31, 2021. All of related party transactions were entered into as a normal trading transaction with subsidiaries that do not result in a conflict of interest.

## 5.14 RISK MANAGEMENT POLICY

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

- The Enterprise Risk Policy Committee was established, and comprises of 5 Directors, chaired by Independent Director. The Committee's objective is to consider the risk factors that may affect the achievement of the Company's strategic plan, provide support to the Risk Management Committee and results reported to the Board.
- The Risk Management 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 2021, the Enterprise Risk Policy Committee undertook the following :

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

## 5.15 SUCCESSION PLAN FOR TOP EXECUTIVE POSITIONS AT KCE

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

## 5.16 ANTI-CORRUPTION

The Board is of the opinion that corruption is a major risk factor. On November 18, 2013, the Company signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption (CAC). The Company is certified as a member of CAC, on April 3, 2015, and got the 2 extensions of the certification on February 12, 2018 and December 31, 2021. The Anti-corruption is rated 4 (Certified.)

During 2021, the Company carried out the following tasks :

1. The Committee reviewed preparations for the 2021 Annual General Meeting of Shareholders (AGM) and provided necessary suggestions to ensure that the Meeting was well organized, transparent, efficient and carried out in accordance with the criteria of good corporate governance and in line with the Stock Exchange of Thailand's AGM checklist. As a result, the Thai Investors Association and the Stock Exchange of Thailand rated the Company's AGM that was held in past consecutive years as "excellent."

2. The Committee stipulated the conditions and timeframe for Shareholders to propose agenda items as well as qualified candidates to be nominated for election to the Board of Directors for the 2022 AGM in advance between September 8, 2021, and December 31, 2021.

3. The Committee reviewed the results of last year's performance regarding the ESG's operations and considered and endorsed its operational plan for 2022 that placed importance on the Environment, Social and Governance in order to ensure the sustainability of the corporate.

4. The Company achieved an "Excellent" corporate governance score in the 2021 annual survey for the seventh consecutive year.

5. The Committee reviewed the reporting of the Annual Registration Statement/Annual Report (56-1 One Report) for 2021 to ensure that information was completely disclosed and complied with good corporate governance guidelines. The Committee plans to prepare its SD Report in 2022.

6. The Committee determined the Company's policy regarding the Environment, Social, Governance and Sustainable Development. The ESG topic was proposed to be added as among the main targets in the Company's 5-year business plan. The Committee initiated a long-term ESG project that focuses on reducing greenhouse gas emissions.

7. The Company modified the KCE Group Code of Conduct in accordance with the RBA Code of Conduct (Responsible Business Alliance) and participated in the RBA Validated Assessment program in 2021.

8. The Committee reviewed and advised the team responsible for anti-corruption training in regard to various activities to create a corporate culture that values honesty, transparency, and anti-corruption.

9. The Committee reviewed the anti-corruption measures that were implemented in 2021 and endorsed an action plan regarding anti-corruption for the year 2022.

10. In December 2021, Thailand's private sector Collective Action Coalition (CAC) approved the extension of the Company's certification as a CAC member in the second round. The extension will last for another three years after the approval date.

11. There was a risk assessment process and adequate risk management to respond to the COVID-19 outbreak, which deemed that the Company was able to effectively control the situation.



# 7 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

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The Board of Directors consists of nine directors as follows :

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

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

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

Remark: <sup>(1)</sup> Executive Director

### The Authorized Directors

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

## Duties and Responsibilities of the Board of Directors :

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

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

1.2 Performing duties with faithfulness and honesty (duty of loyalty)

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

1.4 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 :

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

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

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

4.4 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.

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

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

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

4.8 Related Transactions between the Company, subsidiaries, associate company and related persons, which do not meet with the requirements of the SET and SEC.

4.9 Payment of the interim dividend.

4.10 The change of policy and procedure that significantly affect accounting, risk management or internal control.

4.11 Determination and change of the approval authority conferred to CEO and executive management.

4.12 The proposed appointment and the termination of the Company's directorship and the Company secretary status.

4.13 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

4.14 The appointment and determination of the sub-committee's duties and responsibilities

4.15 The appointment of the Director in subsidiaries

4.16 The change or reorganizing the Company structure, for the Executive VP position up

4.17 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.
- Calling board meetings
- Acting as chairman at shareholder meetings
- Having a casting vote in the board meeting and shareholder meetings.

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

## 2. EXECUTIVE BOARD

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

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

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

### Duties and Responsibilities of the Executive Committee :

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

## 3. AUDIT COMMITTEE

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

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

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

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

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

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

### Duties and Responsibilities of the Audit Committee :

1. Conducting audits to ensure that the Company has prepared accurate and adequate financial reports and ensure the auditor attends the committee meetings on a quarterly basis
2. Conducting audits to ensure that the Company complies with the Securities and Exchange Act, the requirements of the Stock Exchange of Thailand and other laws relating to the Company's business
3. Reviewing the disclosure of Company information in instances of connected transactions or transactions that may cause conflicts of interest, to ensure that such reported transactions are accurate and complete
4. Conducting audits to ensure that the Company has proper and effective systems of internal control, including reviews of the internal audit report, the auditing procedures, and assessing the review of Company operations in accordance with generally accepted procedures and standards and coordinating with the Company's auditor
5. Reviewing, selecting, nominating or terminate the Company's external auditor, as well as deciding on a suitable auditing fee, and meeting with the auditor at least once a year, in absent of management
6. Making assessments of the Company's major risks and giving advice to minimize such risks
7. Approving the nomination, appointment, transfer or dismissal, and rewards to the chief of the Company Internal Audit Unit
8. Approving the audit plan of the Internal Audit Unit; reviewing the budget plan and the manpower needs of the Internal Audit Unit
9. Reviewing and making an assessment of the supervisory performance of the Audit Committee and preparing the report of the Audit Committee to be disclosed in the Company annual report

1. Accuracy and reliability of the financial report

5. Transactions with potential conflict of interests

2. Adequacy of the internal control

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

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

7. Opinion or notice arising out of performing duties

4. Auditor's suitability

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

10. The Chairman or the members of the Audit Committee shall attend Shareholders' Meetings in order to provide explanations on matters relating to the Audit Committee or the appointment of the Company's auditor

11. Reviewing and revising updates of the Charter of the Audit Committee annually (if deemed appropriate)

12. Ensuring the risk management systems to be in appropriated standard, conferring with the Risk Management Committee regarding the main policy related to risk management and risk assessment in all areas, including the risk of corruption

13. Taking any other action as assigned by the Board of Directors

14. Regularly report its performance to the Board every quarter

## 4. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

### Duties Related to Nomination Tasks

1. Considering the appropriate structure and the composition of the Board, for the Committee and individual, to suit the organization in terms of the size, business type and the complexity of the Company's business; the qualification of each director in terms of education, knowledge, expertise, skill, experience and specialization that related to the Company's business or industry that the Company currently operate

2. Considering the qualification of the Independent Director that conforms to the SEC's regulations

3. Considering the qualification of top executive director who suits the Company's business management to achieve the Company's vision, covering the education, experience, knowledge and skill, and concerned factors of the business environment that is important must also be considered

4. Creating policy, rules, methodology and procedure in nominating a person for the Company's director, which conform to the structure and qualifications as determined and suit to the Company's organization

5. Recommending a development plan in order to enhance the knowledge for both current directors and new director, to understand the business, roles and responsibilities of the director and the important development. Coordinating with management to arrange orientation program to the new director, providing documents and information that are useful for the director to perform his duties

6. Recommending a succession plan for the Company's top executive in order to be prepared for the successor in the event that such top executive will retire or not in the position to perform the duty, so that the Company's business could be continued to operate as usual

7. Providing minority shareholders with an opportunity to propose qualified persons for selection as directors

8. Selecting qualified director to be a member of the sub-committee and nominating the director to the Board of Directors for consideration

9. Identifying qualified candidates to replace directors retiring at the end of their term or whatever the case may be, and submitting a list of nominees to the Board of Directors and/or the Shareholders' Meeting for resolution

10. Hold meetings and regularly report its performance to the Board at least twice a year.

### Duties Related to Remuneration Tasks

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

## 5. ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY DEVELOPMENT COMMITTEE

The Board of Directors is responsible for the appointment of the Environmental, Social, Governance and Sustainability Development 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. Tanyarat	Tessalee	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.

## 6. ENTERPRISE RISK POLICY COMMITTEE

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

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

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

### Duties and Responsibilities of the Enterprise Risk Policy Committee :

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

### Risk Management Committee

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

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

1. Mr. Pitharn	Ongkosit	Chairman
2. Mr. Fredrick	Gharapet Ohanian	Member
3. Mrs. Tanyarat	Tessalee	Member
4. Mr. Athasidh	Ongkosit	Member
5. Mr. Viboon	Sunthornwiwath	Member
6. Ms. Kanokporn	Sukprasitpreddee	Member
7. Ms. Nitaya	Rojanakamphol	Member
8. Mrs. Wanvadee	Patasart	Member
9. Mrs. Sunee	Ekteerajit	Member

10. Mr. Lin	Po-Chiung	Member
11. Mr. Sunan	Sripetch	Member
12. Mr. Pol	Duriyabanleng	Member
13. Mrs. Suthinee	Lerdpisan	Member
Mr. Somchai	Artruksa	Secretary

#### Duties and Responsibilities of the Risk Management Committee :

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

#### Summary of the appointment of directors to subcommittees

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

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

## Summary of meeting attendance of the Board of Directors in 2021

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

## Executive Management

As at December 31, 2021, the names of 10 executive managements are as follows :

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

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



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

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

## Company Secretary

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

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

## Biographies of the Company Secretary

Mrs. Tanyarat Tessalee

- Currently, being the Executive Vice President of Finance and Administration
- Education: Master degree in Accounting, Roosevelt University, USA
- Qualification : Knowledge of relevant Accounting matters and be able to make a conclusion, prepare the Board Meeting's minutes, organize a Shareholders' Meeting. She is also flexible in performing the duty, 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 by other accredited seminar organizer.

# REMUNERATION OF DIRECTORS AND EXECUTIVE MANAGEMENT

## REMUNERATION OF DIRECTORS

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

### 1. THE POLICY AND CRITERIA OF THE REMUNERATION FOR THE COMPANY DIRECTORS

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

The Nomination and Remuneration Committee has reviewed and proposed the remuneration of directors to the Board of Directors for consideration and concurrence in submitting it to the Annual General Meeting each year. The 2020 and 2021 remuneration of directors was approved by AGM No. 37/2020 on July 15, 2020 and AGM No. 38/2021 on April 22, 2021 respectively.

#### Remuneration of Board of Directors

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2021	2020	2021	2020
1	Mr. Bancha	Ongkosit	Chairman	2,000,000	2,000,000	480,000	480,000
2	Dr. Panja	Senadisai	Vice Chairman	1,000,000	1,000,000	420,000	420,000
3	Mr. Pitharn	Ongkosit	Vice Chairman	1,000,000	1,000,000	420,000	420,000
4	Mr. Paitoon	Taveebhol	Director	1,000,000	1,000,000	420,000	420,000
5	Dr. Chantima	Ongkosit	Director	1,000,000	1,000,000	420,000	420,000
6	Mrs. Voraluksana	Ongkosit	Director	1,000,000	1,000,000	420,000	420,000
7	Mrs. Siriphan	Suntanaphan	Director	1,000,000	1,000,000	420,000	420,000
8	Mr. Kanchit	Bunajinda	Director	1,000,000	1,000,000	420,000	420,000
9	Dr. Sutee	Mokkhavesa	Director	1,000,000	1,000,000	385,000	420,000
Total				10,000,000	10,000,000	3,805,000	3,840,000

#### Remuneration of Audit Committee

No.	Name		Position	Remuneration (Baht)		Meeting allowance (Baht)	
				2021	2020	2021	2020
1	Mr. Paitoon	Taveebhol	Chairman	560,000	560,000	160,000	200,000
2	Mr. Kanchit	Bunajinda	Member	480,000	480,000	140,000	175,000
3	Dr. Sutee	Mokkhavesa	Member	480,000	480,000	105,000	175,000
Total				1,520,000	1,520,000	405,000	550,000

#### Remuneration of Nomination and Remuneration Committee

No.	Name		Position	Meeting allowance (Baht)	
				2021	2020
1	Mr. Paitoon	Taveebhol	Chairman	90,000	30,000
2	Dr. Panja	Senadisai	Member	75,000	25,000
3	Mr. Kanchit	Bunajinda	Member	75,000	25,000
Total				240,000	80,000

#### Remuneration of Enterprise Risk Policy Committee

No.	Name		Position	Meeting allowance (Baht)	
				2021	2020
1	Mr. Kanchit	Bunajinda	Chairman	120,000	90,000
2	Mr. Paitoon	Taveebhol	Member	100,000	75,000
3	Dr. Panja	Senadisai	Member	100,000	75,000
4	Mr. Pitharn	Ongkosit	Member	100,000	75,000
5	Mrs. Siriphan	Suntanaphan	Member	100,000	75,000
6	Dr. Sutee	Mokkhavesa	Member	75,000	75,000
Total				595,000	465,000

#### Remuneration of Environmental, Social, Governance and Sustainability Development Committee

No.	Name		Position	Meeting allowance (Baht)	
				2021	2020
1	Mrs. Siriphan	Suntanaphan	Chairman	60,000	-
2	Mrs. Voraluksana	Ongkosit	Member	50,000	-
3	Mr. Paitoon	Taveebhol	Member	50,000	-
Total				160,000	-

## 2. THE POLICY AND CRITERIA OF THE REMUNERATION FOR THE EXECUTIVE MANAGEMENT

The Board determines the policy and criteria of the remuneration for the Executive management, which is proposed by the Nomination & Remuneration Committee to consider and approve. Such remuneration is appropriately determined and based on the remuneration structure of the Company, taken into account of a reference to the survey of remuneration

by a recognized institute, inflation rates, the Company's operating results, as well as the individual's performance, and in line with the assigned duties and responsibilities. The Company contributes remuneration in form of salary, annual bonus and contribution to provident fund.

### Remuneration of Executive Management

Type of remuneration	2021		2020	
	Number	Amount (Baht)	Number	Amount (Baht)
Salary	10	31,880,984	10	25,806,794
Bonus/ Contribution to Provident fund		4,747,061		3,248,273

### 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, 2021, the outstanding warrant is amounted to 1,204,000 units.

### Personnel

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

Number of employees	2021 (person)	2020 (person)	2019 (person)	2018 (person)
Management (Assistant MGR and up)	65	66	65	59
Sales & Administration staffs	143	117	123	129
Manufacturing operations	766	801	831	854
Subcontracted workers	1,552	1,441	1,614	2,083
<b>Total employees*</b>	<b>2,526</b>	<b>2,425</b>	<b>2,633</b>	<b>3,125</b>

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

Number of personnels	2021 (person)	2020 (person)	2019 (person)	2018 (person)
KCE Electronics PCL.	2,526	2,425	2,633	3,125
KCE Technology Co., Ltd	1,824	1,785	1,887	2,140
K C E International Co., Ltd.	257	307	623	877
Thai Laminate Manufacturer Co., Ltd.	345	328	345	389
Chemtronic Technology (Thailand) Co., Ltd.	52	51	53	61
Chemtronic Product Co., Ltd.	12	12	9	-
KCE (Thailand) Co., Ltd.	16	16	16	14
KCE Singapore Pte., Ltd.	32	32	32	33
KCE America Inc.	26	26	26	26
<b>Total personnel*</b>	<b>5,090</b>	<b>4,982</b>	<b>5,624</b>	<b>6,665</b>

\*Include subcontracted personnel



### Remuneration to Employee

As at December 31, 2021, total number of the Company's employee was 2,526 and total remuneration paid to employee was at a totaling of Baht 1,139 million, which consisted of the salary and wages, overtime pay, cost of living allowance, the annual bonus, other compensations, the company contribution to social security fund, the contribution to provident fund and employee joint investment program, and other employee benefit projects. In addition, the Company's subsidiaries have also paid the same form of remuneration to employees at a totaling of Baht 1,325 million during 2021.



