

(Translation)

No. CS 009/ 2017

January 23, 2017

Subject: Invitation to the 2016 Annual General Meeting of Shareholders, No. 1/ 2017

To: Shareholders of Khon Kaen Sugar Industry Public Company Limited

Attachment:

1. Explanation for not providing Agenda for Approval of Minutes of Annual General Meeting of Shareholders
2. Brief of Minutes of the Annual General Meeting of Shareholders for the Year 2015, No. 1/2016
3. Curricula vitae of the persons nominated to be directors in replacement of those whose terms have ended
4. Qualifications of independent directors and responsibilities of each committee
5. Proxy forms A, B, and C (Custodian)
6. Conditions, rules and procedure for attending the meeting
7. Names and profiles of independent directors proposed as proxies of shareholders
8. The Company's Articles of Association regarding shareholders' meetings
9. Map of the meeting venue
10. Request Form for the printed copy of the annual report
11. Annual Report 2016 in CD

By virtue of the resolution of the Board of Directors (hereinafter referred to as the "Board"), Khon Kaen Sugar Industry Public Company Limited will hold the Annual General Meeting of Shareholders for the year 2016, No.1/2017 on Friday, February 24, 2017, at 09.30 a.m. at Grand Ballroom, 3rd Floor, Century Park Hotel Bangkok, No.9, Ratchaprarop Road, Pratunam-Victory Monument, Dindaeng, Bangkok. The agendas are as follows:

Agenda 1: To acknowledge the operating results of the Company for the year 2016

Objective and rationale: The operating results of the Company and other important information for the year 2016 are included in the annual report 2016. This agenda will consist of two parts, i.e., (1.) the Company's implementation of the resolution of the 2015 Annual Shareholders' Meeting No. 1/ 2016 on February 26, 2016 (2.) the Company's operating results within 2016.

The Board's Opinion: The Board finds it appropriate for the Meeting to acknowledge the operating results of the Company and other important information in 2016.

Required Voting: Voting for this agenda is not required.

Agenda 2: To consider and approve the audited statement of financial position and profit and loss statements for the year ended October 31, 2016

Objective and rationale: The Board arranges the statement of financial position and profit and loss statements for the year ended October 31, 2016, which appear in the Company's Annual Report 2016. The statement of financial position and profit and loss statements are audited and certified by the auditor, as well as approved by the Audit Committee and the Board.

The Board's Opinion: The Board finds it appropriate for the Meeting to approve the statement of financial position and profit and loss statements for the year ended October 31, 2016 which are audited and certified by the auditor, as well as approved by the Audit Committee and the Board. The statement of financial position and profit and loss statements show the financial standing and operating results of the Company in 2016, which can be summarized as follows:

Statement of financial position and profit and loss statements of the Khon Kaen Sugar Industry Public Company Limited and its subsidiaries

	Consolidated financial statement		Separated financial statement	
	Year 2016	Year 2015 (restated)	Year 2016	Year 2015 (restated)
Total assets	THB 38,375 Million	THB 37,517 Million	THB 25,018 Million	THB 26,030 Million
Total liabilities	THB 21,724 Million	THB 23,075 Million	THB 16,197 Million	THB 17,657 Million
Total revenues	THB 16,911 Million	THB 17,475 Million	THB 9,864 Million	THB 8,335 Million
Profit before interest and income tax expenses	THB 2,521 Million	THB 1,696 Million	THB 772 Million	THB 1,339 Million
Net profit	THB 1,426 Million	THB 862 Million	THB 234 Million	THB 838 Million
Earnings per share	THB 0.323	THB 0.215	THB 0.053	THB 0.209

Details are shown in the Company's Annual Report 2016 delivered to the shareholders together with this invitation.

Required Voting: Majority votes of the shareholders who attend the meeting and cast their votes.

Agenda 3: To consider and approve the allocation of profit for dividend payment and legal reserve

Objective and Rationale: The Company has a policy to pay dividend not less than 50 percent of the net profit of separated financial statement less tax and legal reserve; provided that there is no need of using cash for other purposes and the dividend payment does not materially affect normal

business. Factors to be taken into consideration for dividend payment shall include operation outcome, financial status, liquidity, business expansion plan, etc. Dividend payment must be approved by the shareholders and/or the Board of Directors. Payment of dividend from subsidiary companies and affiliated companies to Khon Kaen Sugar Industry PCL shall depend on cash flow and liquidity including necessity to maintain cash of each company. No minimum of dividend payment is fixed.

The statement of financial position shows that Khon Kaen Sugar Industry PCL has net profit (separated financial statement) of 2016 of 234,288,169 Baht. The Board of Directors deems it appropriate to pay dividend in form of cash for the year 2016 to shareholders at the value of 0.10 Baht per share, totaling 188.24 percent of the net profit of separated statement (equal to 30.92 of net profit of consolidated financial statement). The dividend shall be paid from net profit in 2016 and accumulated profit of the Company which bears 0 percent tax of net profit which depends on the Company's policy to pay dividend not less than 50 percent of the net profit of separated financial statement less tax and legal reserve. Therefore, the Company considers to pay dividend in form of cash for the year 2016.

