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Information memorandum on the Acquisition of Assets

18 November 2022

The Board of Directors' meeting of KCE Electronics Public Company Limited ("the Company") number 11/2022 held on November 8, 2022, passed a resolution approving the acquisition of assets for investment in a new factory and machinery for PCB manufacturing project. The new factory with a capacity of 1 million sq. ft/ month, located at Rojana Industrial Park, Ayutthaya province on the land owned by the Company. Total investment of this new Rojana project is estimated amount THB 8,060 million.

In entering into this transaction, the Company considers as acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorChor 20/2551 "Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets" and the Notification of the Board of Governors of the Stock Exchange of Thailand (SET), "Disclosure of Information and other Acts of Listed Companies concerning the Acquisition and Disposition of Assets B.E.2547 (Notification of Acquisition or Disposition of Assets)". The highest transaction size is valued at 37.24% of the Company's total assets, according to the Company's consolidated financial statement as at September 30, 2022 (which is the highest transaction size according to the 3rd calculation method, using the "Total Value of Consideration" basis, compares to total assets of the Company and its Subsidiaries), which is categorized as Type 2 according to the Notification of Acquisition or Disposition of Assets for the transaction that higher than 15% but less than 50% of total assets and the Company has no other transaction during the past 6 months before entering into this transaction. Therefore, the Company shall proceed the disclosure report of this transaction to the Stock Exchange of Thailand and send the circular notice to shareholders within 21 days from the day that the Company has notified the Stock Exchange of Thailand. This transaction is not the connected transactions according to the notification of the Board of Governors of the Stock Exchange of Thailand concerning the connected transactions.

The Company has the pleasure of submitting the disclosure of information concerning the Acquisition of Assets as below.

1. Information (1)

(1) The date, month and year entering the transaction

The Company will enter into the transaction after the Board passed a resolution approving the acquisition of assets in the Board of Directors' Meeting No. 11/2022 on November 8, 2022.

(2) The parties of contract and the relationship with the Company

- Building construction and facility system

Employer: KCE Electronics Public Company Limited

Contractor: Under the selection process

Relationship between Employer and Contractor: Not a connected person with the Company

- Machine, equipment and manufacturing support equipment

Buyer: KCE Electronics Public Company Limited

Seller: Companies that sell machine and equipment in their normal business affairs and most of the sellers are in overseas countries

Relationship between Buyer and Seller: Not a connected person with the Company

(3) General Information, Value and Size of the Transactions

The value of the investment project of a PCB plant construction, including the installation of facilities system, together with the value of machine, equipment, manufacturing support equipment, tools and fixtures and other expenses, total value approximately THB 8,060 million or equal to 37.24% of the Company's total assets, according to the Company's consolidated financial statement.

This transaction is deemed an Acquisition of Assets according to the Notification of the Acquisition or Disposition of Assets. The highest transaction size is valued at 37.24% of the Company's total assets, according to the Company's consolidated financial statement as at September 30, 2022 (which is the highest transaction size according to the 3rd calculation method, using the "Total Value of Consideration" basis, compares to total assets of the Company and its Subsidiaries), which is categorized as Type 2 according to the Notification of Acquisition or Disposition of Assets for the transaction that higher than 15% but less than 50% of total assets and the Company has no other transaction during the past 6 months before entering into this transaction. Therefore, the Company shall proceed the disclosure report of this transaction to the Stock Exchange of Thailand and send the circular notice to shareholders within 21 days from the day that the Company has notified the Stock Exchange of Thailand. This transaction is not the connected transactions according to the Notification of Capital Market Supervisory Board No. TorChor 21/2551, "Rules on Connected Transactions", and the Notification of the Board of Governors of the Stock Exchange of Thailand, "Disclosure of Information Concerning Connected Transactions B.E. 2546".