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

Financial statements for the year ended  
31 December 2021  
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 2021, 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 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

<b>Impairment of goodwill from business combinations</b>	
Refer to the notes 13 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>In the consolidated financial statements, the Group had goodwill from business combinations. Thai Financial Reporting Standards requires the Group to test impairment of goodwill from business combinations regularly on annual basis.</p> <p>In assessing impairment of goodwill from business combinations, the amount of the 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.</p>	<p>My audit procedures included,</p> <ul style="list-style-type: none"> <li>• understanding, evaluating the design and implementation of controls relating to the process of impairment assessment of goodwill from business combination;</li> <li>• assessed if the Group's identification of the CGU to which goodwill belongs were appropriate;</li> <li>• considering the appropriateness of key assumptions including the discount rate by comparing against the Group's historical information, operating plan and external information;</li> <li>• testing mathematical accuracy;</li> <li>• considering sensitivity analysis of key assumptions; and</li> <li>• considering the adequacy of the Group's disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

### *Other Information*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Sumate Jangsamsee)  
Certified Public Accountant  
Registration No. 9362

KPMG Phoomchai Audit Ltd.  
Bangkok  
8 February 2022

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	Note	2021	2020	2021	2020
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	1,965,782,334	2,342,444,645	232,583,609	207,354,728
Trade and other current receivables	4, 6	4,394,403,478	3,174,471,271	3,406,625,640	2,557,683,756
Inventories	7	4,841,476,954	2,594,489,442	2,318,134,646	1,389,505,422
Other current financial assets	25	516,277,804	4,989,834	-	-
Other current assets		76,057,669	68,578,866	28,267,549	30,609,859
<b>Total current assets</b>		<b>11,793,998,239</b>	<b>8,184,974,058</b>	<b>5,985,611,444</b>	<b>4,185,153,765</b>
<i>Non-current assets</i>					
Investment in associate	8	38,290,439	28,051,799	1,642,115	1,598,031
Investments in subsidiaries	9	-	-	2,848,807,012	2,846,529,692
Contract costs assets	20	394,913,120	373,992,384	359,095,569	340,897,880
Investment properties	10	156,893,952	159,076,191	183,042,944	185,588,890
Property, plant and equipment	11	8,978,707,043	8,106,751,800	5,734,062,066	4,931,144,940
Right-of-use assets	12	20,460,137	13,269,662	20,460,137	10,611,582
Goodwill	13	153,517,054	153,517,054	-	-
Intangible assets	14	211,364,208	246,432,600	86,798,659	99,378,475
Deferred tax assets	22	113,434,002	100,767,295	29,625,053	20,886,339
Other non-current assets		89,150,679	10,206,572	51,703,581	1,797,926
<b>Total non-current assets</b>		<b>10,156,730,634</b>	<b>9,192,065,357</b>	<b>9,315,237,136</b>	<b>8,438,433,755</b>
<b>Total assets</b>		<b>21,950,728,873</b>	<b>17,377,039,415</b>	<b>15,300,848,580</b>	<b>12,623,587,520</b>

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	
		2021	2020	2021	2020
		(in Baht)			
Current liabilities					
Short-term borrowings from financial institutions	15, 25	1,797,593,673	1,282,939,182	1,088,455,012	1,032,939,181
Trade and other current payables	25	4,246,092,484	2,457,773,110	2,925,565,813	1,877,592,749
Current portion of long-term borrowings	15, 25	740,122,886	387,088,860	563,906,592	378,853,430
Current portion of lease liabilities	15, 25	5,263,003	4,622,152	5,263,003	3,865,297
Income tax payable		156,257,278	83,669,535	6,154,826	3,591,297
Other current financial liabilities	25	2,451,714	-	-	-
Total current liabilities		6,947,781,038	4,216,092,839	4,589,345,246	3,296,841,954
Non-current liabilities					
Long-term borrowings	15, 25	1,116,693,597	676,095,208	810,098,172	656,433,300
Lease liabilities	15, 25	9,118,196	3,643,632	9,118,196	2,680,493
Deferred tax liabilities	22	51,448,849	55,041,880	-	-
Non-current provisions for employee benefits	16	383,597,341	364,141,510	159,506,629	150,205,009
Total non-current liabilities		1,560,857,983	1,098,922,230	978,722,997	809,318,802
Total liabilities		8,508,639,021	5,315,015,069	5,568,068,243	4,106,160,756

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	2021	2020	2021	2020
		(in Baht)			
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		590,794,798	589,031,048	590,794,798	589,031,048
Share premium		2,146,465,366	2,050,235,166	2,146,465,366	2,050,235,166
Warrants	18	(26,216)	380,509	(26,216)	380,509
Retained earnings					
Appropriated					
Legal reserve	19	59,139,680	59,139,680	59,139,680	59,139,680
Unappropriated		10,620,714,724	9,375,032,440	6,935,406,051	5,817,639,703
Other components of equity		(36,681,576)	(63,938,875)	1,000,658	1,000,658
Equity attributable to owners of the parent		13,380,406,776	12,009,879,968	9,732,780,337	8,517,426,764
Non-controlling interests		61,683,076	52,144,378	-	-
Total equity		13,442,089,852	12,062,024,346	9,732,780,337	8,517,426,764
Total liabilities and equity		21,950,728,873	17,377,039,415	15,300,848,580	12,623,587,520

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

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in Baht)</i>					
<b>Revenue</b>					
Revenues from sale of goods and rendering of services	20	14,937,779,978	11,527,162,376	9,289,605,128	6,447,310,728
Dividend income from subsidiaries	9	-	-	1,133,355,620	628,786,822
Dividend income from associate	8	-	-	10,373,666	20,791,154
Other income		391,988,276	214,702,392	242,853,424	138,034,651
<b>Total revenues</b>		<b>15,329,768,254</b>	<b>11,741,864,768</b>	<b>10,676,187,838</b>	<b>7,234,923,355</b>
<b>Expenses</b>					
Cost of sale of goods and rendering of services	21	10,965,203,349	9,015,064,206	7,308,658,076	5,494,045,850
Distribution costs	21	541,861,474	454,563,053	478,247,995	343,232,498
Administrative expenses	21	1,113,864,487	994,677,715	545,534,124	453,518,992
<b>Total expenses</b>		<b>12,620,929,310</b>	<b>10,464,304,974</b>	<b>8,332,440,195</b>	<b>6,290,797,340</b>
<b>Profit from operating activities</b>		<b>2,708,838,944</b>	<b>1,277,559,794</b>	<b>2,343,747,643</b>	<b>944,126,015</b>
Finance costs		(43,702,846)	(57,475,011)	(32,845,364)	(43,040,882)
Share of profit from investments in associate	8	17,413,859	9,840,654	-	-
<b>Profit before income tax expense</b>		<b>2,682,549,957</b>	<b>1,229,925,437</b>	<b>2,310,902,279</b>	<b>901,085,133</b>
Tax (expense) income	22	(221,487,142)	(87,061,303)	(12,534,115)	11,028,530
<b>Profit for the year</b>		<b>2,461,062,815</b>	<b>1,142,864,134</b>	<b>2,298,368,164</b>	<b>912,113,663</b>
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translating financial statements		27,257,299	6,333,825	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>27,257,299</b>	<b>6,333,825</b>	<b>-</b>	<b>-</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Losses on remeasurements of defined benefit plans	16	-	(55,095,333)	-	(21,650,797)
Income tax relating to items that will not be reclassified	22	-	11,019,067	-	4,330,159
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>(44,076,266)</b>	<b>-</b>	<b>(17,320,638)</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>27,257,299</b>	<b>(37,742,441)</b>	<b>-</b>	<b>(17,320,638)</b>
<b>Total comprehensive income for the year</b>		<b>2,488,320,114</b>	<b>1,105,121,693</b>	<b>2,298,368,164</b>	<b>894,793,025</b>

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



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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended 31 December		For the year ended 31 December	
	<i>Note</i>	2021	2020	2021	2020
		<i>(in Baht)</i>			
<b>Profit attributable to:</b>					
Owners of the Company		2,426,284,100	1,126,786,742	2,298,368,164	912,113,663
Non-controlling interests		34,778,715	16,077,392	-	-
<b>Profit for the year</b>		<b>2,461,062,815</b>	<b>1,142,864,134</b>	<b>2,298,368,164</b>	<b>912,113,663</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,453,541,399	1,089,044,301	2,298,368,164	894,793,025
Non-controlling interests		34,778,715	16,077,392	-	-
<b>Total comprehensive income for the year</b>		<b>2,488,320,114</b>	<b>1,105,121,693</b>	<b>2,298,368,164</b>	<b>894,793,025</b>
<b>Earnings per share <i>(in Baht)</i></b>					
Basic earnings per share	23	2.06	0.96	1.95	0.78
Diluted earnings per share	23	2.05	0.96	1.94	0.78

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

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

Consolidated financial statements												
Other components of equity												
Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Translation financial statements	Excess of investments arising from additional purchases of investments in subsidiaries at a price higher than the net book value of the subsidiaries at the acquisition date <i>(in Baht)</i>	Change in percentage of holding in subsidiaries	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated							
Year ended 31 December 2020												
Balance at 1 January 2020												
	586,396,798	1,906,510,486	-	59,139,680	9,230,556,841	(33,745,721)	(38,558,460)	2,031,481	(70,272,700)	11,712,331,105	49,611,975	11,761,943,080
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
17, 18	2,634,250	143,724,680	(6,849,051)	-	-	-	-	-	-	139,509,879	-	139,509,879
18	-	-	7,229,560	-	-	-	-	-	-	7,229,560	-	7,229,560
24	-	-	-	-	(938,234,877)	-	-	-	-	(938,234,877)	(13,544,989)	(951,179,866)
	2,634,250	143,724,680	380,509	-	(938,234,877)	-	-	-	-	(791,495,438)	(13,544,989)	(805,040,427)
	2,634,250	143,724,680	380,509	-	(938,234,877)	-	-	-	-	(791,495,438)	(13,544,989)	(805,040,427)
Total transactions with owners, recorded directly in equity												
Comprehensive income for the year												
	-	-	-	-	1,126,786,742	-	-	-	-	1,126,786,742	16,077,392	1,142,864,134
	-	-	-	-	(44,076,266)	6,333,825	-	-	6,333,825	(37,742,441)	-	(37,742,441)
	-	-	-	-	1,082,710,476	6,333,825	-	-	6,333,825	1,089,044,301	16,077,392	1,105,121,693
Total comprehensive income for the year												
	589,031,048	2,050,235,166	380,509	59,139,680	9,375,032,440	(27,411,896)	(38,558,460)	2,031,481	(63,938,875)	12,009,879,968	52,144,378	12,062,024,346
Balance at 31 December 2020												

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

KCE Electronics Public Company Limited and its subsidiaries

Statement of changes in equity

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)											
Note	Issued and paid-up share capital	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			
		Share premium	Warrants	Legal reserve									
Year ended 31 December 2021													
Balance at 1 January 2021		589,031,048	2,050,235,166	380,509	59,139,680	9,375,032,440	(27,411,896)	(38,558,460)	2,031,481	(63,938,875)	12,009,879,968	52,144,378	12,062,024,346
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
17, 18	Issue of ordinary shares	1,763,750	96,230,200	(4,585,750)	-	-	-	-	-	93,408,200	-	93,408,200	4,179,025
18	Share-based payment transactions	-	-	4,179,025	-	-	-	-	-	-	-	-	(1,205,841,833)
24	Dividends	-	-	-	-	(1,180,601,816)	-	-	-	(1,180,601,816)	(25,240,017)	(25,240,017)	(1,108,254,608)
	Total contributions by and distributions to owners	1,763,750	96,230,200	(406,725)	-	(1,180,601,816)	-	-	-	(1,083,014,591)	(25,240,017)	(25,240,017)	(1,108,254,608)
	Total transactions with owners, recorded directly in equity	1,763,750	96,230,200	(406,725)	-	(1,180,601,816)	-	-	-	(1,083,014,591)	(25,240,017)	(25,240,017)	(1,108,254,608)
Comprehensive income for the year													
	Profit or loss	-	-	-	-	2,426,284,100	-	-	-	2,426,284,100	34,778,715	34,778,715	2,461,062,815
	Other comprehensive income	-	-	-	-	27,257,299	-	-	-	27,257,299	-	-	27,257,299
	Total comprehensive income for the year	-	-	-	-	2,426,284,100	-	-	-	2,453,541,399	34,778,715	34,778,715	2,488,320,114
Balance at 31 December 2021		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

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

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

		Separate financial statements				Other components of equity		
		Retained earnings				Change in percentage of holding in subsidiaries	Total equity	
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve (in Baht)	Unappropriated		
Year ended 31 December 2020								
	Balance at 1 January 2020	586,396,798	1,906,510,486	-	59,139,680	5,861,081,555	1,000,658	8,414,129,177
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
17, 18	Issue of ordinary shares	2,634,250	143,724,680	(6,849,051)	-	-	-	139,509,879
18	Share-based payment transactions	-	-	7,229,560	-	-	-	7,229,560
24	Dividends	-	-	-	-	(938,234,877)	-	(938,234,877)
Total contributions by and distributions to owners		2,634,250	143,724,680	380,509	-	(938,234,877)	-	(791,495,438)
Total transactions with owners, recorded directly in equity		2,634,250	143,724,680	380,509	-	(938,234,877)	-	(791,495,438)
Comprehensive income for the year								
	Profit or loss	-	-	-	-	912,113,663	-	912,113,663
	Other comprehensive income	-	-	-	-	(17,320,638)	-	(17,320,638)
Total comprehensive income for the year		-	-	-	-	894,793,025	-	894,793,025
Balance at 31 December 2020		589,031,048	2,050,235,166	380,509	59,139,680	5,817,639,703	1,000,658	8,517,426,764

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

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

	Note	Separate financial statements					
		Retained earnings			Other components of equity	Total equity	
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve (in Baht)	Unappropriated	
<b>Year ended 31 December 2021</b>							
<b>Balance at 1 January 2021</b>		<b>589,031,048</b>	<b>2,050,235,166</b>	<b>380,509</b>	<b>59,139,680</b>	<b>5,817,639,703</b>	<b>8,517,426,764</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issue of ordinary shares	17, 18	1,763,750	96,230,200	(4,585,750)	-	-	93,408,200
Share-based payment transactions	18	-	-	4,179,025	-	-	4,179,025
Dividends	24	-	-	-	-	(1,180,601,816)	(1,180,601,816)
<b>Total contributions by and distributions to owners</b>		<b>1,763,750</b>	<b>96,230,200</b>	<b>(406,725)</b>	<b>-</b>	<b>(1,180,601,816)</b>	<b>(1,083,014,591)</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>1,763,750</b>	<b>96,230,200</b>	<b>(406,725)</b>	<b>-</b>	<b>(1,180,601,816)</b>	<b>(1,083,014,591)</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	-	2,298,368,164	2,298,368,164
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,298,368,164</b>	<b>2,298,368,164</b>
<b>Balance at 31 December 2021</b>		<b>590,794,798</b>	<b>2,146,465,366</b>	<b>(26,216)</b>	<b>59,139,680</b>	<b>6,935,406,051</b>	<b>9,732,780,337</b>

