

M.D. 150/2018

June 25, 2018

Subject: Invitation to the 2018 Annual General Meeting of Shareholders
To: Shareholders of Kang Yong Electric Public Company Limited

Enclosures:

1. Copy of the Minutes of the 2017 Annual General Meeting of Shareholders
2. Annual Report of the fiscal year 2017
3. Profile of Candidates Nominated for Director Election to replace the Directors Retiring by rotation
4. Information about the auditors and the auditor fees for fiscal yer 2018
5. Information on the Connected Transaction for product development fee (Renewal)
6. Opinion of Audit Committee on Connected Transaction
7. Opinion of Independent Financial Advisor on Connected Transaction
8. The amendment of the Company's Articles of Association
9. Registration Form (Please brought for registration on the meeting date)
10. Two Proxy Forms (Form A and Form B)
11. Definition of Independent Director and Criteria of Director Nomination
12. Profile of Independent Directors as the Shareholders' Proxy
13. Evidence Representing Right to Attend the 2018 Annual General Meeting of Shareholders
14. Articles of Association of Company involving Annual General Meeting of Shareholders
15. Criteria for Submitting Questions in Advance
16. Map of the venue for 2018 Annual General Meeting

The Board of Directors of Kang Yong Electric Public Company Limited ("the Company" or "KYE") resolved to arrange the 2018 Annual General Meeting of Shareholders on Wednesday, July 25, 2018, 14.00 hrs. at Bu-Nga Room, 3rd Floor, Golden Tulip Sovereign Hotel, No. 92 , Soi Saengcham, Rama 9 Road, Huay Kwang, Bangkok.

For the agenda of the 2018 Annual General Meeting of Shareholders, the Company invited the shareholders to propose any agenda items in advance via the Company's website at www.mitsubishi-kye.com during January 19-March 20, 2018, but none of them proposed any other agenda items to the Company. Therefore, the Company would like to propose the agenda of the meeting as resolved by the Board of Directors as follows:

/Agenda No. 1.....

Agenda No. 1 To adopt the minutes of the Annual General Meeting of Shareholders for the year 2017

Objective and rationale: The Company prepared the minutes of the 2017 Annual General Meeting of Shareholders, held on Wednesday, July 26, 2017, and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the meeting date by the law, and also posted the minutes via the Company's website at www.mitsubishi-kye.com for the shareholders' information and examination as appropriate. No objection and correction was accordingly proposed by any shareholder.

Board of Directors' opinion: It is deemed appropriate to propose the Annual General Meeting of Shareholders to consider adopting the minutes of the 2017 Annual General Meeting of Shareholders, since the Board of Directors had an opinion that the minutes of the meeting have been recorded correctly and completely taken. (Details are as presented in Enclosure No. 1)

Resolution: Required to be approved by a majority vote of the shareholders who attend the meeting and cast their votes.

Agenda No. 2 To acknowledge the Board of Directors's report on the operational for year 2017

Objective and rationale: Pursuant to Article 35(1) of the Company's Articles of Association, it is stipulated that the Company shall prepare and submit a report of the Board of Directors for the shareholders' acknowledgement of the Company's operating results for 2017

Board of Directors' opinion: It is considered appropriate to propose to the Annual General Meeting of Shareholders for acknowledgement of the Company's operating results for the fiscal year ended March 31, 2018, which is appeared in the Annual Report 2017 under the topic, "Management's Discussion and Analysis". (Details are as presented in Enclosure No. 2)

Resolution: Since this agenda item is proposed for acknowledgement, thus no votes.

Agenda No. 3 To consider and approve the annual financial statement 2017 year ended 31 March 2018

Objective and rationale: Pursuant to Article 38 of the Company's Articles of Association, it is stipulated that the Board of Directors shall arrange for preparation of balance sheets and statements of income for the accounting period ended March 31, 2018, duly audited by the auditor, for submission to the annual general meeting of shareholders for consideration and approval. (Details are as presented in Enclosure No. 2 under the topic, "Financial Statement a and Notes to the Financial Statements")

Board of Directors' opinion: It is deemed appropriate to propose to the Annual General Meeting of Shareholders for consideration and approval the Company's financial statements for the accounting year ended March 31, 2018, duly audited by the auditor, reviewed and considered accurate by the Audit Committee as appropriate in material aspects according to the generally accepted accounting standards.

