

Translation

Kulthorn Kirby Public Company Limited Minutes of the Extraordinary Shareholders Meeting No. 1/2019 On 4 September 2019

The meeting was held at the company's meeting room, No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok.

Mr Sumeth Simakulthorn, the Chairman of the board of directors who presided over the meeting, assigned Pol. Gen. Pateep Tanprasert, the Company Secretary to introduce the company's directors and other executives present at the meeting which they are names as follows:

DIRECTORS in attendance

1 Mr Sumeth	Simakulthorn	Chairman of the board of director
2 Mr Tawatchai	Jaranakarun	Independent Director/Chairman of Audit Committee and a Proxy to shareholder
3 Vice Admiral Naruedom	Sa-ardyen	Independent Director/Audit Committee and a Proxy to shareholder
4 Mr Padoong	Techasarintr	Independent Director/Audit Committee
5 Mr Somlak	Jiamtiranat	Independent Director
6 Mr Katiya	Greigarn	Independent Director
7 Mr Prasan	Tanprasert	Director
8 Mr Sutee	Simakulthorn	Director/President
9 Mr Titisak	Simakulthorn	Director/Executive Vice President (Marketing)
10 Mr Abhijit	Simakulthorn	Director
11 Mr Kanok	Suriyasat	Director
12 Mr Surath	Pralongsil	Director/Executive Vice President (Finance)

The directors present at the meeting, representing 85.71 % of total number of directors.

THE EXECUTIVES in attendance

1 Mrs Supanee	Chantasasawat	Executive Vice President (Administration)
2 Mr Somchai	Chaiyasit	Executive Vice President (Manufacturing)
3 Ms Penpak	Assarat	Deputy Manager, Finance and Controlling Division
4 Ms Boonnisa	Wattanasri	Acting Manager (Accounting & Costing Department)

The Company Secretary then informed the meeting that there were 41 shareholders and 34 proxies, in total 75 persons present at the meeting, representing 868,635,935 shares or at 72.38 % which is not less than one-third of the total 1,200,000,000 issued and sold shares and there were shareholders and proxies attended the meeting of not less than 25 persons. It constituted a quorum according to the company's Articles of Association.

The Chairman further stated that during proceeding on each meeting agenda if any shareholder has any question, please raise the question. As for the voting in each agenda, to counting votes from every ballot would be time consuming and he asked the Company Secretary to give detail on this matter.



The Company Secretary stated that in each agenda the Chairman would propose resolution for the meeting's approval. Any shareholder who disapprove with the chairman's proposal or abstain vote, could cast his/her vote and sign his/her name on the distributed ballot and raise his/her hand, so that the company's staff would collect his/her ballot and count the votes. Other shareholders who did not raise their hands would be assumed that they approved with the proposed resolution in the agenda. Thus, if there were no hand raised, let it be agreed that the meeting unanimously approved with the chairman's proposal.

The Chairman therefore declared the meeting opened and proceeded the meeting according to the agenda.

The Meeting was opened at 10.00 hours

Agenda 1 **To certify the Minutes of the Ordinary Shareholders Meeting No. 40/2019**

The Chairman assigned the Company Secretary to propose the meeting to certify the minutes of the Ordinary Shareholders Meeting No. 40/2019 held on 24 April 2019 which the copy of the minutes was sent to all shareholders for considering in advance and had been already posted on the company's website.

The Company Secretary informed the meeting that now there were 41 shareholders and 35 proxies, in total 76 persons present at the meeting, representing 872,635,935 shares

The Meeting, after considering unanimously certified the minutes of the Ordinary Shareholders Meeting No. 40/2019 held on 24 April 2019 with the following votes :

Approved	872,635,935 votes,	equal to 100 %
Disapproved	- none -	
Abstained	- none -	
Void ballot	- none -	

Agenda 2 **To consider approving the increase of the company's registered capital of Baht 300,000,000 from the existing registered capital of Baht 1,200,000,000 to be Baht 1,500,000,000 by issuing 300,000,000 new ordinary shares at the par value of Baht 1 per share**

The Chairman assigned the Company Secretary to present the matter to the meeting.

The Company Secretary stated that as the company need a fund to operate business and support the company expansion and to be used as the working capital for the amount of Baht 300,000,000. Therefore, the company shall increase its registered capital of Baht 300,000,000, by issuing 300,000,000 new ordinary shares at the sales price of Baht 1 per share, from the existing registered capital of Bat 1,200,000,000 to Baht 1,500,000,000.

