



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

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A Group Company of



M.D. 067/2024

June 14, 2024

Subject : Notification of Resolutions of the Special Board of Directors and fixing the date for the Annual General Meeting of Shareholders for the year 2024 (Revised)
To : President of the Stock Exchange of Thailand
Enclosure : The connected transaction information for short term loans to related party

The Special Board of Directors' Meeting No.1/2024 of Kang Yong Electric Public Company Limited (the "Company"), held on Friday, June 14, 2024, has passed the followings important resolutions:

1. It is deemed appropriate to propose to Annual General Meeting of Shareholders for consideration and approval the profit appropriation for dividend payment to the Company's shareholders for its 2023 performance at the rate of 29.85 baht per share, amounting to 591 million baht in total.
However, the mentioned dividend payment remains uncertainty. Due to the pending approval of the Annual General Meeting of Shareholders for the year 2024.
2. Approved the connected transaction for short terms loans to related party to propose in the Annual General Meeting of Shareholders for the year 2024 (Details of the agenda appeared in the enclosure 1)
3. The date and venue of the Annual General Meeting of the Shareholders for the year 2024 via Electronic Meeting (E-AGM) only one format is determined as Friday 26 July 2024 at 02:00 p.m. at Meeting room 121, 2nd Floor, Kang Yong Electric Public Company Limited, located at No. 67 M. 11, Debaratna Road Km. 20, Banchalong, Bangplee, Samutprakarn 10540 with the following agendas:
 - Agenda 1 To acknowledge the Board of Directors' report on the operational result for year 2023
 - Agenda 2 To consider and approve the annual financial statement 2023 year ended 31 March 2024
 - Agenda 3 To consider and approve the profit appropriation and annual dividend payment
 - Agenda 4 To consider the election of Directors in place of those retiring by rotation
 - Agenda 5 To consider and approve the directors' remunerations of fiscal year 2024
 - Agenda 6 To consider the appointment auditors and fix audit fee for fiscal year 2024
 - Agenda 7 To consider and approve the connected transaction for short terms loans to related party
 - Agenda 8 To consider other businesses (if any)
4. Determined the date on which the recorded shareholders have the right to attend the Annual General Meeting of the Shareholders for the year 2024 (Record Date) on Friday, June 28, 2024.
5. The Record Date for shareholders' registration for receiving dividend for fiscal year 2024 will be recorded on Friday, August 2, 2024. The dividend payment will be made on Thursday, August 22, 2024.
Please kindly be informed accordingly

Your kind acknowledgment in this matter will be appreciated.

Yours Sincerely,
Keiji Oya
Vice Chairman of the Board of Directors

Corporate Strategic Planning Office

Tel. 02-337-2900 ext. 1150

the connected transaction for short term loans to related party
between
Kang Yong Electric Public Company Limited and Melco Thai Capital Limited

The Special Board of Directors meeting of the Company no. 1/2024 on June 14, 2024 has resolved to approve the connected transaction for short term loans to related party product development fee. The details are as follow;

1. Transaction Date:

August 1, 2024 – July 31, 2029

2. Connected parties

Loan Provider : Kang Yong Electric Public Company Limited ("the company or KYE")

Loan Receiver : Melco Thai Capital Company Limited. or MTC

3. Character of the transactions

KYE entered into the Thai Baht Pooling Service Agreement and Loan Agreement with MTC whereby

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

KYE and MTC : Obligate to pay or earn interest at the rate and method agreed upon by the contract.

Both parties agrees to review the contracts and obtain an approval from shareholders every five years.

Loans given to MTC for the past 3 years

		(MB)		
Fiscal year		2021	2022	2023
	Cash Pooling	13.2	7.0	7.8
	MTC Loan	70.0	85.0	90.0
	Total	83.2	92.0	97.8
	Interest receipts	0.7	0.9	2.2
	%	0.8%	1.0%	2.2%

As of the end of December 2023, the company received an interest rate from MTC of 2.50% **is the highest rate for 5 years (August 1, 2024 – July 31, 2029).**

Providing financial assistance to MTC, it is used types of transaction: 1) lending money 2) daily cash management (cash pooling), both types both types of transactions not exceeding 2,000 million baht at any given time. In the past, the company implemented a policy for determining loan interest rates within the MELCO group of companies in Thailand for loan transactions. A fixed interest rate is set compared to the fixed deposit interest rates offered by financial institutions. For cash pooling transactions, a floating interest rate is determined compared to the interest rates on savings deposits provided by financial institutions.

