



บริษัท กันยงอีเลคทริก จำกัด (มหาชน)
KANG YONG ELECTRIC PUBLIC COMPANY LIMITED

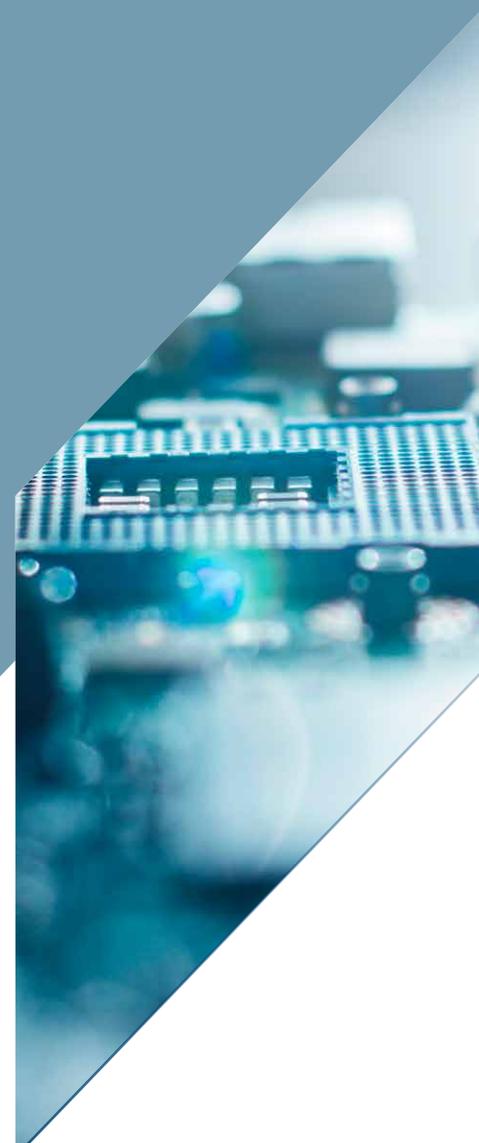
ONE KYE
FOR OUR
CUSTOMERS

ANNUAL REPORT
2019



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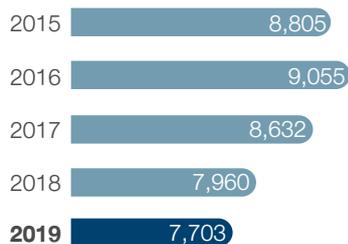


Financial Highlights

Financial Highlights (Million Baht)	as at March 31			
	2018	2019	2020	
Total Sales	8,632	7,960	7,703	
Total Revenues	9,215	8,284	8,245	
Cost of Sales	7,266	6,947	6,435	
Gross Profit	1,366	1,013	1,268	
Selling and Administrative Expenses	1,154	1,167	1,139	
Net Profit	719	180	621	
Total Assets	8,136	6,946	7,381	
Total Liabilities	1,761	1,729	1,647	
Total Shareholder's Equity	6,375	5,217	5,734	
Financial Ratio				
Net Profit Ratio	%	8.33	2.26	8.07
Return on Equity	%	11.32	3.11	11.35
Return on Assets	%	8.75	2.39	8.67
Dividend pay out Ratio	%	50.01	50.01	*
Liabilities per Equities Ratio	Times	0.28	0.33	0.29
Earning per Share	Baht	32.69	8.56	31.38
Dividend per Share	Baht	16.35	4.55	*
Book value per Share	Baht	289.79	263.51	289.60
Total Staff		1,528	1,596	1,582

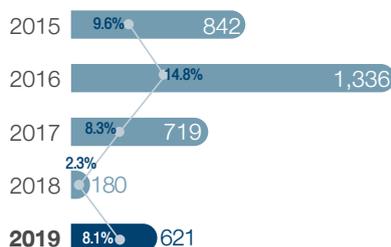
Total sales year 2015-2019

Unit : Million Baht



Net profit year 2015-2019

Unit : Million Baht



* In the process of seeking approval from the 2020 Annual General Meeting of shareholders



Report of the Board of Directors

The 2019 fiscal year, Thailand economic growth continued to slow down by a drop in export volumes owing to primarily baht appreciation, which evidently impact the employment rate and the demand in domestic. Notably, the first quarter of the year 2020 contracted because many factors, along with temporary factor but severe as the COVID-19 pandemic.



During the negative factors as bath appreciation, global economic slowdown resulting in high competition in the market. In 2019, the Company had revenue from sales Baht 7,703.4 million decreased from 2018 to 3.2%. At the last quarter of the fiscal year, the Company has been affected by lockdown measures from partners in many countries, which considerably impacted the sales. Nevertheless, the Company adjusted marketing strategy by launching the new model with high value-added as well as focusing on selling profitable models. Mean while production proceeded the ongoing cost reduction activities together with expenses management to be more efficient. Moreover, the dividend increased, as a result, we could acheive the higher profit than the previous year.

The Board of Directors has resolved to propose to the 2020 Annual General Meeting of Shareholders for approval of dividend payment for fiscal 2019 at 15.70 baht per share or 50.03% of net profit after tax which is in line with the Company's dividend payment policy.

In the fiscal year 2020, the economic prospects of Thailand 2020 likely to slower than its potential level another year. As a result of the continuously growing COVID-19 pandemic negatively impacts the business operation and the employment of the private sector and tourism. Also, weak domestic demand, Thai Baht volatility, including the increase in competition in the ASEAN market from the fact that China brought their products to compete to spread the risk of U.S.-China trade war. The negative factors are remaining. Nevertheless, the Company will continue to strive for the continued growth of sales revenues and profitability through prioritizing on enhance the sales of value-added products, improve the potential of production and quality assurance continually by investing in the e-factory project. In addition to strengthening the employee ability for Sustainable Organization, in parallel with social responsibility under corporate governance principles and code of ethics, and with regard to sustainable benefits to the shareholders and other stakeholders.

On behalf of the Board of Directors, the management, and all staff members of the Company, I would like to convey our gratitude to our business partners, shareholders and all other stakeholders for your continued trust in and continued support of the Company. We will remain committed to and devoted to working with best and unstoppable efforts to upgrade our business operation and develop our potentiality to well cope with the volatile market circumstances and relevant risk factors ahead to maintain the shareholders' trust and support. Again, thank you very much.



(Mr. Praphad Phodhivorakhun)
Chairman of the Board of Directors

Board of Directors

01



Mr. Praphad Phodhivorakhun

Chairman of the Board of Directors /
Chairman of the Board of Executive
Directors / Member of Nomination
and Remuneration Committee

02



Mr. Takenori Adachi

Vice Chairman of the Board of Directors /
Vice Chairman of Executive Directors /
Member of Product Pricing Committee /
Member of Nomination and Remuneration
Committee / President

03



Mr. Akira Nakamichi

Director / Executive Director /
Member of Product Pricing Committee /
Executive Vice President

04



Mr. Praphon Potivorakun

Director / Executive Director

05



Mr. Hitoshi Maruyama

Director

06



Mr. Chackchai Panichapat

Independent Director /
Chairman of Audit Committee /
Member of Nomination and
Remuneration Committee

07



Mr. Arthakrit Visudtibhan
Independent Director /
Chairman of Product Pricing Committee /
Member of Audit Committee

08



Mr. Manu Leopairote
Independent Director /
Chairman of Nomination and
Remuneration Committee /
Member of Product Pricing Committee

09



**Police Major General
Sahaschai Indrasukhsri**
Independent Director /
Member of Nomination and
Remuneration Committee

10



Mr. Tanabodee Kusinkert
Independent Director /
Member of Audit Committee /
Member of Product Pricing Committee

11



Mr. Takeshi Oshima
Director

12



Mr. Kenichiro Fujimoto
Director

13



Mr. Tomohiko Kasai
Director

14



**Associate Professor
Dr. Issaree Hunsacharoonroj
(Ph.D)**
Director

15



Dr. Apichai Boontharawara
Director

Board of Directors



Mr. Praphad Phodhivorakhun

Chairman of the Board of Directors /
Chairman of the Board of Executive Directors /
Member of Nomination and Remuneration Committee

Age 74 Years

Education

- Sheffield College of Technology, England
Business Management
- Ramkhamhang University,
Master Degree in Public Administration (MPA) and Master Degree in Business Administration (MBA)
- Rajabhat University of Lampang
Honorary Doctorate Degree in Business Administration

Training :

RCP/2004, DCP/2005, RCC/2007

Shareholding (%) : 170,970 Shares or 0.86 %

Family Relationship with Executives in other company, which may cause a conflict of interest :

Elder Brother of Mr. Praphon Potivorakun

Working Experience in the last 5 years :

- Jun 1994 - Present Director
Kulthorn Kirby Public Company Limited
- Nov 1995 - Present Chairman of the Board of Directors
Mitsubishi Electric Kang Yong Watana Company Limited
- July 1996 - Present Chairman of the Board of Directors
Yokohama Rubbers (Thailand) Company Limited
- Oct 1999 - Present Chairman & Chairman of Executive Directors
Kang Yong Electric Public Company Limited
- 2004 - Present Independent Director
Polyplex Public Company Limited
- Aug 2008 - Present Member of Nomination and Remuneration Committee
Kang Yong Electric Public Company Limited



Mr. Takenori Adachi

Vice Chairman of the Board of Directors /
Vice Chairman of Executive Directors /
Member of Product Pricing Committee /
Member of Nomination and Remuneration
Committee / President

Age 55 Years

Education

- Tokyo University, Japan
Bachelor of Engineering

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

- 2014 - 2015 Assistant to Senior Manager,
Refrigerator Manufacturing
Department
Mitsubishi Electric Corporation,
Shizuoka Works
- 2015 - 2018 Senior Manager,
Refrigerator Manufacturing
Department
Mitsubishi Electric Corporation,
Shizuoka Works
- Apr 2018 - Present Vice Chairman of the Board of
Directors / Vice Chairman of
Executive Directors / Member of
Product Pricing Committee /
Member of Nomination and
Remuneration Committee /
President
Kang Yong Electric Public
Company Limited



Mr. Akira Nakamichi

Director /
Executive Director /
Member of Product Pricing Committee /
Executive Vice President

Age 58 Years

Education

- Tokyo Metropolitan University, Japan
Bachelor of Engineering

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

- Oct 2012 - Mar 2014 Manager,
Quality Innovation Project
Mitsubishi Electric Corporation
- Apr 2014 - Present Director / Executive Director /
Member of Product Pricing
Committee / Executive Vice
President
Kang Yong Electric Public
Company Limited



Mr. Praphon Potivorakun

Director /
Executive Director

Age 70 Years

Education

- Meisei University, Japan
Bachelor of Electrical Engineering

Shareholding (%) : 204,115 Shares or 1.03 %

Family Relationship with Executives in other company, which may cause a conflict of interest :

Younger brother of Mr. Praphad Phodhivorakhun

Working Experience in the last 5 years :

- 1987 - Present Deputy Managing Director
Mitsubishi Electric Kang Yong
Watana Co., Ltd.
- May 2011 - Present Director
Kang Yong Electric Public
Company Limited
- Apr 2017 - Present Executive Director
Kang Yong Electric Public
Company Limited



Mr. Hitoshi Maruyama

Director

Age 55 Years

Education

- Keio University, Japan
Bachelor of Engineering

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Apr 2008 Senior Manager, Field Service Section,
Quality Assurance Department
Mitsubishi Electric Corporation,
Shizuoka Works
- Nov 2012 Deputy General Manager,
Refrigerator Department
Mitsubishi Electric Corporation,
Shizuoka Works
- Apr 2020 - Present Director
Kang Yong Electric Public
Company Limited



Mr. Chackchai Panichapat
Independent Director /
Chairman of Audit Committee /
Member of Nomination and Remuneration
Committee

Age 81 Years

Education

- University of Texas Austin, Texas, U.S.A.
Master Degree in Electrical Engineering

Training :

DAP/2003, FND/2005, DCP/2006, RCC/2007, ACP/2009

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

Listed Companies

- Dec 1999 - Present Chairman of the Audit Committee /
Independent Director / Member of the
Nomination and Remuneration Committee
City Sports and Recreation Public Co.,Ltd.
- Jul 2003 - Present Vice Chairman / Executive Director
Amata Corporation Public Co.,Ltd.
- 2001 - Present Independent Director
Kang Yong Electric Public Co.,Ltd.
- 2001 - Mar 2014 Audit Committee
Kang Yong Electric Public Co.,Ltd.
- Feb 2007 - Mar 2014 Chairman of Nomination and
Remuneration Committee
Kang Yong Electric Public Co.,Ltd.
- Apr 2014 - Present Chairman of Audit Committee/
Member of Nomination and
Remuneration Committee
Kang Yong Electric Public Co.,Ltd.

Non-Listed Companies

- Chairman of the Board of Directors Magnecomp Precision Technology
Co.,Ltd.
- Chairman of the Board of Directors Amata Water Co.,Ltd.
- Chairman of the Board of Directors D-Jig Co.,Ltd.
- Director Amata City Rayong Co.,Ltd.
- Director San Miguel Marketing (Thailand) Co.,Ltd.
- Director San Miguel Beer (Thailand) Co.,Ltd.
- Director Thai San Miguel Liquor Co.,Ltd.
- Director Amata Asia Co., Ltd.
- Director Thai - Chinese Rayong Industrial Reality
Development Cp.,Ltd.



Mr. Arthakrit Visudtibhan
Independent Director /
Chairman of Product Pricing Committee /
Member of Audit Committee

Age 64 Years

Education

- University of Southern California, U.S.A.
Master of Public Administration

Training :

DAP/2006, ACP/2009

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

- Dec 1999 - Present Member of Audit Committee
Kang Yong Electric Public
Company Limited
- Nov 2003 - Present Human Resources Director
Serm Suk Public Company Limited
- Feb 2009 - Present Chairman of Product Pricing
Committee
Kang Yong Electric Public
Company Limited
- Jan 2017 - Present Director - Employee Relations
(Advisor to the President)
Serm Suk Public Company Limited



Mr. Manu Leopairote

Independent Director /
Chairman of Nomination and Remuneration
Committee /
Member of Product Pricing Committee

Age 77 Years

Education

- Thammasat University, B.Sc. (Honors)
- University of Kentucky, U.S.A. M.Sc. (Econ.)
- Thammasat University
Ph.D Business Administration (Honorary)
- The National Defense College Class 34

Training :

DCP30/2013, RCP3/2001

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

- 2004 - 2019 Independent Director / member of Audit
Committee
Thai Beverage Public Co., Ltd. (Registered
in the Singapore Stock Exchange)
- 2004 - Present Chairman
Bangkok Union Insurance Public Co., Ltd.
- 2004 - Present Chairman
Polyplex (Thailand) Public Co., Ltd.
- 2004 - Present Chairman
Khon Kaen Sugar Industry Public Co., Ltd.
- 2006 - Present Chairman of Audit Committee
Siam Steel International Public Co., Ltd.
- May 2010 - Present Independent Director / member
of Product Pricing Committee
Kang Yong Electric Public Co., Ltd.
- May 2010 - Mar 2014 Member of Nomination and
Remuneration Committee
Kang Yong Electric Public Co., Ltd.
- 2010 - Present Chairman
ARIP Public Company Limited
- 2010 - Present Chairman
Jubilee Enterprise Public Co., Ltd.
- 2011 - Present Chairman
T.M.C.Industrial Public Co., Ltd.
- Apr 2014 - Present Chairman of Nomination and
Remuneration Committee
Kang Yong Electric Public Co., Ltd.
- 2016 - Present Chairman of Audit Committee
TPI PL Power Public Co., Ltd.
- 2016 - Present Chairman
SVOA Public Company Limited



Police Major General Sahaschai Indrasukhsri

Independent Director /
Member of Nomination and Remuneration
Committee

Age 70 Years

Education

- Franklin Pierce College, U.S.A.
Bachelor of Business Administration, Major in Economics
- Sripatum University
Bachelor of Law, Major in Law

Training :

DAP32/2004

Shareholding (%) : -None-

**Family Relationship with Executives in other
company, which may cause a conflict of interest :**

-None-

Working Experience in the last 5 years :

- Jul 2012 - Present Independent Director
Kang Yong Electric Public Company
Limited
- Jul 2012 - Mar 2014 Member of Product Pricing
Committee
Kang Yong Electric Public Company
Limited
- Feb 2014 - Present Chairman / Member of Nomination
and Remuneration Committee
Green Resources Public Company
Limited
- Apr 2014 - Present Member of Nomination and
Remuneration Committee
Kang Yong Electric Public Company
Limited



Mr. Tanabodee Kusinkert
Independent Director /
Member of Audit Committee /
Member of Product Pricing Committee

Age 75 Years

Education

- Texas A&I University Kingsville, Texas, U.S.A.
Master of Business Administration

Training :

DCP24/2002

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- 1990 - 2015 Director / President & Executive Director
Siam City Leasing and Factoring Public Company Limited
- May 2012 - Mar 2014 Director
Kang Yong Electric Public Company Limited
- Apr 2014 - Present Independent Director
Kang Yong Electric Public Company Limited
- Apr 2014 - Present Member of Audit Committee / Member of Product Pricing Committee
Kang Yong Electric Public Company Limited
- Jan 2015 - Present Director / Chairman of Board of Executive Director
Siam City Service Company Limited



Mr. Takeshi Oshima
Director

Age 59 Years

Education

- Tokyo University of Foreign Studies (Japan)
Bachelor of Art in Foreign Studies, Indonesian

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Oct 2011 Senior General Manager,
Overseas Marketing
Public Utility Systems Division
Mitsubishi Electric Corporation
- Apr 2016 Corporate Executive,
Senior General Manager
Overseas Marketing
Public Utility Systems Division
Mitsubishi Electric Corporation
- Apr 2018 Corporate Executive
Public Utility Systems Group
Mitsubishi Electric Corporation
- Oct 2018 Corporate Executive,
Global Strategic Planning &
Marketing Group
Mitsubishi Electric Corporation
- Dec 2018 Director
Mitsubishi Electric Asia Pte Ltd
- Apr 2019 - Present Corporate Executive,
Chief Representative
Asia Pacific Region
Mitsubishi Electric Corporation
President
Mitsubishi Electric Asia Pte Ltd
- May 2019 - Present Director
Kang Yong Electric Public
Company Limited



Mr. Kenichiro Fujimoto
Director

Age 55 Years



Mr. Tomohiko Kasai
Director

Age 56 Years

Education

- Kyoto University, Japan
Faculty of Law

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Apr 2014 - Mar 2016 General Manager,
Accounting Department
Mitsubishi Electric Corporation,
(Itami Works)
- Apr 2016 - Mar 2018 Deputy Senior General Manager,
Associated Companies Division
Mitsubishi Electric Corporation
- Apr 2018 - Mar 2020 Senior General Manager,
Planning & Administration
Department
Public Utility Systems Group
- Apr 2020 - Present Senior General Manager
Planning & Administration
Department
Living Environment & Digital
Media Equipment Group
- Apr 2020 - Present Director
Kang Yong Electric Public
Company Limited

Education

- Kyoto University, Japan
Bachelor of Engineering

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Apr 2016 - Mar 2018 General Manager
Air-Conditioning & Refrigeration
Systems Works
Mitsubishi Electric Corporation,
(Wakayama Works)
- Mar 2018 - Present General Manager
Mitsubishi Electric Corporation,
(Shizuoka Works)
- Apr 2018 - Present Director
Kang Yong Electric Public
Company Limited



Associate Professor Dr. Issaree Hunsacharoonroj (Ph.D)

Director

Age 66 Years



Dr. Apichai Boontharawara

Director

Age 66 Years

Education

- University of Wisconsin, U.S.A.
Doctoral Degree (Ph.D. in Mechanical Engineering)

Training :

DCP/2012, PDI 15

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

- Aug 2005 - Aug 2013 President
Rajamangala University of
Technology Rattanakosin
- Aug 2013 - Present Chairman
Rajamangala University of
Technology Rattanakosin
Foundation
- Apr 2014 - Present Director
Kang Yong Electric Public
Company Limited
- Feb 2015 - Feb 2018 Board Director
International Institute for trade
and development

Education

- Thammasat University,
Bachelor Degree of Economic
- Thammasat University,
Master Degree of Economics (English Program)
- University of Washington, U.S.A.
Ph.D. in Economics

Training :

DAP 2004, DCP 2005, ACP 2005

Shareholding (%) : -None-

Family Relationship with Executives in other company, which may cause a conflict of interest :

-None-

Working Experience in the last 5 years :

Listed Company

- 2011 - Present Director and
Vice Chairman of Executive Board
Southeast Life Insurance Public Co.,Ltd.
- 2011 - Present Director and
Vice Chairman of Executive Board
Southeast Insurance Public Co.,Ltd.
- 2014 - Present Independent Director
WHA Corporation Public Company Limited
- 2014 - Present Director of Audit Committee
WHA Corporation Public Company Limited
- 2017 - Aug 2018 Chairman of Audit Committee
WHA Corporation Public Company Limited
- 2017 - Present Chairman of the Nomination and
Remuneration Committee
WHA Corporation Public Company Limited
- 2017 - Present Director
Kang Yong Electric Public Company Limited
- 2018 - Present Director
Thai Group Holdings Public Co.,Ltd.

Non-Listed Companies

- 2009 - Present Audit and Risk Management Committee
Chiangmai University
- 2011 - Present Director and
Vice Chairman of Executive Board
Southeast Capital Co.,Ltd.
- 2018 - Present Director
Southeast Group Co.,Ltd.

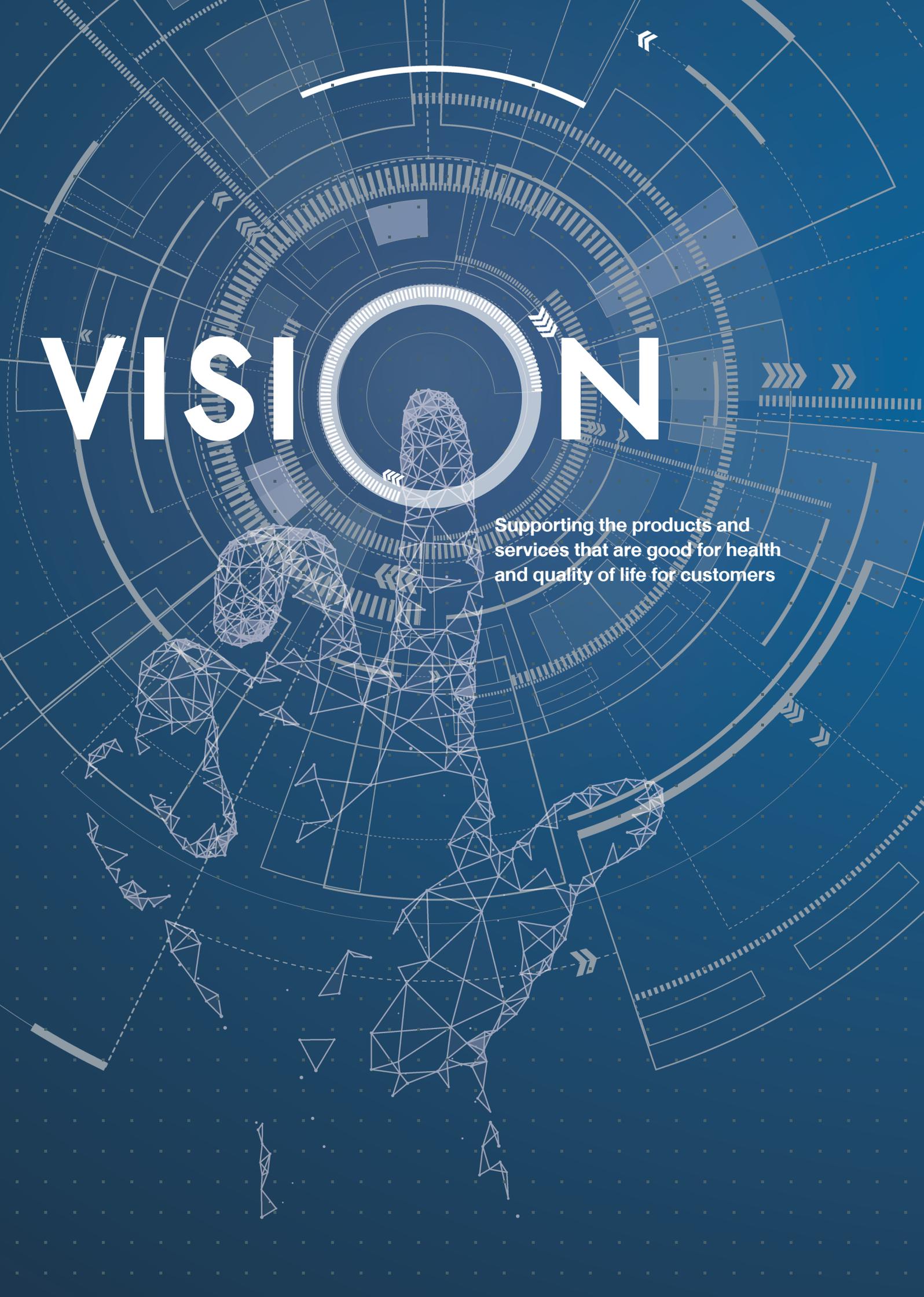
KYE Management Policy



ONE KYE FOR OUR CUSTOMERS



VISION



Supporting the products and services that are good for health and quality of life for customers

Business Operation

Policy and Overview of Business Operation

Kang Yong Electric Public Company Limited (“KYE” or “the Company”) was established on January 12, 1964, by Mr. Sitthiphol Phodhivorakhun with a start-up registered capital 10 million baht in the name “Kang Yong Electric Manufacturing Company Limited”. It is a Thai-Japanese joint venture between Phodhivorakhun family group and Mitsubishi Electric Corporation, Japan, to engage in manufacturing and distribution of home electrical appliances under “Mitsubishi Electric” trademark. In 1993, the Company was approved to be listed on the Stock Exchange of Thailand (SET) and transformed into a public limited company in the name “Kang Yong Electric Public Company Limited,” with stock symbol “KYE.” It has a registered and paid-up capital of 220 million baht divided into 22 million ordinary shares with a par value of 10 baht per share. On September 12, 2019, the Company has reduced the registered capital to 198 million baht or 19.8 million shares.

KYE’s current office and factory located on an area of 73 rai 2 ngan 23 square wah at the address No. 67 Moo 11, Debaratna Road km. 20, Bangchalong, Bangplee, Samutprakan 10540. The Company manufactures and distributes “Mitsubishi Electric” home electrical appliances such as refrigerators, electric fans, ventilating fans, and water pumps under the license and production technology provided by its joint venture partner, Mitsubishi Electric Corporation, Japan.

Vision and Mission

Vision:

KYE is committed to supporting the products and services which are beneficial for customer’s health and quality of life and contribute to the realization of a lively society and environment under the slogan: **“One KYE for Our Customers.”**

Mission:

1. Enhance strategies to achieve both sustainable growth and profitability in the global market.
2. Build a stable management system that promptly responds to changes in the market and environment
3. Implement top priority to Safety first, Health first, Quality first as well as compliance with the law and the code of conducts thoroughly.

Significant Changes and Developments in 2019

- On July 25, 2019, the Annual General Meeting of Shareholders resolved to approve profit appropriation for dividend payment at 4.55 baht per share, totaling 90.1 million baht, to shareholders on August 22, 2019.
- On September 12, 2019, the Company proceeded the registration to operate the capital reduction with the Ministry of Commerce in order to reduce the registered capital to 198 million baht or 19.8 million shares.
- The Company developed and launched new product models both to domestic market and overseas market to meet customers' diverse demand and better serve utilization needs, with a focus on energy saving product, quality, and after service.
 - January 2019: Developed by adding in safety function of water pump "R-series" to comply with Mitsubishi Electric Standard and acquired the 2-consecutive-year No.1 Brand of the popular water pump product survey from Marketeer Magazine.



- May 2019:
 - Produced the new 3-door bottom freezer refrigerator with Tempered glass door to export market.
 - Produced the ventilating fan, ceiling type with 6 inches propeller using a new small motor and new propeller that ease for cleaning, launching in domestic and export market.
- June 2019: Started production of the desk fan and wall fan with 18 inches propeller using a new motor as the inside bearings to increase the efficiency and quality to be more durable, launching in the domestic market and export market.
- July 2019:
 - Produced the ventilating fan, ducted type with new frame, 4 and 6 inches propeller, launching in export market.

