



Ref: NEP037-2017

March 15, 2017

Subject: Invitation to attend the 2017 Annual General Meeting of Shareholders

To: **All Shareholders**

NEP Realty and Industry Public Company Limited

- Attachments:
1. Minutes of the Extraordinary General Meeting of Shareholders No. 1/2016
 2. Annual Report 2016 in CD-ROM
 3. Information of directors to be elected as directors to replace those retiring by rotation and new director
 4. Proxy Form A and B
 5. Independent Director's Profile as Proxies from Shareholders
 6. Definition of Independent Director
 7. Document for the rights to attend the meeting and vote
 8. The Company's articles of association regarding to Annual General Meeting of Shareholders
 9. Map of the venue of the 2017 Annual General Meeting of Shareholders

The Board of Directors of NEP Realty and Industry Public Company Limited ("the Company") has resolved that the 2017 Annual General Meeting of Shareholders will be held on Friday, April 21, 2017 at 10.30 hrs. at Arnoma Grand, 3rd Floor , Arnoma Hotel, Rajdamri Road, Pathumwan, Bangkok in order to consider the following agenda:

Agenda 1 The matters to be informed by the chairman of the board of directors

Background Information: The matters informed to the meeting by chairman about its business.

Board of Directors' Resolution: View as proper to shareholders should be acknowledged the matter informed to the meeting by chairman.

Note: This agenda is for information. Thus, no vote for this agenda.

Agenda 2 To adopt the minutes of the Extraordinary General Meeting of Shareholders No. 1/2016

Background Information: The Extraordinary General Meeting of Shareholders No.1/2016 was held on Friday, September 2, 2016 was recorded correctly which viewed as proper to consider to adopt the minutes which distributed to all shareholders together with invitation letter to attend this meeting. (Attachment 1)

Board of Directors' Resolution: The minutes were recorded correctly and completely. It is agreed to propose the shareholders' meeting to approve the minutes of the Extraordinary General Meeting of Shareholders No. 1/2016.

Note: Resolution in this agenda must be approved by a majority vote of the shareholders who attend the meeting and exercised their votes.

Agenda 3 To acknowledge the operating results of the Company for the year 2016

Background Information: The Company summarized the operational results and significant changing during 2016, as stated in the 2016 Annual Report which distributed to all shareholders together with the invitation letter to attend this meeting. (Attachment 2)

Board of Directors' Resolution: It is agreed to report the operating results of the Company for the year 2016 to the shareholders' meeting for acknowledgement.

Note: This matter is for acknowledgement. The resolution is not required.

Agenda 4 To approve the statement of financial position and statement of comprehensive income for the year ended December 31, 2016

Background Information: The statement of financial position and statement of comprehensive income for the year ended on December 31, 2016 which has been audited by the auditors and approved by the Board of Directors. (Attachment 2)

Board of Directors' Resolution: It is agreed to propose the shareholders' meeting to approve the statement of financial position and statement of comprehensive income for the year ended December 31, 2016.

Note: Resolution in this agenda must be approved by a majority vote of the shareholders who attend the meeting and exercised their vote.

Agenda 5 To approve the omission of dividend for the year 2016

Background Information: The Company's policy is to pay dividends at rate of 50% or more of its net profit after income tax and legal reserve. However, such dividend payment depends on its cash flow, investment condition and necessity of future.

According to the Public Company Limited Act Section 115 specify that in case the Company had accumulated losses then the Company could not pay dividend. Due to the fact that the Company still had accumulated losses then the Company could not pay dividend to the shareholders in accordance with the Act.

Board of Directors' Resolution: As the reason above, it is agreed to propose the shareholders' meeting to consider withhold dividend payment for operating results the year 2016.

Note: Resolution in this agenda must be approved by a majority vote of the shareholders who attend the meeting and exercised their votes.

Agenda 6 To approve the election of directors replacing those who retired by rotation

Background Information: According to the Company's Article of Association Section 16, specifies that in every Annual General Meeting, one third of the directors must retire from duty. If the number is divided into three does not match then the number nearest to one third of the directors must retire. However, through retirement rotation, directors may be reelected to presume duty.