However, lending money to MTC is under the condition that if KYE later encounters a lack of liquidity, KYE can redeem/**or lending money** from MTC at the same interest rate. The credit line size is not higher than KYE, which was previously lent to MTC. This condition qualifies as receiving financial assistance from MTC. **In the event MTC cannot return the principal and the accrued interest, KYE has considered MTC's profitability over a 5-year period, current assets and current liabilities at approximately one time, never defaulting on debt payments, and MELCO as a significant shareholder of MTC. Therefore, the Company considers it not a very high risk.**

4. Total Value of Transaction

The Board of Directors meeting no. 4/2023 on February 9, 2024, it was resolved that a connected transaction for short-term loans to a related party should be approved in an amount not exceeding 100 million baht. However, at the meeting, KYE and MTC occasionally extended the lending limit to each other under the framework of a total value not exceeding 2,000 million baht. The calculation of the total value of the transaction is divided into two items as follows:

Case 1: Providing financial assistance. It calculates the transaction value from the principal and interest. With a principal amount not exceeding 2,000 million baht and interest income not exceeding 250 million baht*, totaling 2,250 million baht

Case 2: Receiving financial assistance and daily cash management (cash pooling). The transaction value will be calculated only for interest expenses not exceeding 250 million baht*.

However, when considering the value of transaction 1, providing financial assistance, and transaction 2, receiving financial assistance, combined because both transactions are transactions made with MTC, which is the same connected person. The total transaction value equals 2,500 million baht, including interest income of 250 million baht*, equivalent to 26.77% of NTA**. In addition, the transaction size over the past six months is another 1.08% of net tangible assets. (NTA) of the company will result in a total transaction size Equal to 27.85 per cent of the company's net tangible assets (NTA).

* Interest income $(2,000 \times 2.50\%^{***} \times 5) = 250$ million baht

Interest expense $(2,000 \times 2.50\%^{***} \times 5) = 250$ million baht

** Net tangible asset (NTA) as at 31 March 2024 = 9,339.0 million baht

*** The rate of 2.50% is the highest rate ever received from MTC

The transaction is connected according to the announcement of the Stock Exchange of Thailand's board of directors. Regarding the disclosure of information and operations of listed companies in connected transactions 2003, the category "Providing financial assistance and receiving financial assistance" with a transaction value exceeding 3% of NTA, which is a transaction large related by setting a limit for MTC to loan money not exceeding 2,000 million baht, it is considered a connected transaction in the category of financial assistance. However, because there are conditions for redemption of the said loan if the company needs additional liquidity, such conditions are considered connected transactions in the category of receiving financial assistance.

The company must disclose information about connected transactions to the Stock Exchange of Thailand and ask for shareholder resolution to approve such connected transactions with a vote of not less than three-fourths of the total number of votes of shareholders or proxy (if any) attending the meeting and have the right to vote, excluding shareholders who have vested interests.

5. Scope of interests of Connected persons

KYE and MTC has joint major shareholders as follows:

Mitsubishi Electric Corporation holds 9,048,020 shares or 45.70% of the share in KYE

Mitsubishi Electric Corporation holds 192,994 shares or 99.99% of the share in MTC

6. Funding Source

The Company's working capital. The Company has liquidity of approximately 4,000 million baht, which it will be used during the year, including emergency reserves of approximately 2,000 million baht, so it is expected that it can be used to find additional returns of no more than 2,000 million baht.

7. Directors who is related person (no attending and no right to cast the votes)

<u>Name</u>	<u>Relevant</u>	<u>hold KYE's shares</u>
1. Mr. Keiji Oya	Directors who are related person from MELCO	None
2. Mr. Yasuhito Negishi		None
3. Mr. Hitoshi Maruyama		None
4. Mr. Osamu Sugimoto	Directors who are representative of major shareholders	None
5. Mr. Kunihiko Seki		None
6. Mr. Tatsuo Ono		None

8. Connected Transaction Reasons :

1. Lending money through this method will give the Company more liquidity in managing cash flow. It also reduces the risk of depositing too much money with commercial banks.
2. Receive a better return on interest income than commercial banks.
3. MTC has expertise in financial management for companies in the Mitsubishi Electric group in Thailand for more than twenty years.

9. The Audit Committee's Opinion

This transaction uses excess cash to benefit the Company by receiving better returns than commercial banks and has a stable and reliable counterparty. The Audit Committee considers such connected transactions reasonable. Therefore, it is appropriate to present this matter to the Company's Board of Directors for consideration and to the shareholder meeting for further approval.

10. The Board of Directors's opinion

Regarding the above-connected transaction, the board of directors has agreed that it is reasonable to assign MTC to manage this money. MTC can implement effective cash management and receive higher returns than other financial institutions with their proficiency and high experience.

The Board of Directors : is of the opinion that the mentioned connected transaction is appropriate to propose to grant the approval from the Annual General Meeting will be held on Friday 26 July 2024. The Board of Directors meeting no.4/2023 on 9 February 2024 had the resolution to appoint "Finnex advisory Company Limited" to be the independent financial advisor to comment the connected transaction in the AGM.

11. Opinion of the Board of Directors and Audit Committee which is different

– None –

Yours Sincerely,

Keiji Oya

Vice Chairman of the Board of Directors

Corporate Strategic Planning Office

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