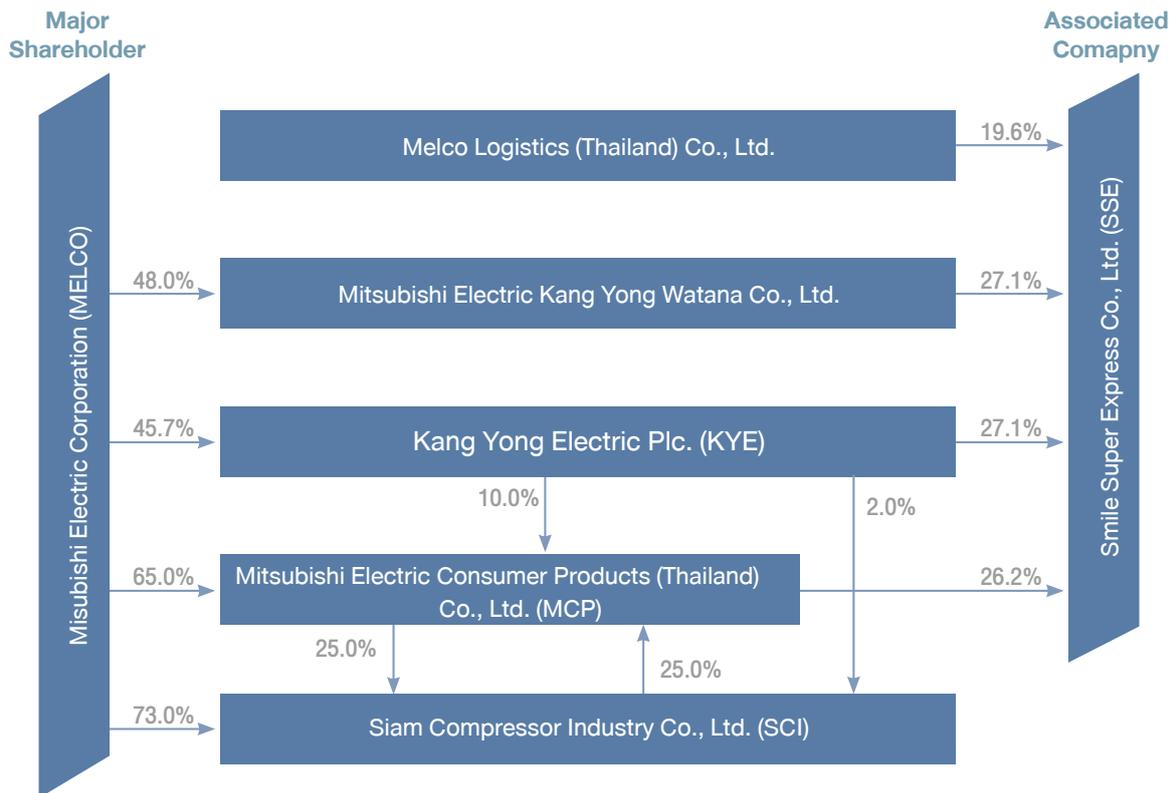
- Exporting the new water pump “R-series” along with a new water pump “SP-N series” to Asian market.
- September 2019:
 - Produced new 3-door bottom freezer refrigerator with a capacity of 300L-400L, launching in the domestic market and export market. Moreover, new 3-door with a capacity of 350L-450L using Tempered glass door and bringing “Supercool Chilling” technology which is popular in Japan for meat preservation, launching in domestic and export market.
 - Produced the ventilating fan, ducted type using paintless body for project sales with 4 inches propeller for export market.
- October 2019:
 - Produced new 3-door bottom refrigerator with a capacity of 400L-450L which consider as the biggest capacity among a 3-door model, launching in Japan as the first market.
 - Produced the ventilating fan, window type with 6 inches propeller to satisfy the end-users for easy installation and maintenance, launching in domestic and export market.
- December 2019: Enhanced the safety of electric fan by changing to the three-pin plug for all domestic models and using the metal cover for the switch to prevent the spread of fire for desk fan, slide fan, and living fan (button switch) models. Besides that using non-flammable plastic for the base plate and stand, and reinforce with steel frame for wall fan.
- January 2020: Produced the new 1-door and 2-door top freezer model. For 1-door refrigerator with a capacity of 140L-180L, developing new design, and changing the defrost system from a manual system to semi-auto defrost in standard and exclusive model along with the auto defrost in hi-end model, launching in developing domestic market. For 2-door refrigerator new model “FC-series” with a capacity of 200L-250L, new design, enlarging capacity from the existing model, and adding “Capsule Pocket” for proper food storage organizing, launching in domestic and export market.
- The Company has invested and improved the production process for the year 2019.
 - January 2019: Started implementing the e-F@ctory system to refrigerator production process, resulting in improvement of quality control and productivity.
 - April 2019: Started introducing robot in the production process in order to reduce the quality problem and production time results in increasing capacity.
- August 2019:
 - Changed screw and barrel in the plastic injection machine to improve the production speed and the quality of the outputs along with the reduction of loss time in process of the production.

- Installed the laser mark system (QR code) instead of ink stamp for production date and the serial number of every model of the fan motor to enhance the production efficiency, convenient to track down and consistent with environmental policy.
- September 2019:
 - Implemented a touch screen system to the injection machine to increase production efficiency.
 - Changed the injection machine motor to servo motor instead of hydraulic for energy-saving efficiency and enhancing the quality of outputs.
- November 2019:
 - Tool and Plastic department installed the electric plastic injection machine for increasing production efficiency and more energy saving.
 - Installed the odour treatment system at painting oven and waste heat recovery system to reduce the bad odour, which affects the environment. Besides, reduced LPG usage by reusing the heat energy from the vent to utilize the power in maximum efficiency.
- December 2019:
 - Installed the energy meter into all plastic injection machines in order to track and trace the electrical energy consumption of each device to prevent the energy loss.
 - Installed the dust painting robot to replace the existing system to increase the production efficiency, reduce the quality problem, expand the variety of parts production ability, and easy for maintenance.
 - Installed the automatic soldering machines to replace human labor for the fan motor production to increase production efficiency, and enhance quality control.
 - Installed the motor spindle and automatic control system instead of using human inspection.
- Award in year 2019
 - May 2019: Awarded the Marketeer No. 1 Brand Thailand 2018-2019 for water pump product. This is an award from the Marketeer Consumer Survey in Thailand, which the company has received for the second consecutive year.
 - September 2019: Awarded the Best Labor Relations and Welfare Management Award from Department of Labour Protection and Welfare, Ministry of Labour for 13 years in a row (2007-2019).

Relationship with Major Shareholder’s Business Group

The company is a manufacturer and distributor of home electrical appliances under “Mitsubishi Electric” trademark, with the copyright and manufacturing technology from Mitsubishi Electric Corporation (MELCO) which is the major shareholder of the company. The Company has significant business relationships with its major shareholders. The company cooperates with MKY and MCP which are the major shareholders to establish SSE for managing and maintains the inventory of all three companies to increase efficiency in managing and controlling the logistics costs of the company.

In March 2018, SSE changed its management by Melco Logistics (Thailand) Co., Ltd. (MELT) with to experience in inventory management and freight forwarding has come to manage, expand sales and profit in the future.



Related company

Company name	:	Melco Logistics (Thailand) Co., Ltd. (MELT)
Business characteristic	:	Logistics Providers
Date of Establishment	:	1 st December 2004
Registered Capital / Paid-up Capital	:	Baht 39 million / Baht 39 million
The relationship	:	-
Unorganized Reasons	:	Different Business

Company name	:	Mitsubishi Electric Kang Yong Watana Co., Ltd. (MKY)
Business characteristic	:	Distributor of home electrical appliances
Date of establishment	:	1 st November 1971
Registered Capital / Paid-up Capital	:	Baht 120.1 million / Baht 95.1 million
The relationship	:	3 common directors, Mr.Praphad Phodhivorakhun, Mr.Praphon Potivorakun and Mr.Kenichiro Fujimoto
Unorganized Reasons	:	Different Business

Company name	:	Mitsubishi Electric Consumer Products (Thailand) Co.,Ltd. (MCP)
Business characteristic	:	Air Conditioner Manufacturer
Date of Establishment	:	27 th November 1989
Registered Capital / Paid-up Capital	:	Baht 1,200 million / Baht 1,200 million
The relationship	:	2 common directors, Mr.Takenori Adachi and Mr.Takeshi Oshima
Unorganized Reasons	:	Different Business

Company name	:	Siam Compressor Industry Co., Ltd. (SCI)
Business characteristic	:	Compressor manufacturer for air conditioning
Date of Establishment	:	7 th December 1988
Registered Capital / Paid-up Capital	:	Baht 1,603.8 million / Baht 1,603.8 million
The relationship	:	1 common director, Mr.Tomohiko Kasai
Unorganized Reasons	:	Different Business

Nature of Business Operation

Main income structure: The Company mainly generates income from distribution of refrigerator, electric fan, ventilating fan and water pump. Income structure for fiscal years ended March 31, 2018, 2019 and 2020 was as follows:

Value: Million Baht

Product	For the year ended March 31					
	2018		2019		2020	
	Sales	%	Sales	%	Sales	%
Domestic and Export Sales						
Electric fans and ventilating fans	1,434.1	16.6	1,531.9	19.3	1,440.3	18.7
Refrigerators	6,236.8	72.2	5,399.0	67.8	5,139.1	66.7
Water pumps	841.6	9.8	919.0	11.5	1,036.7	13.5
Others	119.2	1.4	110.3	1.4	87.3	1.1
Total value	8,631.7	100	7,960.2	100	7,703.4	100

Remark: Other income is from sales of parts.

Description of Products and Services

The Company manufactures and distributes home electrical appliances comprising refrigerator, electric fan, ventilating fan, and water pump under “Mitsubishi Electric” trademark. It has received technological cooperation and support from Mitsubishi Electric Corporation, Japan, in product development, designing and manufacturing, with an emphasis placed on product quality, safety, use of cutting-edge technology, energy saving, and environmental friendliness to ensure responsiveness to customers’ requirements and strengthen competitiveness against other producers.

Refrigerators

The Company still focuses on research and development, aiming to obtain right consumers’ demand information, and designed to meet diversified consumers’ demand and preferences as follows:

- **Unique Design:** The exterior design provides a luxurious, striking appearance like no other. Particularly, the unique design of the tempered glass door that reflects the elegant looks.
- **Easy to Use:** The product offers diversity in models, number of doors, capacity, and either top or bottom freezer options to match consumers’ usage preferences and allow for accessibility convenience and time-saving and more choices of storage shelf and compartment.

- Healthy Technology: Combination of food preservation technologies employed for good food hygiene, food freshness, and clean interior space, as below:
 - Vegetable Drawer with Vitamin Factory: The separate vegetable drawer compartment engineered with built-in LED lights acts on the chlorophyll in vegetables to stimulate photosynthesis. This technology also maximises the freshness of your greens by maintaining a higher humidity than the main refrigerator compartment. Keep your greens crisper for a longer.
 - Supercool Chilling Case: The latest technology for storing fresh prime cuts of meats and fish. Standard set temperature is between 0°C to 3°C allows you to preserve meat or fish ready for cook without wasting time to unfreeze it.
 - Auto Ice Maker: All compartments, including ice tray, pump pipe and filter, are detachable for easy washing. The tray is also antibacterial for more cleanliness.
 - Anti-bacteria food liner: Silvery inorganic anti-bacteria material contained in the food liner of a freezer and cooling compartment to prevent and stop the growth of bacteria according to the Society of Industrial Anti-bacterial Articles (SIAA) No. JIS Z 2801 of Japan, hence cleaner freezer and longer food freshness.
 - Minus ion surround cooling system: Minus ion surround cooling system helps distribute coolness through all shelves including bottle compartment to help increase moisture in inner compartments and preserve foods for a longer period.
- High Quality with Environmental Friendliness & Energy Saving: The Company offers a high standard of product quality that could gain customer trust, together with environmental friendliness and energy saving.
 - Neuro Inverter system: The system is operated by intelligent microchips to identify users' behavior in combination with sensors to measure interior and exterior temperature, and data from which is sent to intelligent processor microchips of the neuro-fuzzy system and inverter compressors to ensure maximum efficiency of a refrigerator in all functioning conditions.
 - Premium safety: It signifies Mitsubishi Electric's exclusive premium standard that accentuates the maximum utilization safety for all consumers. All parts and materials carefully selected for the products, including non-flammable material, added components to prevent electric current leakage, a built-in circuit breaker to prevent over-limit power, and over-heating protection device, etc.
 - Products developed in line with each country's safety standards and energy saving requirements, with the use of environmentally friendly raw materials that meet RoHS standards.

In 2019, started producing the new 3door refrigerator capacity of 300L-450L that adding the "Tempered Glass Door" and "Supercool Chilling" technology to preserve the texture of meats. Also, produced the new 1door refrigerator capacity of 140L-180L and the new 2door refrigerator "FC series" capacity of 200L-250L with the new design, larger capacity, and "Capsule door Pocket" feature to store the items cleanly by separating from other foods. (For FC series)

Electric Fans

The Company has further developed electric fan line-up to suit diverse applications, comprising desk fan, living fan, Tatami fan, wall fan, cycle fan, and ceiling fan. The blade of each model has the selectable size to fulfill the customer various needs, along with the development of closed motor design, which is Mitsubishi Electric's exclusive patent. It helps to prevent an intrusion of dust and undesirable objects that cause the damages to the product. As a result, it is highly durable.

In 2019, started launching the desk fan with DC motor along with, a ceiling fan with 56 inches propeller which is able to operate by remote controller (RW series) with a unique plastic propeller focusing on the centre wind.

Ventilating Fans

The Company's ventilating fan is considered as a useful product helping improve the quality of life. Meticulous attention has been paid to the product development process to ensure excellent and efficient air circulation and ventilation in wall type, window type, ceiling type, and duct type.

In 2019, we developed the new models of non-ducted ceiling type with propeller size 6 inches, together with window type that focuses on installation in high buildings, using the particular design motor for more energy-saving efficiency and new design propeller as "Easy Click" for easy cleaning.

Water Pumps

The Company developed water pump with various design to accommodate different applications such as the suck-from-well/tank type, automatically based on water tap operation type, constant pressure type and, inverter type with electronic control system helping energy saving.

In 2019, the Company launched the water pump R-Series, which certified by the new energy-saving standard, the highest level of 3-star-labeled no.5. Moreover, the Company produced the new small water pump, non-automatic type 150 watts and 200 watts.

Market and Competition

The Company sells products in three principal markets, i.e., Thai domestic, Japan and other export market. In fiscal year 2019, sales by market was in proportion of 39:43:18 respectively, comparing with the sales proportion in 2018, the proportion of Japan market highly increased meanwhile, domestic and other export market decreased. The Company aims to increase the sales in domestic and other export market, by reason slow economic growth in Japan, thus it is an essential factor that the Company ought to accelerate the competitiveness in order to increase the sales in the domestic and the other export market, by reason of slow economic growth in Japan, thus it is an essential factor that the Company ought to accelerated the competitiveness in order to increase the sales in the domestic and the other export market.

Distribution channels

- Domestic market: The Company distributes its products through Mitsubishi Electric Kang Yong Wattana Co., Ltd., its sole distributor, which has dealers of its own across the country.
- Export markets: The Company exports its products mostly through its subsidiaries in Mitsubishi Electric Group, which have dealers around the world, comprising Asia, Oceania, and Middle East, etc.

Domestic Market

In 2019, the demand of electrical appliances shew growth again. The main factor is the economic recovery, and household purchasing power has improved after the debt of the first-time car buyer programme has matured. Along with, the real estate market gradually recovers, resulting in the demand for household electrical appliances to increase. It expected that there would be a need for new electrical appliances in accordance with the replacement cycle and the global warming weather, which will support the demand for white goods appliances.

Electrical appliance manufacturer has been offering sales promotion to stimulate sales continuously. Merchandising through the Modern trade channel, which has a capital advantage, product variety, many branches including marketing strategy and competitive price will be a group that has received benefits from the rebound of the electronics market. Meanwhile, the general retailers which most have a traditional business administration may have less performance due to facing high competition from large stores and some modern retailers.

Domestic market situation is summarized for each type of products as follows:

- Refrigerator: Overall market demand for refrigerator increased compared to the previous year. With all types of refrigerators demand to grow except for 1-door refrigerator that tends to continuously decline because of consumer buying behavior who changed to buy a 2-door refrigerator, small model, which has similar prices and has better features, making the 2-door refrigerator more likely to be used each year. Besides, the demand for big capacity refrigerators, 3-door, and 4-door increase as the high-income customers tend to increase. However, the considerable price competition and many competitors penetrated the market particularly, the products from Korea and China which lower price together with high quality development, as a consequence, the growth rate of the Company decreased compare to last year.
- Water Pump: Overall demand for water pump significantly increased compared to the previous year due to the real estate business starts recovering. Also, consumers tend to change their behavior in finding a new residence. People who live in large cities and the secondary cities have turned to buy more new residence project around the city causing the trend of the new residence project around the city to occur in the large number which is an opportunity to expand the sales of the water pump.
- Electric Fan: Overall demand for electric fan slightly increased compared to the previous year due to the inclement weather, the rainy season is longer than usual, and the temperature decreases. Therefore, it is not very conducive to arrange any marketing activities. However, our products are still able to grow through the modern trade channel, which has many branches.

- Ventilating Fans: Overall demand for ventilating fans increased compared to the previous year consistent with the growth rate of vertical residential projects, which demand many ventilating fans.

Japan Market

In 2019, Japan economy gradually expanded with the main support factor from private sector investment. By investing in technology to replace humans and accelerating the household spending before consumption tax increases from 8 percent to 10 percent in October 2019. However, the main risk to the Japanese economy is the continued appreciation of the yen from the US-China trade war along with the concerns about the global economic recession.

At present, the Company exports three types of products to Japan, comprising refrigerators, electric fans, and ventilating fans. In fiscal 2019, the situation of the Japan markets for the Company's products summarized as below:

- Refrigerator: Overall market demand for refrigerator increased compared to the previous year. Especially, 3-door refrigerator and Freezer which the Company has the potential for competition. Nevertheless, the demand in small 2-door refrigerator decline because of the highly price competition among Japanese brands and Private brands which the price is lower than our brand.
- Electric fan: Overall demand for electric fan increased compared to the previous year. Due to the demand in office building tends to increase, and DC fan is still maintain the good feedback from the end users.
- Ventilating Fans: Overall demand for ventilating fans decreased compared to the previous year because of a lower growth rate of real estate business particularly, in the school project.

Other Export Markets

In 2019, the Company had a plan to expand the sales channel by cooperating with the sales companies of Mitsubishi Electric in each country to accelerate the sales and increase the market share such as in Vietnam, Indonesia, and Oceania which is consistent with the policy of expanding to the other export markets. However, the Company has a lower growth rate from the previous year due to many countries are affected by the trade war between the United States and China, as well as the global economic slowdown. In some countries such as Hong Kong experiencing the political conflicts which affected consumer and business confidence. In order to confront with high competition, especially the electrical appliances from China which are cheaper and high-quality development. In addition, in many countries, for example, Indonesia and Malaysia are still affected by the depreciation of the exchange rate. Resulting in the high price of imported products.

Nevertheless, the company has tried to reinforce the plan to improve the sales channel and strengthen the dealers to enhance its competitiveness in every markets.

Procurement of Products and Services

Nature of Product Procurement

(a) Manufacturing Process

The Company's manufacturing process begins with product design and development by receiving cooperation in product design and technical know-how from Mitsubishi Electric Corporation, Japan. Study and survey on market demand conducted so that product specifications can be customized to suit customers' needs. After that, new product models are developed and then produced according to customers' purchase orders.

In the previous year, the Company developed and improved the product safety to comply with Mitsubishi Electric's standard together with each country's regulation to ensure the customers in safety and quality of our products.

Products manufactured in the form of mass production. The process starts with receiving customers' orders, followed by production planning; procurement of raw materials, components and parts; and manufacturing of products according to production plan of each production line. The vital sub-process includes parts production, manufacturing equipment preparation, assembling, and packaging, etc.

Recognizing the reliable product quality, the Company conducts the quality inspection at every step of the production process by applying the innovative machinery and tools for quality control process to ensure that all marketable products meet the high-quality standards and customers' requirements.

(b) After-sales Services

The Company set up a department to be responsible for product quality warranty and after-sales service provision. In order to coordinate with local and overseas distributors in providing technical information on each product, arranging technical training for new products, analyzing causes of problems and identifying approaches to problem-solving, rendering advice and suggestion on product installation and application, procurement of parts and equipment, and after-sales service provision, as well as coordinate and work jointly with the distributors in promptly addressing any possible quality-related problems. The Company has raised the security level that may cause any issues from the installations that do not comply with the requirements. Therefore, the Company arranged more training to educate the proper installation for dealers.

In 2019, the Company developed to improve product analysis. By implementing the usage history data, the problem data including the performance of the refrigerator product, which recorded via the "microcontroller" recording system to reduce the time for analysis, and be aware of the problems that occur with the end-users who use the inverter compressor refrigerator.

Production Capacity and Production Output

The Company's production capacity and production output in 2017-2019 are tabulated below:

K/Unit

Products	Unit	2016	2017	2018
Refrigerator				
Rated capacity	units	1,200	1,200	1,200
Actual production	units	791	717	670
Capacity utilization rate	%	66%	60%	56%
Electric fan & ventilating fan				
Rated capacity	pieces	1,700	1,700	1,800
Actual production	pieces	1,494	1,528	1,630
Capacity utilization rate	%	88%	90%	91%
Water pump				
Rated capacity	pieces	260	260	280
Actual production	pieces	207	229	260
Capacity utilization rate	%	80%	88%	93%

Raw Material Procurement

Raw materials used for production:

	Proportion of Purchase/Usage (%)	Supply Sources	
		Domestic	Overseas
1. Compressor	11.9	✓	✓
2. Steel for parts making	12.2	✓	✓
3. Foaming agent	4.9	✓	✓
4. Copper	6.1	✓	✓
5. Resin	11.1	✓	✓
6. Electric cord	4.9	✓	
7. Motor	7.3	✓	
8. Die cast	3	✓	
9. Electronic parts	7.1	✓	✓
10. Paper carton	3.3	✓	
11. Others	28.2	✓	✓
Total	100.0		

Proportion of Domestic and Overseas Supply of Raw Materials

The Company still has to import the raw materials and parts such as compressor, electronic components etc. We uniquely produce under the standard of Mitsubishi Electric Cooperation, and some of raw materials and parts are supplied from reliable sources in overseas. Furthermore, purchasing raw materials and parts in a massive volume through a MELCO subsidiary also resulting in the lower procurement amount.

Environmental Impacts from Manufacturing Process or Limitation on Waste Materials

It is being aware of impacts on the environment arising from its manufacturing process and service operation. By considering the effect of products that affect the environment throughout the life of the product from the acquisition of raw materials, design, production processes, transportation/distribution, product usage, maintenance, and product disposal which able to say as consider since cradle to grave.

The Company has managed the environment by referring to the environmental management system standard (ISO 14001: 2015) by considering various factors, which may have an impact on the environmental management in the organisation such as internal factors, external factors, needs and expectations of the stakeholders, laws, regulations, obligations and environmental aspects, etc., in order to take these factors into the environmental management plan.

In 2019, the Company has set up the Environmental Objective & Target and Environmental Program that related to the environmental as follows:

- Conserved natural resources by promoting 3Rs activity (Reduce Reuse Recycle) such as
 - Reduce: reduce paper usage, reduce power in the product, reduce the total weight of the product, reduce the usage of the number of raw materials such as steel, plastic, copper, and aluminum, etc.
 - Reuse: reuse the plastic scrap and steel scrap in the production process, reuse the waste water from Reverse Osmosis (RO) water for dish washing , cleaning the kitchen, and water plants etc.
 - Recycle: using wastewater that has been treated for using in the toilet bowl, do the water plant and washing the belt, sludge rolling machine of wastewater treatment system, etc.
- Environment Protection: by reducing the use of hazardous chemicals such as change the type of paint sprayed from the oil color to the dust color, change the raw material to PCM (pre-coated metal) to avoid spray painting, minimize the use of varnish, reducing foam usage, and change the refrigerant of refrigerator etc.
- Pollution Prevention: Proceeding the water quality control and air quality control before release to outside by conducting environmental quality measurements including wastewater quality, rainwater drainage rails quality, air quality that emits air from the vent, light, sound, heat, vapors, chemicals, and noise to follow up and report to government agencies, including stakeholders.
- Environmental awareness: By attending Green Industry project with Department of Industrial Works for the organization environment management. Aiming for sustainable environmental management.

The Company has set up the Environmental Working Committee to monitor, follow up and assess the environmental management system (EMS) on a systematic basis, as well as plan for the development and update of the system in an ongoing manner. Moreover, it has communicated its environmental policy to all staff members through training, internal PR campaign, and joint activities with employees, trade partners, affiliates and relevant entities.

Pending Works

- None -

Risk Factors

The Company attaches importance to risk management, which is crucial to the achievement of our objectives and business operation with sustainable growth. Our risk management is under the governance by our Board of Directors, Audit Committee, and Internal Audit Office.

The Company has reviewed and monitored emerging risks and uncertainties arising from internal and external factors that are changing rapidly amidst the global economic slowdown, as well as other risk facing the Company at present. This prevention aims to ensure that the Company has sound risk management, which can help prevent any possible damage to its business operation. In fiscal 2019, the Company drew up measures for and approaches to assessment and management of risks that may arise and affect its business operation, as follows:

Risk associated with keen competition which has impact on business growth

The rapid changes in home electrical appliance industry posed strategic challenges to the Company. Despite the consistent growth of home electrical appliance industry in various countries, competition in the sector also intensified with players applying multiple strategies through products, prices and sales promotion to increase their market share and expand their customer base. The Company had to adjust itself to cope with the rapid market changes and boost competitive advantages through differentiation to mitigate such risk.

Under the tough competitive circumstances in the previous year, the Company focused on adopting the strategy to increasingly grow its domestic market, Japan market, and export in other markets in a bid to diversify its product distribution risk by not relying too much on any single market.

Nonetheless, to ensure stable and sustainable growth, the Company adjusted its sales strategy for other export markets, working out a business plan with the sales companies in the respective countries with a focus on expanding market share and responding more to consumer demand with flexible marketing plans. Such marketing plans aimed to meet customer demand concerning product, price and sales promotion in various countries with diverse demand, such as innovation of products with more flexibility, specific designs for particular segments in particular markets, a variety of colors, and more new choices of product functions, etc. Moreover, expansion of distribution channels in each country was another critical strategy adopted by the Company.

Risk associated with the coronavirus pandemic (COVID-19) which has an impact on the marketing

World Health Organization has raised the level of the epidemic of Coronavirus disease (COVID-19) to “Pandemic”, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy growth rate, including Thailand are still uncertain. It depends on the containment efforts due to the sales companies in every market being impacted by COVID-19. Many countries, issued COVID-19 preventative measure, and some country announced strict rules such as Malaysia, therefore the customer requested to withhold the purchase order temporarily until the COVID-19 condition improve. Other countries such as Thailand, Vietnam required the downward revision of purchase order by ordering some models that essential for the sales because of modern trade closed.

Nonetheless, this crisis is a potential impact on technology and data innovation. Many companies operate by “Work From Home” concept besides, “Social Distancing” criterion, which people are going out less. Resulting in demand of the electric appliances increase or desire the bigger size such as the sales of a refrigerator big capacity in Australia market increased. Furthermore, demand for the freezer in many countries increases, for example, Japan and Thai domestic market due to the end-users are demanding to store longer and more food, and reduce the risk from going out etc.

As the COVID-19 epidemic is both opportunity and threat of the Company business, in order to expand the sales opportunity and competitiveness, the Company therefore cooperates with all sectors to control the COVID-19 crisis by monitoring and estimating the situation of business partners both domestic and overseas closely whether the sales companies and suppliers are properly adjusting the production and sales plan according to the situation in each country.

Risk associated with technology changes and product development

Changing in product development technology

Home electrical appliance industry has intense competition in product design and development. The Company has developed our products every year concerning functionality, appearance, and energy saving so that all its products can compete well in the market. However, technological changes and product development could pose a risk of fast product obsolescence and rapid replacement by new models. The Company must, therefore, keep abreast of all changing circumstances carefully and conduct a study on product development trends to match market demand yearly to mitigate such risk.

At present, consumers give high priority to energy-saving when choosing products of their preference. In line with such a trend, the Company has strived to develop products with the best energy-saving feature. In the previous year, Water pump product achieved the new Energy Efficiency Label from Label No.5 changed to Label No.5 with 3 Stars for R-series all models. Minor priority as features and product appearance which the Company

dedicated to the development as well such as designed of Auto Defrost and Outside Temperature Control Panel on the door panel which the end-users quickly defrost and adjust the temperature without open the door panel etc.

Changing in production technology

The company aware of risk associated with technology changes posed directly on the company, the company mapped out a plan on the modification and change in its production technology and future product line-up, with investment duly made in the following infrastructures:

- Using the Navigator cell production for assembly the 4-door refrigerator to reduce the training of new staff problems and to prevent the mistake in parts assembly.
- Creating a system to receive parts from suppliers, production systems and dispensing of plastic injection parts using the QR code system to help control inventory accurately and reduce stock in production.
- Implementing the refrigerator real-time printing system to the refrigerator production. As a result, the Company able to common using the carton box that has the same size, which reduces the storage space.