Transaction size is as follows:

The value of transaction size is THB 8,060 million. The Company's total assets THB 21,641 million, according to the Company's consolidated financial statement as at September 30, 2022. The calculation method, using the total Value of Consideration is as follows:

$$\frac{\text{Total value of consideration X 100}}{\text{Total assets of the Company}} = \frac{\text{THB 8,060 million X 100}}{\text{THB 21,641 million}} = 37.24\%$$

(According to the consolidate financial statements reviewed by certified public accountant on September 30, 2022)

(4) Details of the Project

The purpose of the investment project of the Company's new factory is to expand the capacity of PCB production, in order to support an increase of current customer orders and forecast in the future. The plant will be built on a 67-2-91 Rai land owned by the company (Title Deed No. 14590, 14591, 32134) located at the Rojana Industrial Park, Ayutthaya Province.

The new factory will have a production capacity of 1 million sq.ft/month whereas an additional investment in machine may consider in the future based on market situation. The plant construction and the installation of machines plan to be finished in about 18-20 months and it is expected that the operations will start in the third quarter of 2024.

(5) Total value of the consideration in acquiring the assets

Total estimated Value of the new Rojana factory is THB 8,060 million which consisted of

1. Factory Building and facility system – THB 4,290 million
Term: Advance payment according to the contract agreement and the installment payment according to the progress of work.
2. Machinery and manufacturing support equipment – THB 3,770 million
Term: Credit term 60 – 120 days from suppliers

(6) Total value of this Acquisition of Assets and the method to determine the transaction value

The total value of the investment in the new plant is approximately THB 8,060 million includes:

a) Design, civil work, construction cost	THB 3,413 million
b) Installation of facility system and waste water treatment	THB 717 million
c) External area works	THB 160 million
d) Machinery and manufacturing support equipment	THB 3,770 million
Total value of the consideration in acquiring the assets	THB <u>8,060</u> million

This estimated value will be the agreed prices of seller and buyer, who are not related or connected parties, according to the Notification of the Capital Market Supervisory Board No. TorChor 21/2551, "Rules on Connected Transactions", and the Notification of the SET, "Disclosure of Information Concerning Connected Transactions B.E. 2546".

(7) Expected benefits of the investment

1. Additional production capacity of 1.0 million sq.ft/month, expand from the current 2.1 million sq.ft/month at Lat Krabang Factory, in order to support the increasing demand of customers which continue growth including the high potential growth of Automotive Sector.

2. Increase production efficiency through the investment in new and high technology including the automation for higher production efficiency, reduce cost of labour and also improve production cost management.

3. To be eligible for the investment promotion by the Board of Investment Thailand and get exemption of corporate tax and other benefits.

(8) Source of fund

- Cash from operation estimated at 25%

- Loan from Financial Institutes estimated at 75%, withdraw according to the progress of construction work.

(9) Condition on entering into the transaction

The aforementioned transaction is classified as Type "2" according to the transaction size calculation method, according to the Notification of the Capital Market Supervisory Board No. TorChor 20/2551 "Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets", dated August 31, 2008. The Notification of the SET, "Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E.2547", dated October 29, 2004, requires that the Company discloses information concerning the Acquisition of Assets to the Stock Exchange of Thailand (SET) and send the circular notice to shareholders within 21 days from the day that the Company has notified SET.

(10) Board of Directors' opinion regarding entering the transaction

The Board of Directors has passed a resolution approving the entering into the transaction for the Acquisition of Assets for the new plant project. As the investment for new capacity will enhance the Company's business potential in the long term and will bring the best benefits to the Company and shareholders.

(11) Different Opinion of Audit Committee and/or the Company Director from the Board's in item No.10

-None-

2. Responsibilities of the Board of Directors for Information Memorandum (2)

The Company has carefully reviewed the information that contained in this information memorandum and certified the financial statements and financial information that summarized in this information memorandum. The information memorandum has been accurately and completely that relating to the financial position, operating results and cash flows of the company and its subsidiaries.