Resolution: Required to be approved by a majority vote of the shareholders who attend the meeting and cast their votes.

Agenda No. 4 To consider and approve profit appropriation and annual dividend payment

Objective and rationale: Pursuant to Article 40 of the Company's Articles of Association, it is stipulated that the Company shall pay dividend when it could earn a profit. Therefore, the Company has a policy to pay dividend to the shareholders at a rate of approximately 50% of net profit after corporate /income tax.....

income tax as shown on the financial statements in which the equity method is applied, depending however on the Company's performance and the economic condition.

From its 2017 performance, the Company posted a net profit for the year of 719.3 million baht, representing earnings per share of 16.35 baht. Comparison of its performance and dividend payment rates in the past years are shown below:

	2013	2014	2015	2016	Propose 2017
Net profit (Mbaht)	506.0	926.9	841.9	1,335.8	719.3
Number of Shares (Mshares)	22.0	22.0	22.0	22.0	22.0
Dividend per share (Baht/Share)	11.50	21.07	19.14	30.36	16.35
Dividend Amount (Mbaht)	253.0	463.5	421.1	667.9	359.7
% of Net Profit	50.00%	50.01%	50.02%	50.00%	50.01%

Board of Directors' opinion: It is deemed appropriate to propose to Annual General Meeting of Shareholder for consideration and approval the profit appropriation for dividend payment to the Company's shareholders for its 2017 performance at the rate of 16.35 baht per share, amounting to 359.7 million baht in total. The Record Date for determining names of shareholders with rights to receive the dividend payment is set to be Monday, August 6, 2018, and the dividend payment is scheduled for Thursday, August 23, 2018.

Therefore, the shareholders who receive the dividend in 2018 will be entitlement to tax credit of 20%.

Resolution: Required to be approved by a majority vote of the shareholders who attend the meeting and cast their votes.

Agenda No. 5 To consider election of directors in place of those retiring by rotation

Objective and rationale: Pursuant to Article 15 of the Company's Articles of Association, it is stipulated that at every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. At this annual general meeting, there are five directors retiring by rotation, namely

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|---|------------------------|----------------|
| 1 | Mr. Praphad | Phodhivorakhun |
| 2 | Mr. Chackchai | Panichapat |
| 3 | Mr. Tanabodee | Kusinkert |
| 4 | Pol.Maj.Gen. Sahaschai | Indrasukhsri |
| 5 | Dr. Apichai | Boontherawara |

The Company invited the shareholders to nominate qualified candidates for election as the Company's directors in accordance with the criteria announced on the Company's and Stock Exchange of Thailand's websites during January 19 -March 20, 2018, but none of them proposed any candidates for election as the Company's directors.

Board of Directors' opinion: The Board of Directors, excluding directors with beneficial interests, has made consideration based on opinion of the Nomination and Remuneration Committee that the five /retiring directors.....

retiring directors have knowledge, competence and experience in the Company's business, and throughout their directorship tenure, they have performed duties within their scope of authority, responsibilities and under good corporate governance principles, which are beneficial to the Company's business operations. It is therefore deemed appropriate to propose to the 2018 Annual General Meeting of Shareholders for consideration the appointment of the following persons as the Company's directors for another term:

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|---|------------------------|----------------|----------------------------------|
| 1 | Mr. Praphad | Phodhivorakhun | as director |
| 2 | Mr. Chackchai | Panichapat | as director/independent director |
| 3 | Mr. Tanabodee | Kusinkert | as director/independent director |
| 4 | Pol.Maj.Gen. Sahaschai | Indrasukhsri | as director/independent director |
| 5 | Dr. Apichai | Boontherawara | as director |

(Profile of candidates nominated for director election and definition of independent directors are presented in Enclosure No. 3 and No.11 respectively)

Resolution: Required to be approved by a majority vote of the shareholders who attend the meeting and cast their votes.