Inventory management risk

Inventory management improved in respect of Just-in-Time (JIT) manufacturing in several areas as below:

- Adoption of Kanban* (throughput card) for management of inventory volume in the work in process and warehouse as well as control of supply chain from receiving parts from part suppliers to passing on throughput in the production process, thus allowing for improvement of delivery schedule in that delivery frequency per day will be higher, hence fewer parts per lot, resulting in less space requirement and more expense saving in stockpiling.

*Note: Kanban is a tool to support running a pull production, thereby throughput volume for each process is matched with demand. It functions as a neurological pathway for lean management with the main benefit and target: producing what instructed, at the time instructed, and in the volume instructed only.

- The Company has considered changing the technology in the structure of part ordering system from part suppliers by using web ordering system and barcode system in receiving parts system as well as distributing parts system to increase accuracy, reduce workloads, and increase efficiency in managing raw materials and inventory.
- Improve the in-house logistic system from pushing system changed to pulling system. Changes from using a forklift to carry large quantities of transportation parts to an electric tow truck, then using parts shopping as needed to the production line instead to reduce work in process and reduce pollution that forklift release.

Risk involved with raw materials and supply chain

Raw material procurement risk has still been monitoring as priority for the Company. It has kept close watching the change of external circumstances, especially in respect of fluctuations in raw material prices in the past year.

- Crude oil prices continued to fluctuate consequently from the world economy contraction, thus directly affecting prices of major raw materials used in the manufacturing process like plastic resin, copper, aluminum and steel. Other costs and expenses also went up successively in the latter half of the year. However, the Company has continued to conduct activity, to lower its costs amid the rising raw material cost, such as exploring raw materials of similar quality and specifications but at lower prices and new raw material sources that are more efficient and at lower cost, together with collaborating with business partners in working out new formula for production of parts that would help save cost while maintaining the quality of the parts.
- Risk from natural disasters at Thai domestic and abroad will pose an impact on the supply chain system, which involves suppliers of parts and raw materials, such as earthquakes and natural perils in some countries. To cope with such risk, the Company has drawn up a business continuity plan for management of trade partners both domestically and overseas.
- Risk from impacts of the policy from superpower countries such as the US-China's trade war, sanction, as well as the changes in the US Federal Reserve's economic signals and interest rate policy, all of which have had impacts on raw material prices and production capacity, hence global volatility with a significant effect on the supply chain. The Company closely monitors the world situation in order to adapt to the rapid and constant changes.
- Risk from coronavirus pandemic which directly impacts to the material procurement, particular the parts and material that necessary imported from the countries affected by the COVID-19 epidemic such as China, Korea, Japan, Vietnam, Philippine, Malaysia, and Singapore. Some suppliers suffer from a shortage of raw materials and labour, preventing production and delivery in time. Moreover, the logistic also is affected owing to the sea freight frequently cancel and limitation on the vessel schedule. As a result, unavoidably transport by the air freight instead causing an increase in the cost of working. Hence, in order to lessen the delayed in raw materials and parts' transportation's problems, the Company logistic team strives to ensure that raw materials and parts reach the production line as soon as possible.

While the current situation is unavoidably adding pressure to our business, the Company is capturing and updating daily the latest operational status to prevent any risks that may cause the production and the transportation of raw materials and parts problem. Besides, the Company arranges the internal weekly meeting to coordinate together with all related departments. By summarizing and analyzing the issues to create the "Business Continuity Plan". It is including to prepare for the risk management, by having more than one suppliers to minimize the risk

of shortage in raw materials and parts supply. Furthermore, the Company also is an excellent ally with the significant suppliers by regularly update the production plan along with the raw materials and parts purchasing plan in advance, in order that the significant suppliers respond and prepare the precise supply plan.

Financial risk

The Company exposes to reasonable business risk from changes in interest rates and foreign exchange rates, including from non-compliance with the contractual obligations of the contract parties, the Company does not hold or issue derivatives for speculation or trade.

Risk management is an essential part of business, which the company has a system to control the balance of acceptable risk levels. By considering the cost of risk and the cost of risk management, the Company has constant control of the Company's risk management process to ensure that there is a balance between risk and risk control.

- Foreign exchange risk to which the Company is exposed arises from its sales of products and settlement of purchase prices of goods, raw materials, and machinery and equipment in foreign currencies. The Company has executed a forward contract for a period not longer than one year as a measure to hedge against risk from financial liabilities denominated in foreign currencies.
- Interest rate risk is the risk that arises in the future when the level of interest rates fluctuate, which will affect the Company's operation and cash flow. However, the Company believes that risk incidental to interest rates is insignificant because the Company does not borrow any loan and its deposits and other financial assets carry a short maturity period with interest based on the market rate. Therefore, the Company has not made any forward contract to prevent against such risk.
- Credit risk is risk arising from failure by customers or counterparties to repay debts to the Company as scheduled according to the agreed terms and conditions. The Company has mapped out a credit policy to regularly manage and control this risk by conducting a careful financial soundness analysis on all customers who apply for credit lines. The Company is confident that there will be no material impact from any uncollectible debts from its customers.
- Liquidity risk is managed by means of maintaining an adequate amount of cash and cash equivalents as required for business operation in order to minimize impact from cash flow fluctuation.

Labor risk

The announcement of minimum wage increase in 2019, which make the wage in Samutprakarn lower than Chonburi and Rayong caused the Labor shortage which, is a problem facing all sectors in Thailand, especially

the private manufacturing sector. The primary cause of this problem is the country's meagre increase rate of population and workers' increase preference for higher education which accordingly drives them away from the labour sector. This issue leads to a situation where employers have to compete for labour by offering better compensation and welfare to attract more people to work with them. The Company has adopted numerous measures, including competitive pay and welfare, and thus has been able to retain its labour and recruit new workers.

In addition, the Company has successively built bilateral collaboration with vocational educational institutes aiming to enhance their teaching and learning as well as real practical skills, and recruited quality foreign labor such as Cambodian labor, resulting in relief of labor shortage risk to some extent.

Risk concerned with changes in laws

Thailand has enacted a number of new laws and regulations. Such as those pertaining to revision of minimum wage rate, new labor skill standard, safety standard of electrical working, anti-dumping law (for steel material), the law governing environment, safety and occupational health, energy conservation, regulations on industrial standards, as well as laws and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand with which listed companies must comply, etc. Realizing the importance of this matter, the Company has assigned a work unit to be responsible for and following up on the enforcement of the laws and regulations along with appointed Chief Compliance Officer (CCO) to manage all legal and regulatory issues relevant to the Company, monitor and examine performance to ensure compliance with the laws in all respects. Furthermore, issue internal rules and regulations to be consistent with applicable law as well as strict cooperation in accordance with the state of an emergency announcement to prevent the coronavirus pandemic, which considers as the social responsibility.

The Equity and Securities' Company

Name in Thai : บริษัท กัณยงอีเลคทริก จำกัด (มหาชน)
 Name in English : KANG YONG ELECTRIC PUBLIC COMPANY LIMITED
 Registered No. : 0107536001257
 Office and Factory : 67 Moo 11 Debaratna Rd, Km. 20, Bangchalong, Bangplee, Samutprakarn 10540
 Tel: 02-337-2900 (auto) Fax: 02-337-2439-40
 Main Business : Manufacturer and exporter of Electric Home Appliance such as refrigerator,
 Electric Fan, Ventilating Fan and Water Pump under "Mitsubishi Electric" trademark

Registered Capital : 19,800,000 ordinary shares at par value of Baht 10
 Paid-up Capital : 198 million Baht
 (As at March 31, 2020)
 Home Page : www.mitsubishi-kye.com
 Company's Coordinator : Corporate Strategic Planning Office
 Tel: 02-337-2900 ext. 1120 Fax: 02-337-2439-40
 E-mail address: information@kye.meap.com

Reference

Registrar : Thailand Securities Depository Co., Ltd.
 93 Ratchadaphisek Rd., Dindaeng, Bangkok 10400
 Tel: 02-009-9000 Fax: 02-009-9991

Certified Public Accountant : Ms. Sophit Prompol Registration No. 10042 and /or
 Ms. Dussanee Yimsuwan Registration No. 10235 and /or
 Ms. Pornthip Rimdusit Registration No. 5565
 KPMG Phoomchai Audit Ltd.
 48th Empire Tower, 195 South Sathorn Rd., Bangkok 10120
 Tel: 02-677-2000 Fax: 02-677-2222
 www.kpmg.com

Company's Secretary : Mr. Aniwat Saelim
 Kang Yong Electric Public Company Limited
 67 Moo 11 Debaratna Rd., Km.20, Bangchalong, Bangplee, Samutprakarn 10540
 Tel: 02-337-2900 ext. 1300 Fax: 02-337-2439-40

Company's Advisor : Mr. Prachak Dokphut
 Kang Yong Electric Public Company Limited
 67 Moo 11 Debaratna Rd., Km.20, Bangchalong, Bangplee, Samutprakarn 10540
 Tel: 02-337-2900 ext. 1502 Fax: 02-337-2439-40

Capital Structure

Shareholders Structure

On September 12, 2019, the Company has reduced the registered and paid up capital to 198 million baht or 19.8 million shares, number of ordinary shares 19.8 million shares from a par value of 10 baht per share.

Group of 10 Major Shareholders

as of March 31, 2020 consists of:

Name	Shares	% of Total Shares
1. Mitsubishi Electric Corporation	9,048,020	45.70
2. Phodhivorakhun Company Limited	1,960,024	9.90
3. K.Y. Intertrade Company Limited	1,773,024	8.96
4. Kang Yong Company Limited	697,324	3.52
5. Mrs. Penchantra Visudtibhan	479,089	2.42
6. Mr. Somjin Leelakate	460,000	2.32
7. Mrs. Srirat Varikarn	357,307	1.80
8. Mr. Supachai Suthipongchai	342,500	1.73
9. Bank of Singapore Limited	307,500	1.55
10. Mr. Chayanind Phodhivorakhun	265,583	1.34
Total	15,690,371	79.24

The shareholder group as of March 31, 2020 as follows:

	Total	Total shares	%
1. Mitsubishi Electric Group ^{*1}	2	9,053,020	45.72
2. Phodhivorakhun Group ^{*2}	10	5,121,512	25.87
3. Other shareholders	1,930	5,625,468	28.41
Grand Total	1,942	19,800,000	100.00

Remark: The Company has Thai Shareholders 1,917 names or 52.11% of total shares and Foreign Shareholders 25 names or 47.89% of total shares.

*1. Mitsubishi Electric Group consists of:				
- Mitsubishi Electric Corporation		9,048,020		45.70
- Setsuyo Astec Corporation Co., Ltd.		5,000		0.02
*2. Phodhivorakhun group consists of:				
- Phodhivorakhun Co., Ltd.		1,960,024		9.90
- K.Y. Intertrade Co., Ltd.		1,773,024		8.96
- Kang Yong Co., Ltd.		697,324		3.52
- Mr. Praphon Potivorakun		204,115		1.03
- Mr. Praphad Phodhivorakhun		170,970		0.86
- Mrs. Wattanee Phodhivorakhun		30,672		0.16
- Mr. Chayanind Phodhivorakhun		265,583		1.34
- Ms. Lapaslada Phodhivorakhun		9,600		0.05
- Mr. Vorapas Phodhivorakhun		5,600		0.03
- Ms. Bussakorn Phodhivorakhun		4,600		0.02

Issuance of other Securities

-None-

Dividend payment policy:

The Company has a payment policy to pay dividend approximately 50% of net profit after tax of financial statements in which the equity method is applied which upon the Company's operating results and economics situation.

Five years dividend payment history of the Company

Fiscal Year	2014	2015	2016	2017	2018
Earnings per Share (EPS)	42.13	38.27	60.72	32.69	8.56
Dividend per Share (DPS)	21.07	19.14	30.36	16.35	4.55
Dividend payment policy (D/P)	50.01%	50.02%	50.00%	50.01%	50.01%

Management Structure

The Company's management structure is composed of the Board of Directors and the management. The Board of Directors has altogether 15 members, i.e. five executive directors and 10 non-executive directors. Of all the members, five are independent directors, representing one-third of the total Board members.

The Board has appointed four Board committees, namely Board of Executive Directors composed of four members, Audit Committee composed of three members (all of whom are independent directors), Nomination and Remuneration Committee composed of five members, and Product Pricing Committee composed of five members. Chairman of Audit Committee, Nomination and Remuneration Committee, and Product Pricing Committee are all independent directors.

The Board of Directors

The Company's Board of Directors is composed of 15 members, appointed by resolution of the Shareholders' Meeting and 5 independent directors. List of the members of the board of director as at March 31, 2020, is shown below:

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attendance
1. Mr. Praphad Phodhivorakhun	Chairman	6	5
2. Mr. Takenori Adachi	Vice Chairman	6	6
3. Mr. Akira Nakamichi	Director	6	6
4. Mr. Praphon Potivorakun	Director	6	5
5. Mr. Hirotaka Abo ^{@1}	Director	6	6
6. Mr. Chackchai Panichapat	Independent Director	6	6
7. Mr. Arthakrit Visudtibhan	Independent Director	6	6
8. Mr. Manu Leopairrote	Independent Director	6	6
9. Pol.Maj.Gen. Sahaschai Indrasukhsri	Independent Director	6	6
10. Mr. Tanabodee Kusinkert	Independent Director	6	6
11. Mr. Takeshi Oshima*	Director	5	5
12. Mr. Yasumichi Tazunoki ^{@2}	Director	6	4
13. Mr. Tomohiko Kasai	Director	6	4
14. Assoc.Prof.Dr. Issaree Hunsacharonroj	Director	6	6
15. Dr. Apichai Boontherawara	Director	6	4

Remark: - The Board of Directors' Meeting 1/2019 on May 22, 2019 had appointed new director replace resigned director.* (new director name: Mr. Takeshi Oshima)
 - The Board of Directors' Meeting 1/2020 on May 20, 2020 had appointed 2 directors: Mr. Hitoshi Maruyama and Mr. Kenichiro Fujimoto replacing resigned directors, Mr. Hirotaka Abo^{@1} and Mr. Yasumichi Tazunoki^{@2}

Directors authorized to sign in binding the Company

Authorized directors: Either Mr. Praphad Phodhivorakhun or Mr. Praphon Potivorakun to co-sign with either Mr. Takenori Adachi or Mr. Akira Nakamichi, making up two signatories to bind the Company, with the Company seal affixed.

Responsibility of the Board of Directors

The Board of Directors has accountability to the shareholders in relation to the Company's business operation and monitor to ensure business is administered as targeted and brings maximum benefits to the shareholders with upholding of the code of business ethics and due consideration of the interests of all stakeholders.

The Board of Directors is duty-bound to comply with the laws, objectives and articles of association of the Company, and resolutions of the shareholders' meeting, as well as the criteria and regulations of the Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and Capital Supervisory Board established pursuant to the Securities and Exchange Act, B.E. 2535 and the amendment by the Securities and Exchange Act (No. 4), B.E. 2551, and to discharge duties with integrity and prudence and in the best interests of the shareholders both at present and in the long run.

The Company's management

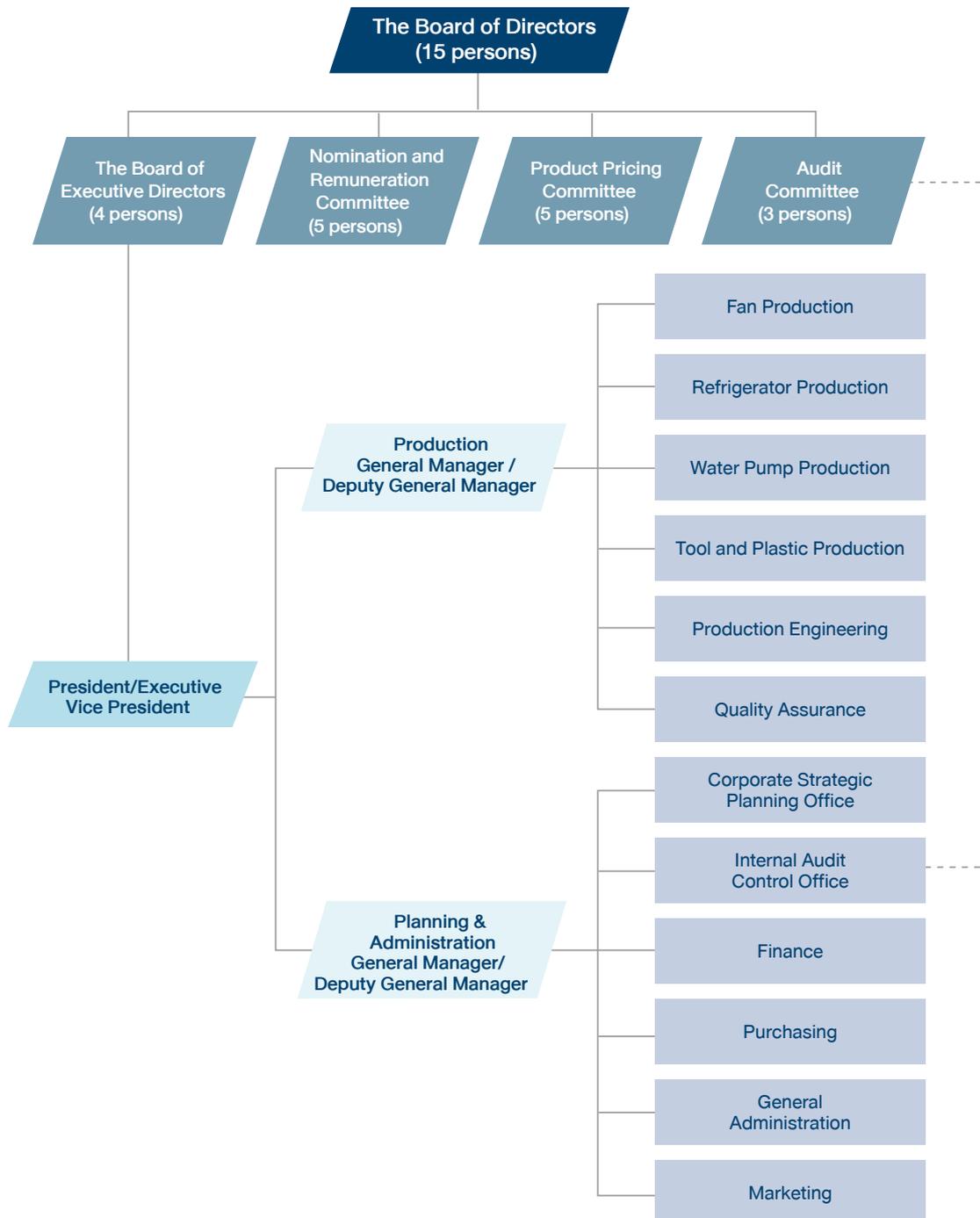
The Company's management* compose of 18 persons as below:

1. Mr. Praphad	Phodhivorakhun	Chairman of Board of Executive Director
2. Mr. Takenori	Adachi	Vice Chairman of Board of Executive Director and President
3. Mr. Akira	Nakamichi	Executive Director, Executive Vice President
4. Mr. Praphon	Potivorakun	Executive Director
5. Mr. Atakrit	Siwasarit	General Manager (Planning Administration) and General Administration Department Manager (acting)
6. Mr. Sinchai	Kowitwatanapaisal	General Manager (Production) and Production Engineering Department Manager (acting)
7. Mr. Aniwat	Saelim	Deputy General Manager (Planning Administration), Finance Department Manager (acting)
8. Mr. Chayanind	Phodhivorakhun	Corporate Strategic Planning Office, Department Manager
9. Mr. Pensak	Plavuthithothai	Internal Audit Control Office, Department Manager
10. Mr. Mongkol	Thadtayatikom	Quality Assurance Department Manager
11. Mr. Kozumi	Kimura	Marketing Department Manager
12. Mr. Hitoshi	Otake	Purchase Department Manager
13. Mr. Renoo	Wornkhanthak	Tool and Plastic Production Department Manager

- 14. Mr. Mr. Supoj Eupamae Fan Production Department Manager
- 15. Mr. Watcharaphon Chomdong Water Pump Production Department Manager
- 16. Mr. Traiwit Wongtragul Refrigerator Production Department Manager

Note: *The first four executives descending from Chairman of Board of Executive Directors are as designated in the Company's organization structure announced on April 1, 2020, comprising President, Vice President, Deputy General Manager, and Department Manager,

Management Structure as at April 1, 2020



The Corporate Secretary

The Board of Directors has approved the appointment Mr. Aniwat Sae-Lim as a Corporate Secretary since May 25, 2016 to comply with the Securities and Exchange Act (No.4) B.E.2551 Section 89/15 and 89/16.

The duties and responsibility of the Corporate Secretary

1. Preparing and keeping the following documents:
 - 1.1 A register of directors
 - 1.2 A notice calling directors' meeting, the minutes of the board of directors and an annual report of the Company
 - 1.3 A notice calling shareholders meeting and the minutes of the shareholders' meeting;
2. Keeping a report on conflict of interests, reported by a director or an executive.
3. Arrange the Board of Directors Meeting and Annual General Meeting of Shareholders.
4. Orientation and advising the new director.
5. Liaise with the regulatory agencies such as the Stock Exchange of Thailand.
6. Disclosure and information reporting to the regulatory agencies and public which comply with the law properly.
7. Operating any act that is abided by the Capital Market Supervisory Board and assigned by the Board of Directors.

Remuneration for Directors and Executives

Directors' remunerations

The Company paid monthly retainer fee and meeting allowance during April 2019 -March 2020. The details of the directors' remunerations are as follows:

Name	Position	Remuneration (Thousand Baht)				Total
		BOD	AC	NRC	PPC	
1. Mr. Praphad Phodhivorakhun	Chairman	390		116		506
2. Mr. Takenori Adachi	Vice Chairman	372		116	81	569
3. Mr. Akira Nakamichi	Director	300			81	381
4. Mr. Praphon Potiovrakun	Director	270				270
5. Mr. Hirotaka Abo	Director	300				300
6. Mr. Chackchai Panichapat	Independent Director	300	368	116		784
7. Mr. Arthakrit Visudtibhan	Independent Director	300	248		111	659
8. Mr. Manu Leopatrote	Independent Director	300		172	81	553

Name	Position	Remuneration (Thousand Baht)				
		BOD	AC	NRC	PPC	Total
9. Pol.Maj.Gen. Sahaschai Indrasukhsri	Independent Director	300		116		416
10. Mr. Tanabodee Kusinkert	Independent Director	300	248		81	629
11. Mr. Takeshi Oshima	Director	250				250
12. Mr. Yazumichi Tazunoki	Director	240				240
13. Mr. Tomohiko Kasai	Director	240				240
14. Assoc.Prof.Dr.Issaree Hunsacharonroj (Ph.D)	Director	300				300
15. Dr. Apichai Boontharawara	Director	240				240
*Mr. Shinji Sasaki	Director	20				20
Total		4,422	864	636	435	6,357

Remark: Acronyms: BOD = the Board of Directors
NRC = Nomination and Remuneration Committee
*Mr. Shinji Sasaki, resigned director

AC = Audit Committee
PPC = Product Pricing Committee

Management's Remuneration

During April 2019 - March 2020, the remunerations for 40 Executives (Executive directors and Executive managers) i.e. salary and other compensations are 89.40 million baht.

Manpower

As at March 31, 2020, the company has 2,125 employees detailed as follows:

1. Employees of production department	1,927	persons
2. Employees of production support department	147	persons
3. Employees of administration department	51	persons
Total	2,125	persons

Compensation of Employees

In the fiscal year 2019, the total payroll expense was 812.94 million baht that namely salary, wages, overtime and bonus. In addition, the Company has provided welfare for employees such as provident funds, medical expenses, and shuttle buses, etc.

Major labour disputes over the past 3 years

-None-

Employee Development Policy

To develop the Company's organizational and employee's individual capabilities, in order to facilitate domestic and overseas business expansion, to cope with new technologies inaugurated to enhance employee skills, knowledge and competencies and also to prepare for more competitive environment in the future, the Company has established an organization responsible particularly for employee development and training. Budget is appropriately and sufficiently allocated for development and training in accordance with objectives of each department.

Thus, development and training schemes are determined as follows;

1. Internal Training: The Company examines training needs from among superintendent in every level, considers annual management policy together with market trend and environment to determine annual training plan. Internal training will be carried out by inviting instructors with expertise from external domestic or overseas organizations and institutes, to consecutively provide knowledge to employee in each level every year. Training to improve the skills of the employees by the experts within the Company. Continuously every year. In addition, the Mitsubishi Electric Group will provide training in ethics and business ethics. To be a common basis of employees in the Mitsubishi Electric Group.
2. External Training: The Company will let employees participate in training arranged by external organizations and institutes, regarding technical issues, administration and management, based on specialties needed in relevant with their duties.
3. Oversea Training : To enhance readiness and to provide employees with opportunities to learn new know-how and techniques, the Company will send managers and staffs to attend meetings, seminars or training course both short and long term regarding technical and vocational issues, administration, management, safety, occupational health and environments arranged at Mitsubishi Electric Corporation in Japan.

In addition to development and training plan to increase employee skills and knowledge as stated above, the Company has established rank and position determination regulation in order to clarify career path and criteria for performance appraisal increase employee morale in every level. The Company will motivate, encourage and support employee to obtain career competencies and opportunities to grow and progress through career path in correlation with their knowledge, competencies and experiences.

Corporate Governance

Policy on Corporate Governance

The Company is determined to operate business in a fair, transparent and examinable manner under its corporate governance policy. The Board of Directors and the Board of Executive Directors adopt and direct the operational policy of the Company by giving importance to internal control, audit systems and supervising management to ensure that the Company's objectives and policies are efficiently satisfied within the purview of the laws and the code of business ethics.

In fiscal 2019, the Company complied with the five categories of corporate governance principles as follows:

1. Rights of Shareholders

The Company recognizes the rights of shareholders to access correct and adequate information of the Company on a timely and equal basis. To such end, a shareholders' meeting is set to be held at an easily accessible venue, primarily for shareholders' convenience, to allow for the shareholders to attend and exercise their right at the meeting in an equitable manner. Those who are not convenient may appoint a proxy or any of the Company's independent directors, who also are members of the Audit Committee, to attend the meeting and cast votes on their behalf. Moreover, the Company's information is made available through the Stock Exchange of Thailand's SET Portal Straight Through system.

The Company submits notice of the shareholders' meeting together with documents containing complete and sufficient information for the meeting to the shareholders in advance as required by laws and also providing important details of the proposed issues, rationale and necessity, and opinion of the Board of Directors. In 2019, the Company convened one annual general meeting of shareholders on Thursday, July 25, 2019 to enable the shareholders to consider, comment or vote on the proposed issues properly at the meeting. Members of the Board of Directors, the Audit Committee and other Board committees, as well as the certified public accountants and the management of the Company, were present at the meeting to answer all queries raised by the shareholders on an equitable basis. Questions and answers were correctly and completely recorded in the minutes of the shareholders' meeting. The Board of Directors prepared the minutes of the shareholders' meeting and made it available on the Company's website within 14 days after the meeting date for the shareholders' ease of reference and examination.

The meeting was carried out as in the order set in the agenda without addition of any items. Votes casting was through the ballot forms, and barcode was used in the registration and vote counting processes for time saving. Duty stamps were prepared for the shareholders' convenience in proxy appointment.

2. Equitable Treatment of Shareholders

The Company fully conforms to the code of best practices in relation to rights of the shareholders. In particular, the shareholders are given the right to propose agenda items for the annual general meeting and/or to nominate candidates for director election in advance, thus signifying a fair treatment of all shareholders. For the 2019 Annual General Meeting of Shareholders, the Company arranged for the shareholders to propose agenda items for the said meeting and/or nominate qualified persons for director election in advance during January 11 - March 12, 2019 and so notified the shareholders through the SET. Moreover, the Company posted information on its website at www.mitsubishi-kye.com, giving details about the procedure and method of consideration in a clear and transparent manner. For the 2019 Annual General Meeting of Shareholders, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

As for the 2020 Annual General Meeting of Shareholders, scheduled to be held in this July, the Company has similarly given the shareholders the right to propose agenda items for the meeting and/or to nominate candidates for director election in advance, by forwarding their proposed agenda items and director nomination to e-mail address at information@kye.meap.com or by fax or registered mail during January 10 - March 10, 2020, the matter of which was already notified by the Company to the SET, none of the shareholders proposed agenda items for such meeting and/or nominated qualified candidates for director election.

The Company has also provided convenience to non-Thai shareholders by making available meeting notice and relevant meeting documents in English version with due regard to their equitable rights as the shareholders of the Company.

