

The Head of the Internal Audit Unit is Miss Vasana Wattananukulchai, General Manager of Internal Audit Office. The Audit Committee is of the view that Miss Vasana Wattananukulchai has knowledge, abilities and work experience and is qualified to efficiently and adequately perform duties as the Head of the Internal Audit Unit. The appointment, removal and transfer of a person holding an office as Head of the Internal Audit Unit shall be subject to the Audit Committee's approval. (The details are described on pages 198 to 199).

The Head of the Compliance Unit is Mr. Phakpoom Thaweewittayarut, Deputy Managing Director - Administration and Company Secretary, who shall be responsible for compliance matters. (The details are described on pages 199 to 200).

## **12. Connected Transactions**

### **12.1 Criteria and Procedures for Approval of Execution of Connected Transactions**

Transactions with persons who may have a conflict of interests are subject to the conditions and criteria in the ordinary course of business. The execution of connected transactions and transactions with a conflict of interests are in accordance with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

In the consideration and approval of any connected transaction, the Company shall propose such matter to the Board of Directors' Meeting, in which the directors having any involvement which may give rise to a conflict of interests shall not be entitled to attend and vote on such matter. Furthermore, the Audit Committee, as assigned by the Board of Directors, shall consider the disclosure of the Company's information in respect of the connected transaction or the transaction which may have a conflict of interests, to ensure accuracy and completeness.

In respect of connected transactions with general commercial terms which the Company and its subsidiaries have or may have in the future, the Company already requested approval in principle from the Board of Directors' Meeting.

### **12.2 Policy or Trend of Future Connected Transactions**

The Company shall comply with the requirements and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the rules on disclosure of information on connected transactions and acquisition and disposition of material assets of the Company and its subsidiaries, including the accounting standards as prescribed by the Federation of Accounting Professions. Should there be any transaction which may have a conflict of interests in the future, for example, engagement of a group of persons who may have a conflict of interests for construction, project management, maintenance, the Board of Directors, together with the Audit Committee, will consider the necessity and justification for execution of such transaction, as well as pricing and conditions on the execution of such transaction whether they are in the ordinary course of business, and in comparison with third party prices or market price, provided that the interested parties shall not take part in the consideration and approval for execution of the transaction. The Company has no policy for lending loans or providing guarantee to any person who may have a conflict of interests in accordance with the definition of the SEC Office.

In case that the Audit Committee has no expertise to consider any potential connected transaction, the Company will arrange for an independent expert or the Company's auditor to provide an opinion on such connected transaction in support of the decision-making by the Board of Directors and/or the Audit Committee or shareholders, as the case may be. In this regard, the Company discloses its connected transactions in the Company's notes to the financial statements as audited by the Company's auditor.

## 12.3 Connected Transactions of the Company and the Subsidiaries with Persons who May Have a Conflict of Interests for 2015 and 2014

