

11. Connected Transactions

- (1) Transactions with persons who may have conflict of interest are subject to the conditions and criteria in the ordinary course of business. The execution of connected transactions and transactions with conflict of interest are in accordance with the regulations of the Stock Exchange of Thailand.

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 interest 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 conflict of interest, to ensure accuracy and completeness.

- (2) During the year 2006, the Company executed connected transactions with parties who may have conflict of interest, as per the nature of connected transactions as follows:

- 2.1) CH. Karnchang Public Company Limited was a connected person, as a major shareholder of the Company with the common chairman of the executive boards of both companies, and one executive in CH. Karnchang Public Company Limited is the spouse of an executive of the Company, and had connected transactions as follows:

1. Purchase of Ordinary Shares in Thai Tap Water Supply Public Company Limited

The 2006 Annual Ordinary General Meeting of Shareholders resolved to grant approval for the Company to purchase 1.68 million ordinary shares in Thai Tap Water Supply Public Company Limited from CH. Karnchang Public Company Limited, representing an increase in investment proportion by 5.16 percent of the registered and paid up capital, at the price of Baht 320 per share, totaling Baht 536.4 Million, and the Company already paid for such shares. On 6 July 2006, Thai Tap Water Supply Co., Ltd. registered for conversion to be a public limited company and changed the par value of its ordinary shares from Baht 100 per share to Baht 1 per share.

On 24 July 2006, the Company purchased additional 81.25 million ordinary shares in Thai Tap Water Supply Public Company Limited from CH. Karnchang Public Company Limited, or representing 2.5 percent of the registered capital, at the price of Baht 3.20 per share, totaling Baht 260 Million, and the Company already paid for such shares.

2. Inspection and Repair of the Structure of the Udon Rattthaya Expressway

On 29 September 2006, the Subsidiary executed a contract engaging CH. Karnchang Public Company Limited for repair and improvement of the structure of the Udon Rattthaya Expressway. The contract had a term of 3 months from the execution date with the total value of Baht 7.34 Million.

In the year 2006, the Subsidiary made payment for the work in full.

3. Inspection, Repair and Improvement of the Si Rat Expressway

On 29 September 2006, the Company executed a contract engaging CH. Karnchang Public Company Limited for repair and improvement of the structure of the Si Rat Expressway. The contract had a term of 12 months from the execution date with the total value of Baht 58.30 Million.

In the year 2006, the Company made payment for the work in the amount of Baht 7.75 Million.

4. Repair of At-Grade Road and Improvement of Drainage System of the Udon Rattthaya Expressway

On 1 November 2005, the Subsidiary executed a contract engaging CH. Karnchang Public Company Limited for repair of an at-grade road and improvement of the drainage system of the Udon Rattthaya Expressway. The contract had a term of 3 months from the execution date with the total value of Baht 20.82 Million.

In the year 2005, the Subsidiary made payment for the work in the amount of Baht 11.60 Million and made the remaining payment in the amount of Baht 9.22 Million in the year 2006.

- 2.2) SouthEast Asia Energy Limited was a connected person, namely, the Company and SouthEast Asia Energy Limited had CH. Karnchang Public Company Limited as major shareholder with common executives. The connected transaction was that on 26 May 2006, the Company executed the Equity Contribution Agreement with SouthEast Asia Energy Limited and Nam Ngum 2 Power Co., Ltd. (Co-Borrower), other shareholders and lender of SouthEast Asia Energy Limited, pursuant to which the Company agreed to provide financial support to SouthEast Asia Energy Limited as per the shareholding proportion (12.5 percent), totaling in the amount of not exceeding Baht 494 Million, divided into 3 cases as follows:

1. Equity contribution for corporate income tax burden from the profit of business in Laos, in case SouthEast Asia Energy Limited is not granted an exemption in accordance with the Double Tax Treaty between Laos and Thailand, in the amount of not exceeding Baht 156 Million.
2. Equity contribution for corporate income tax burden in case such company is not granted an investment promotion by the Board of Investment, in the amount of not exceeding Baht 244 Million.
3. Equity contribution for the deficient revenue in case of construction of Nam Ngum 3 Hydroelectric Plant which affects the power generation of SouthEast Asia Energy Limited rendering SouthEast Asia Energy Limited unable to comply with the conditions relating to the loan, in the amount of not exceeding Baht 94 Million.

Moreover, the Company agreed to sponsor additional funds to SouthEast Asia Energy Limited in the amount of not exceeding Baht 63 Million in case the Co-Borrower of SouthEast Asia Energy Limited defaults on repayment of the loan or is unable to comply with the conditions relating to the loan.

The information on connected transactions for the year ended 31 December 2006 has been disclosed in Note 7 to the Financial Statements. The Board of Directors and the Audit Committee have reviewed such connected transactions entered into by the Company and found the same justified.