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

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit for the year	2,461,062,815	1,142,864,134	2,298,368,164	912,113,663
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Share of profit of associate accounted for using equity method, net of tax	(17,413,859)	(9,840,654)	-	-
Depreciation for plant and equipment, investment properties and right-of-use assets	981,597,931	1,010,212,636	535,190,076	534,532,147
Amortisation	42,272,986	39,084,499	17,749,939	16,034,912
Amortisation on contract costs assets	16,001,276	7,014,746	10,538,219	4,464,863
(Reversal of) loss on inventories devaluation	(9,488,016)	(26,510,601)	790,210	(3,782,193)
Gain on fair value adjustment of unit trust	(2,624,804)	-	-	-
Gain on sale of unit trust	(15,128,815)	-	-	-
Loss (gain) on disposal of machinery and equipment	(4,125,589)	7,882,394	(1,253,137)	9,339,679
Loss from write-off of inventories	35,597,569	23,272,335	14,989,257	14,524,249
Loss from write-off of equipment	2,354,870	134,341	122,604	133,317
Impairment loss on machinery and plant equipment	963,848	50,306,991	-	37,511,347
Provision for employee benefit	30,840,311	26,437,870	11,831,873	10,521,200
Unrealised loss on exchange rate and hedging activities	76,537,368	8,320,085	33,992,361	17,023,886
Share-based payment transactions	4,134,941	7,171,723	1,857,621	3,361,745
Dividend received from subsidiaries	-	-	(1,133,355,620)	(628,786,822)
Dividend received from associate	-	-	(10,373,666)	(20,791,154)
Interest expense	33,849,710	49,621,455	29,032,217	40,480,140
Tax expense (income)	221,487,142	87,061,303	12,534,115	(11,028,530)
	3,857,919,684	2,423,033,257	1,822,014,233	935,652,449
<b>Changes in operating assets and liabilities</b>				
Trade and other current receivables	(1,211,847,150)	(233,660,769)	(843,557,735)	(402,379,306)
Inventories	(2,273,097,065)	100,043,353	(944,408,691)	(126,762,799)
Other current assets	5,824,578	24,871,421	4,565,849	1,194,939
Contract costs assets	(36,922,012)	(148,961,641)	(28,735,908)	(146,472,663)
Other non-current assets	(30,074,940)	6,339,827	8,073,387	3,912,960
Trade and other current payables	1,572,946,592	143,474,514	893,501,965	222,176,465
Other current financial liabilities	4,859,587	-	-	-
Employee benefit paid	(11,384,480)	(15,321,018)	(2,530,253)	(3,751,848)
Net cash generated from operating	1,878,224,794	2,299,818,944	908,922,847	483,570,197
Taxes paid	(142,769,333)	(38,990,734)	(13,147,225)	(5,456,859)
<b>Net cash from operating activities</b>	<b>1,735,455,461</b>	<b>2,260,828,210</b>	<b>895,775,622</b>	<b>478,113,338</b>

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

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	(in Baht)			
<b>Cash flows from investing activities</b>				
Cash receipts from unit trust	1,475,815	-	-	-
Cash payments for unit trust	(500,000,000)	-	-	-
Proceeds from disposals of machinery and equipment	8,695,781	10,768,851	5,252,990	8,809,700
Acquisition of property, plant and equipment	(1,725,199,344)	(304,497,319)	(1,254,608,128)	(181,049,399)
Acquisition of intangible assets	(7,204,594)	(27,924,884)	(5,170,123)	(21,050,626)
Dividend received from subsidiaries	-	-	1,133,355,620	628,786,822
Dividend received from associate	10,373,666	20,791,154	10,373,666	20,791,154
<b>Net cash from (used in) investing activities</b>	<b>(2,211,858,676)</b>	<b>(300,862,198)</b>	<b>(110,795,975)</b>	<b>456,287,651</b>
<b>Cash flows from financing activities</b>				
Interest paid	(45,127,673)	(51,010,390)	(33,126,014)	(42,165,511)
Increase (decrease) in short-term borrowings				
from financial institutions	502,372,504	212,651,863	49,050,749	(37,348,137)
Payment of lease liabilities	(3,991,414)	(5,157,395)	(3,991,414)	(3,954,095)
Proceed from long-term borrowings	1,159,188,959	350,000,000	694,362,959	350,000,000
Repayment of long-term borrowings	(425,976,861)	(273,978,067)	(378,853,430)	(265,812,949)
Proceeds from capital increase and warrants exercised	93,408,200	139,509,880	93,408,200	139,509,880
Dividend paid	(1,205,841,833)	(951,779,866)	(1,180,601,816)	(938,234,877)
<b>Net cash from (used in) financing activities</b>	<b>74,031,882</b>	<b>(579,763,975)</b>	<b>(759,750,766)</b>	<b>(798,005,689)</b>
Net increase (decrease) in cash and cash equivalents				
before effect of exchange rate	(402,371,333)	1,380,202,037	25,228,881	136,395,300
Effect of exchange rate changes on balances held				
in foreign currencies	25,709,022	4,847,279	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(376,662,311)</b>	<b>1,385,049,316</b>	<b>25,228,881</b>	<b>136,395,300</b>
Cash and cash equivalents at 1 January	2,342,444,645	957,395,329	207,354,728	70,959,428
<b>Cash and cash equivalents at 31 December</b>	<b>1,965,782,334</b>	<b>2,342,444,645</b>	<b>232,583,609</b>	<b>207,354,728</b>
<b>Supplemental disclosure of cash flows information</b>				
1) Net decrease in other current receivables from disposal of machinery and equipment	-	96,044	-	2,645,843
2) Net increase (decrease) in other current payables from purchase of machinery and equipment	181,252,349	17,732,679	134,631,210	(11,568,673)
3) Net increase in right-of-use assets	12,138,824	1,238,426	17,950,611	10,611,582
4) Borrowing costs relating to the acquisition of assets	11,230,201	-	4,241,490	-

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 2021**

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

## **Notes to the financial statements**

### **For the year ended 31 December 2021**

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 8 February 2022.

## **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 2021 and 2020 are given in note 4 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 are described in each 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 described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## **3 Impact of COVID-19 outbreak**

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group’s staff and to manage the negative impact on the business as much as possible. The management has decided to adapt its operations in order to higher efficiency level of the production and not limited to reduction of operating cost and expenses. Consequently, on 5 May 2020, the management have decided to temporarily close and transfer the production activities of a subsidiary, KCE International Co., Ltd., to the Company and to a subsidiary, starting from 7 May 2020. Until the third quarter of 2020 onwards, the situations including automotive sector is getting recover, resulting in customer’s orders began to gradually increase, similar that before COVID-19 outbreak.

The situation of COVID-19 outbreak is still on going and the management has considered that due to situations are still highly uncertain. The consideration to reopen the operation of such subsidiary at this moment still has risks and not result to overall benefits to the Group in many aspects, for instances, the Group’s efficiency level of the production. From aforesaid, consequent to an estimation uncertainty on the potential impact, therefore; at 31 December 2020, the Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from

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the situation of COVID-19 outbreak on impairment of assets. The Group elected to exclude the COVID-19 situation as impairment indicator for property, plant and equipment and intangible assets of such subsidiary.

As the accounting guidance already expired on 31 December 2020, the Group has considered on impairment for property, plant and equipment and intangible assets of such subsidiary which based on possible assumptions to overall benefits result bring to the Group including valuation of those significant assets and found that there is an impairment for property, plant and equipment of such subsidiary as at 31 December 2021 of Baht 0.96 million.

The significant financial information of such subsidiary for the year ended 31 December is presented as below;

	2021	2020
	<i>(in thousand Baht)</i>	
Inventory	27,647	38,172
Property, plant and equipment		
Land	12,000	12,000
Buildings and buildings improvement	21,147	37,742
Machinery and plant equipment	41,700	68,182
Others	3,667	6,327
Impairment loss	(964)	-
Total property, plant and equipment	77,550	124,251
Intangible assets	24,223	27,538

#### **4 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 are under common control or under the same significant influence as the group or the group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with subsidiaries and associates are described in notes 8 and 9. Other related parties that the group had significant transactions with during the year were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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.

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<i>Significant transactions with related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>For the years ended 31 December</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	1,872,915	1,370,966
Rendering of service	-	-	52,410	49,877
Rental income	-	-	6,519	4,924
Other income	-	-	11,413	12,150
Purchases of goods	-	-	3,067,814	2,222,609
Purchases of property, plant and equipment	-	-	25,900	30,699
Sales of property, plant and equipment	-	-	26	101
Dividend income	-	-	1,133,356	628,787
Commission expense	-	-	186,436	128,127
Other expenses	-	-	155,176	76,780
<b>Associates</b>				
Sales of goods	1,955	3,552	-	-
Other income	12,576	4,607	7,469	4,607
Purchases of raw materials	189,695	117,984	140,415	89,999
Purchases of property, plant and equipment	5,899	2,160	4,918	2,116
Dividend income	10,374	20,791	10,374	20,791
Other expenses	3,201	2,337	2,169	1,857
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	141,404	130,956	53,573	45,610
Retirement benefits obligations	3,415	3,716	493	1,437
Total key management personnel compensation	<u>144,819</u>	<u>134,672</u>	<u>54,066</u>	<u>47,047</u>

Balances as at 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Trade receivables</b>				
Subsidiaries	-	-	692,402	654,121
<b>Total</b>	-	-	<b>692,402</b>	<b>654,121</b>
Less allowance for expected credit loss	-	-	-	-
<b>Net</b>	<u>-</u>	<u>-</u>	<u><b>692,402</b></u>	<u><b>654,121</b></u>
<b>Other current receivables</b>				
Subsidiaries	-	-	25,389	10,767
Associate	1,775	-	987	-
<b>Total</b>	<u><b>1,775</b></u>	<u>-</u>	<u><b>26,376</b></u>	<u><b>10,767</b></u>
<b>Expected credit losses for the year ended 31 December</b>				
Trade receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Trade payables</b>				
Subsidiaries	-	-	1,254,872	927,449
Associate	33,319	29,572	25,183	21,969
<b>Total</b>	<b>33,319</b>	<b>29,572</b>	<b>1,280,055</b>	<b>949,418</b>
<b>Other payables for purchase of machineries and equipment</b>				
Subsidiaries	-	-	15,239	21,216
Associate	198	62	198	62
<b>Total</b>	<b>198</b>	<b>62</b>	<b>15,437</b>	<b>21,278</b>
<b>Other current payables</b>				
Subsidiaries	-	-	71	37
<b>Total</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>37</b>

## 5 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash on hand	401	403	50	50
Cash at banks	1,964,776	2,341,465	232,534	207,305
Others	605	577	-	-
<b>Total</b>	<b>1,965,782</b>	<b>2,342,445</b>	<b>232,584</b>	<b>207,355</b>

## 6 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.

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>At 31 December</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Within credit terms	3,168,698	2,483,285	2,520,403	1,955,136
Overdue:				
Less than 3 months	1,044,885	649,946	759,929	541,504
3 - 6 months	56,954	4,382	41,781	32,075
6 - 12 months	16,757	140	2,681	-
Over 12 months	1,902	3,484	-	-
<b>Total</b>	<b>4,289,196</b>	<b>3,141,237</b>	<b>3,324,794</b>	<b>2,528,715</b>
Less allowance for impairment	(2,642)	(2,436)	-	-
<b>Net</b>	<b>4,286,554</b>	<b>3,138,801</b>	<b>3,324,794</b>	<b>2,528,715</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Allowance for expected credit loss</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	2,436	2,437	-	-
Reversal	-	(1)	-	-
Foreign currency translation differences for foreign operations	206	-	-	-
<b>At 31 December</b>	<b>2,642</b>	<b>2,436</b>	<b>-</b>	<b>-</b>

Information of credit risk is disclosed in note 25 (b.1).

## **7 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Finished goods	1,427,374	933,190	814,901	549,942
Work in progress	528,333	302,363	392,656	211,880
Raw materials	1,599,665	558,904	467,705	202,631
Factory supplies	697,588	472,143	435,597	276,254
Spare parts	230,798	223,459	112,931	106,679
Goods in transit	425,772	181,971	122,875	69,859
	4,909,530	2,672,030	2,346,665	1,417,245
Less allowance for decline in value	(68,053)	(77,541)	(28,530)	(27,740)
<b>Net</b>	<b>4,841,477</b>	<b>2,594,489</b>	<b>2,318,135</b>	<b>1,389,505</b>
Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	10,939,093	9,018,302	7,292,879	5,483,304
- Write-off	35,598	23,272	14,989	14,524
- Write-down to net realisable value (reversal)	(9,488)	(26,510)	790	(3,782)
<b>Net</b>	<b>10,965,203</b>	<b>9,015,064</b>	<b>7,308,658</b>	<b>5,494,046</b>

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Inventories as at 31 December 2021 included finished goods (made to order) of Baht 936 million (2020: Baht 548 million) in the consolidated financial statements and Baht 571 million (2020: Baht 371 million) in the separate financial statements, which had been delivered to the customers' warehouses but the title of the inventory shall remain with the Group until the customers' requisition to their production process. The Group will receive the payment for these inventories after the customers' requisition to their production process, and following conditions within the periods specified in the agreements.

## **8 Investments in associate**

### ***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.

		<b>Consolidated financial statements Equity Method</b>		<b>Separate financial statements Cost Method</b>	
	<i>Note</i>	2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
<b>Associate</b>					
At 1 January		28,052	37,516	1,598	1,540
Share of profit from investments in associate using equity method		17,414	9,841	-	-
Dividend income	4	(10,374)	(20,791)	-	-
Warrant granted to associate's directors and employees		44	58	44	58
Foreign currency translation differences for foreign operations		3,154	1,428	-	-
<b>At 31 December</b>		<b>38,290</b>	<b>28,052</b>	<b>1,642</b>	<b>1,598</b>

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Investments in associate as at 31 December 2021 and 2020 and dividend income from investments for each year were as follows:

<b>Consolidated financial statements</b>									
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity
			2021	2020	2021	2020	2021	2020	
			(%)				(in thousand Baht)		
<b>Associate</b>									
KCE Taiwan Co., Ltd.	(1)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,642	1,598	28,052
<b>Total</b>							<b>1,642</b>	<b>1,598</b>	<b>28,052</b>

(1) Foreign raw materials and machinery sourcing representative of the Group

Associate was incorporated and operate in Taiwan.

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Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Warrant granted to associate's directors and employees		Dividend income		
	2021	2020	2021	2020	2021	2020	2021	2020			
	( <i>in thousand Baht</i> )										
Associate											
KCE Taiwan Co., Ltd.	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,598	1,540	44	58	1,598	10,374	20,791
Total					<u>1,598</u>	<u>1,540</u>	<u>44</u>	<u>58</u>	<u>1,598</u>	<u>10,374</u>	<u>20,791</u>
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)	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
( <i>in thousand Baht</i> )											
KCE Taiwan Co., Ltd.	31 December	49.00	49.00	133,911	98,900	56,964	42,572	254,391	158,505	35,500	20,153
Total				<u>133,911</u>	<u>98,900</u>	<u>56,964</u>	<u>42,572</u>	<u>254,391</u>	<u>158,505</u>	<u>35,500</u>	<u>20,153</u>



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**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

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Investments in subsidiaries as at 31 December 2021 and 2020, 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 (in thousand Baht)		Total		Dividend income			
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
<b>Direct subsidiaries</b>													
(1)	100.00	100.00	1,600,000	1,600,000	1,600,000	1,600,000	25,079	24,530	1,625,079	1,624,530	296,000	296,000	
(1)	99.99	99.99	100,000	100,000	185,395	185,395	14,332	13,927	199,727	199,322	280,983	51,997	
(2)	94.75	94.75	48,000	48,000	227,810	227,810	2,356	2,152	230,166	229,962	295,620	113,700	
(2)	94.96	94.96	80,000	80,000	75,968	75,968	-	-	75,968	75,968	-	-	
(3)	74.80	74.80	250,000	250,000	368,460	368,460	15,385	14,882	383,845	383,342	224,400	107,525	
(4)	60.00	60.00	3,600	3,600	2,160	2,160	1,366	1,236	3,526	3,396	12,960	10,800	
(5)	75.00	75.00	SGD 500,000	SGD 500,000	168,267	168,267	675	383	168,942	168,650	23,393	48,765	
(5)	70.00	70.00	USD 50,000	USD 50,000	161,009	161,009	545	351	161,554	161,360	-	-	
<b>Total</b>						<b>2,789,069</b>	<b>2,789,069</b>	<b>59,738</b>	<b>57,461</b>	<b>2,848,807</b>	<b>2,846,530</b>	<b>1,133,356</b>	<b>628,787</b>
<b>Indirect subsidiaries</b>													
(2)	93.57	93.57	4,800	4,800	-	-	-	-	-	-	-	-	-
(2)	94.35	94.35	4,800	4,800	-	-	-	-	-	-	-	-	-
(6)	70.00	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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Cost</i></b>				
At 1 January	167,966	167,966	195,961	195,961
<b>At 31 December</b>	<b>167,966</b>	<b>167,966</b>	<b>195,961</b>	<b>195,961</b>
<b><i>Depreciation and impairment losses</i></b>				
At 1 January	8,889	6,707	10,372	7,826
Depreciation charge for the year	2,183	2,183	2,546	2,546
<b>At 31 December</b>	<b>11,072</b>	<b>8,890</b>	<b>12,918</b>	<b>10,372</b>
<b><i>Net book value</i></b>				
At 1 January	159,077	161,259	185,589	188,135
<b>At 31 December</b>	<b>156,894</b>	<b>159,076</b>	<b>183,043</b>	<b>185,589</b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>For the year ended 31 December</i></b>				
<b><i>The amounts recognised in profit or loss</i></b>				
Rental income	7,725	8,086	8,927	9,295