3. Liabilities

3.1 Bond

The company does not issue Bond

3.2 The total Long-term loan by specifying the obligation to place assets as collateral

	Consolidated (unit: thousand Baht)			
	Q3/2022	Y2021	Y2020	Y2019
Long-term borrowings from financial institutions	1,963,078	1,856,817	1,063,184	983,099
Lease liabilities	11,288	14,381	8,266	10,946
Total current interest liabilities	1,974,366	1,871,198	1,071,450	994,045

- Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 30 September 2022 of THB 15 million (31 December 2021: THB 69 million), as collateral for loans from banks.
- KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 30 September 2022 of THB 139 million (31 December 2021: THB 141 million), as collateral for loans from banks.
- Chemtronic Products Co., Ltd. has mortgaged its construction thereon and pledged its machinery and equipment with a total net book value as at 30 September 2022 of THB 175 million (31 December 2021: THB 111 million), as collateral for loans from banks.
- KCE America Partner Co., Ltd has mortgaged its land and construction with a total net book value as at 30 September 2022 of THB 138 million (31 December 2021: THB 143 million), as collateral for loans from banks.

3.3 The total other Short-term loan and Overdraft by specifying the obligation to place assets as collateral

	Consolidated (unit: thousand Baht)			
	Q3/2022	Y2021	Y2020	Y2019
Short-term borrowings from financial institutions	709,676	559,139	420,000	200,000
Trust receive	1,575,196	1,238,455	862,939	866,665
Total overdraft and Short-term borrowings from financial institutions	2,284,872	1,797,594	1,282,939	1,066,665

3.4 Obligation

As at 30 September 2022, the Group had no outstanding cross currency swap agreement.

As at 31 December 2021, Thai Laminate Manufacturer Co., Ltd, a subsidiary, had a cross currency swap agreement with a local financial institution by which the subsidiary agreed to swap the currency of USD 0.9 million to JPY 100 million as at 7 January 2022

4. about KCE Electronics Public Company Limited

4.1 Nature of business operations and business trends


KCE Electronics Public Company Limited (KCE) was established on Nov. 5, 1982 with an initial registered capital of THB 12 million. The Company's core business is the production and distribution of printed circuit boards (PCBs), Epoxy glass covered by lead and copper, under the "KCE" trademark. In the early stages of the business, the company can produce Double-sided PCB only. Subsequently, the company has continued to develop its products to be able to produce Multilayer PCB that more complicate. The PCBs are foundation component for a wide range of electronic devices.

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 THB 591,396,798 with paid-up capital of THB 590,944,048

The company is the manufacture and distributor for Printed Circuit Board both Double-sided plated-through-hole PCBs and Multilayer PCBs (4-24 layers). Almost all of the company's product are for exporting worldwide. The PCB manufacturing must use the modern technology, special technique and must be accepted by quality standards of this industry. Therefore, the company continually develops the quality control of the product, high technology and skilled worker. In order to support the demand growth of electronics, the company has continually expanded the production capacity and appointed sale representatives in many countries.

In addition, the company also considers to develop more advance technology along with improvement of product quality in order to support the customer requirements for more complex products and the growth of Automotive Business. The company will move forward to improving the production efficiency for sustainable profit and future growth with our experiences in automotive electronics and high R&D Technology. In addition to continue Business Growth, the company also considers to expand the customer base in target markets, especially the potential Asia market.

4.2 Financial statement analysis of the operating results for the past 3 years to the latest quarter

 Balance sheet analysis of the operating results for the past 3 years to the latest quarter

	Consolidated (unit: thousand Baht)			
	Q3/22022	Y2021	Y2020	Y2019
Assets				
<u>Current assets</u>				
Cash and cash equivalents	1,077,505	1,965,782	2,342,445	957,395
Trade and other current receivables	5,129,583	4,394,403	3,174,471	2,972,613
Inventories	5,286,967	4,841,477	2,594,489	2,701,391
Other current financial assets	-	516,278	4,990	-
Other current assets	112,903	76,058	68,579	87,999
Total current assets	11,606,958	11,793,998	8,184,974	6,719,397
<u>Non-current assets</u>				
Investment in associate	33,687	38,291	28,052	37,516
Investments in subsidiaries	-	-	-	-
Contract costs assets	379,021	394,913	373,992	232,045
Investment properties	155,262	156,894	159,076	161,258
Property, plant and equipment	8,967,360	8,978,707	8,106,752	8,838,965
Right-of-use assets	15,339	20,460	13,270	-
Goodwill	153,517	153,517	153,517	153,517
Intangible assets	179,818	211,364	246,433	257,592
Deferred tax assets	119,796	113,434	100,767	75,011
Other non-current assets	30,580	89,151	10,207	25,700
Total non-current assets	10,034,380	10,156,731	9,192,065	9,781,606
Total assets	21,641,338	21,950,729	17,377,039	16,501,003
Liabilities and equity				
<u>Current liabilities</u>				
Bank overdrafts and short-term borrowings from financial institutions	2,284,872	1,797,594	1,282,939	1,066,665
Trade and other current payables	3,965,388	4,246,092	2,457,773	2,293,046
Current portion of long-term borrowings	885,823	740,123	387,089	258,983
Current portion of lease liabilities	4,358	5,263	4,622	3,919
Income tax payable	48,163	156,257	83,670	28,690
Other current financial liabilities	10,367	2,452	-	-
Total current liabilities	7,198,971	6,947,781	4,216,093	3,651,303

