

Related Parties Transaction Policy & Procedure

Thantawan Industry Public Company Limited

Agenda

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Thantawan Industry Public Company Limited ("the Company") recognizes the importance of conducting business with transparency while considering the interests of all stakeholders. At the 12th Board of Directors meeting No. 12/2024 on December 20, 2024, the company established a policy on related-party transactions. To ensure a clear course of action, the company deems it necessary to set criteria and procedures for entering into related-party transactions. This is to ensure that such transactions conducted by the company and its subsidiaries are transparent, do not lead to conflicts of interest, and are in the best interest of the company and all shareholders.

Definitions

The Company or "THIP":	Thantawan Industry Public Company Limited
Subsidiary:	A company in which "THIP" holds more than 50% of the voting shares, whether directly or indirectly, or a company over which "THIP" has control in determining financial and operational policies in order to derive benefits from its activities.
Related Party Transactions:	Transactions between a listed company or its subsidiaries and related parties of the listed company.
Related Parties:	<p>Individuals who may cause a conflict of interest for the directors or executives of a listed company in their decision-making process, where they may prioritize the benefit of such individuals over the best interests of the company, including:</p> <ol style="list-style-type: none"> (1) Directors, executives, major shareholders, or controlling persons of the listed company, or those proposed to be directors, executives, or controlling persons, as well as their related parties and close relatives. (2) Any legal entity in which the major shareholder or controlling person is a person as described in (1). (3) Any individual who is represented by or is under the influence of persons in (1) and (2). (4) Directors of legal entities that have control over the company's operations. (5) The spouse, children, or adopted children under legal age of the directors in (4). (6) Legal entities controlled by persons in (4) or (5) (7) Any person who enters into an agreement with an understanding or agreement that, should the company enter into a transaction that

	<p>financially benefits that individual, the following individuals will also benefit financially:</p> <p>7.1 Directors of the company.</p> <p>7.2 Executives of the company.</p> <p>7.3 Persons with control over the company.</p> <p>7.4 Directors of entities that control the company.</p> <p>7.5 Spouse, children, or adopted children under legal age of individuals in 7.1 to 7.4.</p>
Board or Director:	The Board of Directors or any individual delegated to perform the duties of a director.
Executive:	Individuals holding management positions, starting from the first four positions after the CEO, and other individuals holding equivalent positions, including positions in accounting or finance at the managerial level or equivalent.
Major Shareholder:	Any shareholder, whether directly or indirectly, holding more than 10% of the total voting shares in a company. This includes shares held by related parties and close relatives.
Controlling Person:	A shareholder or any other individual who has significant influence over the determination of the company's policies, management, or operations, whether this influence arises from holding shares, being granted authority through a contract, or by any other means.
Related Party:	<p>Any individual or entity according to Section 258 (1) to (7) of the Securities and Exchange Act B.E. 2535 (1992), including:</p> <ol style="list-style-type: none"> (1) The spouse of the individual. (2) The underage children of the individual. (3) A general partnership in which the individual or those in (1) or (2) are partners. (4) A limited partnership where the individual or those in (1) or (2) are partners who hold more than 30% of the total shares. (4) A limited company or public limited company where the individual or those in (1) or (2), or a partnership in (3) or (4), hold more than 30% of the total issued shares. (5) A limited company or public limited company where the individual or those in (1) or (2), or a partnership in (3) or (4), or a company in (5), holds more than 30% of the total issued shares.

	(6) Any legal entity where individuals in Section 246 and Section 247 may have control as representatives of the entity.
Close Relatives:	Individuals related by blood or by law, such as parents, spouses, siblings, and children, including the spouses of children.
Agreement to Enter into a Transaction:	The act of entering or agreeing to enter into any contract or agreement, whether directly or indirectly, to acquire or dispose of assets, lease or rent assets, provide or receive services, offer or receive financial assistance, or issue new securities, as well as to acquire rights or relinquish rights to such actions.
General Trade Terms:	Terms that are fair and not designed to transfer benefits, including: (1) The price and conditions provided by the company or its subsidiaries to the general public. (2) The price and conditions provided by related parties to the general public. (3) The price and conditions that the company can demonstrate are similar to those offered by other businesses in similar industries to the general public.
Ordinary Business Transactions:	Transactions conducted by the company or its subsidiaries in the normal course of business operations.
Support for Ordinary Business Transactions:	Transactions conducted by the company or its subsidiaries that are similar to ordinary business transactions to support the company's regular operations.
Interest:	The benefit or loss, either directly or indirectly, from entering into transactions by the company or its subsidiaries.