Which the resolution on this agenda shall have a vote of not less than three-fourths of total number of votes of the shareholders attending the meeting and having the right to vote according to Section 136 of the Public Limited Companies Act B.E. 2535.

Once the Company Secretary finished the details presented, The Chairman then had given an opportunity for the shareholders to ask questions.

- Mr. Hangchai Akkawasakun, proxy from Mr. Supot Uachailertkul, a shareholder asked what the purpose of the Baht 300 million capital increase was to be used for.



The President explained to the meeting that this capital increase was due to the company had purchased assets of Bristol Compressor from USA, which used in the production of motor compressors. Therefore, the Company requested some banks for additional loans. The banks have proposed conditions for the company to increase the registered capital at the amount of Baht 300 million. For more details about the loan request, Mr. Surath Pralongsil, Director / Executive Vice President (Finance), was the person to clarify.

Mr. Surath Pralongsil, Director / Executive Vice President (Finance), further explained that the Bristol project will invest approximately Baht 950 million, which will be new products that are not overlapping with the existing products and will create more profits for the company, resulting to improving operating results. The Company has already invested approximately Baht 700 million and the machineries and equipment have been relocated to Thailand. The Company is in the process of installing the production lines, which is expected to be able to produce 0.5 million compressors for sales in 2020 to the US market. This is why the Company needs to request long-term loans and increase registered capital. However, the Management tries to minimize the investment amount. Parts of the loans granted will be used for refinancing the existing long-term loans approximately Baht 1,275 million, some for working capitals and the rest for further investment. In addition, the banks will provide a grace period approximately 1.5 years, that the Company can be exempt from the loan repayment of Baht 100 million per quarter. Consequently, the Company will obtain additional working capitals to be used in operations. During the grace period, the Company would be able to produce Bristol compressors for sales and generate revenues for the Company.

- Ms. Jannate Matarweewinit, a shareholder, inquired whether how many interest expenses that the Company pay per month? What is the proportion of Bristol compressors' export revenues to the Company's total revenues? And if the Baht 300 million capital increase does not go according to the plan, a shareholder, inquired whether How much is the interest burden of the company per month? How much percent of the revenue does Bristol compressor export from the company's total revenue? And if the increase of registered capital of Baht 300 million is not as planned what is the Company's backup plan?

The President explained that regarding to the supporting plan in case of there is a problem with the capital increase, the major shareholders of the Company have been proceeding to make the capital increase as planned.

Mr. Surath Pralongsil, Director / Executive Vice President (Finance), explained that the Company has an interest payment of approximately Baht 15-20 million per month. For the proportion of Bristol compressor sales, the Company estimates the total volume of production and sales, with the Bristol compressor price in the USA is about Baht 3,500 - 5,000 per unit, and the Company plans to increase production and sales each year from 500,000 units in 2020 to approximately 1 million units in 2021, and after that the production volume will be exceeding 1 million units. In 2019, the sales forecast is anticipated to decrease moderately, and in 2020, with the sales of the Bristol compressor, the Company's total sales forecast is expected to be around Baht 9,000 million and will increase further in 2021 when the capacity is fully efficient.

- Ms. Jannate Matarweewinit, a shareholder, further asked about how many percent of the Bristol Project's margin is, comparing with the investment amount in the project and what was the Bristol's market share before the Company acquired the assets?



Mr. Surath Pralongsil, Director / Executive Vice President (Finance), explained that the Gross Margin of the Bristol products is quite high, around 15% to 20%. The Company will sell Bristol compressors to the Commercial segment, the Replacement market segment and the OEM segment respectively. When the production reaches its full capacity, it will turn the company's performances to be profitable.

The President further explained that the Company has both domestic and foreign sales, which the proportion of domestic sales has decreased to about 20%. For Bristol compressors, if the Company sells at full production capacity, it will generate more than double revenues because it is all foreign sales. Bristol compressors in the past could not compete with the Company in markets outside of the USA. Therefore, Bristol has its own niche market in the US market. Finally, the Company targets to produce approximately 2 million units of Bristol compressors per year and produce only models that are not duplicated with the Company's original products that are currently producing. The market is therefore not redundant.

- Mr. Suwan Decharin, a shareholder, inquired whether who are the top-3 foreign customers and who are the top-3 domestic customers?