| Persons who may have a conflict of interests | Relationship  | Nature of Transaction  | Transaction Value (Baht)                |   | Necessity/ Details  | Opinion of the Audit Committee   |
|--|---|--|---|---|---|--|
|  |   |  | 2015                                    | 2014                                      |   |  |
| 1. CH. Karnchang Public Company Limited      | <ul style="list-style-type: none"> <li>- This company is a major shareholder of the Company, with 27.47 percent of shares in the Company as at December 30, 2015.</li> <li>- Mr. Plew Trivisavet, director, executive director, and executive of CH. Karnchang Public Company Limited, serves as director and Chairman of the Executive Board of the Company.</li> <li>- Mr. Prasert Marittanaporn, director and Senior Executive Vice President of CH. Karnchang Public Company Limited is the spouse of Mrs. Payao Marittanaporn, director, executive director, Managing Director of the Company and Acting Managing Director of NECL.</li> <li>- Mr. Phongsarit Tantisuvanitchkul, executive of CH. Karnchang Public Company Limited, serves as director and executive director of the Company.</li> </ul> | <p>The Company</p> <ul style="list-style-type: none"> <li>- Advance Payment</li> <li>- Project Management Fee</li> </ul> | <p>388,250,000</p> <p>8,370,000,000</p> | <p>1,235,250,000</p> <p>7,650,000,000</p> | <ul style="list-style-type: none"> <li>- Advance Payment and Fee for Management of the Si Rat - Outer Ring Road Expressway Project:</li> <li>- On September 14, 2012, the Company engaged CH. Karnchang Public Company Limited as Project Manager of the Si Rat - Outer Ring Road Expressway Project, in the total value of Baht 22,500 Million, with a construction period of not exceeding 48 months, commencing on December 15, 2012.</li> <li>- Inspection and repair of the structure of the Si Rat Expressway, No. 3, Phase 2:</li> <li>- On September 1, 2013, the Company executed a contract engaging CH. Karnchang Public Company Limited to carry out the inspection and repair of the structure of the Si Rat Expressway, No. 3, Phase 2, in the total value of Baht 67,238,525, with a contract term of 12 months from the date of the contract signing. The Company issued the Notice of Variation in a total amount of Baht 3,311,532.</li> <li>- Inspection and repair of the structure of the Si Rat Expressway, No. 3, Phase 3:</li> <li>- On September 1, 2014, the Company executed a contract engaging CH. Karnchang Public Company Limited to carry out the inspection and repair of the structure of the Si Rat Expressway, No. 3, Phase 3, in the total value of Baht 26,771,325, with a contract term of 10 months from the date of the contract signing.</li> </ul> | <ul style="list-style-type: none"> <li>- CH. Karnchang Public Company Limited has expertise, experience and know-how in the Segment Box Girder construction methodology in accordance with the terms of reference of the Si Rat - Outer Ring Road Expressway Project, together with experience in administering the lump sum turnkey contracts for the Company with good quality of work and low maintenance costs as well as construction completion according to schedule and within the fixed budget; and its strategic investment partnership with the Company which would assure its responsibility and commitment for the successful operation of the Project.</li> <li>- The price of the work is reasonable and lower than the price assessed by the independent consulting company. In addition, the contractor has expertise and experience in construction of the Si Rat Expressway, and as such, it should be capable to carry out the work properly and is well-prepared to promptly start the work.</li> </ul> |

| Persons who may have a conflict of interests        | Relationship | Nature of Transaction  | Transaction Value (Baht) |             | Necessity/ Details   | Opinion of the Audit Committee   |
|---|--------------|--|--------------------------|-------------|--|--|
|   |              |  | 2015                     | 2014        |  |  |
| 1. CH. Karnchang Public Company Limited (Continued) |              | <p>The Company</p> <ul style="list-style-type: none"> <li>- Gain on sale of investment</li> <li>- Interest income</li> <li>- Subscriptions receivable net of deferred interest income</li> </ul>   | 1,235,536,377            | -           | <ul style="list-style-type: none"> <li>- Sale of ordinary shares of Bangkok Metro Public Company Limited: On July 2, 2015, the Company sold its 2,050,134,895 shares in Bangkok Metro Public Company Limited to CH. Karnchang Public Company Limited, at the price of Baht 1.79 per share, whereby the Company received payment on the transaction date in the amount of Baht 2,000 Million, with the remaining payment to be gradually made until completion by August 2017.</li> </ul> | <ul style="list-style-type: none"> <li>- The selling price of shares is reasonable and comparative to market price. Such price was concluded after negotiation and agreement based on the weighted average price of Bangkok Metro Public Company Limited's shares for the past 60 days, less discount of approximately 5 percent due to big lot trading. The conditions on payment were set to allow the Company to be able to sell all such shares on a single occasion at the agreed price.</li> </ul> |
|   |              |  | 17,120,000               | 12,840,000  |  |  |
|   |              | <ul style="list-style-type: none"> <li>- Other accounts receivable</li> <li>- Advance payment received under the Contract for Engineering Services, which was recorded as advance payment for the works of the MRT Purple Line Project in the Company's statement of financial position</li> </ul> | 346,000,000              | 260,000,000 |  |  |