3. Roles of Stakeholders

The Company is aware of and attaches importance to rights of all groups of stakeholders both in and outside the organization, including customers, shareholders and employees, in accordance with good corporate governance practices. The Company holds various meetings such as shareholders' meetings, meetings with customers and with vendors in order to strengthen mutual relationships to ensure fairness of price negotiation, and meetings with the Company's labor union. By doing so, all groups of stakeholders can be favorably treated and good relationships can be maintained between the Company and each group of stakeholders, as follows:

Shareholders

The Company recognizes the caring and respect for rights of the shareholders in accordance with corporate governance principles, as described in the topics 'Rights of Shareholders' and 'Equitable Treatment of Shareholders.'

Employees

1. Employees are provided with fair and reasonable compensation and welfare as follows:

- Staff shuttle buses are provided for employee transport between the office and their residences.
- Company canteens that offering hygiene food at a reasonable price.

- Annual scholarships are granted to employees' children from elementary school to bachelor's degree levels.
 - Other fringe benefits are also offered to employees at all levels, comprising wedding celebration, maternity leave, assistance in case of death of employees or any of their family members, provident fund, yearly health check-up, and savings cooperative.
2. A safe workplace has been maintained to ensure security of employees' life and properties.
 3. Employee promotion, rotation, rewarding and punishment are conducted in a fair and ethical manner based primarily on the individual employees' educational background, competence and justification.
 4. Importance is given to employees' equal opportunity of knowledge, capability and skill development on a consistent basis.
 5. All applicable employee-related laws and regulations are strictly observed.

Customers

1. Products of the quality that meets or exceeds customers' expectation are delivered to customers under fair terms and conditions.
2. Customers are provided with correct, adequate and up-to-date information about products and services to be a basis for their buying decision. No exaggerated message shall be sent, whether through advertising or any other communication media, which could cause misrepresentation of quality, quantity or any conditions about the products and services among the customers.
3. Customers' confidential information is strictly treated and is not unethically used for personal benefit or for the benefit of any related party.
4. Customers' requirements are promptly satisfied and an efficient communication system and channel is provided for customers to file their complaints about product and service quality.
5. Consistent efforts are made on research, development and production of quality and safe products.

Trade Competitors

1. The Company abides by the fair competition rules.
2. The Company will not acquire its competitors' trade secrets by any unlawful or improper means.
3. The Company will not defame its competitors with any false or unethical accusation.
4. The Company has a policy in place to perform in compliance with the fair trade rules and laws, both at home and in the regions where its business is located, as well as anti-monopoly law and other trade competition laws.
5. The Company will not infringe the intellectual property rights or any other rights in relation to intellectual property of others.

Business Partners and/or Creditors

1. Creditors are treated fairly and equitably with fair benefits to both parties.
2. All agreements and agreed terms and conditions are strictly honored. In the case where any condition cannot be fulfilled, the Company will promptly notify its business partners and/or creditors in order to jointly seek remedial measures.
3. In making any business deal, fraud by demanding, receiving or seeking of any improper benefit must be avoided.
4. If any fraud by such demand, receipt or seeking of improper benefit is discovered, it must be notified to the creditors in order to jointly solve the problem in a fast and fair manner.
5. In the acquisition, procurement and selection of a trade partner company, such factors as quality, price, delivery period, technology and consistency in product supply will be taken into consideration.
6. A correct, complete and punctual financial report must be regularly submitted to the creditors.

Society, General Public and Environment

1. The Company has inculcated in its employees the social and environmental awareness and responsibility in accordance with the ISO 14001 standard.
2. The Company is responsible for and committed to preserving the environment as well as the custom and tradition of the local communities where it operates.
3. The Company regularly implements activities, both on its own and through joint effort with the government sector, for the development of the society, community and environment so as to upgrade quality of life in the communities where it operates.
4. Attempts are made to prevent an accident and control waste discharge to be better than the acceptable level.
5. The Company will promptly and efficiently address any issue arising from its operation that affects the environment and the community and will fully cooperate with the government sector and other concerned agencies.

4. Information Disclosure and Transparency

The Company has disclosed information as required by the SET such as financial reports, changes of directors and members of board committees, approval of connected transactions, etc. via the SET Portal Straight Through system after every Board of Directors' meeting or shareholders' meeting, and already published such information in the annual report (Form 56-2) and annual registration statement for 2019 (Form 56-1) covering report on operating results, financial statements, management's discussion and analysis, and report on the Board of Directors' responsibility for the financial statements to ensure transparency for the benefits of the shareholders. Investors can also ask for more information by contacting its Investor Relations Division at telephone number 02-337-2900 Ext. 1120 or at e-mail: information@kye.meap.com.

The Company has established that its directors, executives and persons related thereto are duty-bound to prepare and present to the Company report on changes in their holdings of the securities of the Company within three business days from the date of change. Directors, executives and persons related thereto are also required to report the Company of their beneficial interests and those of persons related thereto. The Company Secretary is tasked to compile report on their changes in securities holdings and put in the agenda for information at the Board meeting on a quarterly, and send a copy of report on beneficial interests to Chairman of the Board and Chairman of the Audit Committee on a semi-annual basis.

5. Responsibility of the Board of Directors

The Company operates business by upholding the code of business ethics and business administration philosophy and is well aware of its corporate responsibility for the society at large. It encourages the directors, the management and all staff members to discharge duty under eight aspects of business ethics, encompassing compliance with laws, respect for human rights, contribution to society, creation of unity in the local community, participation in environmental problem solving, awareness of one's duty as a workplace member, promotion of good cooperation with stakeholders, and management of conflict of interest by putting in place a rigid control process to ensure a fair and transparent business operation.

At present, five out of the total 15 board members of the Company are independent directors, which is in compliance with the corporate governance practices requiring that at least one-third of total number of directors should be independent directors. This helps to ensure that the shareholders' rights and benefits will be taken care of and the Company's benefits fully protected. It also leads to checks and balances in the board structure since 10 of them are non-executive directors and five are executive directors. Under such board composition, the non-executive directors are able to render opinion fully and independently in the consideration on all issues at the board meeting.

The Company has segregated the position, power and duty, and persons between the board chairman and the president in order to maintain checks and balances between them. It also established the Board of Executive Directors to consider crucial matters with due care and for the utmost benefit to the Company.

Attendance of Directors

In fiscal 2019, the Company held a total of six Board of Directors' meetings. Meetings of other board committees consisted of four meetings of the Audit Committee, three meetings of the Product Pricing Committee, and two meetings of the Nomination and Remuneration Committee, whereas the Board of Executive Directors held the meeting twice a month in order to enable the Company to carry on its operation with flexibility and efficiency. Most of the directors regularly attended the meeting. Details of meeting attendance by the individual directors are as tabulated below:

Information as of March 31, 2019

Board of Directors	No. of attendance/No. of meetings held				
	BOD	AC	PPC	NRC	Total
1. Mr. Praphad Phodhivorakhun	5/6			2/2	7/8
2. Mr. Takenori Adachi	6/6		3/3	2/2	11/11
3. Mr. Akira Nakamichi	6/6		3/3		9/9
4. Mr. Praphon Potivorakun	5/6				5/6
5. Mr. Hirotaka Abo	6/6				6/6
6. Mr. Chackchai Panichapat	6/6	4/4		2/2	12/12
7. Mr. Arthakrit Visudtibhan	6/6	4/4	3/3		13/13
8. Mr. Tanabodee Kusinkert	6/6	4/4	3/3		13/13
9. Mr. Manu Leopairote	6/6		3/3	2/2	11/11
10. Pol. Maj. Gen. Sahaschai Indrasukhsri	6/6			2/2	8/8
*11. Mr. Takeshi Oshima	5/5				5/5
*12. Mr. Yasumichi Tazunoki	4/6				4/6
*13. Mr. Tomohiko Kasai	4/6				4/6
14. Assoc. Prof. Dr. Issaree Hunsacharoonroj	6/6				6/6
15. Dr. Apichai Boontharawara	4/6				4/6
@ Mr. Shinji Sasaki	0/1				0/1

Note Definition of each committee meeting:

- * = These directors live abroad and provide technology and overseas marketing support for the Company and, therefore, were unable to join all meetings.
- @ = Director resigned and the Board of Directors' Meeting 1/2019 on May 20, 2019 had appointed new director, Mr. Takeshi Oshima (No.11)
- BOD = Board of Director
- AC = Audit Committee
- PPC = Product Pricing Committee
- NRC = Nomination and Remuneration Committee

Self-Assessment of the Board of Directors

According to the good corporate governance for listed companies, it is suggested that listed companies' board of directors and committee members should assess their performance at least once a year so as to allow them to jointly evaluate their performance and seek rectification and improvement measures. The Company has properly reviewed its Board self-assessment guidelines and criteria to be consistent with those of the Stock Exchange of Thailand. The Board meeting on February 12, 2020 accordingly approved for the Company to have self-assessment of the Board of Directors conducted at least once a year only as a whole Board in the first place as the Company has just implemented such assessment for 2020 the fourth year. The Company by the Company Secretary sent the Board members the self-assessment form in February 2020 for the Board to evaluate their 2019 performance, and the result of which was reported to the Board meeting on May 20, 2020. The Board's self-assessment result for 2019 comprised three sections:

1. Board structure and qualifications
2. Board meeting
3. Roles, duties and responsibilities of the Board

In conclusion, the earned average score is 3.94 out of the full score of 4. All criteria points have good average score (in a 3.0-4.0 range), reflecting the Board's performance of duties according to the good corporate governance principles at a well to excellent level.

Note: Scoring system and definition:

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

Board Committees

The Board of Directors appointed four board-level committees to help study and scrutinize matters as deemed necessary, details of which are as follows:

1. Board of Executive Directors

was appointed by the Board of Directors, composed of four members:

- | | | | |
|----|--------------|----------------|---|
| 1. | Mr. Praphad | Phodhivorakhun | Chairman of the Board of Executive Directors |
| 2. | Mr. Takenori | Adachi | Vice Chairman of the Board of Executive Directors |
| 3. | Mr. Akira | Nakamichi | Executive Director |
| 4. | Mr. Praphon | Potivorakun | Executive Director |

Authorized signatories: Either Mr. Praphad Phodhivorakhun or Mr. Praphon Potivorakun is authorized to co-sign with either Mr. Takenori Adachi or Mr. Akira Nakamichi, making up two authorized persons, with the Company's seal affixed.

Duty and Responsibility of the Board of Executive Directors It has duty to manage the Company on behalf of the Board of Directors, determine all policies, monitor and supervise the management to ensure the established policies are fulfilled, as well as screen and endorse any business to be further submitted to the Board of Directors for acknowledgement and/or for approval pursuant to the relevant criteria.

2. Audit Committee

was appointed by the Board of Directors, composed of three independent directors:

- | | | | |
|----|---------------|-------------|---------------------------------|
| 1. | Mr. Chackchai | Panichapat | Chairman of the Audit Committee |
| 2. | Mr. Arthakrit | Visudtibhan | Member of the Audit Committee |
| 3. | Mr. Tanabodee | Kusinkert | Member of the Audit Committee |

Duty and Responsibility of the Audit Committee It has duty to review the adequacy of the Company's internal control and management system and risk management system established by the management, review financial information, review the Company's legal and regulatory compliance to ensure the Company has in place a good corporate governance system and an appropriate, efficient and effective management as specified in the Audit Committee Charter, and then report the results to the Board of Directors for acknowledgement and/or for approval.

3. Nomination and Remuneration Committee

was appointed by the Board of Directors, composed of five members:

- | | | | |
|----|--------------------------|----------------|---|
| 1. | Mr. Manu | Leopairote | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Praphad | Phodhivorakhun | Member of the Nomination and Remuneration Committee |
| 3. | Mr. Takenori | Adachi | Member of the Nomination and Remuneration Committee |
| 4. | Mr. Chackchai | Panichapat | Member of the Nomination and Remuneration Committee |
| 5. | Pol. Maj. Gen. Sahaschai | Indrasukhsri | Member of the Nomination and Remuneration Committee |

Duty and Responsibility of the Nomination and Remuneration Committee

1. To establish, and ensure clarity and transparency of, the policy, rule and method for nomination and remuneration of the Directors, Executive Directors and members of other board committees and propose for the Board of Directors' approval.
2. To nominate, select and propose qualified persons, as defined by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to serve as the Directors, Executive Directors and members of all board committees for approval by the Board of Directors.
3. To review the structure of the Board of Directors and remuneration in conformity with changes in rules and regulations of the SEC and the SET by basing on the core structure of the Board of Directors, Board of Executive Directors and all board committees, and to review and ensure that it fits with the Company's business status and is commensurate with their duties and responsibilities for further approval by the Board of Directors.
4. To review and amend the NRC Charter to conform to changes in rules and regulations of the SEC and the SET.
5. To perform any tasks as assigned by the Board of Directors and concerned with directors' nomination and remuneration.

4. Product Pricing Committee

was appointed by the Board of Directors, composed of five members:

Group 1 Two committee members who represent the stakeholders, namely Kang Yong Electric Plc. and Mitsubishi Electric Kang Yong Watana Co., Ltd.:

1. Mr. Takenori Adachi Member of the Product Pricing Committee
2. Mr. Akira Nakamichi Member of the Product Pricing Committee

Group 2 Three independent directors:

1. Mr. Arthakrit Visudtibhan Chairman of the Product Pricing Committee
2. Mr. Manu Leoparote Member of the Product Pricing Committee
3. Mr. Tanabodee Kusinkert Member of the Product Pricing Committee

Duty and Responsibility of the Product Pricing Committee

- To monitor and ensure that the Company's management determines prices for Mitsubishi Electric Kang Yong Watana Co., Ltd. in compliance with the Company's pricing policy, whereby prices shall be set at standard production cost plus a weighted average margin on all product categories of at least 20%.
- To sign off every agreeable pricing with Mitsubishi Electric Kang Yong Watana Co., Ltd., whereby if there is any change in price that causes the Company to be unable to comply with the pricing policy, the Company shall add the standard production cost with an additional weighted average margin on all product categories of at least 10% and shall provide rationale thereof and seek unanimous approval from the Product Pricing Committee.
- To monitor and ensure that the Company's management implements the pricing policy with integrity and due care and for the benefit of the Company. In the event that the Board of Directors discovers any act or omission of an act that causes damage to the Company, the Board of Directors shall take action to ensure the Company is compensated for such damage.

Nomination and Appointment of Directors and Top Management

Nomination of Independent Directors

The Company considers its independent directors' qualifications based on the criteria set forth in notification of the Capital Market Supervisory Board, as follows:

1. Not holding shares more than 1% of the total number of voting shares of the company's its subsidiary, major shareholders or controlling persons including shares held by related persons of the independent director.
2. Not being or having previously been an executive director, employee, staff or advisor who receives a regular salary of the Company , or a controlling person of the Company or its associates or major shareholder, unless the foregoing status ended not less than two years prior to the date of appointment.

3. Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of others directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its associates.
4. Not having or having previously had a business relationship with the Company, its subsidiary, major shareholder or controlling person, in a manner which may interfere with the independent director's independent judgment; and not being or having previously been a substantial shareholder or controlling person of the Company, unless the foregoing status ended not less than two years prior to the date of appointment.
5. Not being or having previously been an auditor of the Company, its associates, major shareholder or controlling person; nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its associates, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment.
6. Not being or having previously been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its subsidiary, major shareholder or controlling person; and not being or having previously been a substantial shareholder, controlling person or partner of the professional advisor, unless the foregoing relationship ended not less than two years from the date of appointment.
7. Not being appointed as a representative of the Company's director, major shareholder or a shareholder who is a related person of the major shareholder.
8. Not conducting any business which is of the same nature as, or in competition with, the business of the Company or its associates in material aspect; nor being a substantial partner of a partnership, or an executive director, employee, staff or advisor who receives a regular salary, or a shareholder holding more than 1% of the total number of voting shares of any entity whose business is of the same nature as and in competition with the business of the Company or its subsidiary in any material aspect.
9. Not possessing any other characteristics which lead the independent director to be unable to render independent opinion regarding business affairs of the Company.

Nomination of Directors

In the appointment of directors, the Nomination and Remuneration Committee (NRC), whose three members, out of its total five members, are independent directors, has duty and responsibility for selecting and screening qualified persons as prescribed in the Company's Articles of Association and nominating the qualified persons based on the structure, size and composition of the Board of Directors for independent directors' qualifications shall be set forth in notification of the Capital Market Supervisory Board.

The Company provides an opportunity for the minority shareholders to participate in nominating qualified persons within a specified timeframe and under the established conditions. Names of candidates proposed by NRC and minority shareholders will be considered through the nomination process, taking into account factors such as knowledge, competence and track record of the candidates. The said nomination is proposed to the Board of Directors for approval and then to the shareholders' meeting for further election of directors under the following rules:

1. Directors shall be elected at the meeting of shareholders under the following rules and procedures:
 - (1) A shareholder has votes equal to one share per one vote.
 - (2) In the director election, votes shall be cast for either an individual or total number directors to be elected at such meeting of shareholders, as deemed fit by the meeting. In the election of either an individual or several directors, each elected person shall receive votes from a shareholder in the full amount of shares held by that shareholder under (1). The shareholder shall not divide his or her votes to any person in any number.
 - (3) The candidates shall be appointed as directors in order descending from the highest number of votes received to the lowest, and in the number of directors required in such election. In the case where there is an equality of votes cast for candidates in lower order causing the number of directors to be greater than that required, the chairman shall have a casting vote.
2. In case of any vacancy of the Board of Directors occurring for any reason other than by rotation, the Board of Directors may elect any person having qualifications and not possessing any prohibited characteristics prescribed in Section 68 of the Public Limited Companies Act B.E. 2535 as amended by the Public Limited Companies Act B.E. 2544 as director to fill the vacancy in the next meeting.

Resolution of the Board of Directors in the first paragraph shall be passed by a vote of at least three-fourths of the total number of remaining directors. Nomination of candidates for director election shall be considered by the Nomination and Remuneration Committee before proposing to the meeting of shareholders to pass a resolution thereon, as the case may be.

Monitoring of Associated Companies

The Board of Directors has a mechanism for overseeing and controlling associated companies with responsibility for their operation in order to protect the Company's interest in such investment. The meeting of the Board of Executive Directors shall appoint a director or executive as representative of the Company to serve as director of its associated company, having duty to determine policies that are crucial to business operation, give approval, express opinion and follow up on the operation of such entity.

Control of Insider Information

The Company has in place measures for managing security of its confidential business information, including not only trade secrets but also other material information, so as to prevent any leak of such information as well as prevent any executive or work unit that has access to insider information from disclosing it to any third party or any person unrelated to the Company's business, except for the top executives or the persons designated by the Company. The said measures help to prevent the use of insider information for personal benefit or for the benefit of other parties, whether directly or indirectly.

In addition, the Company discloses the holding of securities by its directors, top management and finance department manager in the annual report. Any change in such securities holding shall be reported to the SEC in accordance with Section 59 of the Securities and Exchange Act, and also notified to the Company Secretary for preparing a report on change of securities holding and outstanding amount of securities holding by the directors and top management for further submission to the next meeting of the Board of Directors.

Auditor's Remuneration

- Audit fee

The Company paid an audit fee for the past year to KPMG Phoomchai Audit Ltd., with which its auditor was working, in a total amount of 1,338,000 baht.

- Non-audit fee

Compliance with other good corporate governance principles

The Company attaches importance and adheres to corporate governance and business ethics by considering the appropriateness with the Company's business environment and the benefit to the Company as a whole, as well as, the Company's shareholders and stakeholders. Those additional good practices are:

1. The Company gives precedence to the issuing of annual general meeting invitations to shareholders in advance to provide the shareholders with sufficient and appropriate time to study the information. Also, the Company sets a date for the shareholders' meeting during July of every year, which the shareholders tend to be able to attend the meeting conveniently. The invitation letter for the shareholders' meeting also subjects to be posted on the Company's website not less than 30 days prior for the shareholders to prepare the meeting information in advance.
2. The Company establishes a method for taking care of the rights of minor shareholders such as allowing minor shareholders to propose candidates to be elected as directors in advance.
3. The Company examines the rights of shareholders to attend the annual general meeting thoroughly, in order to ensure that the proxy is correct and does not violate the rights of other shareholders who participate in the meeting.

Corporate Social Responsibility (CSR)

Overall CSR Policy

“The business grows sustainably in parallel with the society, community, and environment.” The Company is well aware that the key factors contributing to the corporate success and sustainable development are gauged not only by profit, financial performance or economic growth but also by value-added the Company could create beyond its active duty or the extent required by law for itself, its stakeholders and the society at large.



The Company has an objective of operating its business with social and environmental responsibility under the philosophy of business operation as “One KYE for Our Customers.” It is committed to developing personal capabilities, innovating products of value, supporting customers’ wealth and growth, fostering quality of the society, and bringing sustainable returns to the shareholders so that the organization can stay happy with the community and the public, and concurrently bring ongoing prosperity to all stakeholders for the Sustainable Development.

The Company’s corporate social responsibility (CSR) defined as business operation under the code of conduct and ethics as well as good corporate governance, with responsibility for the society and the environment for the creation of mutual value between the business and the community which will lead to sustainable business development. It has embedded CSR principles into its operation to strengthen its overall management system.

In 2019, the Company won received distinguished awards for the dedication and contribution of its management and staff in pushing for operation with CSR from government agencies and private organizations. These awards bear testimony to the Company’s commitment to being an organization that gives priority to labor relations, welfare, occupational health and safety in the workplace, as well as a manufacturer of home appliances with cutting-edge design and highest safety standard. They comprised:

- Awarded “Zero Accident Campaign 2019” from Thailand Institute of Occupational Safety and Health.



- Honor Awarded Corporate Social Responsibility, Department of Industrial Works : CSR-DIW Continuous AWARD 2019 from the Department of Industrial Works Ministry of Industry.



- The Workplace with Outstanding Labor Relations and Welfare Management Award from the Department of Labor Protection and Welfare for the 13 straight years (2007-2019).
- Received a plaque of honor as “Partnership School Project 100%” from Office of the Basic Education Commission.
- Received a plaque of honor as the organization for supporting the vending machine installation area for the disabled in 2019 from Social Innovation Foundation.
- Received a plaque of honor as an outstanding disabled support organization from the Redemptorist Foundation for People with Disabilities.

Stakeholder Connecting

In assessing the stakeholders, the Company's work units in charge of dealing and coordinating with groups of stakeholders. Have through joint the meetings, communication via email: information@kye.meap.com compiled complaints, recommendations, and comments from the stakeholders. For use as guidelines for improving the Company's operations and response to meet the expectations of all groups of stakeholders appropriately, and in line with the code of ethics no. 7 “relationship with stakeholders.” It aims to operate business and foster relationship by integrity and fairness to promote good cooperation that would bring about sustainable development and growth.

Stakeholders	Requirements	Process	Guidelines and Strategy
Employees	<ul style="list-style-type: none"> • Fair remuneration and proper welfare suited for economic conditions • Career advancement and security • Well-being and safety at workplace • Access to ongoing skill and knowledge development 	<ul style="list-style-type: none"> • Regular survey of market remuneration payment • Development of succession plan • Welfare Committee, and Occupational Health, Safety and Environment Committee • Preparation of personnel development roadmap • Development of communication channel between the Company and employees via Internet 	<ul style="list-style-type: none"> • Promotion of employees' fundamental rights at work pursuant to work regulations. • Payment of remuneration and other benefits on a par with the industry • Arrangement of work environment to ensure safety and good sanitation supportive to good work performance

Stakeholders	Requirements	Process	Guidelines and Strategy
Customers	<ul style="list-style-type: none"> • Punctual delivery of safe and quality products in the required quantity • Offering of products at reasonable prices • Other services supportive to economic, social and environmental issues • Trade agreements under fair conditions • Keeping customers' information confidential • Accurate information on products and services 	<ul style="list-style-type: none"> • Survey of customer satisfaction • Making available system and channel for customers to lodge complaints on product and service quality and safety • Holding meetings for sharing of information and opinions/comments • Giving technical support to customers regarding use of the Company's products and services 	<ul style="list-style-type: none"> • Research, development and production of safe and energy-saving products • Quality policy • Training on technical knowledge and provision of knowledge on products to dealers • Trade agreement rules and criteria
Business partners	<ul style="list-style-type: none"> • Equitable treatment of business partners and fairness in procurement • Fair consideration and agreements • Strict observance of agreements and conditions agreed upon 	<ul style="list-style-type: none"> • Making available transparent and examinable procurement system • Holding annual meeting to give explanation on the procurement policy for business partners' information • Holding meetings to track work progress to be in line with the plan on a continuous basis 	<ul style="list-style-type: none"> • Keeping abreast of procurement rules, regulations and criteria, such as those regarding selection of procurement sources • Rules and regulations regarding inspection and follow-up of procurement sources • Compliance with fair trade conditions
Shareholders	<ul style="list-style-type: none"> • Bringing about worthwhile investment returns, both short-term and long-term • Building business growth and security • Fair and transparent management with adequate and timely disclosure of information 	<ul style="list-style-type: none"> • Holding annual general meeting of shareholders to allow for shareholders' exercise of rights to vote and express opinions on an equitable basis • Making available contact channel through Company Secretary and Company website 	<ul style="list-style-type: none"> • Disclosure of Company information in annual report, form 56-1, and press release • Availability of complaint filing channel • Additional channel for communication and disclosure of information, such as website

Stakeholders	Requirements	Process	Guidelines and Strategy
Community	<ul style="list-style-type: none"> • Environment protection • Fostering of quality of life and good relationship with the community • Participation in community activity and respect for and preservation of local custom and tradition 	<ul style="list-style-type: none"> • Social activities and campaigns • Acknowledgment and sharing of opinions • Company management being key in coordinating with the community 	<ul style="list-style-type: none"> • Continuous communication with community leaders regarding community development • Regular cooperation with government sector in running activities of social and environmental contribution
Government agencies	<ul style="list-style-type: none"> • Compliance with relevant laws, rules and regulations • Management of environmental quality and caring for the community 	<ul style="list-style-type: none"> • Attending seminars and training courses arranged by government agencies and keeping contact and coordination with relevant government agencies • Official or unofficial meetings and consultation with government agencies regarding regulatory compliance 	<ul style="list-style-type: none"> • Keeping abreast of developments of laws, rules and regulations • Making reports completely and by the deadline set forth • No payment to government officers without reasonable grounds

CSR in Process

CSR Practices according to the SET's principles are divided into eight categories as follows:

1. Fair Business Operation

The Company is steadfast in conducting business ethically and transparently based on its management philosophy with awareness of corporate responsibility for the society at large. It encourages the directors, management, and all staff members to perform duty under the code of ethics and in line with the Mitsubishi Electric Group Conduct Guidelines, which the Company first communicated to its employees as work rules in 2007 and has revised from time to time to suit the circumstances, as below:

1.1 Fair Competition

- The Company adheres to the principle of conducting business in strict conformity with rules and laws governing trade competition and monopolization, both domestically and overseas, as specified in the "Mitsubishi Electric Group Conduct Guidelines." The Company has put in place "criteria for compliance with trade competition law" for internal implementation regarding "do's and don'ts" about meetings of trade associations or conferences and transactions with competitors to prevent

Cartel grouping under trade competition and anti-monopoly law in its handbook for meetings and transactions with competitors since December 24, 2015. To ensure right understanding and practice according to such criteria, it has planned for training to executives and staff across the organization.

- The Company will not consent to, agree to, or exchange information with competitors in a way that could unreasonably restrict competition regarding products, prices, production, salability, sales conditions, bidding, or any other agreements, whether verbal or in writing, or expressed or implied. It will not have communication with competitors in any manner that could reasonably cause unfair competition.
- The Company will not violate any intellectual property rights or any other rights related to the intellectual property of any person by complying with the rules on intellectual property management.

In 2019, the Company submitted a patent application for exhaust fan design, electric fan design, automatic water pump design, and constant pressure water pumps, together with submitted a petty patent application for a 1-door refrigerator which has the Outside Temperature Control Panel at the door panel.

1.2 Responsibility for Supply Chain

The Company has systematically, scrupulously and formulated a socially responsible procurement policy, entailing procurement control, supply source assessment, supplier selection etc. In doing so, it adheres to the ethical standards on “discharge of duty with integrity and righteousness while maintaining a cordial relationship with business partners” through mutually supporting cooperation as if being alliances in terms of technology, safety, output expansion, environmental problem reduction, and quality standard upgrade, so that they could move together toward business strength and stability.

2. Anti-Corruption

The Company has put in place the anti-fraud and anti-corruption policy. It has all along embraced the business operation philosophy, which gives great importance to social responsibility. It encourages all directors, executives and staff members to perform their duties under the Company’s code of conduct, rules and regulations, as well as relevant laws and regulatory requirements, together with the code of conduct of Mitsubishi Electric Group which outlines practice guidelines for preventing and fighting corruption of all types.