The President explained that the major buyers are approximately 4-5 companies, which are the air conditioner manufacturers that sell to the Middle East market, and the Chinese companies that manufacture air conditioner for sales to the Middle East market. In Thailand, the major buyer is Fujitsu, which assembles the Company's compressors as the air conditioner and sells to the Middle East market as well. For Bristol compressors, most of the Company's production will be marketed to the US for assembling into air conditioners and some will be sold to the Middle East market.

- Ms. Suwannee Chiensirikaivut, a shareholder, inquired that how does the Company plan to produce Bristol Compressors? Does the Company carry the Bristol's customers over? How will the Company manage the D/E Ratio? And how to solve the operating loss?

Mr. Surath Pralongsil, Director / Executive Vice President (Finance) clarified that the Company plans to produce Bristol compressors around 500,000 units in 2020, increases to around 1 million units in 2021 and will increase production to over 1 million units in the subsequent years. For the Bristol's customers, the Company hires former Bristol employees who are responsible for marketing, production, quality control and R&D in order to ensure the continuity of business, contracting on year-by-year basis. Currently, the Company continuously contacts Bristol customers in the US and Middle East market. These customers have already scheduled for plant visit in Thailand around the end of this year. Pertaining the management of D/E Ratio, the Company has evaluated and planned together with the lender banks, which the lender banks consider that the Company's business is still able to continue to operate in the future, therefore considering the long-term loan around Baht 2,000 - 2,300 million.

- Ms. Suwannee Chiensirikaivut, a shareholder, further inquired that, in the purchase of the Bristol's assets, does the company also own its Brand?

Mr. Surath Pralongsil, Director / Executive Vice President (Finance), clarified that Purchasing of Bristol's assets, in addition to obtaining machineries and equipment used in the production of compressors, the Company also acquires the Bristol's intellectual properties, such as name or brand, trademark, patents for compressor invention in various models. These are the models with high efficiency and modern technology. It will benefit the Company for shortening the time consumed in compressors' research and development for new models with higher efficiency.



- Mr. Tara Chonpranee, a shareholder, asked that, as the Company bought the assets from Bristol in the US, why doesn't the company directly manufacture the compressors in USA and export them? Would it be better than relocating the assets to be installed for production in Thailand and then delivering to the US market for sales? For those intellectual properties, does the Company has the sole-ownership rights or just granted the rights for a certain period of time?

The President explained that the Company had begun negotiations to purchase Bristol's assets since 2006. The reasons to buy because firstly, the Company needs the Bristol's product technology with high efficiency through the standards of the United States. Secondly, the Bristol's market is mainly in the US, there is no other competitive products can meet the standards in the US. Finally, it is the renowned trade reputation (Brand). The company does not plan to produce Bristol Compressors in the US because of high production cost. Production in Thailand will allow the Company to lower cost due to the subsidiaries who produce competitively upstream raw materials delivered to the Company, the lower transportation cost from nearby locations and the lower wages. Wages in the US is around US dollars 24.50 per hour, while the Thailand's wage is about US dollars 10.00 per day.

Mr. Surath Pralongsil, Director / Executive Vice President (Finance), explained that the Company is the sole owner of Bristol's intellectual properties, the Company only need to renew the registration of intellectual properties with related government agencies according to the schedule.

- Mr. Tara Chonpranee, a shareholder, further asked that once the Company owns the Bristol's intellectual properties, does the Company have a project to develop compressors to improve efficiency?

The President clarified that Bristol had a good R&D department and many experts who have researched and developed many compressor models in line to be launched for production and sales. However, Bristol facing severe financial problem, resulting to the inability to bring compressors from research and development to commercial production stage. With these research and development results that come together with the purchase of Bristol's assets, the Company will produce the higherefficiency models first, then the models that have already had prototypes. These models remain modern and up to date for 3 more years. The Company also hires Bristol's R&D experts to consult and advise on the Company's product development.

- Acting Sub Lt. Chartchai Wangsiripaisarn, a shareholder, inquired whether after the Company got the Bristol's production line, does the company still have Tecumseh products? does the Company develop Tecumseh compressors? And would the Company like to focus on the EEC market because the US market is far away.

The President explained that the company needs to enter the US market because the compressor prices there are very high. The Company's same compressor models, comparing to Bristol compressors, can be sold to the Middle East market for US dollars 100 each. In the US market, Bristol was selling at US dollars 200 - 250 each, which it must meet the standards of the United States of America. This leads to very few players in the US until the market is almost Bristol-specific. For the EEC market, most of compressors are the rotary compressors, which their prices are cheaper than the reciprocating compressors and has high competition. The Company would like to focus on the US market, which there is a market demand about 1 million units per year, and the Middle East market, around 500,000 units per year, giving the company a nearly 100% market share in the Middle East market. Currently, the Company has not used Tecumseh's compressor technology for a long time but has researched and developed the company's own compressors.