| Persons who may have a conflict of interests        | Relationship | Nature of Transaction   | Transaction Value (Baht) |      | Necessity/ Details  | Opinion of the Audit Committee  |  |   |
|---|--------------|---|--------------------------|------|---|---|--|---|
|   |              |   | 2015                     | 2014 |   |   |  |   |
| 1. CH. Karnchang Public Company Limited (Continued) |              | <p><u>The Company</u></p> <ul style="list-style-type: none"> <li>- Construction and other payables</li> </ul> | 2,615,556                | -    | <ul style="list-style-type: none"> <li>- The Company executed the Project Management Agreement with CH. Karnchang Public Company Limited for Civil Infrastructure and Electrical and Mechanical Systems Maintenance for the M.R.T. Chaloem Ratchamongkhon Line Project (MRT Blue Line) for a period of 9 years, for the total contract value of Baht 1,270 Million: <ul style="list-style-type: none"> <li>1<sup>st</sup> year: Baht 20 Million;</li> <li>2<sup>nd</sup> year: Baht 70 Million;</li> <li>3<sup>rd</sup> year: Baht 85 Million;</li> <li>4<sup>th</sup> year: Baht 135 Million;</li> <li>5<sup>th</sup> year: Baht 155 Million;</li> <li>6<sup>th</sup> year: Baht 210 Million;</li> <li>7<sup>th</sup> year: Baht 210 Million;</li> <li>8<sup>th</sup> year: Baht 220 Million;</li> <li>9<sup>th</sup> year: Baht 165 Million.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>- The value of the Project Management Agreement with CH. Karnchang Public Company Limited for Civil Infrastructure and Electrical and Mechanical Systems Maintenance for the MRT Blue Line is reasonable and lower than the price assessed by the independent consulting company under the same scope of work. In addition, CH. Karnchang Public Company Limited is a large-sized construction company in Thailand, having experience and expertise, and familiarity to equipment, including civil infrastructure of the metro, as it was responsible for the construction of tunnels and metro stations in the southern part of the MRT Blue Line Project. Therefore, it is well prepared for management of the maintenance and supply of equipment for the maintenance service.</li> </ul> |  |   |
|   |              |   | 120,000                  | -    |   |   | <ul style="list-style-type: none"> <li>- The subsidiary (NECL) executed an office space lease contract, at the rental rate of Baht 10,000 per month, with a contract term on a yearly basis.</li> </ul>  | <ul style="list-style-type: none"> <li>- The rental rate is reasonable and comparative to market rate, and is considered a connected transaction with general commercial terms in accordance with the principles approved by the Board of Directors.</li> </ul> |
|   |              |   | 2,444,444                | -    |   |   |  |   |
|   |              |   | 608,350                  | -    |   |   | <ul style="list-style-type: none"> <li>- On December 1, 2015, the subsidiary (NECL) executed a contract engaging CH. Karnchang Public Company Limited to carry out the inspection and repair of the structure of the Udon Rattaya Expressway, No. 3, Phase 4, in the total value of Baht 25,580,531, with a contract term of 10 months from the date of the contract signing.</li> </ul> |   |