All directors, executives and employees shall not be involved in nor support any fraud or corruption, offering/accepting a bribe of all forms, both directly and indirectly. Also, demanding or taking benefits or properties that could lead to any acts or avoidance of any actions in their performance of duties, or cause the Company to lose benefits. Including being prudent in getting involved in offering or accepting gifts or properties or any other benefits, entertainment, donation, supports in monetary form, political supports, any acts in the Company’s business transactions or as customarily required, with appropriate value thereof and with the observance of the code of conduct, as well as without any damage caused to the Company. The Company promotes and supports the

implementation of the anti-fraud and anti-corruption policy by communicating the policy and procedure to all employees at all levels and all parties concerned. In 2019, the Company carried out the following activities:

- Communication of the anti-fraud and anti-corruption policy and procedure by posting on the Company's announcement boards and presenting the policy and objectives to employees at all levels through quarterly meetings, disseminating through its website, training for new employees and E-Learning on the code of conduct and work rules for all executives and staff members. It is necessary for the employees to study and understand all the contents as they are required to do a test on the topic after completion of the training with a passing score of at least 80% (in case of failure, they have to retake the test until they achieve the passing score). Such e-learning and evaluation arranged on an annual basis. The Company has also made available packet handbook on the policy and procedure aiming to instill in them the anti-fraud and anti-corruption awareness in performing their duties.
- Launching "Just Say No 2019" project to educate the knowledge on prevention and anti-corruption. by focusing on matters such as not accepting and giving a present, no bribes, conflicts of interest, and the prohibition in meeting with outsiders.
- Conducting survey and assessment of possible fraud or corruption risk with a main objective to ensure awareness of the likeliness and impact of such risk, as well as assessment of internal control, from which the compiled opinions on formulation of preventive measures were used for review of work operation and internal control procedure that may have leakage and review as well as improvement of preventive measures, with criteria and measures worked out to which all employees are required to adhere, such as criteria to comply with trade competition law, making of connected transactions, corporate asset verification system, anti-fraud and anti-corruption practice guidelines, and so on.

In the year 2019, the Company set up the rules relating to anti-corruption included the procedure in Court Rule.

- The Company makes available channels for all groups of stakeholders to make a complaint or report an incident or activity (whistleblowing) that could lead to a breach of laws, rules, regulations and/or moral and ethical standards and, hence, may cause damage to the Company. Under the guidelines that are communicated to them on a yearly basis, as usual, those who come across any such misconduct shall gather as much information, clue and evidence as possible and forward them in a documented format directly to the Company at the following address:

To: Chairman of the Board of Directors and/or President
Kang Yong Electric Public Company Limited
P.O. Box 49, Bangna Tower 10541

Such information will be directed to the Chairman and/or President and be treated in strict confidence to protect, and prevent any adverse impact on the reporter. They will reasonably take investigative action by basing on the obtained information and evidence and decide on how to solve or deal with such issue without delay and as deemed appropriate. To ensure that the information is reported with sincerity and justice, to certify that it is truthful information, the reporter is to indicate his/her full name and contact address. The Company may ask for more details from the reporter if deemed necessary. In the past year, there was no such information reported to the Company.

- The Company was assessed for its progress in the prevention of involvement in corruption (Anti-Corruption Progress Indicator) from Thaipat Institute, with the assessment result at Level 3 Established (availability of communication with and training for employees on anti-corruption practice guidelines). This prevention has exhibited the Board of Directors' steadfast determination to fight corruption within the organization.

3. Respect for Human Rights

The Company operates the business by fostering respect for human rights without discrimination as to nationality, race, religion, social status or disability of its employees. It makes sure that no harassment of human right or discriminative action takes place while upholding a fair practice and ensuring job security for employees at all levels. Job opportunities are provided for non-Thai labor and the disabled alike, as part of its workforce and having them tasked with duties of their capability based on the labor structure under Thai labor laws. Proper welfare and benefits are made available under the same standards. Moreover, the Company arranges meetings with the labor union on a monthly basis, with a common goal to improve the quality of working life and build up good labor relations between the Company and the employees. As a testament to its relentless efforts in this issue, the Company has received the Workplace with Outstanding Labor Relations and Welfare Management Award from the Department of Labor Protection and Welfare, the Ministry of Labor, for 13 consecutive years. This award has demonstrated an outcome of the Company's determination in labor relations management with best practices so clearly, that it can be a role model for other enterprises in the country, and of which the Company, the labor union, and the employees have been proud.

4. Fair Treatment of Labor

Salary and Welfare

The Company has adjusted its salary structure to be compatible with competition in the labor market and to a rate above the authority's minimum wage payment as moral support for the employees' performance of duties. It has engaged an experienced external consultant to conduct a survey of and to give suggestions on pay structure to ensure fair compensation. Performance of employees of all levels evaluated twice a year and the results of which used to determine annual promotion and salary increment.

Moreover, the Company has set up Workplace Welfare Committee following Labor Protection Act, B.E. 2541, Section 96, with employee committee members and management representatives appointed to coordinate with Workplace Welfare Committee in determining welfare structure guidelines beneficial to the employees. Such committee will jointly meet to consider rationalizing basic welfare package in each year in line with the rising cost of living as a way to help cut down expenses for the employees. Employees also provided with the cost of living allowance, diligence allowance, and lunch allowance, as well as improvement of welfare canteen by increasing food stalls and food variety to offer more choices for the employees, more coverage of medical expenses, annual health check-up, etc.

To improve employees' quality of life, the Company offers additional benefits apart from the basic welfare by

- Establishing Kang Yong Electric Saving Cooperatives since 2002 to enhance economic and social benefits to members through self-support and support for one another according to the cooperatives principle, comprising lending of loans at lower interest rates than commercial banks, financial assistance for members affected by natural disasters, and occupational training for retired employees.
- Organizing an outdoor market to sell low-priced products to employees.
- Arranging recreational activities for skill development and entertainment purpose, which will have positive effects on their mental and physical wellness, etc.
- Establishing a walled-off area as a lactation corner for employees, who are breastfeeding mothers, a breastfeeding support program provided by the Company since October 2016.

Occupational Health and Safety

The Company is always aware that employees are a group of people who are the key to move the organization forward prosperously. As such, a top priority is given to their safety from the moment they leave their residence to workplace and vice versa, as well as while at work. "Zero Accident" is set as the target for strict implementation in business operation.

1. Occupational Health, Safety and Environment

The Company incorporates occupational health, safety, and environment into the yearly policy and action plan so that the executives, supervisors, and staff at all levels will cooperate in the implementation according to the policy consistently and efficiently. The Occupational Health, Safety and Environment Committee has set up composed of senior executives, supervisors at all levels and the labor union to ensure compliance with ISO 14001 environmental management standards and occupational health, safety and environment rules and regulations, as follows:

- The 5S and Kiken Yoshi Training (KYT) programs are used as a basis for implementing tasks according to the organization structure with the rectification of any risk-prone area that may cause danger, upholding the rules and regulations, and ensure staff wear personal safety equipment that is up to standards in risky area on a strict basis.

- All systems and measures are improved to prevent any danger from the operation of machinery and tools, such as the installation of equipment separating workspace of machinery controller from machinery spot. Staff is supervised and trained about how to use newly procured tools and machines with new technology based on risk assessment to mitigate risks at the average level or higher. Risks at all levels across the organization are contained, and set annual occupational health, safety, and environment objectives to be communicated to concerned staff to perform this task in a bid to develop a knowledge base in operation consistently.
- Safety knowledge and training are made available for all the employees and safety exhibition are regularly organized every year to instill awareness of occupational health, safety, and environment, in both theoretical and practical aspects, in existing and new employees to get ready for actual operation.
- The Company has simulated possible accident risk by setting up an unsafe realization room for production line and office to build awareness of potential danger and underline the degree of workspace inspection by supervisors to ensure safety.
- Traffic in the Company premises are improved to ensure safety for work operators and visitors, with clear specification of a pedestrian path around the building and a pedestrian crossing.
- Enhance the awareness of safety for all employees, all departments by organizing safety talk to share the information that employees can practice. The content consists of rules, regulations, and various safety practices to ensure maximum safety at work.
- The Company is committed to preventing accidents from work. Based on the idea that accidents from work-related can avoid. By encouraging for ongoing safety activities to reduce the statistics of accidents in the workplace to zero. Through the activities in accordance with Occupational Health and Safety plan continuously. As a result, the company received a plaque Zero Accident Campaign 2019 activity from the Ministry of Labor at the 33rd National Occupational Safety and Health Fair, BITEC Exhibition and Convention Center on July 4, 2019, by awarding the Gold level plaque (with 15,005,897 working hours) which there are 63 gold-level establishments from all over the country.
- Measures to prevent the coronavirus disease (COVID-19)

The Company is prioritizing a health and safety environment of our employees. In response to this situation, the Company executes the following precautionary measures;

- Caring for employees; the Company implements the social distancing concept by separating the lunch break period, so fewer people are in the canteen at a time and set the seating arrangement along with increasing the frequency of various touchpoints cleaning, daily temperatures taken by infrared thermometers on the shuttle bus and before starting work. Besides, the Company gives away fabric masks and alcohol sanitizer hand spray to employees and install alcohol gel at various points.



- Caring for operation; All employees are required to wear mask before enter to the workplace, cancel all business trip both domestic and overseas, cancel all the activities that bring the employees being together such as meeting, training, exhibition. Moreover, adjusting the overtime hours and shift work hours to comply with the government's measures to prevent the coronavirus disease (COVID-19).



- Caring for visitors; On arrival, the visitors' temperature is checked, and possible exposure to coronavirus history taken, require to wear a mask, wash their hands or use hand sanitizer prior to entering, and practice social distancing.



In addition to all mentioned measures, the Company has appointed the coronavirus epidemic (COVID-19) management committee to raise the awareness and prepare for the response. As well as increasing communication channels with employees to receive and send news via Line application so that all employees are able to follow and be aware of the up-to-date situation.

2. Safety Outside Office Hours

Individual employees are deemed not only as a driving force for the Company's business operation to move forward with success, but also as a tower of strength for their family. Therefore, they must be both mentally and physically healthy to be ready for their work, especially for those who work in risk-prone and unsafe areas or even those whose working areas are risk-free. The Company provides welfare and arranges health-concern activities for the employees, such as anti-drug sports competition, don't drive drunk campaign from the eve of long holidays to enhance social responsibility awareness in order to prevent accidents during employees' trips back home upcountry and back to work, random drug and alcohol testing on staff shuttle bus drivers, and safety helmet campaign for staff who use motorcycles, to ensure their highest safety.

In addition, emergency report is put in place in case of staff having accident outside office so that first-aid and urgent support can be timely provided.

5. Responsibility for Consumers

The Company adopts a policy on customer satisfaction management, which entails the following concept:

Q: Quality : Manufacture products of high quality

D: Delivery : Ensure product delivery of the type, in the quantity and by the time desired by customers

C: Cost : Offer products at a reasonable cost

Health and safety for customers

The Company has conducted research and development and produced safe and quality products, with management systems that meet standard specifications relating to quality, safety, and environment. Its products are suitable for use and do not harm life and properties of consumers. Product warranty and after-sale services are also made available under the conditions set forth.

As customers and repair technicians in general sometimes use cheap replacement spare parts, which cause damage to the Company's products, the Company has leveled up its product safety by using non-flammable steel in the product structure to safeguard against spare parts that may spark a fire.

Procedures

- Assess inflammable parts, which result from the use of components with wrong specifications and not up to safety standards.
- Add steel sheet to cover inflammable parts to prevent damage to the products.
- Attach warning label on the products and in the product manual, so that consumers will be aware and careful when having the products repaired by general technicians.

Display of product and service labels

The Company gives priority to providing customers with accurate information on the products. It thus attaches labels giving instructions for use, caution, and other information that are consistent with legal provisions on all of its products for maximum safety and benefits of the consumers. For example, as its refrigerator uses such refrigerant as R600a, which helps reduce global warming, but it is an inflammable substance, the Company requires having a label "Caution" attached to the refrigerator, with the description thereon to see. It aims to ensure consumers are careful and concerned about any possible harmful effect when they have the products repaired or discharged if no longer in use. Therefore, only the "Instructions of Use" is not enough for the safe use of products.

Marketing communication and customers' privacy

- Make available to customers together with the product manual giving instructions of product use, care, and discharge when no longer in use, while information on product specifications provided in the catalog distributed to customers through dealers and display booths.
- Deal with customers in a polite, efficient and trustworthy manner.
- Conduct investigation right after receiving customers' complaints on product quality and safety, and track the results after remedial and preventive measures have been taken.
- Keep customers' information confidential and use no customers' information wrongfully and for personal or related persons' benefits.

On the side of energy saving, the Company is firmly determined to be among the leading producers that offer the most energy-efficient products to push for an upgrade of the New No. 5 energy saving with 3 stars standard applicable in the country for the optimum benefit of consumers in the future.

6. Environmental Protection

Recognizing how important the environment is, the Company has set policy and goal on environmental management and has a process to do a yearly review for ongoing development. The Company also establishes

that employees at all levels have to translate such policy into practice.

- In 2019, the Company's environmental management policy was "Dedicate to create every activity for a better society sustainable" which has communicated and publicized according to internal and external communication regulations that covers all stakeholders of the Company. The essential elements of environmental conservation activities incorporated into the operating system as follows:
- Promotion of resource conservation and saving (M: Material Conservation) by reusing waste materials, reducing gross weight of finished products, and reducing wastes and scraps left from the production process.
- Promotion of energy conservation (E: Energy Conservation) by encouraging design of energy-efficient products, modification of machinery in the manufacturing process for higher operation efficiency, reduction of greenhouse gas emission in logistics and staff shuttle bus activities.
- Prevention of pollution (T: Toxicity) by adequately controlling use and treatment of chemicals, reducing the use of hazardous and toxic chemicals in the manufacturing process, controlling and monitoring quality of wastewater and polluted air before discharge or emission to the environment, and conserving a community environment through control of disturbing noise and vibration resulting from the manufacturing.

Natural resource conservation Focusing on the protection of natural resources with the worthwhile use of resources applying the 3Rs (Reduce, Reuse, Recycle) principle in undertaking the manufacturing activity to ensure resource optimization, such as:

- Encouraging and training employees about the separation of the waste to create awareness and participation of employees in the conservation of natural resources.
- Reduce the use of hazardous chemicals such as Varnish, Solvent paint, Polyurethane, and 134a Refrigerant etc.
- Reduce paper usage, reduce power in the product, reduce the total weight of the product, and reduce the amount of raw materials such as steel, plastic, copper and aluminum.
- Reduce Vanish usage by designing new motor without Vanish coated such as 09SDW model.
- Reuse of plastic waste and runner scrap from the plastic injection.
- Using treated water to improve the quality through a filtration system, then reuse for a toilet flush and watering of green plantings of landscape areas etc.

Energy conservation is focusing on energy conservation activity in the design and manufacturing process of energy-saving products by implementing the ISO5001 to be a standard in energy management of the machine and equipment that are the potent source of energy consumption, through the replacement of more energy-saving machine and equipment.

- Change light bulbs of T8 and T5 type to be LED bulbs, which help save 26,379 kWh/year electricity.
- Installed the new plastic part injection machine with the Servo system, the size as 650T to replace the old machine. The old machine was with the hydraulic system. As a result, able to save 78,170 kWh/year electricity.
- Explore and improve the leak in the production line, save 96,710 kWh/year electricity.
- Installed the new air conditioning system, save 267,030 kWh/year electricity.
- Remove the use of LPG in the degreasing and baking process of the evaporator.

Pollution control

- Run campaign on garbage separation for recycling to reduce garbage to be disposed at the final stage, and set up a clean and orderly garbage separation center.
- Gradually change the type of the painted spray of the electric fan from the oil paint to the dust paint instead.
- Change the steel plate to Pre-coated Metal (PCM) to cancel the painted spray process.
- Examine the employee shuttle bus for emission control.
- Protect the environment by setting the quality standard of wastewater and air emission to the environment to 20% lower than those specified by law respectively, and having a warning system to automatically stop the discharge of wastewater to outside in case of water quality does not meet the standard.
- Inspect the environmental quality including the manufacturing water quality, the rain drain quality, the air quality, lighting, sound, heat, vapor, noise, etc. To collect the result and report to the government sectors and relevant parties.

7. Community and Social Development

Being aware of the importance of all sectors that have given continued support of its business operation. The Company has consistently conducted a range of activities aiming to give back to the society, organizations, educational institutes and nearby communities, and to preserve local custom and tradition for fostering of a good society, as well as to inculcate into its employees at all levels the sense of responsibility and participation in CSR activities. In 2019, a number of activities were held as follows:

1. The arrangement of a trainee program for students by cooperating with educational institutions, in accepting students as trainees during school break to enhance their experience and allow them to earn extra income. They have received a certificate as evidence of completion of the program.
2. Ongoing provision of educational supports for bilateral students. The Company has signed the MOU to consistently arrange for bilateral education in collaboration with vocational institutions in the Northeastern region. In 2019,

- The Company cooperated with vocational institutions to provide their students with occupational experience in their field of study with enhancement of ability and understanding in new manufacturing technologies. Besides the experience of real practice, they were provided with specific know-how courses to enlarge their academic skill and knowledge out of a classroom.
- Provision of educational supports for students who had the outstanding performance while in training.
- Recruitment and employment of students having undergone the bilateral training with the Company.

8. Innovation and Publicizing of Innovation from CSR Activities

The Mitsubishi Electric's 'Changes for the Better' slogan, which denotes a strong commitment to relentless development, emerges as the major driver for the Company's dedication to and concentration on the use of innovation and new technology by embracing social and environmental responsibility and energy conservation in concurrence with continual product quality development and review of manufacturing process for higher efficiency. In 2019, the Company developed innovation for its products and manufacturing process as follows:

- **Electric Fan**

Developed and started production of the new small motor to use with the small ventilating fan to reduce the stator coated usage as well as developed and start production the new ceiling fan with the blade size as 60 inches. and the blade using special plastic by increasing the central air volume.

- **Refrigerator**

Changed the door panel of 1-door refrigerator design by having the Outside Temperature Control Panel *to control without opening the door, which eases the consumers and saves the energy.*

- **Water pump**

Developed new R series with the latest design U-shape impeller to improve the efficiency with efficient energy saving. As well as doing "reduce and reuse" materials activities for sustainability in reducing to consume the natural source.

- **Production process**

Installed the Intelligent flow control system (IFC) to track and monitor the energy consumption of the air compressor and improved the power factor of the electricity which able to save the electricity expenses.

CSR Activities and Reporting

The Company has prepared a report based on the Global Reporting Initiative (GRI) with due regard to stakeholders such as employees, customers, business partners, shareholders, social community and concerned state agencies, all of whom are crucial to sustainable success. Stakeholder connecting is deemed as a significant practice, prompting the Company to recognize the correlation with social responsibility in different dimensions, whether economic, social or environmental aspects, and to emphasize more on reporting and disclosure of its CSR activities. The Company already incorporated a CSR report as part of its annual report.

Business practices that have an impact on CSR

- None -

CSR-after Process

Being aware of the importance of all sectors that have given continued support of its business operation, the Company has consistently launched a range of projects aiming to give back to the society and protect the environment, and to inculcate into its employees at all levels the sense of responsibility and participation in activities for the society, as follows:

Internal CSR

Education

- The Company has the policy to promote education through the provision of scholarships to its employees' children to help relieve their educational expense burden and extend educational opportunities for the youth. In 2019, altogether 60 scholarships were given classified by academic levels as Primary level, Junior secondary level, Senior secondary level, Vocational level, and Tertiary level (Undergraduate).
- The Company granted the National children's day's presents to the schools and the community in Samutprakarn and Bangkok in total 23 places.
- Provision of the scholarship, Lunch, and education equipment to Ban Don Chan School, Sukhothai on the National children's day.
- The Company granted the scholarships to the students preparing for a career, bilateral systems for 131 scholarships, 11 colleges under the Office of the Vocational Education Commission.
- The Company arranged the CSR activity under "My School for My Community project 2nd" at Khlong Song Phi Nong School (Jaidee Foster) Pak Khlong Bang Pla Kot Subdistrict Phra Samut Chedi District Samut Prakan Province, Mr. Takenori Adachi, President, management team, and employees participated in volunteer activities together with offering the scholarship, refrigerator, sports equipment, and separated rubbish bin set to support the education.

Promotion of ethics and morality among employees

- The Company and staffs hosted the annual Kathina ceremony in 2019

The Company organized the annual Kathina ceremony in 2019 with Mr. Takenori Adachi, President along with the management team, employees, and Mitsubishi Electric Kang Yong Wattana's members attended the ceremony of Kathina to build the Dhammasangvej Pavilion.



- Buddhist Lent candle offering activity in 2019

The Company and Kang Yong Electric labor union arranged the Buddhist Lent candle offering activity with Mr. Akira Nakamichi, Executive Vice-President along with the management team and employees at Wat Phrabat Nam Phu, Khao Sam Yot, Mueang Lop Buri District, Lopburi.



- Making merit and offering foods to 9 monks of Wat Thung Hiang, Chonburi, to be a royal charity for His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun on the occasion of the birthday of His Royal Highness HM the King's 67th Birthday Anniversary, July 28, 2019



- Making merit and offering foods to 10 monks of Wat Botworadit, Angthong, with monks chanting prayers in tribute to mark the 3rd year of mourning for His Majesty King Bhumibol Adulyadej in the realization of His Majesty's great kindness and graciousness.



External CSR

- Volunteering for big cleaning of 9 bus stop shelters construction of which sponsored by the Company for public benefits on along Debaratana Road to look cleaner and more beautiful for use for the employees and commuters in general.
- The company has organized knowledge and skills expansion project for repairing the electric fan for the community. This project managed to create participation, promoting and supporting nearby communities to have the knowledge and skills to repair the electric fans.
- CSR activities, volunteering to afforest, building dams and planting nurseries

The Company, together with the Mitsubishi Electric Thailand Foundation, with more than 450 employees in the Mitsubishi Electric Group, Thailand, to participate in afforestation activities, building dams and planting nurseries at Ban Nong Muang Community Forest, Wang Chan District, Rayong. For environment and natural resources by creating a balance for the ecological nature, reducing global warming, which considered as natural disaster that affects human life.

- The Company organized blood donation activities. With a team of Faculty of Medicine Siriraj Hospital to provide blood donation services, which such an event intended for employees including, the other people who are interested in donating blood for having sufficient blood supply to treat the patients at Siriraj Hospital.
- Road cleaning at Soi Vilalai and the community around the Company. This activity was organized to allow everyone to participate in the maintenance of the environment in their communities to be clean, clean by cleaning the streets, collecting debris, leaves, and weeds which would make the community more livable.
- The company operates to employ people with disabilities to work according to Article 33 at the Prapadaeng Protection and Development Center for the disabled, Phra Pradaeng District, Samut Prakan.
- Providing Wall fans for Matthayomwatmaikrongtong School Under the Royal Patronage of Her Royal Highness Princess Maha Chakri Sirindhom, Sri Maha Phot District, Prachinburi 114 sets.
- Visiting the people in nearby communities in every month to create a good relationship with people in the community.

Other Activities

- Renovation the toilet to have enough the toilet to meet the need of the employees, which be clean, safe and hygienic.
- Renovation the leisure area by adjusting the landscape And increase the green area within the company Including the allocation of suitable smoking areas.

Internal Control and Risk Management

Opinion of the Board of Directors on the Company's Internal Control

The Company recognizes and places importance on continuous internal control and risk management. The Board of Directors has set up and assigned the Audit Committee to be responsible for reviewing adequacy and appropriateness of internal control and risk management. For ensuring efficiency and effectiveness in the conduct of business or discharge of duty in compliance with the policies, Articles of Association, and resolutions of the Board of Directors and the shareholders' meeting, including the applicable laws, notifications, and regulations. The Company's internal control and risk management in the previous year can sum up as follows:

1. Control within organization

- 1.1 The Company is well aware of its corporate responsibility for the society as a whole, by ensuring its directors, executives and employees conduct ethical business. To ensure the Company's objectives and to be in line with the Mitsubishi Electric Group Conduct Guidelines, the Company communicates its policies and targets as well as gives a written clarification to the employees organization-wide. Also, the Company arranges training, and testing (E-Learning) thereon to the employees at all levels for their translation into action and follow up the results.
- 1.2 The Board of Directors has appointed four Board committees, namely the Board of Executive Directors, the Audit Committee, the Nomination, and Remuneration Committee, and the Product Pricing Committee, with duties and responsibilities designated to monitor and control business operation in line with the objectives.
- 1.3 The Board of Directors has assigned the Board of Executive Directors to undertake business administration on its behalf and to determine policies and targets on business administration, quality assurance, environmental management, safety, energy conservation, confidentiality security management, business ethics management, and anti-fraud and anti-corruption. The Board has also formulated the organizational structure by dividing management duties and responsibilities into three main lines as follows:
 - i. Administration line composed of four departments which are Corporate Strategic Planning Office, Internal Audit Control Office, Finance Department, and Quality Assurance Department
 - ii. Planning line composed of three departments which are General Administration Department, Marketing Department, and Purchase Department.

- iii. Engineering line composed of five departments which are Production Engineering, Tool & Plastic Production, Fan Production, Water Pump Production, and Refrigerator Production.
- 1.4 The Company has established a selection and nomination process to recruit personnel with required knowledge, skills, expertise and experience, from operating staff to supervisory and executive levels allocated appropriately according to the organization structure. It has a process in place for performance evaluation, salary increment and promotion, and has also worked out a succession plan, with key talents selected to undergo a training course in Japan for 1-2 years and thereafter promoted to a higher position. Wages and salaries as well as other remuneration and benefits are made available as appropriate to employees at all levels without discrimination. At the same time, a fair penalty system applies to any case where an employee performs in violation of the work rules and regulations.
 - 1.5 The Company has an independent work unit handling internal audit and following up on other work units' operations in terms of internal control, risk management and compliance with applicable laws. Such internal audit unit shall implement in line with the annual audit plan, and shall report the audit result and follow-up result of subsequent corrective action to both the Board of Executive Directors and the Audit Committee for acknowledgement, as well as comments and recommendation for the management's improvement and remedial action accordingly.
 - 1.6 The Audit Committee shall perform duties with independence in the scope of power and duties prescribed in the Audit Committee Charter. It has reviewed financial reports, risk management, internal control and audit systems, proposed appointment of external auditors and auditor remuneration, and connected transactions or transactions that may have a conflict of interest, on a quarterly and annual basis. Results of such review by the Audit Committee are also proposed to the meeting of the Board of Directors for acknowledgement and consideration every quarter and published in the Audit Committee's annual report. (See details in "Audit Committee's Report.")

2. Risk assessment

In risk management, on a semi-annual basis, all departments of the Company reviewed risk identification, risk assessment, and risk management in line with risk assessment forms to fit with the Company's policies and cover all of its corporate targets.

Risk Management Committee reviewed risk identification and risk level assessment, as well as risk management measures, of working groups in all departments. It also examined risk management to ensure efficiency and suitability with the organization, closely followed up on risk management performance, and reported risk management activities of all departments as the significant agenda items to the meetings of the Audit Committee and the Board of Directors for acknowledgement and consideration.

3. Control activities

- 3.1 The Board of Executive Directors and executives at various managerial levels map out yearly policies, objectives, and targets of all departments, and communicate them to staff members for further translation into practice to achieve such aims. The operation monitoring system is in place with reporting at meetings held at all levels on a weekly, monthly, quarterly and semi-annual basis. The staff reports the progress of their operation and the executives shall give instructions and assignments to ensure that the Company's goals and objectives entirely achieved.
- 3.2 The Company arranges written corporate rules to control operations in financial transactions, procurement, production, quality control, sales of goods and general administration, with a scope of power, duties, responsibilities and approval amount limit for each level. A limit exceeding budget request subjects to consideration and approval of the meeting of Budget Committee chaired by the President and held every week to consider budget spending proposals.
- 3.3 The Company has appointed representatives as directors in associated companies to follow up operations of such companies.
- 3.4 Company Secretary has been assigned to keep and regularly update information on the significant shareholder, directors, executives, and connected persons, to facilitate monitoring and review of related transactions or transactions prone to conflict of interest.

4. Information and communication

The Company has established adequate information and communication system. It has prepared accurate, complete and reliable information within an appropriate period, and made it available to the Board of Directors, the management and staff members to support decision-making on a timely basis. Secure access to information in various work systems is determined precisely and as prescribed by relevant laws via such channels as e-mail, Intranet, and communication through activities and joint meetings to strengthen coordination and operation to achieve the targets set forth.

For external parties, the Company has disclosed and communicated its information comprehensively and equitably to the stakeholders through its communication channel, i.e., www.mitsubishi-kye.com, and in case of disclosure according to the criteria of the Stock Exchange of Thailand (SET), such as financial report, annual report of operating results, and minutes of the annual general meeting of shareholders, via the SET's information system and the Company's website.