Types of Related Party Transactions

Type	Description	Examples
2.1. Ordinary Business Transactions	Transactions conducted by the listed company or its subsidiaries as part of normal business operations with general trade terms.	Selling goods, purchasing raw materials, providing services.
2.2. Support for Ordinary Business Transactions	Transactions made to support the company's ordinary business transactions with general trade terms.	Hiring for transportation of goods, advertising services, management contracts, receiving technical assistance.

Type	Description	Examples
2.3. Leasing or Renting Real Estate for a Period of No More Than 3 Years	Leasing or renting real estate with a contract term not exceeding 3 years, where general trade terms cannot be demonstrated.	Renting office space, renting buildings or land for warehouse use.
2.4. Transactions Related to Assets or Services	Transactions involving the acquisition or disposal of assets, rights to provide or receive services.	Purchasing machinery, investing in securities, selling buildings, selling lease rights, acquiring concessions.
2.5. Financial Assistance	Providing	Lending money, providing guarantees.
	Receiving	Borrowing money, paying fees for using the credit line of related parties, paying fees to related parties for guaranteeing the loan.

Related Party Transaction Policy

- 3.1. Directors and executives of the company and its subsidiaries must prepare a report on their own or related parties' interests and notify the company to provide necessary information for complying with related party transaction requirements.
- 3.2. Avoid engaging in related party transactions that may create conflicts of interest.
- 3.3. In cases where related party transactions are necessary, all related party transactions of the company and its subsidiaries must be presented to the Audit Committee for review before being submitted to the authorized approving party, the Board of Directors, or the shareholders' meeting (as the case may be) for approval, except for transactions that have general trade terms that have been approved in principle by the Board of Directors.
- 3.4. Comply with the company's procedures when conducting related party transactions and follow the regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 3.5. Set prices and terms for related party transactions as if they were transactions with external parties (Arm's length basis), ensuring that they are fair, reasonable, and in the best interest of the company.

In cases where such pricing is unavailable, the company and its subsidiaries will compare prices of goods or services with those of external transactions under similar or comparable conditions.

3.6. Interested parties in related party transactions cannot approve or vote on such matters.

3.7. In considering related party transactions, the company or its subsidiaries may appoint an independent appraiser to evaluate and compare prices for significant related party transactions to ensure that they are reasonable and in the best interests of the company.

Exemptions from Compliance with Related Party Transaction Criteria:

4.1. Transactions between the company and its subsidiaries where the related party holds no more than 10% of the shares and is not a controlling party of the subsidiary.

4.2. Transactions between subsidiaries where the company holds shares and the related party holds no more than 10% of the shares and is not a controlling party of the subsidiary.

4.3. The company or its subsidiaries issuing new securities to related parties in the following circumstances:

4.3.1 For transfer to another person, with the price of the new securities not lower than the market price and without increasing the percentage holding of the related party.

4.3.2 The related party receiving securities based on their rights and proportion of holdings (Right Offering).

4.3.3 The related party acting as a distributor or underwriter for the company or its subsidiaries, guaranteeing the sale.

4.3.4 Allocating securities under the employee or executive stock ownership plan (ESOP).

4.3.5 Transactions between the company or its subsidiaries and legal entities in which the company or its subsidiaries have personnel involved in overseeing or controlling the entity.

4.4. Transactions that can be proven to be fair and do not result in the transfer of benefits.

Calculation of Transaction Size:

5.1. The value used to calculate the transaction size is considered as follows:

1. Assets or Services: Use the maximum value of the asset being transferred, the book value, or the market value.

Example: In the case of selling land agreed at a sale price of 200 million Baht, where the book value of the land is 150 million Baht and the appraised value by an independent appraiser is 198 million Baht, the value used to calculate the transaction size would be 200 million Baht.

2. Financial Assistance (Principal and Interest): Calculate the total loan amount or the guaranteed value based on the potential loss if the related party defaults.