Agenda No. 6 To consider and approve the directors' remuneration for fiscal 2018

Objective and rationale: Pursuant to Article 29 of the Company's Articles of Association, it is stipulated that the directors shall be entitled to receive remuneration from the Company as to be approved by the shareholders' meeting.

Board of Directors' opinion: It is deemed appropriate to propose to the Annual General Meeting of Shareholders for consideration and approval the remuneration for the Company's directors for fiscal 2018 in the form of monthly retainer fee and meeting allowance at the same rate as 2017, i.e. within a limit of 6,500,000 baht, for the Board of Directors and Board committees, as proposed by the Nomination and Remuneration Committee based on through consideration on all appropriate factors and comparison with peer companies in a similar type of industry and with about the same business scale, and the overall business environment, the detail as below:

	BOD			AC		NRC		PPC	
	Chairman	ViceChairman	Director	Chairman	Director	Chairman	Director	Chairman	Director
Retainer fee (per month)	15,000	13,000	10,000	15,000	10,000	9,000	6,000	-	-
Meeting allowance (per time)	42,000	36,000	30,000	47,000	32,000	32,000	22,000	37,000	27,000

Unit:Baht

Resolution: Required to be approved by a vote not less than two-thirds of the total number of votes of the shareholders who attend the meeting and cast their votes.

Agenda No. 7 To consider the appointment of auditor and fixing of audit fee for fiscal year 2018

Objective and rationale: Pursuant to Article 35(5) of the Company's Articles of Association, it is stipulated that the annual general meeting of shareholders shall appoint an auditor and fix the audit fee on a yearly basis.

Board of Directors' opinion: The Board of Directors, through the scrutiny by the Audit Committee, deems it appropriate to propose to the Annual General Meeting of Shareholders the appointment of certified public accountants the auditor, KPMG Phoomchai Audit Ltd., with any of the following to perform duty as the Company's auditor for 2018:

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|----|---------------|-------------------|-------------------------------|
| 1. | Ms. Patamavan | Vadhanakul | Registration No. 9832, and/or |
| 2. | Ms. Pornthip | Rimduisit | Registration No. 5565, and/or |
| 3. | Ms. Kanokorn | Phooriphanyawanit | Registration No. 10512 |

The proposed auditors are independent in conducting audit work and expressing opinion on the financial statements. They do not have any relationship or conflict of interest with the Company, its associated companies, executives, major shareholders or their related persons. They also serve as auditors for Mitsubishi Electric Kang Yong Watana Co., Ltd., which is the Company's sole distributor in Thailand, in order to eradicate a conflict of interest. Moreover, the Board of Directors deems it appropriate to propose to the Annual General Meeting of Shareholders for consideration and approval the audit fee for 2018 in the total amount of 1,338,000 baht, which increases by 8.1% from 2017 and is commensurate with the additional audit workload resulting from adoption of the new accounting standard relevant to the Company's business. (Detail are as presented in Enclosure No. 4)

Resolution: Required to be approved by a majority vote of the shareholders who attend the meeting and cast their votes.

Agenda No. 8 To consider and approve the connected transaction for product development fee

This transaction was classified as supporting normal business transaction by not carrying on general trading conditions. The Company entered into the Technical Assistance Agreement with MELCO as a major shareholder of the Company on April 26, 1979. Based on such agreement, the Company is granted a right to manufacture and sales electric home appliance under "Mitsubishi Electric" trademark, and MELCO also provides technical assistance, manufacturing technology and undertake development for new products the Company is obligation to pay development fee by the actual costs, comprised of raw material cost, testing cost cannot be accurately identified at present. The total value of the transaction size is in excess of 3% NTA and more than Baht 20 million.