Details of dividend payment are as follows:

- Cash dividend per share is 0.10 Baht, totaling of the amount not exceeding 441,023,262 Baht. It will be deducted for withholding tax as prescribed by law. The dividend payment shall be made on March 23, 2017.

The Company allocates the profit as legal reserve which is not less than ten percent of the registered capital.

Comparison of Dividend Payment in 2014-2016

Details of Dividend Payment	2016	2015	2014
1. Net profit (million Baht) of consolidated financial statement	1,426	815	1,626
2. Net profit (million Baht) of separated financial statement	234	820	1,190
3. Volume of Shares	4,410,232,619	4,009,312,407	3,341,093,768
4. Dividend per share (Baht : share)	0.10	0.105555555556	0.181111111111
5. Total dividend payment (million Baht)	441.02	423.21	605.11
6. Percentage of dividend to net profit (percent of consolidated financial statement)	30.92	51.90	37
7. Percentage of dividend to net profit (percent of separated financial statement)	188.24	51.60	51
8. Legal reserve (million Baht)	-	20.046	13.466

The Board's Opinion: The Board finds it appropriate to submit to the Meeting of Shareholders to consider and approve the allocation of profit for dividend payment of 2016 in form of cash at 0.10 Baht per share, of the amount not exceeding 441,023,262 Baht, equal to 188.24 percent of the net profit of separated statement (equal to 30.92 of net profit of consolidated financial statement). The dividend shall be paid from net profit in 2016 and accumulated profit of the Company which bears 0 percent tax of net profit which depends on the Company's policy to pay dividend not less than 50 percent of the net profit of separated financial statement less tax and

legal reserve. All dividends shall bear withholding tax as prescribed by law. The Company allocates the profit as legal reserve which is not less than ten percent of the registered capital.

The record date for shareholders entitled to receive dividend shall be March 7, 2017 and the closing date for share registration according to Section 225 of the Securities and Securities Exchange Act B.E. 2535 shall be March 8, 2017. The dividend payment shall be made on March 23, 2017.

Required Voting : Majority votes of the shareholders who attend the meeting and cast their votes.

Agenda 4: To elect directors in replacement of those whose terms have ended

Objective and Rationale: The Company's Articles of Association, Section 3- Directors, states that:

"Clause 14: At every Annual General Meeting, one-third (1/3) of the directors shall retire. If the number cannot be divided into three (3) parts exactly, the number nearest to one-third shall retire. The directors retiring in the first year and second year following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been in office longest shall retire. A retiring director may be re-elected."

In 2016, there were seven directors whose terms had ended as follows:

1) Mr. Prapas Chutimavoraphand	Director
2) Mr. Thawatchai Rojanachotikul	Director
3) Ms. Intira Sukhanindr	Director
4) Mr. Somchai Chinthammit	Director
5) Mr. Tachpong Pakornsiriwong	Director
6) Mr. Somchat Chinthammit	Director
7) Mr. Karun Kittisataporn	Independent Director

Through the company's website posted during October 1, 2016 - December 31, 2016, the Company had invited all shareholders to propose the meeting agendas and nominate qualified people for the director election in line with regulations. However, there was neither a proposal of director nominees nor meeting agenda submitted to the Company. For the best benefit to the Company's operations, the Nomination and Remuneration Committee, at the meeting No.1/ 2016 held on December 20, 2016, took into account the suitability and benefits to the Company and found it appropriate to propose the above seven directors whose terms had ended to serve as directors for another term.

The Board's Opinion: The Board finds it appropriate for the Meeting to re-elect all of the seven directors whose terms have ended. The nominated directors' profiles are provided in Attachment 3.

Required Voting: Majority votes of the shareholders who attend the meeting and cast their votes.

Agenda 5: To consider and approve the remunerations of directors

Objective and rationale: The Annual General Meeting of Shareholder for the year 2015 held on Friday, February 26, 2016 approved the remunerations for the Company's directors as follows:

	<u>Not exceeding per year</u>	<u>Actual payment in 2015</u>	<u>Actual payment in 2014</u>
1. Remuneration for the Chairman	THB 540,000	THB 484,500	THB 480,000
2. Remuneration for the Chairman of Audit Committee	THB 540,000	THB 484,500	THB 480,000
3. Remunerations for 19 directors (Monthly payment of THB 25,000 each + bonus)	THB 8,550,000	THB 7,671,250	THB 7,600,000
4. Meeting allowance for the Chairman of Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and Corporate Governance Committee: THB 7,200 per person for each meeting			
5. Meeting allowance for each director of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and Corporate Governance Committee: THB 6,000 per person for each meeting			

The mentioned remunerations do not include remunerations of the Company's subsidiaries.