| Persons who may have a conflict of interests        | Relationship | Nature of Transaction  | Transaction Value (Baht) |             | Necessity/ Details  | Opinion of the Audit Committee   |
|---|--------------|--|--------------------------|-------------|---|--|
|   |              |  | 2015                     | 2014        |   |  |
| 1. CH. Karnchang Public Company Limited (Continued) |              | <p>Bangkok Metro Networks Limited ("BMN") (Since February 25, 2009, three subsidiaries, namely, Metro Mall Development Limited, Triads Networks Company Limited and BMCL Network Limited, were amalgamated.)</p> <ul style="list-style-type: none"> <li>- Intangible assets under the Concession Agreement for the M.R.T. Chaloem Ratchamongkhon Line Project (in respect of only the project cost of which BMN engaged CH. Karnchang Public Company Limited for construction under the Agreement)</li> <li>- Accrued interest</li> <li>- Interest expenses</li> <li>- Administrative expenses (Office space rental and service charge)</li> </ul> | -                        | 192,288,851 | <p>- Metro Mall Development Limited hired CH. Karnchang Public Company Limited for a project value of Baht 292.5 Million to construct the interior of the train stations to support the lease of retail shops. However, since Metro Mall Development Limited had insufficient revenue from commercial development, it was not yet able to pay the construction cost. CH. Karnchang Public Company Limited charged interest to Metro Mall Development Limited at the rate of MLR+1 percent per annum. After February 25, 2009, Metro Mall Development Limited was amalgamated with two subsidiaries (Triads Networks Company Limited and BMCL Network Limited) into BMN, BMN then accepted the transfer of all obligations under the existing agreement. Later, in December 2013, the payment of partial construction cost was made to CH. Karnchang Public Company Limited in the amount of Baht 70 million. In 2014, the construction cost was made to CH. Karnchang Public Company Limited in full. In 2013 and 2014, the payment of the accrued interest was gradually made in the average amount of Baht 0.9 Million and Baht 0.3 Million per month, respectively. In 2014, the accrued interest of construction cost amounted to Baht 0.2 Million and the interest expenses amounted to Baht 3.33 Million.</p> <p>- BMN entered into the office space lease agreement in Vinyathavorn Building with CH. Karnchang Public Company Limited, with a term of three years until February 9, 2016, on the 12<sup>th</sup> Floor, covering a total area of 651.24 square meters, and on the 9<sup>th</sup> Floor, covering a total area of 640.16 square meters. The rental and service charge rate is Baht 350 per square meter per month.</p> | <p>- The contract was made with clear terms of payment.<br/>CH. Karnchang Public Company Limited is an experienced and specialized company in this type of work and was also responsible for the civil infrastructure work in relation to each train station. CH. Karnchang Public Company Limited has information of electric systems and civil work, which would enhance the efficiency in construction of such project.<br/>A memorandum of agreement, dated June 3, 2005, was executed amending the original contract stipulating certain conditions and the interest rate arising from the delay in payment. The interest rate charged by CH. Karnchang Public Company Limited is in line with the rate that CH. Karnchang Public Company Limited charges other customers and close to the rate that BMN may borrow from commercial banks. In 2013, the payment of partial construction cost was made. In 2013 and 2014, the payment of accrued interest was made.</p> <p>- This rental rate is comparable to the rental rates charged by the lessor to third party lessees, which range Baht 320-370 per square meter per month.</p> |

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|--|---|--|--------------------------|-------------|---|--|
|  |   |  | 2015                     | 2014        |   |  |
| 2. Mass Rapid Transit Authority of Thailand ("MRTA") | <ul style="list-style-type: none"> <li>- The Mass Rapid Transit Authority of Thailand holds shares in the Company representing 8.22 percent as at December 30, 2015.</li> <li>- Mr. Tana Janusorn, director of MRTA, serves as director of the Company.</li> <li>- Mr. Theeraphan Tachasirinugune, executive of MRTA, serves as director of the Company.</li> </ul> | <p><u>The Company</u></p> <ul style="list-style-type: none"> <li>- Trade accounts and other payables (Remuneration payable from revenue and others)</li> </ul>             | 103,204,494              | 89,555,950  | <ul style="list-style-type: none"> <li>- The remuneration to MRTA from the fare revenue and commercial development and the building and land taxes for 2015 amounted to Baht 8.82 Million.</li> </ul>   | <ul style="list-style-type: none"> <li>- The transaction is in accordance with the conditions of the Concession Agreement with which the Company is required to comply.</li> </ul> |
|  |   | <ul style="list-style-type: none"> <li>- Remuneration from fare revenue (including value added tax)</li> <li>- Remuneration from commercial development revenue</li> </ul> | 401,423,531              | 204,146,018 |   |  |
|  |   | <p><u>BMN</u></p> <ul style="list-style-type: none"> <li>- Cost of commercial development (Remuneration from commercial development revenue)</li> </ul>                    | 484,160                  | 1,524,148   | <ul style="list-style-type: none"> <li>- In 2014, BMN took on lease of the area for advertising board installation in the vicinity of the Interchange Building at the MRT Sukhumvit Station, covering an area of 112.12 square meters, and in December 2014, the agreement was replaced for lease of the area of 12 square meters, with remuneration for the use of the area particularly during January - August 2014 and in December 2014 in the total amount of Baht 1.5 Million, and in 2015 in the amount of Baht 0.48 Million.</li> </ul> | <ul style="list-style-type: none"> <li>- The rental rate of such advertising media is reasonable.</li> </ul>   |
|  |   | <ul style="list-style-type: none"> <li>- Administrative expenses (Other expenses)</li> </ul>   | 22,568,816               | 314,999     |   |  |