Investment properties comprise of land and building in Japan that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The Group has performed the revaluation in 2020 by Daiwa Real Estate Appraisal Co., Ltd., the external independent property valuer certified by Japan Association of Real Estate Appraiser; JAREA, at income approach on an existing use basis. The appraised value for all land and building was Yen 630 million which was not significantly different from acquisition cost in 2016, amounting to Yen 608 million. As at 31 December 2021, the Group has not perform the revaluation because there was no indicator of significant change in fair value. 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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		Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, fixtures and office equipment	Office improvement	Vehicles	Buildings and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
	<i>Note</i>											
<b>Cost</b>												
At 1 January 2020		512,908	2,900,354	12,372,575	805,298	466,906	109,390	109,835	29,948	192,541	4,867	17,504,622
Additions		-	1,954	41,221	2,393	5,028	34	5,040	10	294,420	(2,693)	347,407
Transfers		-	34,844	330,021	7,255	253	904	(70)	(29,948)	(333,216)	-	10,043
Transfers to right-of-use assets	12	-	-	-	-	-	-	(19,313)	-	-	-	(19,313)
Disposals/write-off		-	-	(541,217)	(14,984)	(2,612)	(663)	(4,118)	-	(17,064)	-	(580,658)
<b>At 31 December 2020</b>												
At 1 January 2021		512,908	2,937,152	12,202,600	799,962	469,575	109,665	91,374	10	136,681	2,174	17,262,101
Additions		178,000	1,212	211,129	4,167	17,004	-	15,878	324,243	1,071,167	25,919	1,848,719
Transfers		-	3,673	257,204	231	(447)	-	3,572	(3,010)	(258,708)	-	2,515
Disposals/write-off		-	-	(109,255)	-	(8,404)	-	(26,621)	(10)	(26)	-	(144,316)
<b>At 31 December 2021</b>		<b>690,908</b>	<b>2,942,037</b>	<b>12,561,678</b>	<b>804,360</b>	<b>477,728</b>	<b>109,665</b>	<b>84,203</b>	<b>321,233</b>	<b>949,114</b>	<b>28,093</b>	<b>18,969,019</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
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Consolidated financial statements												
	Note	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
							(in thousand Baht)					
<b>Depreciation and impairment losses</b>												
At 1 January 2020		-	952,326	6,751,519	377,307	459,153	59,102	66,250	-	-	-	8,665,657
Depreciation charge for the year		-	137,973	783,705	48,773	12,962	9,996	13,383	-	-	-	1,006,792
Impairment losses		-	-	50,307	-	-	-	-	-	-	-	50,307
Transfers		-	(6)	236	6	(224)	(12)	-	-	-	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(7,281)	-	-	-	(7,281)
Disposals/write-off		-	-	(539,107)	(14,984)	(2,555)	(663)	(2,817)	-	-	-	(560,126)
<b>At 31 December 2020</b>		-	<b>1,090,293</b>	<b>7,046,660</b>	<b>411,102</b>	<b>469,336</b>	<b>68,423</b>	<b>69,535</b>	-	-	-	<b>9,155,349</b>
<b>At 1 January 2021</b>		-	138,468	759,835	49,068	8,425	10,015	9,117	-	-	-	974,928
Depreciation charge for the year		-	-	964	-	-	-	-	-	-	-	964
Impairment losses		-	(40)	(617)	(557)	30	-	914	-	-	-	(270)
Transfers		-	-	(106,753)	-	(8,175)	-	(25,731)	-	-	-	(140,659)
Disposals/write-off		-	-	-	-	-	-	-	-	-	-	-
<b>At 31 December 2021</b>		-	<b>1,228,721</b>	<b>7,700,089</b>	<b>459,613</b>	<b>469,616</b>	<b>78,438</b>	<b>53,835</b>	-	-	-	<b>9,990,312</b>

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	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>Net book value</i>											
<b>At 31 December 2020</b>											
Owned assets	512,908	1,846,859	5,155,940	388,860	239	41,242	21,839	10	136,681	2,174	8,106,752
	<b>512,908</b>	<b>1,846,859</b>	<b>5,155,940</b>	<b>388,860</b>	<b>239</b>	<b>41,242</b>	<b>21,839</b>	<b>10</b>	<b>136,681</b>	<b>2,174</b>	<b>8,106,752</b>
<b>At 31 December 2021</b>											
Owned assets	690,908	1,713,316	4,861,589	344,747	8,112	31,227	30,368	321,233	949,114	28,093	8,978,707
	<b>690,908</b>	<b>1,713,316</b>	<b>4,861,589</b>	<b>344,747</b>	<b>8,112</b>	<b>31,227</b>	<b>30,368</b>	<b>321,233</b>	<b>949,114</b>	<b>28,093</b>	<b>8,978,707</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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Separate financial statements												
	Note	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
<i>(in thousand Baht)</i>												
<b>Cost</b>												
At 1 January 2020		184,340	1,368,744	6,077,909	629,245	78,332	132,063	42,057	14,945	214,508	2,275	8,744,418
Additions		-	1,659	29,454	597	1,462	33	-	-	174,777	(2,275)	205,707
Transfers		-	-	212,306	1,415	(271)	-	-	(14,945)	(198,505)	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(15,741)	-	-	-	(15,741)
Disposals/write-off		-	-	(505,196)	(14,984)	(1,259)	(661)	-	-	(17,099)	-	(539,199)
<b>At 31 December 2020</b>												
At 1 January 2021		184,340	1,370,403	5,814,473	616,273	78,264	131,435	26,316	-	173,681	-	8,395,185
Additions		178,000	1,212	199,309	3,658	5,348	-	2,436	314,909	611,236	15,117	1,331,225
Transfers		-	-	150,259	-	(49)	-	-	(3,010)	(147,200)	-	-
Disposals/write-off		-	-	(33,811)	-	(4,852)	-	(13,958)	-	(26)	-	(52,647)
<b>At 31 December 2021</b>		<b>362,340</b>	<b>1,371,615</b>	<b>6,130,230</b>	<b>619,931</b>	<b>78,711</b>	<b>131,435</b>	<b>14,794</b>	<b>311,899</b>	<b>637,691</b>	<b>15,117</b>	<b>9,673,763</b>



**KCE Electronics Public Company Limited and its subsidiaries**  
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	<i>Note</i>	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Separate financial statements (in thousand Baht)					Machinery and equipment under installation	Machinery and equipment in transit	Total
							Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit			
<b>Depreciation and impairment losses</b>														
At 1 January 2020		-	<b>329,400</b>	<b>2,649,485</b>	<b>281,754</b>	<b>65,991</b>	<b>50,663</b>	<b>28,359</b>	-	-	-	-	-	<b>3,405,652</b>
Depreciation charge for the year		-	53,484	420,963	35,876	7,079	9,524	3,822	-	-	-	-	-	530,748
Impairment losses		-	-	37,511	-	-	-	-	-	-	-	-	-	37,511
Transfers		-	-	253	-	(253)	-	-	-	-	-	-	-	-
Transfers to right-of-use assets	12	-	-	-	-	-	-	(6,368)	-	-	-	-	-	(6,368)
Disposals/write-off		-	-	(486,611)	(14,984)	(1,248)	(660)	-	-	-	-	-	-	(503,503)
<b>At 31 December 2020 and 1 January 2021</b>		-	<b>382,884</b>	<b>2,621,601</b>	<b>302,646</b>	<b>71,569</b>	<b>59,527</b>	<b>25,813</b>	-	-	-	-	-	<b>3,464,040</b>
Depreciation charge for the year		-	53,231	424,481	36,034	4,052	9,524	834	-	-	-	-	-	528,156
Transfers		-	-	3	-	(3)	-	-	-	-	-	-	-	-
Disposals/write-off		-	-	(33,714)	-	(4,824)	-	(13,957)	-	-	-	-	-	(52,495)
<b>At 31 December 2021</b>		-	<b>436,115</b>	<b>3,012,371</b>	<b>338,680</b>	<b>70,794</b>	<b>69,051</b>	<b>12,690</b>	-	-	-	-	-	<b>3,939,701</b>

# KCE Electronics Public Company Limited and its subsidiaries

## Notes to the financial statements

**For the year ended 31 December 2021**

Separate financial statements												
		Land	Buildings and plant	Machinery and 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
							(in thousand Baht)					
Net book value At 31 December 2020	Owned assets	184,340	987,519	3,192,872	313,627	6,695	71,908	503	-	173,681	-	4,931,145
		<b>184,340</b>	<b>987,519</b>	<b>3,192,872</b>	<b>313,627</b>	<b>6,695</b>	<b>71,908</b>	<b>503</b>	<b>-</b>	<b>173,681</b>	<b>-</b>	<b>4,931,145</b>
At 31 December 2021	Owned assets	362,340	935,500	3,117,859	281,251	7,917	62,384	2,104	311,899	637,691	15,117	5,734,062
		<b>362,340</b>	<b>935,500</b>	<b>3,117,859</b>	<b>281,251</b>	<b>7,917</b>	<b>62,384</b>	<b>2,104</b>	<b>311,899</b>	<b>637,691</b>	<b>15,117</b>	<b>5,734,062</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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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 are amounted to Baht 11.2 million and Baht 4.2 million, respectively. (2020: nil), with a capitalization rate of 1.5% - 2.1% and 15% - 2.1%, respectively (2020: nil).

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 2021 amounted to Baht 2,916 million (2020: Baht 2,968 million) for the consolidated financial statements and Baht 697 million (2020: Baht 775 million) for the separate financial statements.

As at 31 December 2020, the Group and the Company recognised the impairment losses for machineries under expired promotional privileges certificate which were not used in manufacturing amounting to Baht 50 million and Baht 38 million, respectively. The Company sold aforesaid machineries during 2021.

*Mortgage and pledge*

- 11.1 The Company and its two subsidiaries, K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into negative pledge memorandums which are part of bank overdrafts and loans agreements. Under these memorandums, the Company and its subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, as stipulated in such memorandums.
- 11.2 The subsidiaries have mortgaged and pledged the following property, plant and equipment.
- 11.2.1 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 December 2021 of Baht 69 million (2020: Baht 69 million), as collateral for loans from banks, as described in Note 15.
- 11.2.2 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 December 2021 of Baht 114 million (2020: Baht 145 million), as collateral for loans from banks, as described in Note 15.
- 11.2.3 Chemtronic Products Co., Ltd. has mortgaged its construction thereon and pledged its machinery and equipment with a total net book value as at 31 December 2021 of Baht 111 million (2020: Baht 97 million), as collateral for loans from banks, as described in Note 15.
- 11.2.4 KCE America Partner Co., Ltd has mortgaged its land and construction with a total net book value as at 31 December 2021 of Baht 143 million (2020: Baht 149 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.

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

<b>Right-of-use assets</b> <b>At 31 December</b>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Vehicles	16,423	12,031	16,423	9,373
Others	4,037	1,239	4,037	1,239
<b>Total</b>	<b>20,460</b>	<b>13,270</b>	<b>20,460</b>	<b>10,612</b>

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.

<b>For the year ended 31 December</b>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Amounts recognised in profit or loss</b>				
Depreciation of right-of-use assets:				
- Vehicles	3,250	3,863	3,250	3,149
- Others	1,238	1,238	1,238	1,238

In 2021, total cash outflow for leases of the Group and the Company were Baht 4.0 million and Baht 4.0 million, respectively. (2020: Baht 5.2 million and Baht 4.0 million, respectively)

**KCE Electronics Public Company Limited and its subsidiaries**  
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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. The Group measures goodwill at the acquisition date.

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.

	<b>Consolidated financial statements</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
<b><i>Cost</i></b>		
At 1 January	153,517	153,517
<b>At 31 December</b>	<b>153,517</b>	<b>153,517</b>
<b><i>Impairment losses</i></b>		
At 1 January	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>
<b><i>Net book value</i></b>		
At 1 January	153,517	153,517
<b>At 31 December</b>	<b>153,517</b>	<b>153,517</b>

***CGUs of goodwill***

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<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	-	-
<b>Total</b>	<b>153,517</b>	<b>153,517</b>	<b>-</b>	<b>-</b>

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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.

	<b>Consolidated financial statements</b>	
	2021	2020
	(%)	
<b>Chemtronic Group</b>		
Discount rates	14	12
Terminal value growth rate	0	0
<b>KCE Singapore Pte. Ltd.</b>		
Discount rate	16	11
Terminal value growth rate	0	0
<b>KCE America, Inc.</b>		
Discount rate	10	9
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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	<b>Consolidated financial statements</b>		
	Software License	Customer Relationship (in thousand Baht)	Total
<b><i>Cost</i></b>			
At 1 January 2020	429,701	96,219	525,920
Additions	27,925	-	27,925
<b>At 31 December 2020 and 1 January 2021</b>	<b>457,626</b>	<b>96,219</b>	<b>553,845</b>
Additions	7,204	-	7,204
<b>At 31 December 2021</b>	<b>464,830</b>	<b>96,219</b>	<b>561,049</b>
<b><i>Amortisation and impairment losses</i></b>			
At 1 January 2020	218,617	49,711	268,328
Amortisation for the year	29,462	9,622	39,084
<b>At 31 December 2020 and 1 January 2021</b>	<b>248,079</b>	<b>59,333</b>	<b>307,412</b>
Amortisation for the year	32,651	9,622	42,273
<b>At 31 December 2021</b>	<b>280,730</b>	<b>68,955</b>	<b>349,685</b>
<b><i>Net book value</i></b>			
<b>At 31 December 2020</b>	<b>209,547</b>	<b>36,886</b>	<b>246,433</b>
<b>At 31 December 2021</b>	<b>184,100</b>	<b>27,264</b>	<b>211,364</b>

	<b>Separate financial statements</b> Software License (in thousand Baht)
<b><i>Cost</i></b>	
At 1 January 2020	204,202
Additions	21,050
<b>At 31 December 2020 and 1 January 2021</b>	<b>225,252</b>
Additions	5,170
<b>At 31 December 2021</b>	<b>230,422</b>
<b><i>Amortisation and impairment losses</i></b>	
At 1 January 2020	109,839
Amortisation for the year	16,035
<b>At 31 December 2020 and 1 January 2021</b>	<b>125,874</b>
Amortisation for the year	17,750
<b>At 31 December 2021</b>	<b>143,624</b>
<b><i>Net book value</i></b>	
<b>At 31 December 2020</b>	<b>99,378</b>
<b>At 31 December 2021</b>	<b>86,798</b>

## **15 Interest-bearing liabilities**

### ***Accounting policy***

The Group recognises and measures financial liabilities as disclosed in note 25.