The directors who have to be retired by rotation in the 2017 Annual General Meeting of Shareholders are as follows:

- | | |
|------------------------------|--|
| 1) Mr. Narong Phaholvej | Independent Director/
Chairman of the Audit Committee |
| 2) Mrs. Chantira Srimoungpan | Independent Director/ Member of Audit Committee |
| 3) Mrs. Pornkamol Prayoonsin | Member of the Board of Directors
(Ministry of Finance representative) |
| 4) Dr. Warotai Kosolpisitkul | Member of the Board of Directors
(Ministry of Finance representative) |

The Nomination and Remuneration Committee had considered and proposed to the Board of Directors to propose to the shareholders' meeting to elect these directors as names appear in above to be directors for the next term because these four directors had been undertaken nomination procedures and found out that they are proficiency, and qualified for the Company's business.

Besides, Mr. Narong Phaholvej and Mrs. Chantira Srimoungpan, the independent directors, are considered by the Board of Directors that they are the person who can provide independent opinion according to the related regulations. Therefore, the directors who retired in this term did not attend and vote on this agenda in the board of directors meeting.

The biography of the directors distributed to all shareholders together with the invitation letter to attend this meeting. (Attachment 3)

Board of Directors' Resolution: It is agreed to propose the shareholders' meeting to elect these directors as name appear below to be the director of the Company for another term.

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|------------------------------|--|
| 1) Mr. Narong Phaholvej | Independent Director/
Chairman of the Audit Committee |
| 2) Mrs. Chantira Srimoungpan | Independent Director/ Member of Audit Committee |
| 3) Mrs. Pornkamol Prayoonsin | Member of the Board of Directors
(Ministry of Finance representative) |
| 4) Dr. Warotai Kosolpisitkul | Member of the Board of Directors
(Ministry of Finance representative) |

Note: Resolution in this agenda must be approved by a majority vote of the shareholders who attend the meeting and exercised their votes.

Agenda 7 To approve fixing of the remuneration of directors for the year 2017

Background Information: The Remuneration Committee considered and proposed to the board of directors to propose this matter to the shareholders' meeting for consideration. The remuneration of directors shall be based upon the comparison to the average practice of the related or similar industries and according to what is suitable to the Company's business including the past payment to the Company's directors. The compensation, meeting allowance and permanent remuneration of directors should be deducted from 2016 due to the cancelation of Executive Committee. Therefore, the proposed remuneration is reduced from Baht 7.27 million to be Baht 6 million and no bonus payment shall be made to the board members since the Company has suffered loss from its business operation.

Board of Directors' Resolution: The board of directors deems it expedient to propose shareholders' meeting to determine the remuneration of directors for the year 2017 by fixing the compensation, meeting allowance and permanent remuneration of directors to be Baht 6 million and no bonus payment shall be made to the board members.

Note: The resolution of the agenda must be approved by not less than two-thirds of the shareholders who attend the meeting and exercise their voted.

Agenda 8 To approve the appointment of the Company's auditor and the auditor's remuneration for the year 2017

Background Information: The Audit Committee selected the Company's auditor due to its high standard, expertise, and good working record. The Audit Committee has considered proposing to the board of directors to propose to the shareholders' meeting to appoint the auditor from Dharmniti Auditing Co., Ltd. to be auditor for 2017 with details as follows:

<u>Names</u>	<u>CPA License No.</u>	<u>Year of Auditing for the Company</u>
1) Mr. Peradate Pongsathiansak	4752	2
2) Ms. Wannisa Ngambaonthong	6838	0
3) Mr. Thanawut Piboonsawat	6699	0

or the other person that Dharmniti Auditing Co., Ltd., is responsible, to be auditor for 2017. The nominated auditors do not have any relationship and/or conflict of interest with the Company, subsidiaries, management, major shareholders or related persons of the said parties. To consider to specify remuneration for auditor of 2017 to be Baht 1,130,000 with details set out as follows:

Description	2017 (Current Proposal)	2016
Review fee for quarterly financial statements (170,000 Baht/quarter x 3 Quarter)	510,000	480,000
Audit fee for annual financial statements	620,000	600,000
Total	1,130,000	1,080,000

Nava Nakorn Public Co.,Ltd., an associated company, appointed auditors from KPMG Phoomchai Audit Ltd. The auditors have confirmed that they can prepare financial statements by deadline.

Board of Directors' Resolution: It is deemed expedient to propose the shareholders' meeting to appoint Mr. Peradate Pongsathiansak, CPA License no. 4752 or Ms. Wannisa Ngambaonthong, CPA License no. 6838 or Mr. Thanawut Piboonsawat, CPA License no. 6699 or the other person that Dharmniti Auditing Co., Ltd., is responsible, to be auditor for 2017 and considered to specify remuneration for auditor of 2017 to be Baht 1,130,000.