The product development fee payment transaction size within the period of April 1, 2019-March 31, 2024 (Fiscal year 2020-2024) which will be based on the actual costs cannot be accurately identified at present. The total value sale of goods and rendering of service of the Company's financial statement of each year.

/For the year.....

For the year 2020-2024, The Board of Directors' Meeting has resolved to propose the Annual General Meeting of Shareholder 2018 to approve the products development fee to MELCO not exceed 4% of the revenue from sale of goods and rendering of services of the Comapany's financial statement of each years.

Objective and rationale: To maintain business continuity. Because product development critical to business operations and help enhance the market competitiveness. Include helping increase revenue from sales and maintain market share.

Board of Directors' opinion: The aforementioned transaciton being excised reasonable and beneficially to the Company since the transaction will support in value enhancing to the Company by increasing in sales and lowering the investment cost in reseach and development department. In addition, the price and terms and conditions of the transaction are fair due to reseach and development expense to total revenues ratio in line with the average in the same industry . (Detail are as presented in Enclosure No. 5,6,7)

Resolution: Required to be approved by at least three-fourth vote of total attending shareholders and having voting right, excluding interested shareholders' equity.

Agenda No. 9 To consider and approve the amendment Articles 8, 12, 16, 18, 29, 30, 35, and 47 of the Articles of Association of the Company

Objective and rationale: The relevant laws and regulations governing public limited companies and listed companies such as the Public Limited Companies Act B.E. 2535 (1992) by virtue of the Order of the Head of National Council for Peace and Order No. 21/2017 Re: Amendments of Laws to Facilitate the Ease of Doing Business and Securities and Exchange Act B.E. 2535 (1992) have been recently enacted or amended but the Company's existing Articles of Association have been in force for a considerable period of time (since B.E. 2547 (2004)) without any amendment to reflect the above change of laws.

Therefore, it is expedient to amend Articles 8, 12, 16, 18, 29, 30, 35 and 47 of the Articles of Association of the Company with a view to comply with the above change of laws, to be more flexible and to facilitate the business operation of the Company. (Detail are as presented in Enclosure No. 8)

Board of Directors' opinion: The Board of Directors of the Company has considered the matter and is of the opinion that the shareholders should consider and approve the amendment to Articles 8, 12, 16, 18, 29, 30, 35 and 47 of the Articles of Association of the Company according to the details as shown in Enclosure No.8

Resolution: Required to be approved by not less than three-fourths of the total votes of shareholders attending the meeting and having the right to vote.

Agenda No. 10 To consider other businesses (if any)

Schedule of the 2018 Annual General Meeting of Shareholders

13.00 - 14.00 hrs. Registration for the meeting by the shareholders and/or proxies and examination of proxy assignment documents.
The Company would like to recommend that all shareholders and/or proxies study the conditions of meeting registration and proxy assignment as provided in Enclosure No. 9 For more convenience in the registration, the shareholders and/or proxies are recommended to bring and present the documents and evidence indicated in Enclosure No. 6 and No. 7 for registration on the meeting date.

Remark: In case of shareholders who are foreign investors and have appointed a custodian in Thailand to attend the meeting on your behalf, please use Proxy Form C, which is downloadable from our website at www.mitsubishi-kye.com.

For shareholders who wish to assign any of our independent directors as your proxy (details are given in Enclosure No.8), please send the Proxy Form and other required documents to the Company's Corporate Strategic Planning Office no later than Friday, July 20, 2018 so that we could coordinate with the assigned independent directors.

14.00 hrs. Start of the 2018 Annual General Meeting of Shareholders.

In addition, the shareholders who would like to raise questions or give comments regarding significant issues on the agenda may send your questions and/or comments before the meeting to the Company by post and/or through E-mail: information@kye.meap.com and/or facsimile no. 02-337-2439 - 40 no later than Friday, 20 July, 2018

You are cordially invited to attend the meeting at the time and the venue indicated above.

Yours sincerely,



(Praphad Phodhivorakhun)

Chairman of the Board of Directors