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Short-term borrowings from financial institutions - secured	559,139	420,000	50,000	270,000
Packing credits - secured	1,238,455	862,939	1,038,455	762,939
<b>Total bank overdrafts and short-term borrowings from financial institutions</b>	<b>1,797,594</b>	<b>1,282,939</b>	<b>1,088,455</b>	<b>1,032,939</b>
Current portion of long-term borrowings - secured	740,123	387,089	563,907	378,853
Lease liabilities	5,263	4,622	5,263	3,865
<b>Total current interest-bearing liabilities</b>	<b>2,542,980</b>	<b>1,674,650</b>	<b>1,657,625</b>	<b>1,415,657</b>
<b>Non-current</b>				
Long-term borrowings - secured	1,116,694	676,095	810,098	656,433
Lease liabilities	9,118	3,644	9,118	2,680
<b>Total non-current interest-bearing liabilities</b>	<b>1,125,812</b>	<b>679,739</b>	<b>819,216</b>	<b>659,113</b>
<b>Total</b>	<b>3,668,792</b>	<b>2,354,389</b>	<b>2,476,841</b>	<b>2,074,770</b>
<b>Assets pledged as security for liabilities as at 31 December</b>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Property, plant and equipment	464,442	459,521	-	-
<b>Total</b>	<b>464,442</b>	<b>459,521</b>	<b>-</b>	<b>-</b>

- 15.1 Under the long-term borrowings agreement from financial institutions of KCE Electronics Public Company Limited, the Company has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.25:1.
- 15.2 Long-term borrowings from financial institutions of Chemtronic Technology (Thailand) Co., Ltd., a subsidiary, are secured by mortgage of the subsidiary's land. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining debt to equity ratio of not more than 1.
- 15.3 Long-term borrowings from financial institutions of KCE Singapore Pte., Ltd., a subsidiary, are secured by mortgage of the subsidiary's office building. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining gearing ratio of not more than 1.
- 15.4 Long-term borrowings from financial institutions of Chemtronic Products Co., Ltd., a subsidiary, are secured by mortgage of subsidiary's construction and pledged its machinery and equipment. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2.
- 15.5 Long-term borrowings from financial institutions of KCE America Partner Co., Ltd., an indirect subsidiary, are in US Dollar, with a fixed interest rate as specified in agreement. The loans are secured by the mortgage of the subsidiary's land and construction. Under the loan agreement, the subsidiary has to comply with certain conditions.



# KCE Electronics Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

Details of long-term borrowings from financial institutions as at 31 December 2021 and 2020 are as follows:

		Outstanding long-term borrowings amount				Significant terms and conditions of loan agreements					
No.	Contract date	2021		2020		Borrowings period	Interest rate	Principal repayment	Interest repayment		
		Current portion	Non-current portion	Total	Current portion					Non-current portion	Total
		(in thousand Baht)						(Percent per annum)			
<b>The Company</b>											
1.	2 December 2016	27,176	27,152	54,328	27,186	54,350	81,536	Fixed percentage	7 years	3 months	1 month
2.	16 August 2018	125,000	93,750	218,750	125,000	218,750	343,750	Fixed percentage	5 years	3 months	1 month
3.	23 August 2019	100,000	75,000	175,000	100,000	175,000	275,000	MLR - fixed percentage	4 years	3 months	3 months
4.	12 May 2020	60,000	15,000	75,000	60,000	75,000	135,000	THB FIX + fixed percentage	3 years	3 months	1 month
5.	1 July 2020	66,667	66,667	133,334	66,667	133,333	200,000	THB FIX 6 months + fixed percentage	3 years 6 months	3 months	1 month
6.	11 May 2021	15,000	65,000	80,000	-	-	-	THB FIX + fixed percentage	5 years	3 months	1 month
7.	11 May 2021	170,064	467,529	637,593	-	-	-	LIBOR 3M + fixed percentage	5 years	3 months	1 month
<b>Total borrowings of the Company</b>		<b>563,907</b>	<b>810,098</b>	<b>1,374,005</b>	<b>378,853</b>	<b>656,433</b>	<b>1,035,286</b>				
<b>Subsidiaries</b>											
<u>Chemtronic Products Co., Ltd.</u>											
1.	10 August 2017	3,750	1,875	5,625	3,750	5,625	9,375	MLR - fixed percentage	5 years 9 months	3 months	1 month
2.	5 October 2017	2,909	-	2,909	3,125	2,909	6,034	MLR - fixed percentage	5 years 9 months	3 months	1 month
		6,659	1,875	8,534	6,875	8,534	15,409				
<u>K. C. E. Technology Company Limited</u>											
1.	29 March 2021	167,964	293,938	461,902	-	-	-	Fixed percentage	3 years 6 months	3 months	1 month
		167,964	293,938	461,902	-	-	-				
<u>KCE America Partner Company Limited</u>											
1.	15 December 2016	1,593	10,783	12,376	1,361	11,128	12,489	Fixed percentage	11 years 6 months	1 month	1 month
		1,593	10,783	12,376	1,361	11,128	12,489				
<b>Total borrowings of subsidiaries</b>		<b>176,216</b>	<b>306,596</b>	<b>482,812</b>	<b>8,236</b>	<b>19,662</b>	<b>27,898</b>				
<b>Total borrowing of the Company and subsidiaries</b>		<b>740,123</b>	<b>1,116,694</b>	<b>1,856,817</b>	<b>387,089</b>	<b>676,095</b>	<b>1,063,184</b>				

**KCE Electronics Public Company Limited and its subsidiaries**  
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As at 31 December 2021, the Group and the Company had all types of unutilised credit facilities totaling Baht 17,130 million and US dollar 80.7 million (Baht 2,714 million and US dollar 8 million for separate financial statements).

As at 31 December 2020, the Group and the Company had all types of unutilised credit facilities totaling Baht 17,448 million and US dollar 82 million (Baht 2,875 million for separate financial statements).

**KCE Electronics Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2021**

**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.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Wages and salaries	1,940,165	1,726,350	920,594	770,900
Defined contribution plans	43,275	42,770	12,717	12,765
Defined benefit plans	30,840	26,438	11,832	10,521
Others	449,911	258,353	193,867	93,876
<b>Total</b>	<b>2,464,191</b>	<b>2,053,911</b>	<b>1,139,010</b>	<b>888,062</b>

*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.

**KCE Electronics Public Company Limited and its subsidiaries**  
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<i>Present value of the defined benefit obligations</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	364,141	297,929	150,205	121,785
<b>Include in profit or loss:</b>				
Current service cost	25,250	18,674	9,548	7,248
Interest on obligation	5,590	7,764	2,284	3,273
	<b>30,840</b>	<b>26,438</b>	<b>11,832</b>	<b>10,521</b>
<b>Included in other comprehensive income</b>				
Actuarial (gain) loss				
- Financial assumptions	-	55,181	-	20,240
- Experience adjustment	-	(86)	-	1,411
	<b>-</b>	<b>55,095</b>	<b>-</b>	<b>21,651</b>
Benefit paid	(11,384)	(15,321)	(2,530)	(3,752)
	<b>(11,384)</b>	<b>(15,321)</b>	<b>(2,530)</b>	<b>(3,752)</b>
<b>At 31 December</b>	<b>383,597</b>	<b>364,141</b>	<b>159,507</b>	<b>150,205</b>

<i>Principal actuarial assumptions</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2021	2020	2021	2020
	<i>(%)</i>			
Discount rate	1.70	1.70	1.70	1.70
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 2021, the weighted-average duration of the defined benefit obligation was 11 years (2020: 11 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>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2021</b>				
Discount rate (1% movement)	(37,542)	44,659	(13,308)	15,580
Future salary growth (1% movement)	46,018	(39,361)	15,999	(13,910)
<b>At 31 December 2020</b>				
Discount rate (1% movement)	(37,339)	44,372	(13,677)	16,012
Future salary growth (1% movement)	45,771	(39,195)	16,442	(14,295)

**KCE Electronics Public Company Limited and its subsidiaries**  
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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)	2021		2020	
		Number	Amount	Number	Amount
		<i>(thousand shares / in thousand Baht)</i>			
<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>
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>0.5</b>	<b><u>1,182,794</u></b>	<b><u>591,397</u></b>	<b><u>1,182,794</u></b>	<b><u>591,397</u></b>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.5	<u>1,178,062</u>	<u>589,031</u>	<u>1,172,794</u>	<u>586,397</u>
Issue of new shares	0.5	<u>3,528</u>	<u>1,764</u>	<u>5,268</u>	<u>2,634</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>0.5</b>	<b><u>1,181,590</u></b>	<b><u>590,795</u></b>	<b><u>1,178,062</u></b>	<b><u>589,031</u></b>

*Issue of new shares*

During the year ended 31 December 2021, the Company had issued new shares from the exercise of warrants as follows:

	2021	
	Number	Amount
	<i>(thousand shares / in thousand Baht)</i>	
The exercise of warrants ESOP-W6	<u>3,528</u>	<u>1,764</u>
<b>Total</b>	<b><u>3,528</u></b>	<b><u>1,764</u></b>

**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 2021 was Baht 4.2 million for the consolidated financial statements (2020: 7.2 million) and Baht 1.9 million for the separate financial statements (2020: 3.4 million).

Movements of the number of issued and allotted share warrants ESOP-W6 during the year ended 31 December 2021 are summarised below:

	2021	2020
	Number (in thousand unit)	
Warrants issued at 1 January	4,732	-
Add: Warrants issued during the period	-	10,000
Less: Warrants exercised during the period	(3,528)	(5,268)
Warrants issued at 31 December	<u>1,204</u>	<u>4,732</u>

During the year ended 31 December 2021, 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	1,832	26.48	48.5	15 March 2021
June	1,180	26.48	31.2	15 June 2021
September	350	26.48	9.3	14 September 2021
December	166	26.48	4.4	16 December 2021
<b>Total</b>	<b><u>3,528</u></b>		<b><u>93.4</u></b>	

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Movements of the fair value of share warrants ESOP-W6 during the year ended 31 December 2021 are summarized below:

	2021	2020
	Fair value (in thousand Baht)	
At 1 January	381	-
Increase	4,179	7,230
Exercised during the period	(4,586)	(6,849)
At 31 December	<u>(26)</u>	<u>381</u>

## 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.

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

*(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 2021 or 2020.

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.



# KCE Electronics Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

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 2021 and 2020 is as follows:

Consolidated financial statements												
For the years ended 31 December 2021 and 2020												
Printed Circuit Board business												
	Prepreg and Laminate business		America		Europe		Asia		Total		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(in thousand Baht)											
<b>Information about reportable segments</b>												
Revenues from external customers	1,152,494	756,755	2,427,876	1,744,505	5,850,958	4,511,341	4,904,773	4,129,949	13,183,607	10,385,795	384,612	14,937,780
Inter-segment revenues	2,685,084	1,848,209	1,169,895	1,020,503	-	-	3,319,111	2,537,810	4,489,006	3,558,313	83,415	-
<b>Total revenues</b>	<b>3,837,578</b>	<b>2,604,964</b>	<b>3,597,771</b>	<b>2,765,008</b>	<b>5,850,958</b>	<b>4,511,341</b>	<b>8,223,884</b>	<b>6,667,759</b>	<b>17,672,613</b>	<b>13,944,108</b>	<b>468,027</b>	<b>11,527,162</b>
<b>Disaggregation of revenue</b>												
Revenues from sales	3,822,901	2,598,061	3,597,771	2,765,008	5,850,958	4,511,341	7,977,490	6,507,897	17,426,219	13,784,246	468,027	11,527,162
Revenues from rendering of services	14,677	6,903	-	-	-	-	246,394	159,862	246,394	159,862	-	-
<b>Total</b>	<b>3,837,578</b>	<b>2,604,964</b>	<b>3,597,771</b>	<b>2,765,008</b>	<b>5,850,958</b>	<b>4,511,341</b>	<b>8,223,884</b>	<b>6,667,759</b>	<b>17,672,613</b>	<b>13,944,108</b>	<b>468,027</b>	<b>11,527,162</b>
<b>Timing of revenue recognition</b>												
At a point in time	3,837,578	2,604,964	3,597,771	2,765,008	5,850,958	4,511,341	8,223,884	6,667,759	17,672,613	13,944,108	468,027	11,527,162
<b>Total</b>	<b>3,837,578</b>	<b>2,604,964</b>	<b>3,597,771</b>	<b>2,765,008</b>	<b>5,850,958</b>	<b>4,511,341</b>	<b>8,223,884</b>	<b>6,667,759</b>	<b>17,672,613</b>	<b>13,944,108</b>	<b>468,027</b>	<b>11,527,162</b>

# KCE Electronics Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

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Printed Circuit Board business

	Prepreg and Laminate business		America		Europe		Asia		Total		Chemical business		Eliminating entries		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating profit	583,978	484,789									339,949	197,847	(365,043)	(285,597)	3,972,577	2,512,098
Unallocated profit and expenses:									3,413,693	2,115,059						
Other income									<i>(in thousand Baht)</i>							
Distribution costs															391,988	214,702
Administrative expenses															(541,861)	(454,563)
Finance costs															(1,113,865)	(994,678)
Share of profit from investments in associate															(43,703)	(57,475)
Income tax expense															17,414	9,841
Profit for the year															(221,487)	(87,061)
															2,461,063	1,142,864
Segment assets as at 31 December	3,711,733	2,236,333							26,512,407	22,806,379	567,514	590,375	(8,840,925)	(8,256,048)	21,950,729	17,377,039
Segment liabilities as at 31 December	1,998,047	682,539							8,977,372	6,708,160	130,135	106,826	(2,596,915)	(2,182,510)	8,508,639	5,315,015

For the year ended 31 December 2021, the Group had total revenues which were converted to US Dollar amounted to US dollar 468.6 million (2020: US dollar 372.1 million).

**KCE Electronics Public Company Limited and its subsidiaries**  
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	Separate financial statements							
	Reportable segment							
	Printed Circuit Board business							
	America		Europe		Asia		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>							
<i>For the years ended 31 December</i>								
<b>Disaggregation of revenue</b>								
Revenues from sales	1,857,875	1,173,820	4,752,401	3,357,425	2,679,329	1,916,066	9,289,605	6,447,311
Revenues from rendering of services	1,857,875	1,173,820	4,752,401	3,357,425	2,626,919	1,866,189	9,237,195	6,397,434
	-	-	-	-	52,410	49,877	52,410	49,877
<b>Total</b>	<b>1,857,875</b>	<b>1,173,820</b>	<b>4,752,401</b>	<b>3,357,425</b>	<b>2,679,329</b>	<b>1,916,066</b>	<b>9,289,605</b>	<b>6,447,311</b>
<b>Timing of revenue recognition</b>								
At a point in time	1,857,875	1,173,820	4,752,401	3,357,425	2,679,329	1,916,066	9,289,605	6,447,311
<b>Total</b>	<b>1,857,875</b>	<b>1,173,820</b>	<b>4,752,401</b>	<b>3,357,425</b>	<b>2,679,329</b>	<b>1,916,066</b>	<b>9,289,605</b>	<b>6,447,311</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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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 5,033 million (2020: Baht 2,354 million) of the Group's total revenues.

*(d) Contract Balances*

The following table provides information about receivable and contract assets from contracts with customer.

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		31	31	31	31
	<i>Note</i>	December	December	December	December
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Trade accounts receivable - net	6	4,286,554	3,138,801	3,324,794	2,528,715
Contract costs assets		394,913	373,992	359,096	340,898

The amount of amortisation which is included in the consolidated statement of comprehensive income for the year ended 31 December 2021 were Baht 16.0 million (2020: Baht 7.0 million) and the separate statement of comprehensive income for the year then ended were Baht 10.5 million (2020: Baht 4.5 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.	64-0932-1-00-1-0	62-0312-1-00-1-0
2. Promotional privileges for	Manufacturing of Printed Circuit Board	Recovery of Copper Sulfate
3. The significant privileges are		
3.1 Exemption from corporate income tax on net income from promoted operations and exemption from income tax on dividends paid from promoted operations throughout the period in which the corporate income tax is exempted.	8 years	8 years
3.2 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.	6 years	8 years
3.3 Exemption from import duty on machinery as approved by the board	Not 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.	Granted	Granted
4. Date of first earning operating income	Not yet operated	Not granted
	1 October 2015	27 June 2018
		16 January 2020

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Details		KCE Technology Co., Ltd.			
1. Certificate No.		2432(2)/2555	60-0545-1-05-1-0	63-1212-1-05-1-0	64-1034-1-00-1-0
2. Promotional privileges for		Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board
3. The significant privileges are		8 years	3 years	3 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	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 (Expired)	Granted (Expired)	Granted	Granted
3.3 Exemption from import duty on machinery as approved by the board		Not granted	Not granted	Not 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.		21 August 2012	1 June 2017	3 November 2020	Not yet operated
4. Date of first earning operating income					

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Details	Thai Laminate Manufacturer Co., Ltd			Chemtronic Technology (Thailand) Co., Ltd.
1. Certificate No.	2490(2)/2557	59-1009-1-00-1-0	64-0897-1-00-1-0	5006(2)/2557
2. Promotional privileges for	Manufacturing of Laminate	Manufacturing of Prepreg	Manufacturing of Prepreg	Recovery of Copper Sulfate
3. The significant privileges are	6 years	7 years	6 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	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	Granted
3.3 Exemption from import duty on machinery as approved by the board	Granted	Granted	Not 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.	Granted	Granted	Not granted	Not granted
4. Date of first earning operating income	27 November 2017	1 December 2017	Not yet operated	3 January 2014

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

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Summary of revenues from promoted and non-promoted businesses:

	Separate financial statements					
	2021			2020		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	7,460,274	1,294,165	8,754,439	5,228,765	956,621	6,185,386
Local sales	32,831	449,925	482,756	24,428	187,619	212,047
Local services	-	52,410	52,410	-	49,878	49,878
<b>Total Revenues</b>	<b>7,493,105</b>	<b>1,796,500</b>	<b>9,289,605</b>	<b>5,253,193</b>	<b>1,194,118</b>	<b>6,447,311</b>

## 21 Expenses by nature

### *Accounting policy*

The Group recognises expenses as disclosed in note 6-7, 10-12, 14, 16, 20.