Note: Resolution in this agenda must be approved by a majority vote of the shareholders who attend the meeting and exercised their votes.

Agenda 9 To consider and approve the capital decrease by reducing the registered share capital of Baht 500,190,145 from the current registered capital of Baht 3,397,024,487 to be the new registered capital of Baht 2,896,834,342 by cancelling the remaining 500,190,145 ordinary shares at a par value of Baht 1

Background Information: In accordance to the 1992 Public Companies Limited Act, Category 10, the increase or decrease of capital Section 140 requires that the meeting of shareholders may vote to reduce capital by canceling shares are not distributed or that has not been released when it was resolved, the Company's shares within fourteen days from the date of the Meeting and in accordance with Section 5 of the Articles of Association (the General Meeting of Shareholders) Article 39 (2) set forth below "In the following case, a vote of not less than three-quarters of the shareholders present and voting (g) capital increase or capital reduction of company or debenture".

The Company has registered capital Baht 3,397,024,487 and paid-up capital Baht 1,865,376,587.

Due to the Extraordinary General Meeting of Shareholders No. 1/2011 of the Company on November 11, 2011 had approved the issuance of warrants to purchase ordinary shares of the Company No. 2 (NEP-W2) for existing shareholders at the ratio of Baht 0.05 per unit. The timing of the exercise was on 15th of March, June, September, and December of each year throughout the term of warrant (5 years). The first exercise was on March 15, 2012 and the last exercise was on December 15, 2016. The warrants give the holder the right to purchase ordinary shares at the ratio of one warrant per one ordinary share at a price of Baht 0.50 per share.

The Extraordinary General Meeting of Shareholders No.1/2016 held on September 2, 2016 passed a resolution to approve the issuance newly issued ordinary shares in combination with Warrants to purchase ordinary shares of NEP Reality and Industry Public Company Limited No. 3 (NEP-W3). Therefore, the Company adjusted the Exercise Price and Exercise Ratio of Warrants to purchase ordinary shares of NEP Reality and Industry Public Company Limited No. 2 (NEP-W2) as follows:

Exercise price prior to the adjustment	:	Baht 0.50 per 1 ordinary share
New exercise price after the adjustment	:	Baht 0.464 per 1 ordinary share
Exercise ratio prior to the adjustment	:	1 unit of Warrant to 1 ordinary share
New exercise ratio after the adjustment	:	1 unit of Warrant to 1.078 ordinary share
Effective date	:	8 September 2016

The reduction of the share capital of the Company from Baht 3,397,024,487 to be Baht 2,896,834,342 by cancelling shares that have not been disposed of 500,190,145 ordinary shares, which issued to accommodate the exercise of warrants to purchase ordinary shares of NEP Reality and Industry Public Company Limited No. 2 (NEP-W2) left over from the last exercise and expired on December 16, 2016.

However, the capital reduction would not cause any effect to the shareholders.

Board of Directors' Resolution: It is deemed expedient to propose the shareholders' meeting to consider and approve the decrease of the Company's registered capital from the existing registered capital of Baht 3,397,024,487 to Baht 2,896,834,342 by cancelling the remaining 500,190,145 ordinary shares at a par value of Baht 1.

Note: Resolution in this agenda must be approved by a vote of not less than three-fourths of the shareholders who attend the meeting and exercised their votes.

Agenda 10 To consider and approve the amendment of Clause 4 of the Memorandum of Association to be in line with the decrease of registered capital

Background Information: In accordance to the 1992 Public Companies Limited Act, Category 14, conference establishment and Company registration Section 31 under Section 19, second paragraph stated that a Company may make amendments to its Memorandum of Association or regulation, if the amendments are approved by at least three-quarters of votes shareholders who attend the meeting and are eligible to cast a vote. In order for the amendments to the Company's Memorandum of Association or regulation to be completed, the Company must register the amendments within 14 days after resolution is made. In the Company's regulations Section 5 of the General Meeting of Shareholders Article 39(2) stated that such issue requires at least three-quarters of total votes of shareholders who attend the meeting and are eligible to cast a vote for the amendments to the Memorandum of Association (f) the amendment of Memorandum of Association or rules/regulations.