Example: In the case of lending 20 million Baht for 2 years at an interest rate of 5%, the value used to calculate the transaction size would be 22 million Baht ($20 + (20 \times 5\% \times 2)$).

3. Receiving Financial Assistance: Compensation or benefits to be paid to related parties throughout the duration of receiving financial assistance.

Example: In the case of lending 20 million Baht for 2 years at an interest rate of 5%, the value used to calculate the transaction size would be 2 million Baht ($20 \times 5\% \times 2$).

4. Sale of Investments to Become a Subsidiary or Associate: The maximum value to be received, including loans (principal and interest), guarantee obligations, or liabilities the listed company or subsidiary must assume.

Example: In the case of selling all investments in a subsidiary to a major shareholder for 100 million Baht, where the subsidiary has outstanding loans, including interest, with the listed company amounting to 50 million Baht, the value used to calculate the transaction size would be 150 million Baht.

5.2. Calculation of Transaction Size

To calculate the transaction size, the value of the net tangible assets (NTA) will be calculated and then compared to the value of the related party transaction as follows:

Net Tangible Assets (NTA) means total assets minus intangible assets, such as goodwill and deferred expenses, and subtracting liabilities and minority interest (if any).

- 5.3. In calculating the transaction size, the NTA will be calculated from the most recent audited or reviewed consolidated financial statements. If transactions occurred after the date of the financial statements, the Stock Exchange may allow the company to use adjusted financial statements that include the transactions, subject to verification by the auditors.

- 5.4. The value of the related party transaction will then be compared with the NTA to determine whether the transaction is small, medium, or large, based on the following categories of transactions.

Transaction Size	Choose the higher value between:	
Small:	$X < 1$ million Baht	$X < 0.03\%$ NTA*
Medium:	1 million Baht $< X < 20$ million Baht	0.03% NTA* $< X < 3\%$ NTA*
Large:	$X > 20$ million Baht	$X > 3\%$ NTA*

** Net Tangible Assets (NTA) means total assets minus intangible assets, minus total liabilities, and minus the non-controlling interest (if any). (Intangible assets include goodwill, deferred expenses, etc., but exclude intangible assets that generate core revenue such as concessions, licenses, etc.) In cases where the company prepares consolidated financial statements, the NTA should be based on the consolidated financial statements.*

Authorization to Execute Based on Transaction Size

Transaction Type	Authorization to Execute		
	Small	Medium	Large
1. Ordinary Business Transactions 2. Support for Ordinary Business Transactions - General Trade Terms	The Board of Directors approves the principle and sets a framework for management to execute.		
- No General Trade Terms	Management	Board of Directors + Disclosure to SET	Shareholders
3. Leasing or Renting Real Estate for No More Than 3 Years with No General Trade Terms	Management	Management + Disclosure to SET	Board of Directors + Disclosure to SET
4. Transactions Involving Assets or Services	Management	Board of Directors + Disclosure to SET	Shareholders
5. Providing or Receiving Financial Assistance – Providing Financial Assistance to Related Parties or Companies in Which Related Parties Hold More Than the Listed Company	Board of Directors (Less than 100 million Baht or 3% NTA, whichever is lower)	-	Shareholders (More than 100 million Baht or 3% NTA, whichever is lower)
- Providing Financial Assistance to Companies in Which the Listed Company Holds More Than Related Parties	Management	Board of Directors + Disclosure to SET	Shareholders

Transaction Type	Authorization to Execute		
	Small	Medium	Large
- Receiving Financial Assistance	Management	Board of Directors + Disclosure to SET	Shareholders

Approval from the Shareholders' Meeting

Approval must be obtained by a vote of 3 out of 4 of the shareholders present and entitled to vote, excluding shareholders with a vested interest in the transaction. In seeking approval from the shareholders, an Independent Financial Advisor (IFA) must be appointed to provide an opinion on the proposed transaction. The IFA must comment on various aspects such as the reasonableness and benefits of the transaction, fairness of the price and terms, and associated risks, among others.

In cases where the related party is a government agency, a legal entity established by specific laws, or a business owned by such entities, the company is exempt from seeking approval from the shareholders' meeting if the transaction has already been approved by the Board of Directors.