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		7,113,198	5,518,082	5,301,585	3,782,896
Employee benefit expenses	16	2,464,191	2,053,911	1,139,010	888,062
Utility expenses		877,016	770,449	497,939	402,612
Depreciation of plant and equipment	10, 11	980,360	1,008,974	533,952	533,294
Repair and maintenance expenses		270,480	244,148	134,958	102,481
Commission expense		146,087	111,739	304,115	212,864
Freight charge		173,575	80,583	109,380	44,257
Impairment losses of assets		964	50,307	-	37,511
Others		595,058	626,112	311,501	286,820
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>		<b>12,620,929</b>	<b>10,464,305</b>	<b>8,332,440</b>	<b>6,290,797</b>

## 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



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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.

***Income tax recognised in profit or loss***

<b><i>For the years ended 31 December</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Current tax expense</i></b>				
Current year	226,929	105,440	10,455	1,263
Under provided in prior years	10,818	-	10,818	-
	<u>237,747</u>	<u>105,440</u>	<u>21,273</u>	<u>1,263</u>
<b><i>Deferred tax expense</i></b>				
Movements in temporary differences	(16,260)	(18,379)	(8,739)	(12,292)
	<u>(16,260)</u>	<u>(18,379)</u>	<u>(8,739)</u>	<u>(12,292)</u>
<b>Total</b>	<u>221,487</u>	<u>87,061</u>	<u>12,534</u>	<u>(11,029)</u>

***Income tax recognised in other comprehensive income***

	<b>Consolidated financial statements</b>					
	Before tax	2021 Tax (expense) benefit	Net of tax	Before tax	2020 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	-	-	-	(55,095)	11,019	(44,076)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,095)</u>	<u>11,019</u>	<u>(44,076)</u>

	<b>Separate financial statements</b>					
	Before tax	2021 Tax (expense) benefit	Net of tax	Before tax	2020 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	-	-	-	(21,651)	4,330	(17,321)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,651)</u>	<u>4,330</u>	<u>(17,321)</u>

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**Reconciliation of effective tax rate**

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31 December**

	<b>Consolidated financial statements</b>			
	2021		2020	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		2,682,550		1,229,925
Income tax using the Thai corporation tax rate	20	536,510	20	245,985
Income not subject to tax	(13)	(342,859)	(14)	(166,318)
Expenses not deductible for tax purposes and additional reduction transactions	1	14,952	-	(2,491)
Under provided in prior years	-	10,818	-	-
Others	-	2,066	1	9,885
<b>Total</b>	<b>8</b>	<b>221,487</b>	<b>7</b>	<b>87,061</b>

**For the years ended  
31 December**

	<b>Separate financial statements</b>			
	2021		2020	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		2,310,902		901,085
Income tax using the Thai corporation tax rate	20	462,180	20	180,217
Income not subject to tax	(19)	(448,928)	(20)	(184,070)
Expenses not deductible for tax purposes and additional reduction transactions	-	1,014	-	27
Under provided in prior years	1	10,818	-	-
Others	(1)	(12,550)	(1)	(7,203)
<b>Total</b>	<b>1</b>	<b>12,534</b>	<b>(1)</b>	<b>(11,029)</b>

**Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2021	2020	2021	2020
		<i>(in thousand Baht)</i>		
Total	125,116	118,082	(63,131)	(72,357)
Set off of tax	(11,682)	(17,315)	11,682	17,315
<b>Net deferred tax assets (liabilities)</b>	<b>113,434</b>	<b>100,767</b>	<b>(51,449)</b>	<b>(55,042)</b>

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2021	2020	2021	2020
		<i>(in thousand Baht)</i>		
Total	41,368	38,255	(11,743)	(17,369)
Set off of tax	(11,743)	(17,369)	11,743	17,369
<b>Net deferred tax assets</b>	<b>29,625</b>	<b>20,886</b>	<b>-</b>	<b>-</b>

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Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2020	Consolidated financial statements (Charged) / Credited to:			At 1 January 2021	Consolidated financial statements (Charged) / Credited to:			At 31 December 2021
		Profit or loss	Other comprehensive income	(in thousand Baht)		Profit or loss	Other comprehensive income	(in thousand Baht)	
<b>Deferred tax assets</b>									
Allowance for decline in value of inventories	10,546	(2,775)	-		7,771	1,471	-		9,242
Allowance for impairment of assets	24,403	10,061	-		34,464	(7,501)	-		26,963
Property, plant and equipment	-	-	-		-	8,600	-		8,600
Employee benefit obligations	60,974	3,854	11,019		75,847	4,464	-		80,311
<b>Total</b>	<b>95,923</b>	<b>11,140</b>	<b>11,019</b>		<b>118,082</b>	<b>7,034</b>	<b>-</b>		<b>125,116</b>
<b>Deferred tax liabilities</b>									
Leases	(21,009)	3,639	-		(17,370)	5,627	-		(11,743)
Property, plant and equipment	(22,597)	649	-		(21,948)	648	-		(21,300)
Intangible assets	(35,990)	2,951	-		(33,039)	2,951	-		(30,088)
<b>Total</b>	<b>(79,596)</b>	<b>7,239</b>	<b>-</b>		<b>(72,357)</b>	<b>9,226</b>	<b>-</b>		<b>(63,131)</b>
<b>Net</b>	<b>16,327</b>	<b>18,379</b>	<b>11,019</b>		<b>45,725</b>	<b>16,260</b>	<b>-</b>		<b>61,985</b>

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	Separate financial Statements (Charged) / Credited to:			Separate financial Statements (Charged) / Credited to:				
	At 1 January 2020	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2020	At 1 January 2021	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2021
<b>Deferred tax assets</b>								
Allowance for decline in value of inventories	914	(302)	-	612	612	255	-	867
Allowance for impairment of assets	-	7,502	-	7,502	7,502	(7,502)	-	-
Property, plant and equipment	-	-	-	-	-	8,600	-	8,600
Employee benefit obligations	24,358	1,453	4,330	30,141	30,141	1,760	-	31,901
<b>Total</b>	<b>25,272</b>	<b>8,653</b>	<b>4,330</b>	<b>38,255</b>	<b>38,255</b>	<b>3,113</b>	<b>-</b>	<b>41,368</b>
<b>Deferred tax liabilities</b>								
Leases	(21,008)	3,639	-	(17,369)	(17,369)	5,626	-	(11,743)
<b>Total</b>	<b>(21,008)</b>	<b>3,639</b>	<b>-</b>	<b>(17,369)</b>	<b>(17,369)</b>	<b>5,626</b>	<b>-</b>	<b>(11,743)</b>
<b>Net</b>	<b>4,264</b>	<b>12,292</b>	<b>4,330</b>	<b>20,886</b>	<b>20,886</b>	<b>8,739</b>	<b>-</b>	<b>29,625</b>

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<i>Unrecognised deferred tax assets</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Tax losses	154,147	13,616	-	-
<b>Total</b>	<b>154,147</b>	<b>13,616</b>	<b>-</b>	<b>-</b>

The tax losses expire in 2025. 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 2021 and 2020 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:

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>2,426,284</b>	<b>1,126,787</b>	<b>2,298,368</b>	<b>912,114</b>
Number of ordinary shares outstanding at 1 January	1,178,062	1,172,794	1,178,062	1,172,794
Effect from ordinary shares issued during the year	2,224	813	2,224	813
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,180,286</b>	<b>1,173,607</b>	<b>1,180,286</b>	<b>1,173,607</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>2.06</b>	<b>0.96</b>	<b>1.95</b>	<b>0.78</b>

### *Diluted earnings per share*

The calculations of diluted earnings per share for the years ended 31 December 2021 and 2020 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:

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>2,426,284</b>	<b>1,126,787</b>	<b>2,298,368</b>	<b>912,114</b>
Weighted average number of ordinary shares outstanding (basic)	1,180,286	1,173,607	1,180,286	1,173,607
Effect of share warrants	1,579	-	1,579	-
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>1,181,865</b>	<b>1,173,607</b>	<b>1,181,865</b>	<b>1,173,607</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>2.05</b>	<b>0.96</b>	<b>1.94</b>	<b>0.78</b>

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As an average market price of an ordinary shares of the Company for the year ended 31 December 2020 was lower than exercise price of warrants, resulting in, anti-dilutive effect. Therefore the Company excluded these warrants which may be converted to ordinary shares in the calculation of diluted earnings per share for the year ended 31 December 2020.

## 24 Dividends

The shareholders and/or the Board of Directors of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>Paid in 2021</i>				
Annual dividend	22 April 2021	7 May 2021	0.40	472
Interim dividend	10 August 2021	8 September 2021	0.60	709
<i>Paid in 2020</i>				
Interim dividend	27 March 2020	24 April 2020	0.40	469
Interim dividend	11 August 2020	9 September 2020	0.40	469

## 25 Financial instruments

### *Accounting policy*

#### *(1) Classification and measurement*

Financial assets and financial liabilities (except for trade accounts receivables (see note 6)) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition are recognised in profit or loss.

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.

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*(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.

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/Company 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 30 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>At 31 December 2021</i>	<i>Note</i>	Consolidated financial statements			
		Carrying amount	Fair value		
		Fair value through profit or loss	Amortised cost - net	(in thousand Baht)	
				Total	Total
<b>Financial assets</b>					
Other financial assets:					
Unit trust		516,278	-	516,278	516,278
<b>Total other financial assets</b>		<b>516,278</b>	<b>-</b>	<b>516,278</b>	<b>516,278</b>
<b>Financial liabilities</b>					
Other financial liabilities:					
Forward currency exchange contracts	27	(847)	-	(847)	(847)
Cross currency swap contracts	27	(1,605)	-	(1,605)	(1,605)
<b>Total other financial assets</b>		<b>(2,452)</b>	<b>-</b>	<b>(2,452)</b>	<b>(847)</b>
<b>At 31 December 2020</b>					
<b>Financial assets</b>					
Other financial assets:					
Forward currency exchange contracts	27	1,276	-	1,276	1,276
Commodities hedge agreements	27	3,887	-	3,887	3,887
Foreign currency option contracts	27	(173)	-	(173)	(173)
<b>Total other financial assets</b>		<b>4,990</b>	<b>-</b>	<b>4,990</b>	<b>(173)</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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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
Unit trust	The fair value of unit trust determined the price from market prices obviously quoted in the active market.
Forward exchange contracts, foreign currency option contracts and commodities hedge agreements	The fair value of forward exchange contracts, foreign currency option contracts and commodities hedge agreements 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 6 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.

<b>Consolidated financial statements</b>					
Contractual cash flows					
<i>At 31 December 2021</i>	Carrying amount	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Trade payables	3,309,167	3,309,167	-	-	3,309,167
Other current payables	936,925	936,925	-	-	936,925
Short-term borrowings from financial institutions	1,797,594	1,797,594	-	-	1,797,594
Lease liabilities	14,381	5,263	9,118	-	14,381
Long-term borrowings	1,856,816	740,123	1,116,693	-	1,856,816
	<b>7,914,883</b>	<b>6,789,072</b>	<b>1,125,811</b>	<b>-</b>	<b>7,914,883</b>
<b>At 31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	1,817,402	1,817,402	-	-	1,817,402
Other current payables	640,371	640,371	-	-	640,371
Short-term borrowings from financial institutions	1,282,939	1,282,939	-	-	1,282,939
Lease liabilities	8,266	4,622	3,644	-	8,266
Long-term borrowings	1,063,184	387,089	671,167	4,928	1,063,184
	<b>4,812,162</b>	<b>4,132,423</b>	<b>674,811</b>	<b>4,928</b>	<b>4,182,162</b>

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	Carrying amount	Separate financial statements Contractual cash flows			Total
		1 year or less	More than 1 year but less than 5 years (in thousand Baht)	More than 5 years	
<b>At 31 December 2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	2,374,812	2,374,812	-	-	2,374,812
Other current payables	550,754	550,754	-	-	550,754
Short-term borrowings from financial institutions	1,088,455	1,088,455	-	-	1,088,455
Lease liabilities	14,381	5,263	9,118	-	14,381
Long-term borrowings	1,374,005	563,907	810,098	-	1,374,005
	<b>5,402,407</b>	<b>4,583,191</b>	<b>819,216</b>	<b>-</b>	<b>5,402,407</b>
<b>At 31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	1,536,733	1,536,733	-	-	1,536,733
Other current payables	340,860	340,860	-	-	340,860
Short-term borrowings from financial institutions	1,032,939	1,032,939	-	-	1,032,939
Lease liabilities	6,545	3,865	2,680	-	6,545
Long-term borrowings	1,035,286	378,853	656,433	-	1,035,286
	<b>3,952,363</b>	<b>3,293,250</b>	<b>659,113</b>	<b>-</b>	<b>3,952,363</b>

**(b.3) Market risk**

The Group is exposed to normal business risks from changes in market interest rate, currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

**(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>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b><i>United States Dollar</i></b>		(in thousand Baht)		
Cash and cash equivalents	855,402	1,263,864	50,091	59,557
Trade and other current receivables	2,984,452	2,283,105	2,448,848	1,900,071
Interest-bearing liabilities	(2,178,652)	(233,602)	(1,195,235)	(221,114)
Trade and other current payables	(3,025,972)	(1,667,321)	(2,083,700)	(1,329,951)
<b>Gross balance sheet exposure</b>	<b><u>(1,364,770)</u></b>	<b><u>1,646,046</u></b>	<b><u>(779,996)</u></b>	<b><u>408,563</u></b>
<b><i>Euro</i></b>				
Cash and cash equivalents	106,693	39,157	14,924	2,124
Trade and other current receivables	709,830	422,675	660,296	387,943
Interest-bearing liabilities	(284,813)	(351,825)	(284,813)	(351,825)
Trade and other current payables	(15,024)	(13,206)	(34,989)	(35,938)
<b>Gross balance sheet exposure</b>	<b><u>516,686</u></b>	<b><u>96,801</u></b>	<b><u>355,418</u></b>	<b><u>2,304</u></b>
<b><i>Yen</i></b>				
Cash and cash equivalents	2,441	1,695	399	394
Trade and other current receivables	-	104	-	-
Interest-bearing liabilities	(54,328)	(81,537)	(54,328)	(81,537)
Trade and other current payables	(13,490)	(4,417)	(10,602)	(4,417)
<b>Gross balance sheet exposure</b>	<b><u>(65,377)</u></b>	<b><u>(84,155)</u></b>	<b><u>(64,531)</u></b>	<b><u>(85,560)</u></b>
<b><i>Chinese Yuan</i></b>				
Cash and cash equivalents	94,126	46,472	29,637	21,776
Trade and other current receivables	165,573	85,626	71,566	85,682
Trade and other current payables	(69,061)	(16,199)	(82,533)	(51,743)
<b>Gross balance sheet exposure</b>	<b><u>190,638</u></b>	<b><u>115,899</u></b>	<b><u>18,670</u></b>	<b><u>55,715</u></b>
<b><i>Singapore Dollars</i></b>				
Cash and cash equivalents	10,090	3,615	-	-
Trade and other current payables	(349)	(667)	(176)	(405)
<b>Gross balance sheet exposure</b>	<b><u>9,741</u></b>	<b><u>2,948</u></b>	<b><u>(176)</u></b>	<b><u>(405)</u></b>
<b><i>Pound Sterling</i></b>				
Cash and cash equivalents	653	587	653	587
<b>Gross balance sheet exposure</b>	<b><u>653</u></b>	<b><u>587</u></b>	<b><u>653</u></b>	<b><u>587</u></b>
<b><i>Taiwan Dollars</i></b>				
Trade and other current payables	(238)	(384)	-	-
<b>Gross balance sheet exposure</b>	<b><u>(238)</u></b>	<b><u>(384)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

(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.