The amendment to clause 4 of Memorandum of Association in accordance with the decrease of the registered capital is as follows:

From:

"Clause 4.	Registered Capital of	Baht 3,397,024,487	(Three Thousand Three Hundred Ninety-Seven Million Twenty-four Thousand Four Hundred and Eighty-seven Baht)
	divided into	3,397,024,487 shares	(Three Thousand Three Hundred Ninety-Seven Million Twenty-four Thousand Four Hundred and Eighty-seven Shares)
	At a par value of	Baht 1	(One Baht)
	Categorized into:		
	Ordinary shares	3,397,024,487 shares	(Three Thousand Three Hundred Ninety-Seven Million Twenty-four Thousand Four

Preferred shares	- share	Hundred and Eighty-seven Shares) (-)"
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To be amended to:

“Clause 4.	Registered Capital of	Baht 2,896,834,342	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Baht)
	divided into	2,896,834,342 shares	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Shares)
	At a par value of	Baht 1	(One Baht)
	Categorized into:		
	Ordinary shares	2,896,834,342 shares	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Baht)
	Preferred shares	- share	(-)"

Board of Directors’ Resolution: It is deemed expedient to propose the shareholders’ meeting to consider and approve the amendment of Clause 4. of the Company’s Memorandum of Association to be in line with the decrease of registered capital as follows:

“Clause 4.	Registered Capital of	Baht 2,896,834,342	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Baht)
	divided into	2,896,834,342 shares	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Shares)
	At a par value of	Baht 1	(One Baht)
	Categorized into:		
	Ordinary shares	2,896,834,342 shares	(Two Thousand Eight Hundred Ninety-Six Million Eight Hundred Thirty-four Thousand Three Hundred and Forty-two Baht)
	Preferred shares	- share	(-)"

Note: Resolution in this agenda must be approved by a vote of not less than three-fourths of the shareholders who attend the meeting and exercised their votes.

Agenda 11 To consider and approve the amendment of the Articles of Association of the Company and The Company's Objective

Background Information: In order to comply with the Stock Exchange's regulations to received warrant to purchase common share or preferred shares or listed debentures on 2001, then propose to revise the Articles of Association with the following details.

1. The Company agreed to amend the Articles of Association to "The Company's shares must be name specified shareholder" following the regulations of Stock Exchange about properties of common shares of the company that have to be specified name of shareholder
2. According to the company's objective no. 25 in part of the Massage parlor operation might be considered to have a contrary with public policy following the regulations of Stock Exchanges about a right to receive common share of preferred share to be listed. Then the Company propose to amend the Articles of Association and the Company's objective with the following details.
 - a. The Amendment of section 4 of the Articles of Association
From "Shares of the Company are ordinary shares with equally value ..."
To "Shares of the Company are name specified ordinary shares with equally value.... "
 - b. The Amendment of section 25 of the Company's Objective
From "Operators of hotels, restaurants, bars, nightclubs, bowling, massage parlors, cinema ..."
To ""Operators of hotels, restaurants, bars, nightclubs, bowling, cinema ..."

Board of Directors' Resolution: It is deemed expedient to propose the shareholders' meeting to consider and amendment of the company Article of Association and the Company's Objective as proposed.

Note: Resolution in this agenda must be approved by a vote of not less than three-fourths of the shareholders who attend the meeting and exercised their votes.

Agenda 12 To consider other matters (if any)

Please be invited to attend the meeting at the time and place as mentioned. The Company will allow the shareholders to register from 8.30 hrs. Shareholders can either attend the meeting themselves or appoint representatives who are of juristic age to attend and cast vote on their behalf. If the shareholders unable to attend the meeting, shareholders can appoint an independent director, the profile as stated in attachment 5, as shareholders' proxy to attend and vote on their behalf. In order to register conveniently and quickly, shareholders or the proxy holder attending the meeting on behalf of the shareholders are request to bring evidence(s) as stated in the attachment 4 and 7 and show it for the rights to attend the meeting. The Company scheduled the shareholder register book for the right to attend the 2016 Annual General Meeting of Shareholder shall be recorded on March 13, 2017. On March 14, 2017 shall be the book closing date on which the shareholder list as specified in section 225 of The Securities and Exchange Act B.E. 2535 shall be complied.

Yours sincerely,



Mr. Vee Worasakyothin
Acting Managing Director