Approval of Related Party Transactions:

7.1 Related Party Transactions that are Ordinary Business Transactions or Support for Ordinary Business Transactions with General Trade Terms. Since these related party transactions are ordinary business transactions, the Board of Directors has approved in principle that the company and its subsidiaries may engage in such transactions if the terms are consistent with those that would be applied by reasonable persons in similar circumstances, with bargaining power free from influence due to their status as directors, executives, or related parties. Therefore, related party transactions of this nature can proceed without requiring approval from the Board of Directors or shareholders, as they fall under the Board of Directors' in-principle approval.

7.2 Related Party Transactions Requiring Approval from the Board of Directors

In the case of related party transactions requiring prior approval from the Board of Directors before proceeding, the relevant department (e.g., Sales, Marketing, Accounting, Operations, or other departments involved) must present the transaction details, its necessity, and rationale to seek approval from the Audit Committee, followed by presentation to the Board of Directors for approval. The procedure is as follows:

7.2.1. The relevant department presents the transaction details, its necessity, and rationale, and prepares all relevant documents and information to be submitted to the Chief Executive Officer (CEO).

7.2.2. The CEO assigns the Audit Committee Secretary to coordinate with the Audit Committee to prepare the meeting agenda.

7.2.3. The Audit Committee Secretary coordinates with relevant departments to prepare supporting documents for the meeting agenda, summarizing key information for the Audit Committee's review and approval.

7.2.4. The Audit Committee meets, and the Secretary prepares the minutes of the Audit Committee meeting, coordinating with the Company Secretary to prepare the agenda to present the Audit Committee's opinion to the Board of Directors for consideration and approval.

7.2.5. The Company Secretary, along with relevant departments, prepares supporting documents for the meeting agenda, summarizing key information for the Board of Directors' review and approval.

7.2.6. The Board of Directors meets, and directors with a vested interest in the transaction cannot participate in the decision-making. The Company Secretary prepares the minutes of the Board meeting and discloses the information to the Stock Exchange of Thailand (SET).

7.3 Related Party Transactions Requiring Shareholder Approval. For related party transactions requiring shareholder approval before proceeding, the relevant department (e.g., Sales, Marketing, Accounting, Finance, Operations, or other departments involved) must present transaction details, its necessity, and rationale to seek approval from the Audit Committee, the Board of Directors, and subsequently the shareholders' meeting. The procedure is as follows:

7.3.1. The relevant department presents the transaction details, its necessity, and rationale, and prepares all relevant documents and information to be submitted to the CEO.

7.3.2. The CEO assigns the Audit Committee Secretary to coordinate with the Audit Committee to prepare the meeting agenda.

7.3.3. The Audit Committee Secretary, in collaboration with relevant departments, prepares supporting documents for the meeting agenda, summarizing key information for the Audit Committee's review and approval.

7.3.4. The Audit Committee meets, and the Secretary prepares the minutes of the Audit Committee meeting, coordinating with the Company Secretary to prepare the agenda to present the Audit Committee's opinion to the Board of Directors for consideration.

7.3.5. The Company Secretary, along with relevant departments, prepares supporting documents for the meeting agenda, summarizing key information for the Board of Directors' review and approval.

7.3.6. The Board of Directors meets, and directors with a vested interest in the transaction cannot participate in the decision-making. The Company Secretary prepares the minutes of the Board meeting and discloses the information to the SET.

7.3.7. The Company Secretary, along with relevant departments, prepares supporting documents for the shareholders' meeting agenda, including the opinion of the Independent Financial Advisor (IFA), to seek shareholder approval for the transaction. The documents must contain sufficient decision-making information and include the names and shareholding of related parties who are not entitled to vote.

7.3.8. The shareholders' meeting is held, and the Company Secretary prepares the minutes of the shareholders' meeting.

Disclosure of Information

The company must disclose information regarding related party transactions or transactions that may involve conflicts of interest in accordance with the guidelines set by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). This information should be disclosed in the company's annual information form, annual report, or any other report, and should also include the disclosure of related party transactions to the SET as per the SET's guidelines. Additionally, related party transactions must be disclosed in the company's financial statements in accordance with the accounting standards as prescribed.

This policy and procedure for related party transactions will be effective from December 18, 2025, onwards.