Moreover, the Company has a channel for stakeholders to report any incident or any act prone to a violation of the laws and regulations, code of business ethics which may cause damage to the Company. They may inform the Chairman or President of the Company by post: P.O. Box 49, Bangna Tower 10541. The Company has a system in place to process such case and make an investigation thereof before deciding on any appropriate action.

5. Monitoring activities

The Company has a process to monitor business operations at directors, executives, and managerial levels through various meetings, namely Board of Directors meeting (quarterly), Board Committee meetings, business plan meeting, departmental policy and implementation plan meeting, weekly manager meeting, monthly business unit meeting, weekly and monthly quality meeting, and so forth.

Directors and executives will acknowledge operating results covering achievements and/or problems from minutes of the meetings. They will then at the respective meetings instruct the relevant parties to take improvement or solution actions to meet the Company's objectives and targets.

At the Board of Directors meeting 1/2020, on May 20, 2020, which the three Audit Committee members attended, assessed the Company's internal control system in five areas based on the Audit Committee's report and expressed an opinion that the Company's internal control system has been adequate and appropriate. The system contained with an efficient management system with sufficient transactions with persons that may have a conflict of interest and connected parties, and there is no any deficiency in the internal control system that could cause a significant impact on the Company.

Head of Internal Audit Control

The Board of Executive Directors, with the consent of the Audit Committee, has appointed Mr. Pensak Plavuthithothai as a Manager of Internal Audit Control Office, and taking effect on April 1, 2020. Mr. Pensak has 20 years of work experience and knowledge of the Company's business activities and operations. Thus, He is qualified and appropriate to perform duties in this position.

Audit Committee's Report

The Audit Committee of Kang Yong Electric Public Company Limited as appointed by the Company's Board of Directors is composed of three independent directors, namely Mr. Chackchai Panichapat as Chairman of Audit Committee, Mr. Arthakrit Visudtibhan, and Mr. Tanabodee Kusinkert. A Board of Directors meeting appointed Mr. Tanabodee Kusinkert as a financial advisor to review the reliability of the Company's financial statements to the Audit Committee as he has adequate knowledge and experience in such field.

The Audit Committee has performed the following duties independently in the scope of responsibilities prescribed in the Audit Committee Charter, which are consistent with the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC). The operations of the Audit Committee in the fiscal year 2019 (April 2019-March 2020) are summarized as below:

1. Financial Statement Review

The Audit Committee reviewed important information on quarterly financial statements and annual financial report for the fiscal year 2019. With the explanation given by and inquiries made on significant points with the external auditors and Finance Department Manager of the Company, the Committee expressed an opinion that the Company's financial statements are accurate and complete, with adequate and reliable disclosure of information following the generally accepted accounting standards. The auditors also reported the independence in performing the duties and auditing related issues founded for the consideration of the Audit Committee in all respects.

Besides, the Audit Committee acknowledged the notable points and implementation relating to the changes in the relevant accounting and financial reporting standards.

2. Risk Management Review

The Audit Committee considered the risk management policy, risk assessment, and risk management plan and approach. The Committee set up the Risk Management Committee with the President as a Chairman and working groups comprising management members from all departments. The roles of the Risk Management Committee are, to identify risks which might hinder business operations from achieving the Company's targets and objective. Second, to assess risk levels weighing on its potential to impact the organization materially. Lastly, to determine measures to deal with such risks by either managing, avoiding, mitigating, transferring or accepting them. These working groups shall report their risk assessment and management every six months.

In 2019, the Committee acknowledged the management's risk management activities such as sales expansion measures, financial management, and compliance with legal requirements, etc.

The Committee expressed an opinion that the Company's risk management system has been adequate and appropriate to avoid any significant impact on the organization.

3. Internal Control and Internal Audit Review

The Audit Committee considered and endorsed the annual audit plan of Internal Audit Control Office which reviewed the internal control systems, according to the organizational structure and business operation in compliance with the laws and regulations relevant to its business.

The Committee considered the operating results to assess adequacy and appropriateness based on the quarterly internal audit report and the year-round overall internal control assessment report to follow-up the improvement actions as recommended from the internal audit report.

The Committee considered and viewed that the Company operated the business with an adequate and efficient internal control system. The management controlled and monitored risks that might cause damage to the Company in the all significant operations, as well as reviewed the practice of anti-bribery, reviewed of conflicts of interest, and trade competition protection which abides by current regulations and internal control standards.

All in all, the Company's operations contains an adequate and efficient internal control system. The management has conducted a review and improvement of the work system to be accurate and comply with the laws, regulations and code of business ethics.

4. Proposal for Appointment of Auditor and Auditor Remuneration for 2018

The Audit Committee considered the nomination of auditors from KPMG Phoomchai Audit Limited, to be appointed as the Company's auditors for the fiscal year 2020, and to determine appropriate auditor remuneration. The auditors are considered from qualifications, the scope of responsibilities, audit work quality in the previous year, and independence in performing audit work, as well as audit knowledge, technique, and outstanding experience in the area.

5. Consideration of Connected Transactions or Transactions with Potential Conflict of Interest

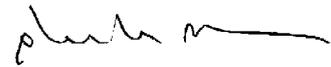
The Audit Committee considered to review and provide opinion on connected transactions that may cause a conflict of interest with the Company. In the fiscal year 2019, the Committee found that the connected transactions and the disclosure of such information are conducted with goodwill to the Company appropriately and reasonably following the criteria of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

6. Audit Committee Meeting

In the fiscal year 2019, the Audit Committee had a total of four meetings, including co-meeting with the management, the external auditors without attendance by the administration. No Committee members were absent from any of such meetings.

The Audit Committee arranged a self-assessment for their performance as the entire Committee for the fiscal year 2019 using the criteria and the best practice of the Stock Exchange of Thailand as the guidelines to ensure compliance with good corporate governance. The assessment result was that its performance was at a complete and adequate level.

In conclusion, the Audit Committee performed duties entirely in the scope of duties and responsibilities as prescribed in the Audit Committee Charter, and as assigned by the Board of Directors in order to ensure that the Company could run its business with good corporate governance, efficient management, sufficient and appropriate internal control for business operations, effective risk management, and reliable accounting system and financial report, as well as compliance with the laws, rules and regulations relevant to the Company's business operations..



(Mr. Chackchai Panichapat)

Chairman of Audit Committee

May 13, 2020

Connected Transaction

Related Transaction

The Company has specified rule including guidelines clearly on the related transaction with the associated persons, subject to strictly comply with the notification and regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission is principal, summarized as followings.

- Proposing a connected transaction under the rules to the Board of Directors and/or the shareholders' meeting for the approval. Through the consideration of the Audit Committee for fairness, price reasonableness and the best merits to the Company. The directors with interests have no right to cast a vote at the meeting.
- Disclosure of connected transactions with related companies adequately both of financial statements and annual reports, comply with the regulations of the Securities and Exchange Commission and the accounting standards on information disclosure about related parties or businesses, announced by the Federation of Accounting Professions.

Policy on Future Connected Transaction

The future connected transactions will still strictly adhere to the connected transactions regulations, based on fairness and price reasonableness. The Company will control the operations of the connected transactions to maximize the benefits with criteria as followings.

- Normal business transactions and complementing normal business transactions, mostly are purchasing and selling of goods and service among the Company and affiliated companies that complied with general trading term conditions. The Board of Directors will approve these transactions.
- Non-normal business and/or none general trading conditions. The management, by the Company Secretary and the Finance Department Manager, acts as the administrator and review operations to ensure compliance with relevant regulatory requirements.

Connected Transaction

Relationships with related parties of 2019 and 2018 fiscal year were as follows:

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction	
					2019	2018		
1	Sale of Product and Spare parts			Sale of Product and Spare parts	7,700.6	7,957.0		
	1.1) Mitsubishi Electric Corporation	Japan	Parent, 45.70 % shareholding		3,193.1	2,941.0	MELCO has clearly defined the characteristics of the product sale that the Company will sell the product through its subsidiaries or an associate of Melco who are high experienced. The Company earned benefit from the sales growth throughout. Moreover, the Company has a policy to determine the price based on the principle of "market transactions or under the terms of general trade".	
	1.2) Mitsubishi Electric Kang Yong Watana Co.,Ltd.	Thailand	A subsidiary of the Company's parent and common directors (MELCO was MKY 48% shareholder).	KYE sell electric home appliance products, comprising electric fans, exhaust fans, refrigerators, water pump, hand dryer and spare parts to related companies.	2,970.4	3,095.4		
	1.3) Mitsubishi Electric Life Network Co.,Ltd.	Japan	A subsidiary of the Company's parent		114.2	165.9		
	1.4) Mitsubishi Electric Taiwan Co.,Ltd.	Taiwan			34.4	28.7		
	1.5) Mitsubishi Electric Asia Pte.Ltd.	Singapore			231.1	322.6		
	1.6) Mitsubishi Electric Australia Pty.Ltd.	Australia			249.8	283.3		
	1.7) Mitsubishi Electric (Hong Kong) Limited	Hongkong			241.8	299.2		
	1.8) Mitsubishi Electric Sales Malaysia Sdn.Bhd.	Malaysia			113.8	127.1		
	1.9) Mitsubishi Electric (Malaysia) Sdn.Bhd.	Malaysia			9.9	19.8		
	1.10) Mitsubishi Electric Vietnam Co.,Ltd.	Vietnam			397.6	478.3		
	1.11) P.T.Mitsubishi Electric Indonesia Co.,Ltd.	Indonesia			92.7	122.1		
	1.12) Mitsubishi Electric Trading Corporation	Japan			23.7	22.8		
	1.13) Melco Trading (Thailand) Co.,Ltd.	Thailand			3.7	3.0		
	1.14) Mitsubishi Electric Russia LLC.	Russia			24.2	47.6		
	1.15) Mitsubishi Electric India PVT.	India			-	0.1		
1.16) Smiles Super Express Co.,Ltd.	Thailand	Associate, 27.12% shareholding.		0.2	0.1			
2	Procurement parts and raw materials				Procurement parts and raw materials	968.0	1,024.0	The Company had necessity to purchase parts and raw materials from related companies.
	2.1) Kullthorn Kirby Public Company Limited	Thailand		Common director	Compressors for assembly refrigerator	99.0	170.3	

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2019	2018	
3	2.2) Mitsubishi Electric Asia Pte.Ltd	Singapore	A subsidiary of the Company's parent	Electronic parts used for assembly electric fan and refrigerator	81.2	83.4	As its has produced of electrical appliances under the standard of "Mitsubishi Electric". Procurement from MELCO's subsidiaries in massive quantity helps to reduce production cost and controll the quality standard as specified.
	2.3) Setsuyo Astec Corporation	Japan			55.1	55.9	
	2.4) Mitsubishi Electric Trading Corporation	Japan			32.5	28.9	
	2.5) Melco Trading (Thailand) Co.,Ltd.	Thailand			185.4	198.4	
	2.6) Mitsubishi Electric (Hong Kong) Ltd.	Hongkong			14.0	9.1	
	2.7) Mitsubishi Electric & Electronics (Shanghai) Co.Ltd.	China			3.9	3.6	
	2.8) Setsuyo Astec (Thailand) Co.,Ltd.	Thailand			117.4	132.9	
	2.9) Setsuyo Astec Corporation Seoul Branch	Korea			376.6	341.5	
	2.10) Mitsubishi Electric Automation (Thailand) Co.,Ltd.	Thailand			2.9	-	
	Complementing Fee				690.9	719.5	
	3.1) Mitsubishi Electric Kang Yong Watana Co.,Ltd.	Thailand			12.5	15.7	
3.2) Mitsubishi Electric Asia Pte.Ltd	Singapore	1.0	1.1	Complementing Fee Advertising support, After Service Fee and other expenses. Logistic Fee			
3.3) Mitsubishi Electric Sales Malaysia Sdn.	Malaysia	8.5	12.4				
3.4) P. T. Mitsubishi Electric Indonesia Co.,Ltd.	Indonesia	7.8	8.9				
3.5) Mitsubishi Electric Vietnam Co.,Ltd.	Vietnam	6.8	5.7				
3.6) Mitsubishi Electric Australia Pty.Ltd.	Australia	2.6	0.2				
3.7) Mitsubishi Electric Asia (Thailand).Ltd	Thailand	1.7	3.3				
3.8) Mitsubishi Electric (Hong Kong) Limited	Hongkong	5.5	5.6				
3.9) Mitsubishi Electric Life Network Co.,Ltd.	Japan	1.4	2.0				
3.10) Melco Logistic (Thailand) Co.,Ltd.	Thailand	36.4	31.0				
3.11) KGM.Service Co.,Ltd.	Thailand	5.4	3.9				

No.	Related Parties	Location	Relationships	Type of the connected transaction	(MillionBaht)		Reasonableness of the transaction
					2019	2018	
3.12)	Mitsubishi Electric Corporation	Japan	Parent, 45.70 % shareholding	Royalty fee, after service and Technician fee	252.6	263.6	KYE entered into Technical Assistant Agreement with MELCO under this agreement, KYE able to sales the products under "Mitsubishi Electric" trademark which is well known worldwide and obtained assistance of manufacturing technology and marketing including manufacturing technology training. Therefore, it is a reasonableness transaction for payment of royalty fee and technician fee to MELCO.
				Development fee (in accordance with Technical Assistance Agreement)	270.5	275.1	Research and development of products are vital to the business operations of the Company for producing improved modern products to meet consumers demands. However, the Company is not able to develop high technology product by their own. It is necessary to rely on MELCO who owns technology and trademark.
3.13)	Smile Super Express Co.,Ltd.	Thailand	Associate, 27.12% shareholding.	Storage, Handling & Transportation Charge.	75.1	86.1	KYE needs a place for storing its finished goods before delivery to customers by hiring SSE for management with fairly rate.
3.14)	K.Y. Intertrade Co.,Ltd.	Thailand	Common director was Mr.Praphad Phodhivorakhun	Maintenance , Investigate	-	0.1	
3.15)	Others		A subsidiary of the Company's parent		3.2	4.8	

No.	Related Parties	Location	Relationships	Type of the connected transaction	(Million Baht)		Reasonableness of the transaction
					2019	2018	
4	Giving or receiving of financial assistance 4.1) Melco Thai Capital Co.,Ltd.	Thailand	A subsidiary of the Company's parent Parent, 99.99 % shareholding	Loan Receivable to MTC by interest rate of loan 0.60% - 1.56% per year Short-term loans - Interest Received	83.9 0.5	23.2 0.2	Increasing liquidity of cash flow and reduce financial costs by providing a better interest rate of loan and deposit than commercial banks. It is cause a better benefit to the Company.
5	Lease or lease out of real estate for not over 3 years 5.1) Smile Super Express Co.,Ltd.	Thailand	Associate, 27.12% shareholding.	SSE has rented land and buildings from KYE	17.7	17.8	KYE accordingly leases out its assets to SSE for business operation as the management and storage products for KYE by using the building as a warehouse. As a result, KYE able to reduce cost of management and storing goods.
6	Procurement of asset			Procurement of asset	4.9	8.4	
	6.1) Mitsubishi Electric Trading Corporation (Shizuoka)	Japan	A subsidiary of the Company's parent	Punch Tooling	0.2	1.4	Procurement of unique machinery that has complex process for producing and installation. Therefore, KYE is required to hire such company representative which specializes in supply such goods.
	6.2) Mitsubishi Electric Kang Yong Wattana Co.,Ltd.	Thailand		Air condition	4.5	2.1	
	6.3) Mitsubishi Electric Automation (Thailand) Co.,Ltd.	Thailand		Wire-cut Machine	-	4.8	
	6.4) Mitsubishi Electric Factory Automation (Thailand) Co.,Ltd.	Thailand		Install Ass'y Rear Panel & Bottom Pan	0.1	-	
	6.5) Setsuyo Astec (Thailand) Co.,Ltd.	Thailand		Air Twister , Test Finger	0.1	0.1	
6.6) Mitsubishi Electric Asia Pre.Ltd	Singapore	Function fixure for PWB Invertors LX-4		-	-	0.2	

Balance as at 31 March 2020 and 31 March 2019 with related parties were as follows:

Unit : Million Baht

Name of Entities	Trade Accounts Receivable as at 31 March		Other Accounts Receivable as at 31 March		Trade Accounts Payable as at 31 March		Other Accounts Payable as at 31 March	
	2020	2019	2020	2019	2020	2019	2020	2019
Melco Thai Capital Co.,Ltd.	-	-	84.2	23.3	-	-	-	-
Smile Super Express Co.,Ltd.	-	-	1.5	1.5	-	-	6.9	8.7
Mitsubishi Electric Corporation	345.1	370.9	1.2	2.5	-	-	139.4	272.5
Mitsubishi Electric Kang Yong Watana Co.,Ltd.	377.4	474.3	1.2	-	-	-	5.8	7.1
Mitsubishi Electric Life Network Corporation.	22.8	50.0	-	1.3	-	-	0.0	-
Mitsubishi Electric Asia Pte.Ltd	43.0	37.6	-	-	9.3	8.7	0.3	0.3
Mitsubishi Electric Australia Pty.Ltd.	83.3	85.6	-	-	-	-	0.3	-
Mitsubishi Electric Sales Malaysia Sdn.,Bhd.	26.6	26.0	-	-	-	-	4.6	5.2
Mitsubishi Electric (Malaysia) Sdn.,Bhd.	1.4	6.5	-	-	-	-	-	-
P.T.Mitsubishi Electric Indonesia Co.,Ltd.	23.6	36.8	-	-	-	-	3.8	4.8
Mitsubishi Electric Russia LLC.	1.7	-	-	-	-	-	-	-
Melco Logistic (Thailand) Co.,Ltd.	-	-	-	-	-	-	3.0	3.3
Mitsubishi Electric Vietnam Co.,Ltd.	151.3	171.8	-	-	-	-	3.8	5.4
Setsuyo Astec Corporation Japan	-	-	-	-	3.9	3.3	-	-
Setsuyo Astec Corporation Seoul Branch	-	-	-	-	49.0	34.6	-	-
Setsuyo Astec Thailand Co.,Ltd.	-	-	-	-	13.2	14.8	-	-
Kulthorn Kirby Public Company Limited	-	-	-	-	0.4	32.1	-	-
Mitsubishi Electric Trading Corporation	0.4	1.1	-	-	4.3	3.5	0.1	0.3
Melco Trading (Thailand) Co.,Ltd.	0.5	0.4	-	-	21.2	23.5	-	-
Mitsubishi Electric H.K. Ltd.	32.7	53.5	-	-	1.3	1.5	2.4	2.5
Mitsubishi Electric Taiwan Co.,Ltd.	8.7	5.8	-	-	-	-	0.1	0.4
Mitsubishi Electric Asia (Thailand).Ltd	-	-	-	-	-	-	1.0	1.7
K.G.M. Services Co.,Ltd.	-	-	-	-	-	-	0.2	0.1
Mitsubishi Electric& Eletronic (Shanghai) Co.,Ltd.	-	-	-	-	0.5	0.2	-	-
Mitsubishi Electric Factory Automation (Thailand) Co.,Ltd.	-	-	-	-	-	-	0.0	0.2
Mitsubishi Electric Automation Co.,Ltd.	-	-	-	-	-	-	0.4	-
Mitsubishi Electric Consumer Products (Thailand) Co.,Ltd.	-	-	166.2	-	-	-	-	-
Siam Compressor Industry Co.,Ltd.	-	-	5.2	-	-	-	-	-
Total	1,118.5	1,320.3	259.5	28.6	103.1	122.1	172.3	312.3

Management's Discussion and Analysis

With reference to Kang Yong Electric Public Company Limited's submission of financial statements for the year 2019 (ended March 31, 2020) duly reviewed by a certified public accountant, we would like to give clarification on the Company's operating results and financial position as follows:

Summary of financial information		Ended March 31	
		2020	2019
Total assets	Baht million	7,381	6,946
Total liabilities	Baht million	1,647	1,729
Shareholders' equity	Baht million	5,734	5,217
Revenues from sales and rendering of services	Baht million	7,703	7,960
Total revenues	Baht million	8,245	8,284
Costs of sales and rendering of services	Baht million	6,435	6,947
Gross profit	Baht million	1,268	1,013
Selling and administrative expenses	Baht million	1,139	1,167
Net profit	Baht million	621	180
Financial ratios			
Liquidity ratios			
Current ratio	time	4.58	3.78
Quick ratio	time	3.86	3.11
Cash flow liquidity ratio	time	0.56	0.25
Accounts receivable turnover ratio	time	6.32	6.10
Average collection period	day	58	60
Inventory turnover ratio	time	7.66	7.15
Average age of inventories	day	48	51
Accounts payable turnover ratio	time	7.71	7.83
Repayment period	day	47	47
Cash cycle	day	59	64
Profitability ratios			
Gross profit margin	%	16.46	12.73
Net profit to sales ratio	%	8.07	2.26
Return on equity	%	11.35	3.11

Summary of financial information		Ended March 31	
		2020	2019
Efficiency ratios			
Return on total assets	%	8.67	2.39
Return on fixed assets	%	65.82	36.78
Assets turnover ratio	time	1.15	1.10
Financial policy ratios			
Debt to equity ratio	time	0.29	0.33
Dividend payout ratio	%	*	50.01

* In process of seeking approval from the Annual General Meeting of Shareholders 2020

Summary of operating results for FY2019 in comparison with FY2018:

Unit: Baht million	For the year ended March 31			
	2020	2019	Diff.	%
Revenues from sales and rendering of services	7,703.4	7,960.2	(256.8)	-3.2%
Costs of sales and rendering of services	6,435.4	6,946.5	(511.1)	-7.4%
Gross profit	1,268.0	1,013.7	254.3	25.1%
Selling expenses	418.4	440.4	(22.0)	-5.0%
Administrative expenses	720.9	727.0	(6.1)	-0.8%
Investment income and other income	541.9	323.9	218.0	67.3%
Profit before income tax	670.6	170.2	500.4	294.0%
(Tax income) expense	49.2	(9.9)	59.1	-597.0%
Net profit for the year	621.4	180.1	441.3	245.0%

Revenues from sales and services, by business segment

Unit: Baht million	For the year ended March 31			
	2020	2019	Diff.	%
Domestic market	2,977.1	3,101.7	(124.6)	-4.0%
Japan	3,331.0	3,129.7	201.3	6.4%
Others	1,395.3	1,728.8	(333.5)	-19.3%
Export market	4,726.3	4,858.5	(132.2)	-2.7%
Total	7,703.4	7,960.2	(256.8)	-3.2%

Other export markets include 20 countries, namely Taiwan, Hong Kong, Singapore, Malaysia, Myanmar, Cambodia, Laos, Vietnam, Indonesia, Australia, New Zealand, Pakistan, UAE, Jordan, Bahrain, Sri Lanka, Bangladesh, Brunei, Philippines, and Russia.

Revenues from sales and services

For the fiscal year 2019, the Company's revenues from sales and rendering services decreased by Baht 256.8 million or 3.2% from Baht 7,960.2 million in the year 2018 to Baht 7,703.4 million in the year 2019, divided into the following three major business groups as follow:

1. The domestic market, revenue from sales and rendering services decreased from Baht 3,101.7 million in year 2018 to Baht 2,977.1 million in the year 2019 or decreased Baht 124.6 million or 4.0% mainly due to the sales of the refrigerator, electric fan and ventilating fan decreased.
2. Export to Japan market, revenue from sales increased from Baht 3,129.7 million in the year 2018 to Baht 3,331.0 million in the year 2019 or increased Baht 201.3 million or 6.4% due to the sales of new 3-door refrigerator model increased.
3. Export to markets elsewhere, the sales decreased from Baht 1,728.8 million in the year 2018 to Baht 1,395.3 million in the year 2019 or decreased Baht 333.5 million or 19.3% due to sales of the refrigerator and electric fan decreased. Besides, the fluctuation of the exchange rate of US dollar caused the sales revenue decreased nearly Baht 54.8 million (included in Baht 333.5 million).

Investment income and other income

Investment income and other income for the fiscal year 2019 was Baht 541.9 million, an increase of Baht 218.0 million or 67.3% compared to the fiscal year 2018. Due to the dividend received increased Baht 220.0 million.

Cost of sales and expenses

Cost of sales and rendering services in the fiscal year 2019 accounted for 83.5% of revenues from sales and rendering services. The ratio decreased by 3.7% compared to the year 2018 due to revenues from sales of new model exporting to Japan market and revenues from sales of domestic water pump increased; moreover, the cost of materials and parts decreased.

Selling expenses and administrative expenses in the year 2019 accounted for 14.8% of revenues from sales and rendering services which increased 0.1% from the year 2018. However, in terms of value-wise, it viewed that the expenses decreased from the previous year as a result of;

- Selling expenses decreased from Baht 440.4 million in the year 2018 to Baht 418.4 million in the year 2019 or decreased Baht 22.0 million. The reductions in expenses were due to logistic cost, royalty fee, sales and promotion expenses decreased.
- Administrative expenses decreased by Baht 6.1 million from Baht 727.0 million in the year 2018 to Baht 720.9 million in the year 2019.

Profit

In the fiscal year 2019, the Company posted a gross profit margin of 16.5%, which was 3.7% increased compared to the previous year. After considering the reduction of the selling expenses, the reduction of administrative expenses, the increase in investment income, other income, and income tax, therefore the net profit for the year 2019 was Baht 621.3 million or 8.1% of revenues from sales and rendering services, gained by 5.8% from the year 2018 which was 2.3%. Resulting in basic earnings per share has increased from 8.56 baht per share in the

year 2018 to 31.38 baht per share in the year 2019. The return on equity in the year 2019 has increased from 3.11% in the year 2018 to 11.35% in the year 2019.

Summary of financial position

Unit: Baht million	For the year ended March 31			
	2020	2019	Diff.	%
Cash and cash equivalents	964.6	790.0	174.6	22.1%
Current investments	2,330.0	2,100.0	230.0	11.0%
Trade accounts receivable and other receivables	1,350.6	1,378.2	(27.6)	-2.0%
Inventories	784.7	896.6	(111.9)	-12.5%
Property, plant and equipment	1,536.0	1,421.7	114.3	8.0%
Others	415.2	359.5	55.7	15.5%
Total assets	7,381.1	6,946.0	435.1	6.3%
Trade accounts payable and other payables	1,144.7	1,360.0	(215.3)	-15.8%
Others	502.3	368.6	133.7	36.3%
Total liabilities	1,647.0	1,728.6	(81.6)	-4.7%
Shareholders' equity	5,734.1	5,217.4	516.7	9.9%
Total liabilities and shareholders' equity	7,381.1	6,946.0	435.1	6.3%

Total assets

As of March 31, 2020, the Company recorded total assets of Baht 7,381.1 million, increased Baht 435.1 million or 6.3% from the corresponding period of the previous year, with changes in essential asset items as follows:

- Cash and cash equivalents as of March 31, 2020, was Baht 964.6 million, increase from the previous year by Baht 174.6 million or 22.1%.
- Current investments as of March 31, 2020, amounted to Baht 2,330 million, increase by Baht 230 million or 11.0% which was an increase in a short-term deposits with financial institutions.
- Trade accounts receivable and other receivables as of March 31, 2020, totaled Baht 1,350.6 million, decreased by Baht 27.6 million or 2.0 % from the same period of the preceding year. Mostly due to decrease in trade accounts receivable Baht 201.9 million and dividend receivables increased Baht 171.4 million.
- Inventories as of March 31, 2020, amounted to Baht 784.7 million, decrease Baht 111.9 million or 12.5% from a year earlier. Due to the inventory management and the delivery period had more efficiency.
- Property, plant, and equipment as of March 31, 2020, amounted to Baht 1,536.0 million, increase by Baht 114.3 million or 8.0% from the previous year. The Company invested Baht 467.9 million in machinery, equipment, and molds. Its return on fixed assets was 65.82% considered as a good ratio.

Total liabilities

As of March 31, 2020, the Company had total liabilities of Baht 1,647.0 million, decrease Baht 81.6 million or 4.7% from March 31, 2019. Trade and other payables amounted to Baht 1,144.7 million, reduce Baht 215.3 million or 15.8% as the procuments of parts and raw materials and royalty fee decreased. Non-current liabilities for employee benefits increased by 80.3 million baht. Mainly due to the amendment of the Labor Protection Act, effective from April 5, 2019, which requires employers to pay additional compensation if the employee has worked for 20 years or more, the employee is entitled to compensation not less than the final wage rate of 400 days.

Cash cycle was five days faster from 64 days in the year 2018 to 59 days in the year 2019, resulting from more efficient inventory management. With high liquidity ratio from 3.78 times in the year 2018 to 4.58 times in the year 2019, while having quick ratio at 3.11 times in the year 2018 to 3.86 times in the year 2019, as can be seen that the Company has excellent financial stability.