	Consolidated (unit: thousand Baht)			
	Q3/22022	Y2021	Y2020	Y2019
<u>Non-current liabilities</u>				
Long-term borrowings	1,077,255	1,116,694	676,095	724,116
Lease liabilities	6,930	9,118	3,644	7,027
Deferred tax liabilities	48,757	51,449	55,042	58,684
Non-current provisions for employee benefits	382,523	383,597	364,142	297,929
Total non-current liabilities	1,515,465	1,560,858	1,098,922	1,087,756
Total liabilities	8,714,436	8,508,639	5,315,015	4,739,060
<u>Equity</u>				
<u>Share capital</u>				
Authorised share capital	591,397	591,397	591,397	591,397
Issued and paid-up share capital	590,944	590,795	589,031	586,397
Share premium	2,154,608	2,146,465	2,050,235	1,906,510
Warrants	677	(26)	381	-
<u>Retained earnings</u>				
Appropriated				
Legal reserve	59,140	59,140	59,140	59,140
Unappropriated	10,074,026	10,620,715	9,375,032	9,230,557
Other components of equity	(2,780)	(36,682)	(63,939)	(70,273)
Non-controlling interests	50,287	61,683	52,144	49,612
Total equity	12,926,902	13,442,090	12,062,024	11,761,943
Total liabilities and equity	21,641,338	21,950,729	17,377,039	16,501,003



Statement of comprehensive income

	Consolidated (unit: thousand Baht)			
	Q3/2022	Y2021	Y2020	Y2019
<u>Revenue</u>				
Revenues from sale of goods and rendering of services	4,633,948	14,937,780	11,527,162	12,097,372
Other income	94,875	391,988	214,702	191,319
Total revenues	4,728,823	15,329,768	11,741,865	12,288,691
<u>Expenses</u>				
Cost of sale of goods and rendering of services	3,508,829	10,965,203	9,015,064	9,643,602
Distribution costs	164,368	541,861	454,563	489,590
Administrative expenses	358,732	1,113,864	994,678	1,123,176
Total expenses	4,031,929	12,620,929	10,464,305	11,256,368
Profit from operating activities	696,894	2,708,839	1,277,560	1,032,323
Finance costs	(19,340)	(43,703)	(57,475)	(61,111)
Share of profit from investments in associate	5,191	17,414	9,841	19,170
Profit before income tax expense	682,745	2,682,550	1,229,925	990,381

	Consolidated (unit: thousand Baht)			
	Q3/2022	Y2021	Y2020	Y2019
Tax (expense) income	(22,200)	(221,487)	(87,061)	(40,749)
Profit for the year	660,545	2,461,063	1,142,864	949,632
Profit attributable to:				
Owners of the Company	655,243	2,426,284	1,126,787	934,492
Non-controlling interests	5,302	34,779	16,077	15,140
Earnings per share (in Baht)	0.55	2.06	0.96	0.80



Statement of cash flows

	Consolidated (unit: thousand Baht)			
	Q3/2022	Y2021	Y2020	Y2019
Net cash from operating activities	1,530,708	1,735,455	2,260,828	2,327,244
Net cash from (used in) investing activities	(446,031)	(2,211,859)	(300,862)	(564,098)
Net cash from (used in) financing activities	(2,010,425)	74,032	(579,764)	(2,168,645)
Net increase (decrease) in cash and cash equivalents	(888,277)	(376,662)	1,385,049	(425,477)



Financial Ratios

	Y2021	Y2020	Y2019
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%



Operational Analysis

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 deliver 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, 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 Jun. 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, 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.