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<i>Exposure to interest rate risk at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Financial instruments with fixed interest rates</i></b>				
Short-term borrowings from financial institutions	1,797,594	1,282,939	1,088,455	1,032,939
Long-term borrowings	747,356	437,775	273,078	425,286
	<b>2,544,950</b>	<b>1,720,714</b>	<b>1,361,533</b>	<b>1,458,225</b>
<b><i>Financial instruments with variable interest rates</i></b>				
Long-term borrowings	1,109,460	625,409	1,100,927	610,000
	<b>1,109,460</b>	<b>625,409</b>	<b>1,100,927</b>	<b>610,000</b>

## 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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Buildings and other constructions	28,608	88,030	28,608	87,779
Machinery and equipment	401,179	197,333	109,923	104,808
<b>Total</b>	<b>429,787</b>	<b>285,363</b>	<b>138,531</b>	<b>192,587</b>
<b><i>Future minimum lease payments under non-cancellable operating lease and services contracts</i></b>				
Within one year	44,519	19,339	33,569	2,154
After one year but within five years	3,282	8,091	1,718	349
<b>Total</b>	<b>47,801</b>	<b>27,430</b>	<b>35,287</b>	<b>2,503</b>
<b><i>Other commitments</i></b>				
Unrecognised purchase orders for raw materials	1,430,857	909,417	270,338	234,715
Bank guarantees	52,205	49,142	46,715	46,487
<b>Total</b>	<b>1,483,062</b>	<b>958,559</b>	<b>317,053</b>	<b>281,202</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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**Forward exchange contracts**

As at 31 December 2021, the Group had outstanding forward exchange contracts as follows:

Currency	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
	Amount (Thousand)	Maturity date	
<i>Selling contract</i>			
US dollar	4,000	7 March 2022 – 31 May 2022	32.4550 – 33.5800
Euro	100	1 April 2022	39.5800

As at 31 December 2020, the Group had outstanding forward exchange contracts as follows:

Currency	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
	Amount (Thousand)	Maturity date	
<i>Selling contract</i>			
US dollar	6,164	31 March 2021 – 28 June 2021	30.0410-31.7020
Euro	100	28 April 2021	37.0500

As at 31 December 2021 and 31 December 2020, the Company had no outstanding forward exchange contracts.

**Cross currency swap agreement**

Thai Laminate Manufacturer Co., Ltd, the subsidiary had outstanding forward exchange contracts with a certain financial institution. The outstanding balance was USD 0.9 million (equivalent Baht 30 million) to JPY 100 million at 7 Jan 2022.

**Commodity hedge agreements**

As at 31 December 2021, the Group had no outstanding copper swap agreements.

As at 31 December 2020, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price	Commodity's market price	Maturity date
			As at 31 December 2020 (US dollars per ton)	
<i>Buying contract</i>				
Copper	50	6,500	7,742	31 January 2021

As at 31 December 2021 and 31 December 2020, the Company had no outstanding copper swap agreements.

**KCE Electronics Public Company Limited and its subsidiaries**  
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***Foreign currency option agreements***

As at 31 December 2021, the Group had no outstanding foreign currency option agreements.

As at 31 December 2020 the Group had outstanding foreign currency option agreements as follows:

<b>Consolidated financial statements</b>				
	Currency	Sell amount (Thousand)	Strike rate (Baht per unit of foreign currency)	Settlement date
Call/Put option	US dollar	1,000	30.3000	12 February 2021
Call/Put option	US dollar	1,000	30.3000	11 March 2021

As at 31 December 2021 and 31 December 2020, the Company had no outstanding foreign currency option agreements.



DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Attachment 1

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	period	Working Experiences in past 5 years	Organization / Company / Business
<b>Mr. Bancha Ongkosit</b> - Chairman of the Board of Directors - Chairman of the Executive Board	70	SIAD, SURREY DIP. GRAPHIC DESIGN (Second Class Honours) Reigate College of Arts, England  <b>Certification from Thai Institute of Directors (IOD)</b> 2004 - Directors Accreditation Program (DAP)	0.03	Husband of Mrs. Voraluksana Ongkosit Director	2016 – Present	- Chairman of the Board	Chemtronic Products Co., Ltd.
					2012 – Present	- Chairman of the Board	CTC Chemical Co., Ltd.
						- Director	KCE (Taiwan) Co., Ltd.
						- Chairman of the Board	Chemtronic Chemical Co., Ltd.
					2007 – Present	- Chairman of the Board	Chemtronic Technology (Thailand) Co., Ltd
						- 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 Laminat Manufacturer Co., Ltd.
					1991 – Present	- Chairman of the Board	KCE Singapore PTE.
					1988 – Present	- Chairman of the Board	K C E International Co., Ltd.
<b>Panja Senadisai, Ph.D.</b> - Vice Chairman of the Board of Directors - Director - Nomination and Remuneration Committee Member - Enterprise Risk Policy Committee Member	73	- Master's Degree in Business Administration, Suffolk University, Massachusetts, U.S.A. - Ph.D. (Industrial Business Administration), 2014 King Mongkut's Institute of Technology Ladkrabang  <b>Certification from Thai Institute of Directors (IOD)</b> 2018 - Risk Management Program for Corporate Leaders (RCL) 2016 - Corporate Governance for Capital Market Intermediaries (CGI) 2007 - Role of the Compensation Committee 2004 - Audit Committee Program (ACP) 2002 - Directors Certification Program (DCP)	4.74	None	1982 – Present	- Chairman of the Board	KCE Electronics PCL.
					2005 – Present	- Chairman of the Board	KCE America, Inc.
						- Director	
					2016 – Present	- Enterprise Risk Policy Committee member	KCE Electronics PCL.
						- Director	Pylon PCL.
						- Chairman of the Audit Committee	
					2002 – Present	- Director	Trinity Watthana PCL.
						- Audit Committee	
					2000 – Present	- Chairman of the Remuneration Committee	
						- Director	Somboon Advance Technology PCL.
						- Chairman of the Audit Committee	
					1983 – Present	- Nomination & Remuneration Committee	KCE Electronics PCL.
						- Director	
					2014 – Present	- Nomination & Remuneration Committee	
						- Director	Sukhumvit 62 Medical Co., Ltd. (Ruamjaiarak Hospital)
					2006 – Present	- Director	PAC (Siam) Co., Ltd. (Manarom Hospital)

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					period	Position	Organization / Company / Business
Mrs. Voraluksana Ongkosit Original surname Tongpradit - Director - Executive Vice Chairperson - Environmental, Social, Governance and Sustainability Development Committee Member	70	PITMAN DIP. BUSINESS & SECRETARIAL ST. JAMES COLLEGE, ENGLAND	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 Laminat Manufacturer Co., Ltd.
					1991 – Present	- Director	KCE Singapore Pte., Ltd.
					1990 – Present	- Director	KCE America, Inc.
					1989 – Present	- Director	KCE Electronics PCL.
						- Member of Environmental, Social, Governance and SD Committee	
		1988 – Present	- Director	K C E International Co., Ltd.			
Chantima Ongkosit, MD - Director	75	- MD. (1 <sup>st</sup> 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 2003 - Director Accreditation Program (DAP)	0.70	Sister of Mr. Bancha Ongkosit Chairman of the Board	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	

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					period	Position	Organization / Company / Business
<b>Mrs. Siriphan Sontanapha</b> Original surname Ongkosit - Director - Chairman of the Environmental, Social, Governance and Sustainability Development Committee - Enterprise Risk Policy Committee Member	66	BA., Chulalongkorn University  <b>Certification from Thai Institute of Directors (IOD)</b> 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 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.
		2016 – Present			- Enterprise Risk Policy Committee member	KCE Electronics PCL.	
		1995 – Present			- Director	Thai Laminate Manufacturer Co., Ltd.	
		1992 – Present			- Managing Director	KCE Electronics PCL.	
<b>Mr. Paitoon Taveebhol</b> - Independent Director - Chairman of Audit Committee - Chairman of Nomination & Remuneration Committee - Enterprise Risk Policy Committee Member - Environmental, Social, Governance and Sustainability Development Committee Member	71	- MBA, Kasetsart University - Certificate in Auditing, Thammasat University - B.A. (Accounting), Ramkhamhaeng University  <b>Certification from Thai Institute of Directors (IOD)</b> 2012 - Anti-Corruption for Executive Program (ACEP) 2010 - Monitoring the Internal Audit Function (MIA) 2010 - Monitoring the System of Internal Control and Risk Management (MIR) 2010 - Monitoring the Quality of Financial RPT (MFR) 2010 - Role of the Compensation Committee(RCC) 2009 - Monitoring Fraud Risk Management (MFM) 2008 - Chartered Director Class (R-CDC)	0.003	None	2021 – Present	- Member of Environmental, Social, Governance and SD Committee - Chairman of the Nomination and Remuneration Committee - Enterprise Risk Policy Committee Member - Chairman of the Board of Director - Independent Director - Chairman of the Risk Management Committee - Independent Director - Chairman of Audit Committee	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 - Chairman of the Risk Management Committee - Independent Director - Chairman of Audit Committee	Zen Corporation Group PCL.	
		2014 – Present			- Independent Director - Chairman of the Risk Management Committee - Independent Director - Chairman of Audit Committee	Central Pattana PCL.	
		2012 – Present			- Independent Director - Chairman of Audit Committee	KCE Electronics PCL.	
		2012 – Present			- Independent Director - Audit Committee Member - Independent Director - Chairman of the Nomination & Remuneration Governance Committee Member	Easy Buy PCL	
		2008 – Present			- Independent Director - Chairman of the Nomination & Remuneration Governance Committee Member	Somboon Advance Technology PCL.	

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					period	Position	Organization / Company / Business
		2005 - Audit Committee Program (ACP) 2005 - Role of Chairman Program (RCP) 2003 - Director Certification Program (DCP) 2003 - Director Accreditation Program (DAP)			2004 – Present 2002 – Present  2016 – 2019	- Audit and Corporate Governance Committee Member - Board Member - Independent director - Chairman of the Audit Committee - Chairman of the Enterprise Risk Policy Committee, Nomination and Remuneration Committee Member	Mater Dei Institute Central Pattana PCL.  KCE Electronics PCL.
<b>Mr. Pitharn Ongkosit</b> - Vice Chairman of the Board of Directors - President and Chief Executive Officer - Chairman of Risk Management Committee - Enterprise Risk Policy Committee Member	40	- 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  <b>Certification from Thai Institute of Directors (IOD)</b> 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.
					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 Laminate Manufacturer Co., Ltd.
					2009 – Present	- Director	K C E International Co., Ltd.
						- Assistant to Managing Director	
					2009 – Present	- Assistant to Managing Director	KCE Technology 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

## Attachment 1

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years		
					period	Position	Organization / Company / Business
<b>Mr. Kanchit Bunajinda</b> - Independent Director - Audit Committee Member - Chairman of Enterprise Risk Policy Committee - Nomination & Remuneration Committee Member	54	- MBA Finance, Sasin Graduate Institute of Business Administration of Chulalongkorn University - B.S of Civil Engineering, Chulalongkorn University  <b>Certification from Thai Institute of Directors (IOD)</b> 2009 - Monitoring the Quality of Financial Reporting (MFR8) 2009 - Monitoring the Internal Audit Function (MIA 5) 2009 - Monitoring the System of Internal Control and Risk Management (MIR 4) 2006 - Audit Committee Program (ACP 14) 2005 - Directors Accreditation Program (DAP 35) 2003 - Directors Certification Program (DCP 30)	0.01	None	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.
					2019 – Present	- Director - Policy Committee	Kallayanamit Chucherd Co., Ltd.
					2016 – Present	- Independent Director - Audit Committee member	KCE Electronics PCL.
					2016 – Present	- Director - Director	Thai Listed Companies Association
					2016 – Present	- Director - 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 Alternative Investment	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.

# DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

## Attachment 1

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years	
					period	Position
<b>Sutee Mokkhavesa, Ph.D.</b> - Independent Director - Audit Committee Member - Enterprise Risk Policy Committee Member	46	- Ph.D. Applied Mathematical Finance, Imperial College, London - MSci. Mathematics, Imperial College, London <b>Certification from Thai Institute of Directors (IOD)</b> 2016 - Director Certification Program (DCP)	-	None	2020 – Present	- Independent Director - Audit Committee Member - Enterprise Risk Policy Committee Member
					2019 – Present	- Director and Chairman of the Board - Board of Director - Investment Committee - Risk Management Committee Member
					2018 – Present	- Board of Director - Investment Committee - Risk Management Committee Member
					2017 – Present	- Board of Director - Investment Committee
					2016 – Present	- Member of The Supervisory Board - Member of Risk Management Committee - Member of Investment Committee
					2009 – Present	- Director - Member of The Executive Committee - Advisor to the President - Risk Management Committee - Investment Committee
					2006 – Present	- Advisor to the President - Risk Management Committee Member - Advisor Market and Liquidity Risk Consultant - Securitization Member - Mortgage Insurance Member - ALM System Implementation Implementation
					2006 – Present	- Advisor Market and Liquidity Risk Consultant - Securitization Member - Mortgage Insurance Member - ALM System Implementation Implementation
						KCE Electronics PCL. Aigen Co., Ltd. Thaire Life Assurance PCL. Fuchsia Venture Capital Co., Ltd. ST - Muang Thai Insurance Co., Ltd. (Lao People's Democratic Republic) Phatra Leasing PCL. Muang Thai Insurance PCL. Government Housing Bank

DETAILS OF DIRECTORS, EXECUTIVES, CONTROLLING PERSONS, THE PERSON ASSIGNED TO TAKE THE HIGHEST RESPONSIBILITY IN ACCOUNTING AND FINANCE, AND THE COMPANY'S SECRETARY

Attachment 1

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years	
					period	Position
					2003 – Present	- Senior Executive Vice President Risk - Strategy & Transformation - Secretary of The Executive Committee - Member of Risk Management - Investment Committee
						Muang Thai Life Assurance PCL.
<b>Mrs. Tanyarat Tessalee</b> Original surname Seelajaroen - Executive Vice President of Finance and Administration - Corporate Governance Committee - Company's Secretary	65	Master degree in Accounting Roosevelt University, USA	0.07	None	2018 – Present	- Director
					2016 – Present	- Director
					2014 – Present	- Director
					2013 – Present	- Executive Vice President of Finance and Administration
					2013 – Present	- Director
					2013 – Present	- Director
					2013 – Present	- Director
					2012 – Present	- Director
					2008 – Present	- Company's Secretary
					2007 – Present	- Director
						- Director
						- Director
						- Director
						- Director
						- Director
<b>Mr. Fredrick Gharapet Ohanian</b> - Executive Vice President of Operations	68	BSC in Mechanical Eng.	0.14	None	2013 – Present	- Executive Vice President of Operations
					2000 – Present	- Technical advisor
<b>Mr. Sunan Sripetch</b> Vice President of Operations	49	Bachelor of Engineering Program in Industrial Engineering Rajamangala University of Technology Phra Nakhon	0.003	None	2012 – Present	- Vice President of Operations
					2000 – 2012	- Quality Assurance Manager
						KCE America, Inc. Chemtronic Products Co., Ltd. KCE Singapore Pte., Ltd. KCE Electronics PCL. KCE (Taiwan) Co., Ltd. KCE Electronics PCL. KCE (Thailand) Co., Ltd. K C E International Co., Ltd. KCE Technology Co., Ltd. KCE Electronics PCL. KCE Group Thai Laminate Manufacturer Co., Ltd. KCE Electronics PCL. KCE Technology 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

### Attachment 1

Name/Position	Age (years)	Education	Shareholding in the Company* (%)	Family relationship between executives	Working Experiences in past 5 years	
					period	Position
<b>Mr. Athasidh Ongkosit</b> Senior Vice President of Information Technology	41	Bachelor of Science Assumption University	6.06	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
<b>Mr. Pairoj Tarawatcharasart</b> Vice President of Engineering	57	Bachelor of Industrial Technology King Mongkut's Institute of Technology Ladkrabang	0.10	None	1987 – Present	- Vice President of Engineering KCE Technology Co., Ltd. KCE Group
<b>Mr. Viboon Sunthornwiwath</b> Senior Vice President of Human Resources	54	Master of Science in Human Resource Management (M.Sc. in HRM) Sasin Graduate Institute of Business Administration	0.006	None	2016 – Present 2014 – 2016 2012 – 2014	- Senior Vice President of Human Resources KCE Electronics PCL. KCE Group The Cool Co., Ltd. Summit Auto Seats Industry Co Ltd.
<b>Ms. Kanokporm Sukprasitpredee</b> Senior Vice President of Supply Chain	59	Master of Science in Logistics and Supply Chain Management King Mongkut's University of Technology Thonburi	0.003	None	2017 – Present 2001 - 2017	- Senior Vice President of Supply Chain KCE Electronics PCL. KCE Group Delta Electronics (Thailand) PCL.