The Company's Articles of Association, Section 3: Directors, states that

"Clause 15: Directors are entitled to receive remunerations in forms of money, meeting allowances, gratuities, bonuses, or other types of remunerations approved by the shareholders meeting. The amounts maybe fixed. Alternatively, provisions may be set up and be later considered at the meeting or effective until any change has been approved. Allowances and benefits are also provided in line with the Company's regulations.

The contents of paragraph one do not apply to the right of corporate officers or employees elected as directors to receive remunerations and benefits as corporate officers or employees."

The Nomination and Remuneration Committee meeting No. 1/2017 on December 20, 2016 considered the matter thoroughly and found it appropriate to prescribe the remunerations of directors as follows:

- 1) Remuneration - Chairman: not exceeding THB 540,000.- per year
- 2) Remuneration - Chairman of the Audit Committee: not exceeding THB 540,000.- per year
- 3) Remuneration – Director: not exceeding THB 450,000.- per year
- 4) Meeting allowances for Chairman of Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and Corporate Governance Committee attending: not exceeding THB 7,200.- per meeting
- 5) Meeting allowances for the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and Corporate Governance Committee attending: not exceeding THB 6,000.- per meeting

The Board's Opinion: The Board finds it appropriate for the Meeting to approve the remunerations and allowances of directors, executive directors, the audit committee, and directors in other committees as recommended by the Nomination and Remuneration Committee.

Required Voting: Not less than two-thirds (2/3) of the votes of the shareholders who attend the meeting. (The Public Company Limited Act B.E. 2535, Section 90)

Agenda 6: To consider and approve the appointment of auditor and audit fee for the year 2017

Objective and rationale: By virtue of Section 120 of the Public Company Act B.E. 2535, the Shareholders' meeting is required to appoint the auditor and to fix the audit fee annually. The same auditor may be appointed each year. Besides, the Notification of the Securities Exchange Board No. Kor Jor 39/2548 Re: Criteria, Conditions and Reporting Method regarding the Disclosure of Financial Status and Operating Results of the Company issuing Securities (No. 20) prescribes a company to rotate the auditor in case the same auditor has performed his/her duty for 5 consecutive accounting years; provided that the rotation does not require a new auditing firm. The company may appoint other auditors in that auditing firm to replace the ex-auditor.

The Company's Auditor has performed her duty for 5 consecutive accounting years from 2011 to 2015. To comply with the relevant rules as aforementioned, the Audit Committee has selected other 4 auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to replace the ex-auditor by considering their related work experience. These selected auditors have no relationship or interests with the Company or its subsidiaries, executives, major shareholders or other related persons.

The Board's Opinion: The Board agrees with the recommendation of the Audit Committee that selects the auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as auditors and finds it appropriate to submit to the Meeting to appoint the auditors to approve the audit fee as follows:

1. Appoint the auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., whose names are as follows, the Company's auditors for the fiscal year 2017.

<u>Name</u>	<u>CPA Number</u>	<u>Year of Auditing the Company's Accounting</u>
1) Mr. Niti Jungnitnirundr	3809	1
2) Ms. Duangrudee Choochart	4315	-
3) Mr. Choopong Surachutikarn	4325	-
4) Mr. Kiatniyom Kuntisook	4800	-

2. Approve the audit fee at the amount of THB- The fees include the audit service for the Company's consolidated financial statements and separated financial statements for the accounting period ending October 31, 2017

Table indicating audit fees for comparison

Items	Financial statements in three quarters	Annual financial statements	Total
Year 2016 (1 November 2015 to 31 October 2016) Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.	THB 1,140,000.-	THB 1,260,000.-	THB 2,400,000.-
Year 2017 (1 November 2016 to 31 October 2017) Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.	THB 1,170,000.-	THB 1,380,000.-	THB 2,550,000.-

Required Voting: Majority votes of the shareholders who attend the meeting and cast their votes.

Agenda 10: Other matters (if any)

You are cordially invited to attend the 2016 Annual General Shareholders Meeting, No. 1/ 2017 at the specified time and venue. Should you wish to appoint a person or the independent director to attend and vote at the meeting on your behalf, please complete, and duly executed only one of the two proxy forms (Form A or Form B) attached in Attachment 5 or alternately you may download Form A or Form B or Form C (Form C is only for foreign investors who authorize the custodian in Thailand to keep and safeguard their shares.) from www.kslsugar.com. **Please see Attachment 6 for details of documents required for attending the meeting.**

Pursuant to the Board of Directors' Resolution
-Signature-
(Mr. Dhajjai Subhapholsiri)
Company Secretary
Khon Kaen Sugar Industry Public Company Limited

Remarks: 1. This Notice of Invitation and its Attachments are also posted on the Company's website (www.kslsugar.com) from January 23, 2017. For any queries, please forward your questions to the E-mail address: secretary@kslgroup.com or the Company's address.

2. The Annual Report in CD format will be delivered with the Invitation to the Annual General Meeting of Shareholders. However, a shareholder who would like to receive the printed copy of the Annual Report may fill in the request form (Attachment 10).