Consolidated sales revenue in Baht terms in 3Q22 was reported at THB 4,633.9 million, representing a slightly decrease of 0.72% Q-o-Q but increase 22.30% Y-o-Y, while sales revenue in USD terms decreased by 6.15% Q-o-Q but increased 10.67% Y-o-Y. The weakened THB against the US dollar in the period resulted in a gain in revenue recognition in Thai Baht terms of THB 177.7 million and THB 287.6 million in Q-o-Q and Y-o-Y, respectively. Nevertheless, sales revenue was adversely impacted by unrealized consignment sales of THB 328.3 million

The decrease in volume of PCB sales of 3.93 % Q-o-Q was due mainly to customers demand pushed out the order of Multi-layer PCB as a result of the slowing global economy. However, the special grade PCB (HDI) demand still continues growth. The proportion of products mixed, especially PCB of Special Grade (HDI) increased by 90.92% Y-o-Y and continued to increase 7.37% from the previous quarter

Although the decreased volume sold Q-o-Q of Multi-layer PCB, there were growths of the special grade PCB (HDI) to cover which included Back Log Order on hand. The transportation logistics problem by the shortage of shipping containers still not is normal, caused to some sale push out and impact to higher inventory due to delay in shipments. The lower revenue impact from unrealized consignment sales was another factor for higher inventory balance in this period

Financial analysis

Total Asset

Total assets as of December 31, 2021, amounted to THB 21,950.7 million, consisting of current assets of THB 11,794.0 million; property, plant and equipment of THB 8,978.7 million net; intangible assets of THB 211.4 million; contract costs assets of THB 394.9 million; investment property of THB 156.9 million; goodwill of THB 153.5 million; investments in associates of THB 38.3 million; deferred tax assets of THB 113.4 million; and other non-current assets of THB 109.6 million

An increase in assets of THB 4,573.7 million from THB 17,377.0 million at the end of 2020, was due mainly to a decrease in cash of THB 376.6 million, an increase in the value of trade receivable and other receivable of THB 1,219.9 million, an increase in inventory of THB 2,247.0 million, an increase in other current financial asset of THB 511.3 million, an increase in contract costs of THB 20.9 million, an increase in other non-current assets of THB 78.9 million and an increase in the value of property, plant and equipment of THB 872.0 million.

Trade and other receivables

KCE's customers include some of the world's leading electronics companies. Total trade and other receivables increased from a net THB 3,174 million in 2020 to THB 4,394 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

As of December 31, 2021, the company had a net inventory of THB 4,841 million, up from THB 2,594 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 THB 808 million (December 31, 2020: THB 548 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 THB 68 million, and recorded a diminution value amounting to THB 11 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.

Total Liabilities

Total liabilities increased from THB 5,315.0 million at the end of 2020 to THB 8,508.6 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

Liquidity

With an operational profit in 2021, KCE achieved positive cash flow from operations totalling THB 1,735 million. Net cash used for investment amount THB 2,212 million. Cash from financing activities was THB 74 million. In summary, cash balance as of December 31, 2021, by THB 1,966 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: million Baht)

	Y2021	Y2020	Y2019	Y2018	Y2017
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

(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 THB 1,848 million, of which approximately THB 1,327 million was mainly for new machines for HDI production at KCE Electronics PCL's new plant; THB 456 million was to expand capacity in KCE Technology Co., Ltd.; and THB 28 million was for additional machine at TLM; and THB 36 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.



Risk factors that may affect the company's profit

External 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.

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 travelling. 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.

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.

The growth of the electronics industry depends on the global economic and the other industries that contain electronic components such as computer and telecommunication equipment industry, automotive industry and high technology products. However, cyclical changes in the industry may lead to other risks and may have a negative impact on sales or prices of products.