Shareholders' equity

As of March 31, 2020, the Company recorded shareholders' equity of Baht 5,734.1 million, increase by Baht 516.7 million or 9.9% from last year, due to various changes as follow:

- Shareholders' equity increased from its comprehensive income for year 2019 of Baht 606.8 million.
- Shareholders' equity decreased from dividend payment in August 2019, the Company paid dividends to its shareholders in the total amount of Baht 90.1 million as at 4.55 baht per share, according to the resolution approved by the shareholders' meeting on July 25, 2019.
- In September 2019, the Company wrote off treasury stock and reduced ordinary stock. According to the Board of Directors' meeting held on August 8, 2019, the Board of Directors permitted the Company to dispose of 2.2 million treasury shares, with the period from August 27, 2019, until September 9, 2019. However, after the expiration of selling the treasury shares, the Company could not sell treasury shares, as a result, the Company had unsalable 2.2 million treasury shares. The Company reduced the registered capital and reduced the paid-up capital from Baht 220 million to Baht 198 million by eliminating the unsalable treasury shares in the amount of 2.2 million shares, with a par value of 10 baht per share, totaling Baht 22 million. The disposal of treasury shares and reserves for treasury shares were shown in shareholders' equity amount.

To sum up, the Company has maintained a robust capital structure and a significantly low financial risk level.

Report of the Board of Directors' Responsibility for Financial Statements

The Board of Directors is responsible for the financial statements of Kang Yong Electric Public Company Limited including the financial information presented in the Annual Report. The financial statements have been prepared in accordance with the generally accepted accounting standards under the Accounting Act, B.E. 2543 and the requirements of the Securities and Exchange Commission regarding preparation and presentation of financial statements under the Securities and Exchange Act, B.E. 2535 by consideration to use of accounting policy appropriate and have been applied consistently including cautious discretion and reasonable estimates in the preparation, as well as disclosure of significant information adequate in the notes to the financial statements. The financial statements has been audited and expressed opinion in the auditor's report with unconditional by the independent certified public accountant.

The Board of Directors has put in place the risk management and internal control systems in order to assure that the accounting information is accurate , completely, timely and sufficiently to sustain the Company's assets including prevent frauds or any significant irregularities operation .

In this regard, the Board of Directors has appointed the Audit Committee comprising independent directors to be responsible for the quality of the financial report, the assessment of the internal control and internal audit to ensure efficiency, effectiveness and reliability. The Audit Committee has reported the performance to the Board of Directors, and given opinions on these issues in the Audit Committee's report presented in the Annual Report 2019.

The Board of Directors is of the opinion that the internal control system and internal audit of the Company are adequate and appropriate , able to ensure rationally that the financial statements for the year ended March 31, 2020 of Kang Yong Electric Public Company Limited are reasonably reliable and accurate in material aspects in accordance with the generally accepted accounting standards.



(Mr. Praphad Phodhivorakhun)

Chairman of the Board of Directors



(Mr. Takenori Adachi)

President

June 12, 2020

Financial Statements and Notes to the Financial Statements

Kang Yong Electric Public Company Limited



Independent Auditor's Report

To the Shareholders of Kang Yong Electric Public Company Limited

Opinion

I have audited the financial statements in which the equity method is applied and separate financial statements of Kang Yong Electric Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 March 2020, the related 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 financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020 and its 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 Financial Statements in which the Equity Method is Applied and Separate Financial Statements* section of my report. I am independent of 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 financial statements in which the equity method is applied 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 Matter

Key audit matter is those matter that, in my professional judgment, were of most significance in my audit of the financial statements in which the equity method is applied and separate financial statements of the current period. This matter was addressed in the context of my audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Adequacy of provision for warranties	
Refer to Notes 3 (m) and 13 to the financial statements in which the equity method is applied and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
The provision for product warranty is material to the financial statements. The determination of the provision involves estimates by management of the amount and probability of claims. Therefore, I consider this matter to be a key audit matter.	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> - Inquiring management to gain understanding on the process for estimation of provision for warranties. - Testing the reliability of actual warranties report by comparing actual claimed data with actual warranties report including testing on sampling basis of relevant documents. - Challenging management regarding the method used for estimation to evaluate the reasonableness of the method and assumptions used. - Considering the appropriateness of assumptions used for estimation of expected damage from warranty by comparing with historical actual claimed data. - Testing the calculation of provision for warranties by consider total sales of finished goods, total actual warranty expense and average claimed year. - Considering the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements in which the equity method is applied 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 financial statements in which the equity method is applied 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 financial statements in which the equity method is applied 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 financial statements in which the equity method is applied 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 Financial Statements in which the Equity Method is Applied and Separate Financial Statements

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

In preparing the financial statements in which the equity method is applied and separate financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied 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 financial statements in which the equity method is applied 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 financial statements in which the equity method is applied 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 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 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 financial statements in which the equity method is applied 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied 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 equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied 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.

Sophit P.

(Sophit Prompol)
Certified Public Accountant
Registration No. 10042

KPMG Phoomchai Audit Ltd.
Bangkok
20 May 2020

Kang Yong Electric Public Company Limited

Statement of financial position

Assets	Note	Financial statements			
		in which the equity method		Separate financial statements	
		is applied		31 March	
		31 March	2019	2020	2019
(in Baht)					
Current assets					
Cash and cash equivalents	5	964,561,348	789,953,293	964,561,348	789,953,293
Current investments	6	2,330,000,000	2,100,000,000	2,330,000,000	2,100,000,000
Trade accounts receivable	4, 7	1,118,691,767	1,320,572,790	1,118,691,767	1,320,572,790
Value added tax refundable		28,456,771	32,643,607	28,456,771	32,643,607
Other receivables	4	32,063,755	24,973,078	32,063,755	24,973,078
Dividend receivables	4	171,415,558	-	171,415,558	-
Short-term loan to related party	4	83,910,992	23,221,994	83,910,992	23,221,994
Inventories	8	784,724,911	896,613,221	784,724,911	896,613,221
Other current assets		8,696,889	7,469,681	8,696,889	7,469,681
Total current assets		5,522,521,991	5,195,447,664	5,522,521,991	5,195,447,664
Non-current assets					
Available-for-sale investments	6	1,646,871	5,113,344	1,646,871	5,113,344
Investment in associate	9	19,481,981	19,546,147	3,000,000	3,000,000
Other long-term investments	6	157,361,700	157,361,700	157,361,700	157,361,700
Investment properties	10	4,188,669	4,188,669	4,188,669	4,188,669
Property, plant and equipment	11	1,536,028,685	1,421,737,943	1,536,028,685	1,421,737,943
Intangible assets	12	35,393,670	41,173,894	35,393,670	41,173,894
Deferred tax assets	21	85,043,070	76,009,019	85,043,070	76,009,019
Other non-current assets		19,387,244	25,418,050	19,387,244	25,418,050
Total non-current assets		1,858,531,890	1,750,548,766	1,842,049,909	1,734,002,619
Total assets		7,381,053,881	6,945,996,430	7,364,571,900	6,929,450,283

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

Kang Yong Electric Public Company Limited

Statement of financial position

	<i>Note</i>	Financial statements			
		in which the equity method		Separate financial statements	
		is applied			
		31 March		31 March	
Liabilities and equity		2020	2019	2020	2019
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Trade accounts payable	4	789,303,681	879,201,096	789,303,681	879,201,096
Other payables	4	355,365,436	480,768,921	355,365,436	480,768,921
Current tax payable		48,953,434	-	48,953,434	-
Other current liabilities		11,336,472	14,396,156	11,336,472	14,396,156
Total current liabilities		1,204,959,023	1,374,366,173	1,204,959,023	1,374,366,173
<i>Non-current liabilities</i>					
Provision for warranties	13	112,196,249	103,562,761	112,196,249	103,562,761
Non-current provisions for employee benefits	14	317,631,695	237,346,665	317,631,695	237,346,665
Provident funds		12,147,686	13,320,484	12,147,686	13,320,484
Total non-current liabilities		441,975,630	354,229,910	441,975,630	354,229,910
Total liabilities		1,646,934,653	1,728,596,083	1,646,934,653	1,728,596,083
<i>Equity</i>					
Share capital:	15				
Authorised share capital		198,000,000	220,000,000	198,000,000	220,000,000
Issued and paid-up share capital		198,000,000	220,000,000	198,000,000	220,000,000
Treasury shares	15	-	(970,420,000)	-	(970,420,000)
Share premium:					
Share premium on ordinary shares	15	726,100,000	726,100,000	726,100,000	726,100,000
Retained earnings					
Appropriated					
Legal reserve	16	22,000,000	22,000,000	22,000,000	22,000,000
Treasury shares reserve	15, 16	-	970,420,000	-	970,420,000
Other reserve		420,000,000	420,000,000	420,000,000	420,000,000
Unappropriated		4,370,914,119	3,829,422,060	4,354,432,138	3,812,875,913
Other component of equity	16	(2,894,891)	(121,713)	(2,894,891)	(121,713)
Total equity		5,734,119,228	5,217,400,347	5,717,637,247	5,200,854,200
Total liabilities and equity		7,381,053,881	6,945,996,430	7,364,571,900	6,929,450,283

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

Kang Yong Electric Public Company Limited

Statement of comprehensive income

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		Year ended 31 March		Year ended 31 March	
		2020	2019	2020	2019
(in Baht)					
Revenue					
Revenue from sale of goods and rendering of services	4, 17	7,703,406,711	7,960,185,979	7,703,406,711	7,960,185,979
Investment income	4, 18	480,041,305	261,434,146	480,221,305	261,944,146
Net foreign exchange gain		21,875,724	17,370,503	21,875,724	17,370,503
Other income	4	39,872,261	44,555,403	39,872,261	44,555,403
Total revenue		8,245,196,001	8,283,546,031	8,245,376,001	8,284,056,031
Expenses					
Cost of sale of goods and rendering of services	4, 20	6,435,414,054	6,946,517,375	6,435,414,054	6,946,517,375
Distribution costs	4, 20	418,443,081	440,404,891	418,443,081	440,404,891
Administrative expenses	4, 20	720,949,097	726,976,171	720,949,097	726,976,171
Total expenses		7,574,806,232	8,113,898,437	7,574,806,232	8,113,898,437
Share of profit of associate	9	115,834	549,048	-	-
Profit before income tax expense		670,505,603	170,196,642	670,569,769	170,157,594
Tax income (expense)	21	(49,219,952)	9,949,301	(49,219,952)	9,949,301
Profit for the year		621,285,651	180,145,943	621,349,817	180,106,895
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss					
Losses on remeasuring available-for-sale investments	6	(3,466,473)	(2,611,197)	(3,466,473)	(2,611,197)
Income tax relating to item that will be reclassified subsequently to profit or loss	21	693,295	522,239	693,295	522,239
Total items that will be reclassified subsequently to profit or loss		(2,773,178)	(2,088,958)	(2,773,178)	(2,088,958)
Item that will not be reclassified subsequently to profit or loss					
Losses on remeasurements of defined benefit plans	14	(14,629,490)	(7,297,991)	(14,629,490)	(7,297,991)
Income tax relating to item that will not be reclassified to profit or loss	21	2,925,898	1,459,598	2,925,898	1,459,598
Total items that will not be reclassified to profit or loss		(11,703,592)	(5,838,393)	(11,703,592)	(5,838,393)
Other comprehensive income (expense) for the year, net of tax		(14,476,770)	(7,927,351)	(14,476,770)	(7,927,351)
Total comprehensive income (expense) for the year		606,808,881	172,218,592	606,873,047	172,179,544
Basic earnings per share	22	31.38	8.56	31.38	8.56

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

Kang Yong Electric Public Company Limited
Statement of changes in equity

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Retained earnings				Unappropriated investments	Available-for-sale investments	Total equity
					Legal reserve	Treasury shares reserve <i>(in Baht)</i>	Other reserve	Other			
Year ended 31 March 2019											
Balance at 1 April 2018											
		220,000,000	-	726,100,000	22,000,000	-	420,000,000	4,985,234,510	1,967,245	6,375,301,755	
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the Company</i>											
	15	-	(970,420,000)	-	-	970,420,000	-	(970,420,000)	-	(970,420,000)	
	23	-	-	-	-	-	-	(359,700,000)	-	(359,700,000)	
		-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)	
Total transactions with owners, recorded directly in equity											
		-	(970,420,000)	-	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)	
Comprehensive income (expense) for the year											
		-	-	-	-	-	-	180,145,943	-	180,145,943	
		-	-	-	-	-	-	(5,838,393)	(2,088,958)	(7,927,351)	
		-	-	-	-	-	-	174,307,550	(2,088,958)	172,218,592	
Balance at 31 March 2019											
		220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,829,422,060	(121,713)	5,217,400,347	

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

Kang Yong Electric Public Company Limited
Statement of changes in equity

Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Retained earnings				Unappropriated	Other component of equity	Total equity
					Legal reserve	Treasury shares reserve (in Baht)	Other reserve	Available-for-sale investments			
Year ended 31 March 2020											
Balance at 1 April 2019		220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,829,422,060	(121,713)	5,217,400,347	
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the Company</i>											
Write-off treasury shares - reduction of ordinary shares	15	(22,000,000)	970,420,000	-	-	(970,420,000)	-	22,000,000	-	-	
Dividends to owners of the Company	23	-	-	-	-	-	-	(90,090,000)	-	(90,090,000)	
Total distributions to owners of the Company		(22,000,000)	970,420,000	-	-	(970,420,000)	-	(68,090,000)	-	(90,090,000)	
Total transactions with owners, recorded directly in equity		(22,000,000)	970,420,000	-	-	(970,420,000)	-	(68,090,000)	-	(90,090,000)	
Comprehensive income (expense) for the year											
Profit		-	-	-	-	-	-	621,285,651	-	621,285,651	
Other comprehensive income (expense)		-	-	-	-	-	-	(11,703,592)	(2,773,178)	(14,476,770)	
Comprehensive income (expense) for the year		-	-	-	-	-	-	609,582,059	(2,773,178)	606,808,881	
Balance at 31 March 2020		198,000,000	-	726,100,000	22,000,000	-	420,000,000	4,370,914,119	(2,894,891)	5,734,119,228	

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

Kang Yong Electric Public Company Limited
Statement of changes in equity

	Separate financial statements								Total equity	
	Retained earnings							Other component of equity		
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Legal reserve	Treasury shares reserve <i>(in Baht)</i>	Other reserve	Unappropriated			Available-for-sale investments
Year ended 31 March 2019										
Balance at 1 April 2018	220,000,000	-	726,100,000	22,000,000	-	420,000,000	4,968,727,411	1,967,245	6,358,794,656	
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the Company</i>										
Treasury shares purchased	15	-	(970,420,000)	-	970,420,000	-	(970,420,000)	-	(970,420,000)	
Dividends to owners of the Company	23	-	-	-	-	-	(359,700,000)	-	(359,700,000)	
Total distributions to owners of the Company		-	(970,420,000)	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)	
Total transactions with owners, recorded directly in equity		-	(970,420,000)	-	970,420,000	-	(1,330,120,000)	-	(1,330,120,000)	
Comprehensive income (expense) for the year										
Profit		-	-	-	-	-	180,106,895	-	180,106,895	
Other comprehensive income (expense)		-	-	-	-	-	(5,838,393)	(2,088,958)	(7,927,351)	
Comprehensive income (expense) for the year		-	-	-	-	-	174,268,502	(2,088,958)	172,179,544	
Balance at 31 March 2019	220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,812,875,913	(121,713)	5,200,854,200	

Kang Yong Electric Public Company Limited
Statement of changes in equity

		Separate financial statements							Other component of equity	
		Retained earnings							of equity	
	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Legal reserve	Treasury shares reserve (in Baht)	Other reserve	Unappropriated	Available-for-sale investments	Total equity
Year ended 31 March 2020										
		220,000,000	(970,420,000)	726,100,000	22,000,000	970,420,000	420,000,000	3,812,875,913	(121,713)	5,200,854,200
Balance at 1 April 2019										
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the Company</i>										
	15	(22,000,000)	970,420,000	-	-	(970,420,000)	-	22,000,000	-	-
	23	-	-	-	-	-	-	(90,090,000)	-	(90,090,000)
		(22,000,000)	970,420,000	-	-	(970,420,000)	-	(68,090,000)	-	(90,090,000)
Total distributions to owners of the Company										
		(22,000,000)	970,420,000	-	-	(970,420,000)	-	(68,090,000)	-	(90,090,000)
Total transactions with owners, recorded directly in equity										
		-	-	-	-	-	-	-	-	-
Comprehensive income (expense) for the year										
		-	-	-	-	-	-	621,349,817	-	621,349,817
		-	-	-	-	-	-	(11,703,592)	(2,773,178)	(14,476,770)
Comprehensive income (expense) for the year										
		-	-	-	-	-	-	609,646,225	(2,773,178)	606,873,047
Balance at 31 March 2020										
		198,000,000	-	726,100,000	22,000,000	-	420,000,000	4,354,432,138	(2,894,891)	5,717,637,247

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

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	621,285,651	180,145,943	621,349,817	180,106,895
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax (income) expense	49,219,952	(9,949,301)	49,219,952	(9,949,301)
Depreciation	352,080,559	350,425,335	352,080,559	350,425,335
Amortisation	8,224,722	8,168,114	8,224,722	8,168,114
Provision for warranties	87,286,255	79,320,574	87,286,255	79,320,574
Non-current provisions for employee benefits	83,381,669	20,805,266	83,381,669	20,805,266
Unrealised gain on exchange	(21,598,150)	(6,641,548)	(21,598,150)	(6,641,548)
Share of profit of associate	(115,834)	(549,048)	-	-
Reversal of losses on inventories devaluation	(8,838,716)	(6,463,028)	(8,838,716)	(6,463,028)
(Gain) loss on disposal of plant and equipment	297,162	(844,581)	297,162	(844,581)
Dividend income	(414,682,753)	(194,640,458)	(414,862,753)	(195,150,458)
Interest income	(48,181,032)	(49,616,168)	(48,181,032)	(49,616,168)
Rental income	(17,177,520)	(17,177,520)	(17,177,520)	(17,177,520)
	<u>691,181,965</u>	<u>352,983,580</u>	<u>691,181,965</u>	<u>352,983,580</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	215,351,769	(23,772,341)	215,351,769	(23,772,341)
Value added tax refundable	4,186,836	3,781,228	4,186,836	3,781,228
Other receivables	(9,559,562)	1,830,570	(9,559,562)	1,830,570
Inventories	120,727,026	156,035,979	120,727,026	156,035,979
Other current assets	(1,227,208)	6,807,533	(1,227,208)	6,807,533
Other non-current assets	1,747,230	1,768,641	1,747,230	1,768,641
Trade accounts payable	(90,645,722)	(16,067,206)	(90,645,722)	(16,067,206)
Other payables	(112,354,150)	(34,507,365)	(112,354,150)	(34,507,365)
Other current liabilities	(3,059,684)	(7,691,531)	(3,059,684)	(7,691,531)
Warranties paid	(78,652,767)	(84,382,608)	(78,652,767)	(84,382,608)
Employee benefits paid	(17,726,129)	(11,176,679)	(17,726,129)	(11,176,679)
Provident fund paid	(1,172,798)	(1,240,755)	(1,172,798)	(1,240,755)
Net cash generated from operating	<u>718,796,806</u>	<u>344,369,046</u>	<u>718,796,806</u>	<u>344,369,046</u>
Taxes paid	(1,397,800)	(1,351,372)	(1,397,800)	(1,351,372)
Net cash from operating activities	<u>717,399,006</u>	<u>343,017,674</u>	<u>717,399,006</u>	<u>343,017,674</u>

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

Kang Yong Electric Public Company Limited

Statement of cash flows

	Financial statements			
	in which the equity method		Separate financial statements	
	is applied			
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
(Increase) decrease in current investments	(230,000,000)	1,200,000,000	(230,000,000)	1,200,000,000
Proceeds from disposal of plant and equipment	1,282,330	2,093,483	1,282,330	2,093,483
Acquisitions of plant and equipment	(481,135,205)	(295,667,854)	(481,135,205)	(295,667,854)
Acquisitions of computer software	(2,444,498)	(4,666,990)	(2,444,498)	(4,666,990)
Short-term loan to related party	(353,450,140)	(338,484,105)	(353,450,140)	(338,484,105)
Proceeds from short-term loan to related party	292,761,142	342,770,118	292,761,142	342,770,118
Dividends received	243,447,195	195,150,458	243,447,195	195,150,458
Interest received	50,637,395	49,378,453	50,637,395	49,378,453
Rental received	17,187,450	17,193,725	17,187,450	17,193,725
Net cash from (used in) investing activities	(461,714,331)	1,167,767,288	(461,714,331)	1,167,767,288
<i>Cash flows from financing activities</i>				
Payment to acquire treasury shares	-	(970,420,000)	-	(970,420,000)
Dividends paid to owners of the Company	(90,090,000)	(359,700,000)	(90,090,000)	(359,700,000)
Net cash used in financing activities	(90,090,000)	(1,330,120,000)	(90,090,000)	(1,330,120,000)
Net increase in cash and cash equivalents, before effect of exchange rates	165,594,675	180,664,962	165,594,675	180,664,962
Effect of exchange rate changes on cash and cash equivalents	9,013,380	-	9,013,380	-
Net increase in cash and cash equivalents	174,608,055	180,664,962	174,608,055	180,664,962
Cash and cash equivalents at 1 April	789,953,293	609,288,331	789,953,293	609,288,331
Cash and cash equivalents at 31 March	964,561,348	789,953,293	964,561,348	789,953,293
<i>Non-cash transactions</i>				
Dividend receivables	171,415,558	-	171,415,558	-
Plant and equipment purchased during the year are detailed as follows:				
Plant and equipment purchased during the year	(467,950,793)	(310,127,542)	(467,950,793)	(310,127,542)
Increase (decrease) in payables on purchases of plant and equipment	(13,184,412)	14,459,688	(13,184,412)	14,459,688
Net purchase of plant and equipment paid by cash	(481,135,205)	(295,667,854)	(481,135,205)	(295,667,854)

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

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2020

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Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 May 2020.

1 General information

Kang Yong Electric Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in October 1993. The Company’s registered office at 67 Moo 11, Debaratna Road, K.M. 20, Bangchalong, Bangplee, Samutprakarn.

The immediate parent company during the financial year was Mitsubishi Electric Corporation (45.70% shareholding), which was incorporated in Japan.

The principal activities of the Company are manufacturing and distributing household electrical appliances under the “Mitsubishi” trademark. The Company obtains the production licence and technology from its parent company.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. There is no material impact on the Company’s financial statements. The Company has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(p).

In addition, the Company has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 26.

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company’s functional currency.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2020

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 10	Impairment test: key assumptions underlying recoverable amounts;
Note 13	Recognition and measurement of provision for warranties: key assumptions about the likelihood and magnitude of an outflow of resources; and
Note 14	Measurement of defined benefit obligations: key actuarial assumptions.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation of the financial statements in which the equity method is applied

The financial statements in which the equity method is applied relate to the Company and the Company's interests in an associate.

Interests in equity-accounted investee

The Company's interests in equity-accounted investee comprise interest in an associate.

Associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interest in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence ceases.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

Kang Yong Electric Public Company Limited
Notes to the financial statements
For the year ended 31 March 2020

(d) Trade and other accounts receivable and contract assets

A receivable is recognised when the Company has an unconditional right to receive consideration. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Company is entitled to, less impairment losses.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost and 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.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

(f) Investments

Investment in associate

Investment in associate in the separate financial statements of the Company is accounted for using the cost method. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method.

Investments in other equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Kang Yong Electric Public Company Limited
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For the year ended 31 March 2020

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follow:

Buildings	20 years
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No depreciation is provided on freehold land and assets under construction and installation.

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

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Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis (except for factory equipment - moulds and jigs using the double declining balance method) over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Buildings and improvements	5 - 20 years
Machinery and equipment	5 - 25 years
Factory equipment	5 years
Office equipment	5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	10 years
Computer software	5 years
Golf course membership	5 years

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Notes to the financial statements
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Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company 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.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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Provision for warranties

A provision for product warranties is recognised when the underlying products or services are sold. The provision is based on historical actual claimed data and a weighting of all possible outcomes against their associated probabilities.

(n) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company 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.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(o) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(p) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

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Sale of goods and rendering of services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and rendering of services

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Revenue from rendering of services is recognised as services are provided.

(q) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(r) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(s) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(t) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(u) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

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Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

(v) *Earnings per share*

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(w) *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 Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(x) *Segment reporting*

Segment results that are reported to the Company'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 assets, liabilities, investment income, gain (loss) on exchange rate, other income, some of selling and administrative expenses.

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4 Related parties

Relationship with an associate is described in note 9. Other related parties that the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Japanese, 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 Company
Mitsubishi Electric Corporation	Japan	Parent, 45.70% shareholding
Kulthorn Kirby Public Company Limited	Thailand	Common director
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent and common director
Siam Compressor Industry Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Life-Network Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Engineering Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	A subsidiary of the Company's parent
Mitsubishi Electric Asia Pte. Ltd.	Singapore	A subsidiary of the Company's parent
Mitsubishi Electric Australia Pty. Ltd.	Australia	A subsidiary of the Company's parent
Mitsubishi Electric Sales Malaysia Sdn. Bhd.	Malaysia	A subsidiary of the Company's parent
Mitsubishi Electric (Malaysia) Sdn. Bhd.	Malaysia	A subsidiary of the Company's parent
Setsuyo Astec Corporation	Japan	A subsidiary of the Company's parent
Melco Thai Capital Co., Ltd.	Thailand	A subsidiary of the Company's parent
Melco Travel Co., Ltd.	Japan	A subsidiary of the Company's parent
Mitsubishi Electric (Hong Kong) Ltd.	Hongkong	A subsidiary of the Company's parent
Mitsubishi Electric Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
K.G.M. Services Co., Ltd.	Thailand	A subsidiary of the Company's parent
Melco Logistics (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Trading Corp.	Japan	A subsidiary of the Company's parent
Melco Trading (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric & Electronic (Shanghai) Co., Ltd.	China	A subsidiary of the Company's parent
Mitsubishi Electric Vietnam Company Limited	Vietnam	A subsidiary of the Company's parent
PT. Mitsubishi Electric Indonesia	Indonesia	A subsidiary of the Company's parent
Setsuyo Astec (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric (Russia) LLC	Russia	A subsidiary of the Company's parent
Mitsubishi Electric Factory Automation (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent
Mitsubishi Electric Asia (Thailand) Co., Ltd.	Thailand	A subsidiary of the Company's parent

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The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Domestic sales	Weighted average of standard cost plus margin for all products
Export sales	Resale price method which are dependent on market and competitive conditions of the particular country
Other income	Prices agreed between the parties
Purchase of goods/ raw materials	Prices agreed between the parties
Purchase of property, plant and equipment	Prices agreed between the parties
Royalty fee	Contractually agreed rate
Product development fee	Actual amount
Technical assistance fee	Contractually agreed rate
Rental fee	Based on the market value
Inventory management service fee	Based on the area used
Interest income/ expense from pooling bank account with Mitsubishi Group	Based on the surplus funds or the funds used, at the interest rate of average deposit or loan interest rates offered by the financial institution
Interest income/ expense from short-term loan to and loan from	Based on the interest rate of the financial institution
Product warranty expense	Actual amount
Distribution costs and administrative expenses	Prices agreed between the parties
Key management personnel compensation	The Nomination and Remuneration Committee and the Company's policy
Dividend income	Declared amount

Significant transactions for the years ended 31 March with related parties were as follows:

Year ended 31 March	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sale of goods	3,193,146	2,940,997	3,193,146	2,940,997
Other income	17	18	17	18
Royalty fee	167,939	176,455	167,939	176,455
Product development fee	270,494	275,108	270,494	275,108
Product warranty expense	56,758	63,459	56,758	63,459
Technical assistance fee	19,122	16,154	19,122	16,154
Distribution costs and administrative expenses	8,725	7,514	8,725	7,514
Associate				
Revenue from sale of goods	153	128	153	128
Rental income	171,178	17,178	171,178	17,178
Dividend income	-	-	180	510
Other income	555	686	555	686
Inventory management service fee	69,345	79,143	69,345	79,143
Distribution costs and administrative expenses	5,725	6,949	5,725	6,949

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<i>Year ended 31 March</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	87,754	84,537	87,754	84,537
Post-employment benefits	1,622	1,042	1,622	1,042
Other long-term benefits	14	10	14	10
Total key management personnel compensation	89,390	85,589	89,390	85,589
Other related parties				
Revenue from sale of goods	4,507,301	5,015,878	4,507,301	5,015,878
Purchases of raw material	985,423	1,043,822	985,423	1,043,822
Purchases of equipment	4,881	8,484	4,881	8,484
Dividend income	414,406	194,625	414,406	194,625
Interest income	492	234	492	234
Other income	239	1,785	239	1,785
Product warranty expense	9,962	8,566	9,962	8,566
Distribution costs and administrative expenses	82,858	86,191	82,858	86,191

Balances as at 31 March with related parties were as follows:

<i>Trade accounts receivable</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Parent	345,082	370,941
Associate	5	10
Other related parties	773,459	949,403
Total	1,118,546	1,320,354

<i>Other receivables</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Parent	1,232	2,471
Associate	1,485	1,495
Other related parties	1,446	1,375
Total	4,163	5,341

<i>Dividend receivables</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Other related parties	171,416	-

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<i>Movement of short-term loans to</i>	Interest rate	Financial statements in which the equity method is applied and separate financial statements				
		At 31 March (% per annum)	At 1 April	Increase (in thousand Baht)	Decrease	At 31 March
2020						
Other related party	0.60 - 1.56	<u>23,222</u>	353,450	(292,761)		<u>83,911</u>
2019						
Other related party	1.00	<u>27,508</u>	338,484	(342,770)		<u>23,222</u>

<i>Trade accounts payable</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020 (in thousand Baht)	2019
Other related parties	<u>104,500</u>	<u>123,646</u>

<i>Other payables</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020 (in thousand Baht)	2019
Parent	139,413	272,476
Associate	6,905	8,693
Other related parties	25,998	31,171
Total	<u>172,316</u>	<u>312,340</u>

Significant agreements with related parties

Technical assistance agreement

The Company entered into agreement with Mitsubishi Electric Corporation (MELCO) whereby such company agreed to provide the Company the technical information and know-how of production. In consideration thereof, the Company agreed to pay royalty fees, development fees and technical assistance fees computed based on agreed formula to MELCO. The term of the agreement was for a period of 5 years and is automatically extended for a successive period of 5 years each unless either party notifies in writing to the other party any intention of termination at least 6 months prior to expiration of the agreement.