Note: \* Shareholding in the Company as at December 30, 2021



## DETAILS OF THE DIRECTORS OF THE COMPANY AND SUBSIDIARIES

## Attachment 2

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, /		/
Dr. Panja	Senadisai	Y, /									
Chantima	Ongkosit, MD	/									
Mrs. Voraluksana	Ongkosit	V, /, //	/, //	/	/, //	/		/		/	
Mrs. Siriphan	Suntanaphan	/		P, /, //							
Mr. Paitoon	Taveebhol	/, O									
Mr. Kanchit	Bunajinda	/, O									
Dr. Sutee	Mokkhavesa	/, O									
Mr. Pitharn	Ongkosit	Y, V, P, /, //	P, /, //	/	P, /, //	/	/	/	/	/	/
Mrs. Tanyarat	Tessalee	V, //	/, //	/	/, //	/	/	/	/	/	/
Mr. Fredrick	Gharapet Ohanian	V, //	//	/, //	//						
Mr. Athasidh	Ongkosit	//	//		//						
Mr. Sunan	Sripetch	//									
Mr. Viboon	Sunthornwiwath	//	//		//						
Ms. Kanokporn	Sukprasitpredee	//	//		//						
<b>Subsidiaries &amp; Associate</b>											
Mr. Phon	Duriyabanleng		/, //								
Mrs. Wanvadee	Pattanasath		/, //								
Mrs. Sunee	Ekteerajit			/, //							
Mr. Vinai	Kamolpornphan			//							
Ms. Nitaya	Rojanakamphol				/, //						
Mr. Pairoj	Tarawatcharasart				//						
Mrs. Pichaya	Ongkosit					P, /, //					
Mr. Athit	Krairiksh						/, //		/, //		X, /, //
Mr. Lin	Po-Chiung						P, /, //		P, /, //		P, /, //
Mrs. Jenny	Hsio										

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  
 KCEI      K C E International Co., Ltd.  
 KCET      KCE Technology Co., Ltd.  
 TLM      Thai Laminate Manufacturer Co., Ltd.  
 KCETH      KCE (Thailand) Co., Ltd.

KCEA      KCE America Inc.  
 KCES      KCE Singapore Pte., Ltd.  
 KCETW      KCE Taiwan Co., Ltd.  
 CT      Chemtronic Technology (Thailand) Co., Ltd.  
 CTP      Chemtronic Products Co., Ltd.

# DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

## Attachment 3

### 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

- 2015
  - 2015 Partner/Manager Programme (Phase I) (organized by PwC Thailand)
  - Quarterly Update – Quarter 2 (organized by PwC Thailand)
  - Annual IFRS Update (organized by PwC Thailand)
  - The Next Generation for Partners and Managers (organized by PwC Thailand)
  - Quarterly Update – Quarter 3 (organized by PwC Thailand)
- 2016
  - Annual Assurance Risk & Quality Training (organized by PwC Thailand)
  - Quarterly Update – Quarter 1 (organized by PwC Thailand)
  - Quarterly Update – Quarter 2 (organized by PwC Thailand)
  - 2016 Partner/Manager Programme – Audit Reporting Update (organized by PwC Thailand)
  - Annual IFRS Update (organized by PwC Thailand)
  - Quarterly Update – Quarter 3 (organized by PwC Thailand)
  - PwC Audit Update Overview 2016 Curriculum v1 (organized by PwC Thailand)
  - TFRS for SMEs (organized by PwC Thailand)
  - Tax Update (organized by PwC Thailand)
- 2017
  - Annual Assurance Risk & Quality Training (organized by PwC Thailand)
  - Quarterly Update – Quarter 1 (organized by PwC Thailand)
  - Quarterly Update – Quarter 2 (organized by PwC Thailand)
  - 2017 Audit Quality Program (Phase 1) (organized by PwC Thailand)
  - Annual IFRS Update (organized by PwC Thailand)
  - Quarterly Update – Quarter 3 (organized by PwC Thailand)
  - Tax Update (organized by PwC Thailand)
  - Quarterly Update – Quarter 4 (organized by PwC Thailand)
- 2018
  - Annual Assurance Risk & Quality Training (organized by PwC Thailand)
  - Quarterly Update – Quarter 1 (organized by PwC Thailand)
  - Annual Firm-wide Network and Risk Management Standards Training (organized by PwC Thailand)
  - Quarterly Update – Quarter 2 (organized by PwC Thailand)
  - PwC Audit Update Overview 2018 (organized by PwC Thailand)
  - Annual IFRS Update (organized by PwC Thailand)
  - Quarterly Update – Quarter 3 (organized by PwC Thailand)

## DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

## Attachment 3

- PwC Thailand Symposium 2018 “Managing Challenges to Unleash Corporate Growth” (organized by PwC Thailand)
  - TFRS 15 Revenue from Contracts with Customers and Tax Update (organized by KCE Electronics Public Company Limited and instructors from KPMG Phoomchai Business Advisory Co., Ltd.)
- 2019
  - Ready for new revenue recognition step under TFRS 15 1/62 (organized by Federation of Accounting Professions)
  - Financial Statements Review for Internal Auditors 1/62 (organized by Federation of Accounting Professions)
  - Using excel in auditing accounting data 1/62 (organized by Federation of Accounting Professions)
  - Review internal control under international internal control framework (organized by Federation of Accounting Professions)
  - COSO 2013 – Internal control framework (Advance) 1/62 (organized by Federation of Accounting Professions)
  - Fraud and fraud risk assessment (organized by Federation of Accounting Professions)
  - Fast forward your compliance – General Data Protection Regulation & Personal Data Protection Act – Let’s get started (organized by KPMG Phoomchai Business Advisory Co., Ltd.)
  - Fraud indicators in an organization and legal actions (organized by PwC Thailand)
  - Safety officer in management level (organized by Trainer In Thai Co., Ltd.)
  - IA Clinic – 2 new Electronic Transaction Act that internal auditor need to know (organized by The Institute of Internal Auditors Thailand)
  - IA Clinic - Emerging IT Risks of the Future : Looking Forward to 2020 (organized by The Institute of Internal Auditors Thailand)
  - Thailand’s 10<sup>th</sup> National Conference on Collective Action against Corruption (CAC National Conference 2019): Innovations in the Fight against Corruption (organized by CAC – Thailand’s Private Sector Collective Action Coalition Against Corruption)
  - KCE List & Core Value : Fraud and policies (organized by KCE Electronics Public Company Limited)
  - Internal audits of Occupational Health and Safety Management Systems (ISO 45001:2018 Internal Audit) (organized by KCE Electronics Public Company Limited)
  - Techniques in preventing fraud in purchasing and supply chain (organized by KCE Electronics Public Company Limited and instructors from Purchasing and Supply Chain Management Association of Thailand)
  - Awareness against corruption in the organization (organized by KCE Electronics Public Company Limited and instructors from Office of the National Anti-Corruption Commission)
  - Fundamental accounting and Financial statements analysis (organized by CPD Tutor Co., Ltd.)
  - TFRS 16 Lease, Tax Update and Thailand Transfer Pricing Updates (organized by KCE Electronics Public Company Limited and instructors from KPMG Phoomchai Business Advisory Co., Ltd.)
- 2020
  - Workshop : Financial statements – Consolidation 1/63 (organized by Federation of Accounting Professions)
  - E-Learning : Ethics & TFRS for NPAEs (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

### Attachment 3

- E-Learning : Financial Statements Analysis (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 : Business Writing 1 (organized by Department of Business Development)
- E-Learning : Financial statements in Managerial decision making (organized by Department of Business Development)
- E-Learning : Corporate governance (Business) (organized by Department of Business Development)
- E-Learning : Accounting ... Way to success (organized by Department of Business Development)
- Seminar : Accounting and auditing issues in Covid-19 situation (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Business rehabilitation that accounts payable and accounts receivable must know (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Roles of managerial accountant after Covid-19 and Technology Disruption and Technology Disruption (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Adaptation of business after Covid-19 by Rehabilitation (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Accounting and auditing issues in Covid-19 situation (Part 2) (Facebook Live organized by Federation of Accounting Professions)
- Business case workshop : Preparing for Case Competitions (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Improving NPAE "Affect accountants and publics" (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Appraisal value of Property, plant and equipment and investment property (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Compliance with TFRS 16 (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Responsibilities of accountants and auditor under Anti-Money Laundering Act. (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Auditing NPAEs' financial statements (Facebook Live organized by Federation of Accounting Professions)
- Seminar : Audit report – NPAEs (Facebook Live organized by Federation of Accounting Professions)
- Seminar : IAASB's work plan and value of the audit to the users of financial statements (organized by IAASB and Federation of Accounting Professions)
- Seminar : Covid-19: Managing tax and legal compliance through challenging times (Facebook Live organized by KPMG Phoomchai Business Advisory Co., Ltd.)
- Seminar : Effect on 2021 financial statements of company after end of accounting relief (Facebook Live organized by PwC Thailand)
- Seminar : What you need to know and how you can prepare for challenges of Thailand's Personal Data Protection Act (organized by PwC Thailand)
- Seminar : Road to Certify 2/2020 (organized by CAC – Thailand's Private Sector Collective Action Coalition Against Corruption)

## DETAILS OF THE HEADS OF THE INTERNAL AUDIT AND COMPLIANCE UNITS

### Attachment 3

- 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)
  - 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

### Attachment 4

The fixed assets of the Company and its subsidiaries has book value as of December 31, 2021 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 -	-
Land and Construction	72/1-2 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	9-1-27	Office and Factory	KCE Electronics PCL.	Land 14.57 Building 17.69	-
Land and Construction	72/3 Soi Chalongkrung 31 Kwang Lumplatew Lat Krabang, Bangkok	10-2-14	Office and Factory	KCE Electronics PCL.	Land 35.00 Building 2.37	-
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 915.44	-
Land	Deed # 56362	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 26.51	-
Land	Deed # 14590 Deed # 14591 Deed # 32134	67-2-91	-	KCE Electronics PCL.	Land 178.00	-
Land and Construction	677 Moo 4 Bangpoo Industrial Estate Samutprakarn	8-0-0	Office, Factory and Warehouse	K C E International Co., Ltd.	Land 12.00 Building -	-
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 37.88	-

## ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

## Attachment 4

Asset	Location	Area (Rai-Ngan-Square Wah)	Objective	Ownership	Book Value (Million Baht)		Obligation Loan Guarantee (Million Baht)
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 84.90		-
Land	Deed # 35012	2-2-52	Warehouse	Thai Laminate Manufacturer Co., Ltd.	Land 36.82		-
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 289.80		-
Land	Deed # 55796	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 5.06		14.59 mortgage for CTP
Land and Construction	1/82 Moo 5 Amphur Uthai Ayutthaya	13-1-86.9 For rent 1,500 Sq.M.	Office, Factory and Warehouse	Chemtronic Technology (Thailand) Co., Ltd.	Land 54.00 Building 10.79		54.00 mortgage for CTP
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 16.84 Building 14.36		31.2
Condominium	1 Sims Lane, #05-11, Singapore 387355.	96.5 Sq.M.	Office	KCE Singapore Pte., Ltd.	Land 27.98 Building 153.46		141.22
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 138.58		143.04

## ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

### Attachment 4

#### 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

#### 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, 2019 – December 31, 2021)	1. January 1, 2021 – April 30, 2021 Total Baht 93,814.29 2. May 1, 2019 – May 31, 2021 Baht 95,328.45 per month 3. June 1, 2019 – December 31, 2021 Baht 103,2020.13 per month and the facility maintenance fee Baht 2,403.03 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 years (January 1, 2020 – December 31, 2022)	1. January 1, 2020 – December 31, 2020 Baht 103,757.50 per year 2. January 1, 2021 – December 31, 2021 Baht 104,816.39 per year 3. January 1, 2022 – December 31, 2022 Baht 114,133.25 per year and the facility maintenance fee Baht 10,492.80 per year



## ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

## Attachment 4

### Investment properties : Land and building in Japan

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Cost</b>				
At 1 January	167,966	167,966	195,961	195,961
<b>At 31 December</b>	<b>167,966</b>	<b>167,966</b>	<b>195,961</b>	<b>195,961</b>
<b>Depreciation and impairment losses</b>				
At 1 January	8,889	6,707	10,372	7,826
Depreciation charge for the year	2,183	2,183	2,546	2,546
<b>At 31 December</b>	<b>11,072</b>	<b>8,890</b>	<b>12,918</b>	<b>10,372</b>
<b>Net book value</b>				
At 1 January	159,077	161,259	185,589	188,135
<b>At 31 December</b>	<b>156,894</b>	<b>159,076</b>	<b>183,043</b>	<b>185,589</b>

Investment properties comprise of land and building in Japan that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The Group has performed the revaluation in 2020 by Daiwa Real Estate Appraisal Co., Ltd., the external independent property valuer certified by Japan Association of Real Estate Appraiser; JAREA, at income approach on an existing use basis. The appraised value for all land and building was Yen 630 million which was not significantly different from acquisition cost in 2016, amounting to Yen 608 million. As at 31 December 2021, the Group has not perform the revaluation because there was no indicator of significant change in fair value. The fair value of investment property has been categorised as a Level 3 fair value.

## POLICY AND GUIDELINES ON CORPORATE GOVERNANCE AND CODE OF BUSINESS CONDUCT

### Attachment 5

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 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.

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### 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.

### 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.

### 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.

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#### 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

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.

### 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.

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### 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 :

### 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.



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### 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<sup>2</sup> 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.

### 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.

### 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.

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### 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.

## 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 Mookhavesa 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 2021, the Audit Committee met 4 times. The executive management did not attend any of the meetings. At each session, the Committee consulted with an external auditor, the chief of the internal audit unit and the accounting director, and also provided candid and independent views and recommendations. The Committee reported the results of its audits of the Company's business operations to the Board on a quarterly basis, with a summary of its performance, as follows :

### The accuracy, completeness and reliability of financial reports

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

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

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

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

## Oversight of Anti-Corruption

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

## Transactions that may cause conflicts of interests

The Audit Committee reviewed the financial reports and significant financial activities among the Company's subsidiaries and associated companies with a particular focus on connected transactions as well as transactions that may lead to conflicts of interests, to ensure they are in compliance with the applicable laws and regulations of the Stock Exchange of Thailand. Additionally, the external auditor was requested to undertake a full review of these connected transactions occurred during 2021, in a quarterly basis. The Audit Committee concluded that these related-party transactions were part of the company's normal course of business and based on regular commercial terms, sensible and fair conditions and were undertaken for the maximum benefit of the Company.

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

The Committee assessed the independence of the external auditor and its performance in 2021 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 2022, 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 2022. 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 2022.

## 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 2021, 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 2021, 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



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

"

**บริษัท เคซีอี อิเล็คทรอนิกส์ จำกัด (มหาชน)**

72-72/1-3 นิคมอุตสาหกรรมลาดกระบัง

ซอยจลองกรุง 31 แขวงลำปลาคิว

เขตลาดกระบัง กรุงเทพฯ 10520

**KCE Electronics Public Company Limited**

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