Incidentally, PCB are the fundamental components of all electronic products, when the technological changes are a risk to the PCB industry, that mean product design changes, changes in technology or production processes and changes in the quality or types of raw materials that used in PCB production, the company have to invest in machinery and equipment to accommodate from changes, it may affect the ability to production, income and operating profit.

In addition, there are risks from changes in market situations which may be caused by domestic factors of the buyer's own market, such as from economic situations, political situation ,international trade policy, war, terrorism etc and included factors at the customer's organization level, such as mergers and acquisitions, changes in procurement policies, including the risk of business competition by price competition and production technology as well as transportation which may affect the sales of the company.

Internal Risk

The company is a manufacturer and distributor of electronic printed circuit boards or PCB, almost all of which are for export to foreign countries. Therefore, the company is exposed to the risk of foreign exchange rates and non-compliance with contractual requirements of the parties including to credit risk associated with trade accounts receivable as well.

In addition, the company has loans from financial institutions in foreign currencies, floating interest rates (Float Rate) therefore, the company is exposed to the risk of changes in loan interest rates as well as the interest rate risk associated with deposits at banks and financial institutions and overdrafts related to the sale of goods and the purchase of raw materials is important

4.3 Board of Director and List of the Top 10 major shareholders

(1) Board of Director as at September 30, 2022

Name	Position
1. Mr. Bancha Ongkosit	Chairman of the Board of Directors / Chairman of the Executive Board
2. 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
3. Mr. Panja Senadisai	Vice Chairman of the Board of Directors / Nomination and Remuneration Committee Member / Enterprise Risk Policy Committee Member
4. Chantima Ongkosit, MD	Director
5. Mrs. Voraluksana Ongkosit	Director / Executive Vice Chairperson / Environmental, Social, Governance and Sustainability Development Committee Member
6. 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
7. Mrs. Siriphan Suntanaphan	Director / Chairman of the Environmental, Social, Governance and Sustainability Development Committee / Enterprise Risk Policy Committee Member
8. Mr. Kanchit Bunajinda	Independent Director / Audit Committee Member / Chairman of Enterprise Risk Policy Committee / Nomination & Remuneration Committee Member
9. Sutee Mokkhavesa, Ph.D	Independent Director / Audit Committee Member / Enterprise Risk Policy Committee Member

(2) List of the Top 10 major shareholders as at 23 August 2022

Name	Amount (Shares)	Percentage
1. Mr. Pitharn Ongkosit	164,754,244	13.94
2. NOMURA SINGAPORE LIMITED-CUSTOMER SEGREGATED ACCOUNT	88,000,000	7.45
3. Mr. Athasidh Ongkosit	71,609,000	6.06
4. Miss Chutinart Ongkosit	63,466,136	5.37
5. Thai NVDR Co., Ltd	57,534,915	4.87

Name	Amount (Shares)	Percentage
6. Mr. Panja Senadisai	57,125,000	4.83
7. MORGAN STANLEY & CO. INTERNATIONAL PLC	26,337,730	2.23
8. THE BANK OF NEW YORK MELLON	21,922,655	1.85
9. Bualuang Long-Term Equity Fund	13,339,600	1.13
10. SOUTH EAST ASIA UK (TYPE) NOMINEES LIMITED	11,430,288	0.97
Total list of the Top 10 major shareholders	575,519,568	48.70

5. Opinions of the Board of Directors on the adequacy of working capital

The Board of Directors have the opinion, due to the new project is a large factory for the operation should be require a large amount of working capital. Therefore, the company is necessary to use a credit line for working capital from a financial institution and including from operating profit.

6. Law suits or significant disputes

The company has not lawsuits or significant disputes.

7. Benefits or Related Party Transactions between the Company and the Directors, Executives and Shareholders with a Director or Indirect Shareholding of 10% or more

The Company has not related party transactions between the directors, executives and shareholders who hold the shares either directly or indirectly or related persons in the future more than 10 percent

The company certifies that the information contained in this report is true and complete in all respects

Please be informed accordingly.



(Mrs. Voraluksana Ongkosit)

Executive Vice Chairperson