No other question from the meeting, the Chairman then requested for the resolution on this matter from the meeting.

The Company Secretary informed the meeting that now there were 47 shareholders and 39 proxies, in total 86 persons present at the meeting, representing 921,335,967 shares.

The Meeting, after considering approved the increase of the company's registered capital of Baht 300,000,000 with the following votes :

Approved	921,070,936 votes,	equal to 99.97 %
Disapproved	265,031 votes,	equal to 0.03 %
Abstained	– none –	
Void ballot	– none –	

Agenda 3 **To consider approving the amendment of the Memorandum of Association No. 4 as to reflect the increase of the registered capital**

The Chairman assigned the Company Secretary to present the matter to the meeting.

The Company Secretary stated that as the meeting of shareholders approved the increase of the registered capital of the company in the amount of Baht 300,000,000 from the existing registered capital of Baht 1,200,000,000 to Baht 1,500,000,000 in Agenda 2, the amendment of the company's Memorandum of Association No. 4 is required, details as follow:

“No. 4 Registered Capital of	1,500,000,000 baht (one thousand five hundred million baht)
Divided into	1,500,000,000 shares (one thousand five hundred million shares)
With a par value of	1 baht (one baht)
Being Classified as	
Ordinary Shares:	1,500,000,000 shares (one thousand five hundred million shares)
Preferred Shares:	- shares (- shares)

Which the resolution on this agenda shall have a vote of not less than three-fourths of total number of votes of the shareholders attending the meeting and having the right to vote according to Section 31 of the Public Limited Companies Act B.E. 2535.

After reporting, the Chairman then requested for the resolution on this matter from the meeting.

The Meeting, after considering approved the amendment of the Memorandum of Association No. 4 as to reflect the increase of the registered capital with the following votes :

Approved	921,070,936 votes,	equal to 99.97 %
Disapproved	265,031 votes,	equal to 0.03 %
Abstained	– none –	
Void ballot	– none –	

Agenda 4 **To consider approving the allotment of 300,000,000 new ordinary shares at the par value of Baht 1 per share offered to the existing shareholders of the company**

The Chairman assigned the Company Secretary to present the matter to the meeting.

The Company Secretary stated that regarding to the increase in the company's registered capital of Baht 300,000,000. The company will allocate the 300,000,000 new ordinary shares at the par value of Baht 1 per share by offering for the sale of those shares to existing shareholders pursuant to their shareholdings in the company (Rights Offering) at the proportion of 4 existing shares to 1 new share (in the case where the allotted share is in fraction, fraction of the share shall be rounded down) at the subscription price of Baht 1 per share. The shareholders register for the rights to subscribe for new ordinary shares shall be recorded on 21 August 2019. The subscription period will be from 16 September 2019 to 20 September 2019.

In the event that there are remaining shares of the Rights Offering and fraction of shares of the allotment of shares, those shares shall be allocated to shareholders subscribing for shares in excess of their rights pursuant to their entitlement (any fraction shall be rounded down) The allocation will be applied until all shares are fully subscribed.

Nevertheless, in the event that after the allocation of remaining shares to existing shareholders who subscribe for shares in excess of their rights pursuant to their entitlement, there are still fraction of remaining shares that cannot be allocated to shareholders in whole number, the Board of Director and/or Authorized Director and/or any person(s) assigned by the Board of Director or Authorized Director shall be empowered to consider and allocate those remaining unsubscribed shares.

Details as per copy of Capital Increasing Report Form which sent to all shareholders for considering in advance.

After reporting, the Chairman then requested for the resolution on this matter from the meeting.

The Meeting, after considering approved the allotment of new ordinary shares according to the above proposed details with the following votes:

Approved	921,070,936 votes,	equal to 99.97 %
Disapproved	265,031 votes,	equal to 0.03 %
Abstained	– none –	
Void ballot	– none –	

Agenda 5 **To consider other businesses**

There was no other business to be discussed.

The Chairman then declared the meeting closed and thanked to all the attendants.

The Meeting was closed at 11.25 hours.

Sumeth Simakulthorn

Signed

(Mr Sumeth Simakulthorn)

Chairman of the Board of Directors

Note: The minutes of the meeting in English version has been translated from those in Thai, thus only the minutes in Thai will be used as reference.