| Persons who may have a conflict of interests  | Relationship   | Nature of Transaction  | Transaction Value (Baht) |            | Necessity/ Details   | Opinion of the Audit Committee   |
|---|--|--|--------------------------|------------|--|--|
|   |  |  | 2015                     | 2014       |  |  |
|   |  |  |                          |            | miscellaneous expenses amounting to Baht 1,200.00. In 2015, building and land taxes amounted to Baht 5.54 Million, and the building and land taxes with retroactive effect for 2005 - 2014 amounted to Baht 17.03 Million.   |  |
| 3. CK Power Public Company Limited (“CKP”)    | <ul style="list-style-type: none"> <li>- The Company holds shares in CKP representing 19.40 percent of its registered capital.</li> <li>- The Company and CKP have CH. Karnchang Public Company Limited as their common major shareholder, whereby as at December 30, 2015, CH. Karnchang Public Company Limited holds shares in the Company representing 27.47 percent of the paid-up capital and holds shares in CKP representing 30.25 percent of its registered capital.</li> <li>- Mr. Plew Trivisavet, Chairman of the Executive Board of CKP, serves as director and Chairman of the Executive Board of the Company.</li> <li>- Mr. Supong Chayutsahakit, director of CKP, serves as director and executive director of the Company.</li> </ul> | <p><u>The Company</u></p> <ul style="list-style-type: none"> <li>- Provision of the Financial Support in the Form of Cash Deficiency Support (CDS)</li> </ul>                            | -                        | -          | <ul style="list-style-type: none"> <li>- The Company has provided the financial support by way of guarantee to CKP, whereby the Company agrees to provide the financial support in case any subsidiary of CKP is unable to comply with the conditions of the loan, including any default on payment with the lending bank of such subsidiary, according to the shareholding proportion in an amount not exceeding Baht 154 Million.</li> </ul>                           | <ul style="list-style-type: none"> <li>- The amount of the financial support is based on reasonable calculation and is under the shareholding proportion.</li> </ul>   |
| 4. CH. Karnchang-Tokyu Construction Co., Ltd. | <ul style="list-style-type: none"> <li>- The Company and CH. Karnchang-Tokyu Construction Co., Ltd. have CH. Karnchang Public Company Limited as their common major shareholder, whereby CH. Karnchang Public Company Limited holds shares in the Company representing 27.47 percent of the paid-up capital as at December 30, 2015 and CH. Karnchang Public Company Limited holds shares representing 55 percent of CH. Karnchang-Tokyu Construction Co., Ltd.'s registered capital.</li> <li>- As at December 30, 2015, CH. Karnchang-Tokyu Construction Co., Ltd. holds shares representing 1.03 percent of the Company.</li> </ul>   | <p><u>The Company</u></p> <ul style="list-style-type: none"> <li>- Construction of Connecting Road between Sector D of the Si Rat Expressway and Chaturathit Road (Section C)</li> </ul> | -                        | 90,684,233 | <ul style="list-style-type: none"> <li>- On February 1, 2013, the Company executed a contract engaging CH. Karnchang-Tokyu Construction Co., Ltd. to construct a connecting road between Sector D of the Si Rat Expressway and Chaturathit Road (Section C), in the total value of Baht 254,000,000, with a contract term of 16 months from the date of the contract signing. The Company issued the Notice of Variation in a total amount of Baht 3,743,759.</li> </ul> | <ul style="list-style-type: none"> <li>- This connected transaction is considered an ordinary course of business, with the general commercial terms as already approved in principle by the Audit Committee and the Board of Directors.</li> </ul> |