Building rental agreement

The Company entered into a building rental agreement with Smile Super Express Co., Ltd., an associate, whereby the Company will provide building rental to the associate for use as a warehouse for its finished goods. The agreement was for a period of 2 years with rental rate as specified in the agreement. This agreement is renewed by either party notification in writing to the other party at least 60 days before expiration of this agreement. In May 2019, the Company notified to renew such agreement for a period of 2 years expiring on 31 July 2021.

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Inventory management service agreement

The Company entered into an inventory management service agreement with Smile Super Express Co., Ltd., an associate. Under the term of the agreement, the Company agrees to pay an inventory management service fee in an amount and a condition as specified in the agreement. The agreement has a term of 1 year and shall be automatically extended for successive 1 year term unless terminated by either party.

Thai Baht pooling service agreement

In May 2002, the Company entered into the Thai Baht Pooling Service Agreement with Melco Thai Capital Co., Ltd. (MTC), other related party, whereby MTC agreed to provide management service relating to Thai Baht current account of the Company. In consideration thereof, the Company is committed to pay or earn the interest at the rate and method as specified in the agreement. There is no expiration of the agreement unless there are any cases complying with termination conditions as specified in the agreement.

Short term loan to related party

On 6 January 2020, the Company entered into a loan agreement with Melco Thai Capital Co., Ltd. (MTC), other related party, whereby the related party issued the promissory note to the Company amounting to Baht 70 million which bears interest at the rate of 1.56% per annum and will be due on 6 January 2021.

5 Cash and cash equivalents

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Cash on hand	100	100
Cash at banks - current and savings accounts	199,461	49,853
Highly liquid short-term investments	765,000	740,000
Total	964,561	789,953

6 Other investments

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	2,330,000	2,100,000
	2,330,000	2,100,000
<i>Other long-term investments</i>		
Equity securities available-for-sale	1,647	5,113
Other non-marketable equity securities	157,362	157,362
	159,009	162,475
Total	2,489,009	2,262,475

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As at 31 March 2020, short-term deposits at financial institutions of Baht 2,330 million (2019: Baht 2,100 million) have period of maturity from 92 days to 366 days and interest rates ranging from 0.35% to 1.88% per annum (2019: 1.25% to 1.75% per annum).

Equity securities available-for-sale as at 31 March was as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	2020		2019	
	Cost	Fair value <i>(in thousand Baht)</i>	Cost	Fair value
<i>Marketable securities - Available-for-sale securities</i>				
Kulthorn Kirby Public Co., Ltd.	4,965	1,120	4,965	4,596
City Sports and Recreation Public Co., Ltd.	300	527	300	517
	<u>5,265</u>	<u>1,647</u>	<u>5,265</u>	<u>5,113</u>
<i>Less valuation adjustment</i>	<u>(3,618)</u>	<u>-</u>	<u>(152)</u>	<u>-</u>
Net	<u><u>1,647</u></u>	<u><u>1,647</u></u>	<u><u>5,113</u></u>	<u><u>5,113</u></u>

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Other non-marketable equity securities as at 31 March 2019 and 2020 and dividend income for the years ended were as follows:

Investee	Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Thai Refrigeration Components Co., Ltd.	Manufacturing of roll-bond evaporators	10.57	10.57	50,000	50,000	5,286	5,286	-	-	5,286	5,286	264	264
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Manufacturing of air conditioners	10.00	10.00	1,200,000	1,200,000	120,000	120,000	-	-	120,000	120,000	394,435	180,696
Siam Compressor Industry Co., Ltd.	Manufacturing of compressors for air conditioners	2.00	2.00	1,603,800	1,603,800	32,076	32,076	-	-	32,076	32,076	19,971	13,472
Total				157,362	157,362	157,362	157,362	-	-	157,362	157,362	414,670	194,432

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7 Trade accounts receivable

		Financial statements in which the equity method is applied and separate financial statements	
	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Related parties			
Within credit terms		1,094,222	1,299,485
Overdue:			
Less than 3 months		24,324	20,869
		<u>1,118,546</u>	<u>1,320,354</u>
<i>Less</i> allowance for doubtful accounts		-	-
Net	4	<u>1,118,546</u>	<u>1,320,354</u>
Other parties			
Within credit terms		146	219
<i>Less</i> allowance for doubtful accounts		-	-
Net		<u>146</u>	<u>219</u>
Total		<u>1,118,692</u>	<u>1,320,573</u>

The normal credit term granted by the Company ranges from 30 days to 120 days.

8 Inventories

		Financial statements in which the equity method is applied and separate financial statements	
		2020	2019
		<i>(in thousand Baht)</i>	
Finished goods		280,024	323,416
Work in progress		50,611	58,663
Raw materials and factory supplies		440,408	531,981
Goods in transit		47,142	24,852
		<u>818,185</u>	<u>938,912</u>
<i>Less</i> allowance for decline in value		(33,460)	(42,299)
Net		<u>784,725</u>	<u>896,613</u>
Inventories recognised in 'cost of sales of goods':			
- Cost		6,444,253	6,952,980
- Reversal of write-down to net realisable value		(8,839)	(6,463)
Net		<u>6,435,414</u>	<u>6,946,517</u>

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9 Investment in associate

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
		<i>(in thousand Baht)</i>		
At 1 April	19,546	19,507	3,000	3,000
Share of profits of associate	116	549	-	-
Dividend income	(180)	(510)	-	-
At 31 March	<u>19,482</u>	<u>19,546</u>	<u>3,000</u>	<u>3,000</u>

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Associate

The following table summarises the financial information of the associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the associate.

	Smile Super Express Co., Ltd.	
	2020	2019
	<i>(in thousand Baht)</i>	
Revenue	173,842	167,061
Total comprehensive income (100%)	427	2,025
% hold	<u>27.12</u>	<u>27.12</u>
Company's share of total comprehensive income	<u>116</u>	<u>549</u>
Current assets	71,432	81,065
Non-current assets	21,775	12,659
Current liabilities	(13,268)	(14,252)
Non-current liabilities	<u>(8,103)</u>	<u>(7,400)</u>
Net assets (100%)	71,836	72,072
% hold	<u>27.12</u>	<u>27.12</u>
Carrying amount of interest in associate	<u>19,482</u>	<u>19,546</u>

10 Investment properties

	Financial statements in which the equity method is applied and separate financial statements		
	Land	Buildings	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 April 2018	9,578	91,436	101,014
At 31 March 2019 and 1 April 2019	<u>9,578</u>	<u>91,436</u>	<u>101,014</u>
At 31 March 2020	<u>9,578</u>	<u>91,436</u>	<u>101,014</u>
<i>Depreciation and impairment losses</i>			
At 1 April 2018	5,389	91,436	96,825
At 31 March 2019 and 1 April 2019	<u>5,389</u>	<u>91,436</u>	<u>96,825</u>
At 31 March 2020	<u>5,389</u>	<u>91,436</u>	<u>96,825</u>
<i>Net book value</i>			
At 31 March 2019	<u>4,189</u>	<u>-</u>	<u>4,189</u>
At 31 March 2020	<u>4,189</u>	<u>-</u>	<u>4,189</u>

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	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<i>Year ended 31 March</i>	<i>(in thousand Baht)</i>	
<i>Amounts recognised in profit or loss for investment properties</i>		
Rental income	17,178	17,178
<i>At 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
<i>Minimum lease payments under non-cancellable operating lease receivable:</i>		
Within 1 year	17,178	5,726
1 - 5 years	5,726	-
Total	22,904	5,726

Investment properties comprise land and buildings that are leased to an associate and plots of land that are not used in operations. Renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of investment properties as at 31 March 2020 of Baht 155.56 million (2019: Baht 155.56 million) was determined by independent professional valuers, at discounted cash flow using risk-adjusted discount rates for land and buildings that are leased to an associate and was considered by appraisal value of the Treasury Department for land not used in operations. The fair value of investment property has been categorised as a Level 3 fair value.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flows</i> ; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and capitalisation rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the location, ability to generate revenue stream, competitors and risk-free rate.	<ul style="list-style-type: none"> • Expected market rental growth (10% every 3 years). • Capitalisation rate (7.5%). • Risk-adjusted discount rates (10.5%). 	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> • Expected market rental growth were higher (lower); • Capitalisation rate were higher (lower); or • The risk-adjusted discount rate were lower (higher).

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11 Property, plant and equipment

Financial statements in which the equity method is applied and separate financial statements

	Land and improvements	Buildings and improvements	Machinery and equipment	Factory equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	Total
Cost								
At 1 April 2018	163,969	740,550	1,716,978	3,334,464	136,518	188	47,475	6,140,142
Additions	-	404	9,476	35,820	14,461	55	249,912	310,128
Transfers	22,940	6,460	70,884	143,580	1,290	1,402	(246,556)	-
Disposals / write-off	-	(120)	(26,036)	(71,800)	(7,478)	-	-	(105,434)
At 31 March 2019 and 1 April 2019	186,909	747,294	1,771,302	3,442,064	144,791	1,645	50,831	6,344,836
Additions	-	1,519	12,863	40,409	11,565	-	401,595	467,951
Transfers	18,151	10,887	39,085	284,708	7,052	-	(359,883)	-
Disposals / write-off	-	(1,841)	(17,759)	(72,983)	(1,401)	-	-	(93,984)
At 31 March 2020	205,060	757,859	1,805,491	3,694,198	162,007	1,645	92,543	6,718,803
Depreciation								
At 1 April 2018	34,471	655,239	1,162,894	2,734,118	90,025	110	-	4,676,857
Depreciation charge for the year	609	16,820	78,778	237,905	16,023	290	-	350,425
Disposals / write-off	-	(120)	(25,384)	(71,450)	(7,230)	-	-	(104,184)
At 31 March 2019 and 1 April 2019	35,080	671,939	1,216,288	2,900,573	98,818	400	-	4,923,098
Depreciation charge for the year	1,184	16,983	81,510	234,740	17,351	313	-	352,081
Disposals / write-off	-	(1,758)	(16,966)	(72,407)	(1,274)	-	-	(92,405)
At 31 March 2020	36,264	687,164	1,280,832	3,062,906	114,895	713	-	5,182,774
Net book value								
At 31 March 2019	151,829	75,355	555,014	541,491	45,973	1,245	50,831	1,421,738
At 31 March 2020	168,796	70,695	524,659	631,292	47,112	932	92,543	1,536,029

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The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2020 amounted to Baht 3,966.44 million (2019: Baht 3,810.23 million).

12 Intangible assets

	Financial statements in which the equity method is applied and separate financial statements			Total
	Software licences	Computer software <i>(in thousand Baht)</i>	Golf course membership	
Cost				
At 1 April 2018	36,550	23,215	962	60,727
Additions	910	3,756	-	4,666
At 31 March 2019 and 1 April 2019	37,460	26,971	962	65,393
Additions	-	2,445	-	2,445
At 31 March 2020	37,460	29,416	962	67,838
Amortisation				
At 1 April 2018	3,958	11,665	429	16,052
Amortisation for the year	3,892	4,083	192	8,167
At 31 March 2019 and 1 April 2019	7,850	15,748	621	24,219
Amortisation for the year	4,038	3,995	192	8,225
At 31 March 2020	11,888	19,743	813	32,444
Net book value				
At 31 March 2019	29,610	11,223	341	41,174
At 31 March 2020	25,572	9,673	149	35,394

13 Provision for warranties

	Financial statements in which the equity method is applied and separate financial statements <i>(in thousand Baht)</i>
At 1 April 2018	108,625
Provisions made	79,321
Provisions used	(84,383)
At 31 March 2019 and 1 April 2019	103,563
Provisions made	87,286
Provisions used	(78,653)
At 31 March 2020	112,196

A provision for product warranties is recognised when the underlying products or services are sold. The provision is based on historical actual claimed data and a weighting of all possible outcomes against their associated probabilities. Management estimates the provision for warranties by estimation from the proportion of actual warranty claimed and total sales of products during average claimed years.

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14 Non-current provisions for employee benefits

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Post-employment benefits		
Defined benefit plan	301,369	220,386
Other long-term employee benefits	16,263	16,961
Total	317,632	237,347

Defined benefit plan

The Company 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 Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Present value of the defined benefit obligations</i>		
At 1 April	237,347	220,420
Included in profit or loss:		
Current service cost	19,256	14,532
Past service cost	57,117	527
Interest on obligations	7,009	5,746
	83,382	20,805
Included in other comprehensive income		
Actuarial (gain) loss		
- Demographic assumptions	(8,694)	-
- Financial assumptions	30,704	5,882
- Experience adjustment	(7,381)	1,416
	14,629	7,298
Benefit paid	(17,726)	(11,176)
At 31 March	317,632	237,347

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

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<i>Principal actuarial assumptions</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Discount rate	1.09 - 1.35	2.50
Future salary growth	5.00	5.00

(%)

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 March 2020, the weighted-average duration of the defined benefit obligation was 10 - 14 years (2019: 9 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant.

<i>Effect to the defined benefit obligation At 31 March</i>	Financial statements in which the equity method is applied and separate financial statements			
	1% increase in assumption 2020	1% increase in assumption 2019	1% decrease in assumption 2020	1% decrease in assumption 2019
	<i>(in thousand Baht)</i>			
Discount rate	(25,805)	(24,158)	30,048	25,994
Future salary growth	21,883	22,329	(19,205)	(19,591)

15 Share capital and treasury shares

	Par value per share (in Baht)	2020		2019	
		Number	Amount	Number	Amount
<i>(thousand shares / in thousand Baht)</i>					
Authorised					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
Reduction of shares	10	(2,200)	(22,000)	-	-
At 31 March					
- ordinary shares	10	19,800	198,000	22,000	220,000
Issued and paid-up					
At 1 April					
- ordinary shares	10	22,000	220,000	22,000	220,000
Reduction of shares	10	(2,200)	(22,000)	-	-
At 31 March					
- ordinary shares	10	19,800	198,000	22,000	220,000

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Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Treasury shares

At the Board of Directors’ meeting of the Company held on 4 September 2018, the Board approved a Share Repurchase Project and on 24 October 2018, the Company repurchased 2.2 million shares at Baht 440 per share, amounting to Baht 968 million and has commission expenses for the repurchase of Baht 2.42 million, at the total cost of Baht 970.42 million, which presented as a deduction from equity. In addition, the Company appropriated its retained earnings to treasury shares reserve at an equivalent amount.

Subsequently, at the Board of Directors’ meeting of the Company held on 8 August 2019, the Board approved the resale of 2.2 million treasury shares and determined the period for resale of the treasury shares starting from 27 August 2019 to 9 September 2019. At the end of the resale period of the treasury shares, the Company was unable to resell the entire treasury shares and had 2.2 million unsold treasury shares in total. The Company then reduced share capital and paid-up capital from Baht 220 million to Baht 198 million by write-off all 2.2 million unsold treasury shares at the par value of Baht 10 per share totaling Baht 22 million and write-off all treasury shares and treasury shares reserve from equity. The Company has registered for reduction of share capital with Department of Business Development, Ministry of Commerce on 12 September 2019.

16 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company’s own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

Other component of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

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17 Segment information and disaggregation of revenue

The Company operates in a single line of business, namely the manufacturing and selling of household electrical appliances, which is an integrated line of product. The Company sales goods in domestic and overseas. The chief operating decision maker (CODM) determines operating segment on a geographical basis as follows:

- Segment 1 Sale of goods and rendering of services in Thailand
- Segment 2 Sale of goods in Japan
- Segment 3 Sale of goods in other countries

The Company's strategic divisions are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports at least on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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The Company's operations mainly involve business segments in manufacturing and selling of household electrical appliances in Thailand and sale goods in both domestic and oversea (Japan and other countries). Financial information of the Company by operating segments on a geographical basis for the years ended 31 March 2020 and 2019 was as follows:

	Overseas						Total	
	Domestic		Japan		Others			
<i>For the year ended 31 March</i>	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from sale of goods and rendering of services	2,977,098	3,101,656	3,331,034	3,129,722	1,395,275	1,728,808	7,703,407	7,960,186
Segment profit	451,142	343,727	560,955	399,759	(902)	(15,615)	1,011,195	727,871
Unallocated expenses							(882,594)	(881,583)
Investment income							480,041	261,434
Net foreign exchange gain (loss)							21,876	17,371
Other income							39,872	44,555
Share of profit of associate							116	549
Profit before tax income (expense)							670,506	170,197
Tax income (expense)							(49,220)	9,949
Profit for the year							621,286	180,146
Segment assets as at 31 March							7,381,054	6,945,996
Segment liabilities as at 31 March							1,646,935	1,728,596

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Major customers

Revenues from major customers of the Company's 1 and 2 segments represents approximately Baht 6,163.55 million (2019: Baht 6,036.38 million) of the Company's total revenue.

Promotional privileges

The Company has been granted promotional certificates by the Office of the Board of Investment for manufacturing and distributing household electrical appliances business. The Company has been granted several privileges including exemption from payment of import duty on imported raw material for using in production for export from promoted operations with certain terms and conditions prescribed in the promotional certificates.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

18 Investment income

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Rental income					
Rental income from operating lease of investment properties	4, 10	17,178	17,178	17,178	17,178
Dividend income					
Associate	9	-	-	180	510
Other related parties	4	414,406	194,625	414,406	194,625
Other parties		277	15	277	15
		<u>414,683</u>	<u>194,640</u>	<u>414,863</u>	<u>195,150</u>
Interest income					
Other related parties	4	492	234	492	234
Other parties		47,688	49,382	47,688	49,382
		<u>47,180</u>	<u>49,616</u>	<u>48,180</u>	<u>49,616</u>
Total		<u>480,041</u>	<u>261,434</u>	<u>480,221</u>	<u>261,944</u>

19 Employee benefit expenses

	Note	Financial statements in which the equity method is applied and separate financial statements	
		2020	2019
		<i>(in thousand Baht)</i>	
Wages and salaries		900,690	907,363
Defined contribution plans		26,207	35,667
Defined benefit plan	14	83,382	20,805
Others		89,843	91,637
Total		<u>1,100,122</u>	<u>1,055,472</u>

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Defined contribution plans

The provident fund presented under non-current liabilities includes a provident fund which the Company had established prior to 2000. Contributions were made by employees' voluntarily at 3% of their monthly salaries and by the Company at rates ranging from 5% to 7% of salaries depending on length of service of the employees.

Since 2001, the defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at minimum rates ranging from 6% to 8%, but not exceed 15% of their basic salaries and by the Company at rates ranging from 6% to 8% of the employees' basic salaries depending on length of service of the employees. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

20 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	51,445	80,425
Raw materials and consumables used	4,897,537	5,344,675
Employee benefit expenses	877,251	842,191
Depreciation and amortisation	337,654	336,118
<i>Included in distribution costs:</i>		
Royalty fee	167,939	176,455
Transportation expenses	94,613	109,342
Product warranty expense	87,286	79,321
Advertising and sales promotion expenses	40,240	46,856
<i>Included in administrative expenses:</i>		
Product development fee	270,494	275,108
Employee benefit expenses	199,277	191,678
Warehouse rental charge	69,345	81,387

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21 Income tax

<i>Income tax recognised in profit or loss</i>	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	46,559	-
Adjustment for prior years	8,076	-
	<u>54,635</u>	<u>-</u>
Deferred tax expense		
Movements in temporary differences	973	-
Movements in temporary differences - over provided in prior years	(6,388)	-
	<u>(5,415)</u>	<u>(9,949)</u>
Total tax (income) expense	<u>49,220</u>	<u>(9,949)</u>

<i>Income tax</i>	Financial statements in which the equity method is applied and separate financial statements					
	Before tax	2020 Tax (expense) benefit	Net of tax	Before tax	2019 Tax (expense) benefit	Net of tax
<i>Recognised in other comprehensive income</i>						
Available-for-sale securities	(3,466)	693	(2,773)	(2,611)	522	(2,089)
Defined benefit plan actuarial losses	<u>(14,629)</u>	<u>2,926</u>	<u>(11,703)</u>	<u>(7,298)</u>	<u>1,460</u>	<u>(5,838)</u>
Total	<u>(18,095)</u>	<u>3,619</u>	<u>(14,476)</u>	<u>(9,909)</u>	<u>1,982</u>	<u>(7,927)</u>

<i>Reconciliation of effective tax rate</i>	Financial statements in which the equity method is applied			
	2020	2019	2020	2019
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax expense		670,506		170,197
Income tax using the Thai corporation tax rate	20.00	134,101	20.00	34,039
Income not subject to tax		(82,960)		(39,038)
Additional deduction expenses for tax purposes		(3,887)		(5,325)
Expenses not deductible for tax purposes		278		375
Under provided in prior years		1,688		-
Total	<u>7.34</u>	<u>49,220</u>	<u>(5.85)</u>	<u>(9,949)</u>

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<i>Reconciliation of effective tax rate</i>	Separate financial statements			
		2020		2019
	<i>Rate</i>	<i>(in</i>	<i>Rate</i>	<i>(in</i>
	<i>(%)</i>	<i>thousand</i>	<i>(%)</i>	<i>thousand</i>
		<i>Baht)</i>		<i>Baht)</i>
Profit before tax expense		670,570		170,158
Income tax using the Thai corporation tax rate	20.00	134,114	20.00	34,031
Income not subject to tax		(82,973)		(39,030)
Additional deduction expenses for tax purposes		(3,887)		(5,325)
Expenses not deductible for tax purposes		278		375
Under provided in prior years		1,688		-
Total	7.34	49,220	(5.85)	(9,949)

<i>Deferred tax</i>	Financial statements in which the equity method is applied and separate financial statements			
		Assets		Liabilities
<i>At 31 March</i>	2020	2019	2020	2019
		<i>(in thousand Baht)</i>		
Total	96,889	94,243	(11,846)	(18,234)
Set off of tax	(11,846)	(18,234)	11,846	18,234
Net deferred tax assets	85,043	76,009	-	-

	Financial statements in which the equity method is applied and separate financial statements			
		<u>(Charged) / Credited to:</u>		
	At 1 April 2019	Profit or loss	Other comprehensive income	At 31 March 2020
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Inventories <i>(allowance for decline in value)</i>	8,459	(1,767)	-	6,692
Available-for-sale securities <i>(revaluation)</i>	30	-	693	723
Investment properties <i>(impairment losses on land not used in operations)</i>	1,078	-	-	1,078
Provision for warranties	20,713	1,726	-	22,439
Non-current provisions for employee benefits	47,469	13,132	2,926	63,527
Provident funds	2,665	(235)	-	2,430
Loss carry forward	13,829	(13,829)	-	-
Total	94,243	(973)	3,619	96,889
Deferred tax liabilities				
Property, plant and equipment <i>(depreciation gap)</i>	(18,234)	6,388	-	(11,846)
Total	(18,234)	6,388	-	(11,846)
Net	76,009	5,415	3,619	85,043

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	Financial statements in which the equity method is applied and separate financial statements			At 31 March 2019
	At 1 April 2018	(Charged) / Credited to:		
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets				
Inventories <i>(allowance for decline in value)</i>	9,752	(1,293)	-	8,459
Available-for-sale securities <i>(revaluation)</i>	-	-	30	30
Investment properties <i>(impairment losses on land not used in operations)</i>	1,078	-	-	1,078
Provision for warranties	21,725	(1,012)	-	20,713
Non-current provisions for employee benefits	44,084	1,925	1,460	47,469
Provident funds	2,913	(248)	-	2,665
Loss carry forward	-	13,829	-	13,829
Total	79,552	13,201	1,490	94,243
Deferred tax liabilities				
Available-for-sale securities <i>(revaluation)</i>	(492)	-	492	-
Property, plant and equipment <i>(depreciation gap)</i>	(14,982)	(3,252)	-	(18,234)
Total	(15,474)	(3,252)	492	(18,234)
Net	64,078	9,949	1,982	76,009

22 Basic earnings per share

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	621,286	180,146	621,350	180,107
Number of ordinary shares outstanding at 1 April	19,800*	22,000	19,800*	22,000
Effect of own share held	-	(958)	-	(958)
Weighted average number of ordinary shares outstanding (basic)	19,800	21,042	19,800	21,042
Earnings per share (basic) <i>(in Baht)</i>	31.38	8.56	31.38	8.56

* See note 15

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23 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2019				
Annual dividend	25 July 2019	August 2019	<u>4.55</u>	<u>90.09</u>
2018				
Annual dividend	25 July 2018	August 2018	<u>16.35</u>	<u>359.70</u>

24 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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 Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. However, the management believes that the Company has no material interest rate risk because the Company has insignificant borrowing and the maturity of deposits and other financial assets is short-term and interest is based on market rates. Hence, the Company has no hedging agreements to protect against such risk.

<i>At 31 March</i>	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Maturity period within 1 year (in thousand Baht)
2020		
<i>Financial assets</i>		
Deposits at financial institutions	0.25 - 0.58	964,461
Short-term investments - fixed deposits	0.35 - 1.88	2,330,000
Short-term loans to related party	0.60 - 1.56	83,911

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<i>At 31 March</i>	Effective interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements Maturity period within 1 year (in thousand Baht)
2019		
Financial assets		
Deposits at financial institutions	1.15 - 1.45	789,853
Short-term investments - fixed deposits	1.25 - 1.75	2,100,000
Short-term loans to related party	1.00	23,222

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 March, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

<i>Assets and liabilities denominated in the foreign currencies as at 31 March</i>	Financial statements in which the equity method is applied and separate financial statements 2020 2019 (in thousand Baht)	
United States Dollars		
Cash and cash equivalents	102,670	-
Trade accounts receivable	375,280	428,050
Trade accounts payable	(71,878)	(60,853)
Other payables	(12,677)	(16,050)
Net exposure	393,395	351,147
Japanese Yen		
Trade accounts receivable	22,776	50,048
Trade accounts payable	(7,321)	(6,400)
Other payables	(90,330)	(96,368)
Net exposure	(74,875)	(52,720)
Russian Ruble		
Trade accounts receivable	1,729	-
Net exposure	1,729	-
Other currencies		
Other payables	(3,039)	(2,466)
Net exposure	(3,039)	(2,466)
Total	317,210	295,961

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

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Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, management does not anticipate material losses from its debt collection.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Financial statements in which the equity method is applied and separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 March 2020					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	1,647	1,120	-	527	1,647
31 March 2019					
<i>Financial assets measured at fair value</i>					
Equity securities available-for-sale	5,113	4,596	-	517	5,113

The Company determines Level 3 fair values for equity securities - available-for-sale based on the most recent quoted price in the Stock Exchange of Thailand.

Trade and other accounts receivable, short-term loans to related party, trade and other accounts payable; the carrying amounts of these financial assets and financial liabilities approximate to the fair values due to the relative short-term maturity of these financial instruments.

25 Commitments with non-related parties

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Plant and equipment	24,003	34,810

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**Financial statements in which
the equity method is applied
and separate financial statements**
2020 2019
(in thousand Baht)

***Future minimum lease payments under
non-cancellable operating leases***

Within 1 year	8,101	5,582
1 - 5 years	17,483	10,991
Total	25,584	16,573

As at 31 March 2020, the Company had a letter of guarantee issued by a local bank to the Metropolitan Electricity Authority amounting to Baht 15.77 million.

26 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Company's operations, expected to have material impact on the financial statements in which the equity method is applied and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Company will recognise new assets and liabilities for its operating leases when this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.



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