



**Guidelines for Execution of Connected Transactions**  
**CH. Karnchang Public Company Limited**  
**and its Affiliated Companies**



**Table of Contents**

	<b>Page</b>
Objectives	3
Scopes	3-6



## Objectives

The Company as a listed company on the Stock Exchange of Thailand equally takes into account the interests of all shareholders, execution of transactions of the listed company with its connected person may give rise to a conflict of interest and may lead to the transfer of interests of the Company. This is to ensure that the Company's operations are carried out transparently, reasonably and independently, as well as equal and fair treatment towards all shareholders, the Company has then established a transparent work process by directors and executives with due care and integrity. Moreover, the transactions executed are to take into account the interests of the Company as if such transactions were executed with third parties, with monitoring and inspection systems which can rest assured that execution of the transactions follows the correct process in accordance with requirements, rules, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, including disclosure of information and act of listed companies concerning related party transactions and acquisition or disposition of assets, together with compliance with accounting standards stipulated by the Federation of Accounting Professions.

## Scopes

### 1. Definitions

“**Company**” means CH. Karnchang Public Company Limited.

“**Subsidiary**” means a company in which the Company directly and/or indirectly holds more than fifty percent of the total number of voting shares of such company.

“**Board of Directors**” means the Board of Directors of CH. Karnchang Public Company Limited.

“**Director**” means a director of CH. Karnchang Public Company Limited.

“**Executive**” means the Managing Director or those who hold the first four executive positions from the top executives downwards, all of the persons holding the position at the level equivalent to those who hold the fourth executive position, and includes those who hold the executive position in accounting or finance who are department managers upwards or equivalent of CH. Karnchang Public Company Limited.

“**Related Party Transaction**” means execution of a transaction between the Company or its Subsidiary and a Connected Person of the Company.

“**Connected Person**” means the person with controlling power over the Company or its Subsidiary, such as, executives or major shareholders, including those who are close to the said person, for instance, spouse, children, etc., or the juristic person in which such person is a major shareholder or a person with



controlling power or other persons with characteristics as specified by the Capital Market Supervisory Board.

“**Controlling Person**” means the person with controlling power over the business, namely:

- Holding the voting shares of a juristic person more than 50 percent of the total voting shares of such juristic person;
- Controlling the majority votes in the shareholders’ meeting, whether directly or indirectly;
- Controlling an appointment or removal of more than half of the directors, whether directly or indirectly.

“**Related Person**” means the person who is related to the Connected Person, which refers to the persons under Section 258 (1)-(7) of the Securities and Exchange Act B.E. 2535 (1992), namely:

- (1) Spouse;
- (2) Minor children;
- (3) Ordinary partnership in which such person, including (1) or (2) are partners;
- (4) Limited partnership in which such person, including (1) or (2) are partners with unlimited liability or with limited liability in the collective amount exceeding 30 percent;
- (5) Limited company or public company in which such person, including (1) or (2) or (3) or (4) collectively hold shares in an amount exceeding 30 percent;
- (6) Limited company or public company in which such person, including (1) or (2) or (3) or (4) or (5) collectively hold shares in an amount exceeding 30 percent;
- (7) Juristic person over which the persons under Sections 246 and 247 (of the Securities and Exchange Act) have power of management on behalf of the juristic person.

“**Close Relative**” means the person with relations by blood or by legal registration, namely, the spouse, parents, siblings, children, and the spouse of children.

“**Net Tangible Assets**” means the total assets deducted by intangible assets such as goodwill, deferred expenses and deducted by liabilities and minority interests.

## **2. Reasons for Execution of Related Party Transactions**

To ensure that operations relating to execution of Related Party Transactions of the Company, its Subsidiaries with the Company or its Connected Persons have general commercial conditions in a manner persons of ordinary prudence might enter into with general parties under the same circumstances, through



commercial negotiation without exercising influence in their capacity as persons who may have a conflict of interest (Arm's Length Basis) and without transfer of benefit between the Company and persons who may have a conflict of interest, and for the utmost benefit of the Company, in accordance with the Notification on Related Party Transactions.

### **3. Categories of Related Party Transactions**

3.1 A transaction of ordinary course of business represents a commercial transaction which the Company or its Subsidiary normally executes to operate business under general commercial conditions, such as, selling goods, purchasing raw materials, providing services.

3.2 A transaction in support of the ordinary course of business represents a transaction executed to support the transaction of ordinary course of business under general commercial conditions, such as, a hire for goods shipment, a hire for advertisement production, management contract, and receiving technical assistance.

3.3 A transaction of short-term rental or lease of immovable property represents a transaction of rental or lease of immovable property with no more than 3-year contract period, and without proof of general commercial conditions, such as, renting a building as office, renting a building or land for warehousing.

3.4 A transaction relating to assets or service represents a transaction on acquisition or disposition of assets, the right to provide or receive the service, such as, purchasing machinery, purchasing investment capital, selling a building, selling the land leasehold, obtaining a concession.

3.5 A transaction of providing or receiving financial assistance represents a transaction which the Company or its Subsidiary has received or provided financial assistance with its connected persons. The transaction of providing financial assistance includes lending loans, guarantee, while the transaction of receiving financial assistance includes borrowing loans, paying fees for the connected person's credit line, paying fees to the connected persons for loan guarantee.

### **4. Operating Procedures**

4.1 Considering what a category of the occurred transaction is and whether such transaction is executed between the Company, its Subsidiary and a party/person who may have a conflict of interest or have interests as specified by the SEC.

4.2 In case of a Related Party Transaction, value of the Related Party Transaction shall be calculated and compared with the Company's Net Tangible Assets (NTA) to consider the size and category of the Related Party Transaction as specified by the SEC.



4.3 In case of a Related Party Transaction in the category of transactions in the ordinary course of business and in support of the ordinary course of business, the Board of Directors has approved in principle to authorize the management to consider executing such transactions, provided that such transactions are subject to general commercial conditions, namely, commercial conditions with reasonable and fair price, without transfer of benefit. In this regard, such transactions which have been considered by the management shall be proposed to the Audit Committee and the Board of Directors for acknowledgement.

4.4 In case of a Related Party Transaction of other categories, the transaction size of each category and the power to execute the transaction shall be considered as specified by the SEC. All transactions are subject to consideration as to justification in execution of the transactions by the Executive Committee and the Audit Committee, mainly taking into account the utmost benefit of the Company as if such transactions were executed with a third party (Arm's Length Basis), to ensure transparency, without giving rise to any conflict of interest, and for the utmost benefit of the Company and all shareholders, and the transactions shall be proposed to the Board of Directors and shareholders based on nature and size of transactions of each category. Directors who have any interests in execution of the connected transactions shall not be entitled to approve nor vote on such matters in which they have interests.

4.5 In the event that the Audit Committee is not skilled in considering the connected transactions which may occur, the Company may have independent experts or auditor of the Company provide opinions on such connected transactions to support the decision of the Board of Directors and/or the Audit Committee or shareholders, as the case may be.

It is hereby announced for general acknowledgment and action.

-Signature-

(Mr. Nattavut Trivisvavet)

President