

M.D. 053/2019

February 13, 2019

Subject : Disclosure of the information connected transactions

To : President of the Stock of Exchange of Thailand

Kang Yong Electric Public Company Limited hereby notify that the resolution of the Directors' Meeting No.4/2018 on February 13,2019, consider and approve the company entering into the connected transactions.

The detail as followings:-

**A. Short term loans to related party**

**1. Transaction Date** : 1 April 2019 - 31 March 2020

**2. Connected Parties** : Loan Provider : Kang Yong Electric Public Company Limited -->

KYE

Loan Receiver : Melco Thai Capital Company Limited --> MTC

**3. Character of Transaction** :

KYE entered into the Thai Baht Pooling Service Agreement with MTC Whereby

MTC : Agree to provide management service relating to Thai Baht current account of the Company

KYE : Commitment to pay or earn the interest at the rate and method as agreed in the agreement

There is no expiration of the agreement.

4. Total Value of transaction : [Net tangible asset (NTA) ended 31 December 2018 = Baht 4,992.5 million] Total value of loan receivable baht 94.3 million by deposit cash with MTC average interest rate 0.76%/year. Loan receivable amount and interest receive Baht 95 million.

This transaction follows the Notification of the Board of Governors of The Stock Exchange of Thailand involving Disclosure of Information and other Acts of Listed Companies concerning the connected transactions B.E.2546 , which the operations are categorized as Provision or receipt of financial assistance

/transaction, it is not.....

transaction, it is not exceed Baht 100 million or 3% of NTA whichever is lower. Therefore, the company has proposed this transaction to the Board of Directors for approval and disclose the information to the Stock Exchange of Thailand according to regulation.

**5. Scope of interests of Connected persons**

- KYE and MTC got a joint major shareholders as follows:-
- Mitsubishi Electric Corporation holds 9,048,020 shares or 41.13% of the share in KYE
  - Mitsubishi Electric Corporation holds 192,994 shares or 99.99% of the share in MTC

**6. Funding Source**

Working capital.

**7. Directors who was related person / in with conflict of interests did not attend nor cast votes at this agenda.**

Related person	Representative of major shareholders
1) Mr. Takenori Adachi 2) Mr. Akira Nakamichi 3) Mr. Hirotaka Abo	1) Mr. Shinji Sasaki 2) Mr. Tomohiko Kasai 3) Mr. Yasumichi Tazunoki

**8. Connected Transaction Reason**

- According to this assessment, not only cash flow management will be better including the interest rate of saving account are better than commercial bank. (Interest rate E/Dec18 --> MTC 0.75%, Commercial Bank 0.5%)
- MTC has been proficient and experienced in financial management for many companies in Mitsubishi Electric Group in Thailand for the past 15 years.

/9. Audit Committee's.....

## **9. Audit Committee's Opinion**

- Regarding to the above connected transaction, Audit Committee has agreed that it is reasonable to assign MTC to manage this amount of money as they are potential to implement the effective cash management right their proficiency and high experience.

- Opinion of the Board of Directors and Audit Committee which is different -None -

### **B. Purchasing Air Conditioner**

**1. Transaction Date** : February - March 2019

**2. Connected Parties** : Buyer: Kang Yong Electric Public Company Limited => KYE

Seller: Mitsubishi Electric Kang Yong Watana Co., Ltd. => MKY

### **3. Nature of the Transaction**

KYE is necessary to improve the air conditioners system at Test Room A&B at Refrigerator Production Department because it has been using for over 15 years and became deterioration. KYE needs a replacement to reduce the breakdown issue. KYE hires MKY to design and install the new air conditioner(MITSUBISHI ELECTRIC) which using the technology that enhances the efficiency in the test room also, able to save the energy and reduce the maintenance cost.

### **4. Total Value of the Transaction**

Total value of air-conditioning and installation fee 5,900,000 baht, representing 0.1182 % of the net tangible assets value (NTA as of December 31, 2018= Baht 4,992.5 million). The cash payment of the whole amount after the installation is completed in March 2018.

The size of the transaction that is medium size, it is exceed 0.03% but not exceed 3% of NTA, pursuant the Notification of the Board of Governors of The Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies concerning connected transactions B.E.2546. KYE must take following actions:-

- Seek approval from the Board of Directors' meeting.
- Report and disclosure of information of this transaction to the SET

## 5. Scope of interest of Connected Persons

The Mitsubishi Electric Corporation is common major shareholder by holding share as followings: -

KYE : 9,048,020 shares or 41.13%

MKY : 57,700 shares or 48.04%

## 6. Funding Source

Working capital.

## 7. Directors who have interest and/or connected persons did not attend and have no right to vote in this agenda

<u>Common Directors</u>	<u>Representative of major saheholders</u>	
	<u>Related person</u>	
1. Mr. Praphad Phodhivorakhun	4. Mr. Takenori Adachi	7. Mr. Shinji Sasaki
2. Mr. Praphon Potivorakun	5. Mr. Akira Nakamichi	8. Mr. Tomohiko Kasai
3. Mr. Yasumichi Tazunoki	6. Mr. Hirotaka Abo	

## 8. Reasonableness of transaction

- 1) Reduce the loss of the the air conditioner in the testing room breakdown (1.88 MB/Year)
- 2) Increase the efficiency of air conditioning systems with increased airflow rate and Energy saving
- 3) Reduce the maintenance costs (0.34 million baht/year) and save the investment cost of the production efficiency improvement.
- 4) When considering the product features and the price, found that appropriate meets the needs of the company. It has been compared with other service providers

## **9. Opinion the Board of Directors and Audit Committee**

It is reasonable in the benefits that the company would receive and save costs for improvement. Also the price of the air conditioner system that is suitable for the business. Therefore, agreed to approve the entering into the connected transaction.

- Opinion of the Board of Directors and Audit Committee which is different -None -

Yours Sincerely,

Mr. Praphad Phodhivorakhun

Chairman

Corporate Strategic Planning Office

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