



Audit Committee Charter
of
Demco Public Company Limited

1. Objectives

The Board of Directors (the Board) has appointed the Audit Committee consisting of independent directors to be responsible for inspecting the Company's operations, review the effectiveness of the internal control to ensure that the operations of various departments are effective, lawful and be complied with the Company's regulations as well as good ethical standards. Business management shall be carried out appropriately, efficiently and the most effectiveness. There is a review and inspection of the Company's financial reports together with the auditor to ensure that the Company's financial reports are reliable, completely revealing and be accurate information in accordance with financial reporting standards and related regulations to ensure confidence and reliability to investors and stakeholders that the Company has examined and performed good corporate governance prudently, fairly, transparently. To conduct the business in accordance with the principles of good corporate governance, the Board therefore stipulates the Audit Committee charter.

2. Definitions

"Company" means Demco Public Company Limited.

"Board of Directors" means the Board of Directors of Demco Public Company Limited.

"Audit Committee" means the Audit Committee of Demco Public Company Limited.

"Member of Audit Committee" means the Member of Audit Committee of Demco Public Company Limited.

"Executive" means the Director or the first 4 executive positions counting from the Managing Director downward. All persons holding the same level as those of the 4th management positions, and meaning including those with management positions in accounting or finance that are department managers level or higher or equivalent.

"Executive management" means a group of persons holding the position as department manager or higher or persons equivalent to department manager or higher.



"Holding company" means

- (A) The company that holds shares of the Issuer more than 50% of the total vote- able shares of the Issuer
- (B) The company that holds shares of a company referred to (A) more than 50% of the total vote- able shares of that company
- (C) The company that holds shares that be continually passed along which the beginning with a company holding shares in the company referred to (B), shareholding of the company shall exceed 50 percent of the total vote-able shares of the company in which the shares are held.
- (D) The company that directly or indirectly holds total shares of the issuer more than 50 percent of the total vote-able shares of the issuer.

Shareholding of the company under the condition (A) (B) (C) or (D) shall also include the shares held by related persons.

"Subsidiary company" means

- (A) The company in which the Issuer holds more than 50% of the total vote-able shares of that company
- (B) The company in which the company referred to (A) holds shares more than 50 percent of the total vote-able shares of that company
- (C) The company in which shares is held continually passed along beginning with the shareholding of the company referred to (B) in the Holding company in which each share of that company shall exceed 50 percent of the total vote-able shares of the company in which it is held
- (D) The company in which the issuers or companies referred to (A) (B) or (C) hold shares directly or indirectly, in an aggregate amount of more than 50 percent of the total vote-able shares of the company which shares being held.

The company whose be Issuer or companies referred to (A) (B) (C) or (D) have been authorized to control over financial policy and the company's operations in order to derive benefits from various activities of that company.

The shareholding of the Security Issuer or the company referred to (A) (B) (C) or (D) shall also include the shares held by the person concerned.

"Same-level subsidiary company" means two or more subsidiaries that have the same Parent company with regardless of whether the subsidiary is in any hierarchy.

"Associated company" means

- (A) The company in which the issuer of the securities or the subsidiaries hold a combined amount of 20% but not more than 50% of the total vote-able shares of the company in which the shares are held.



(B) The company in which securities holder or subsidiaries have been authorized to participate in making decisions regarding the company's financial and operating policy. But not to the level of control over the said policy and not considered a subsidiary or joint venture.

"Major shareholder" means the shareholder in the security issuing company more than 10% of the total vote-able shares of the issuer. Such shareholding shall also include shares held by related persons.

"Controlling person" means a shareholder or other person in which having a significant behavior influence on the company's management policy or operations. Regardless of whether such influence will be attributed to being a shareholder or authorized under the contract or whatever else. Especially the person who meets one of the following characteristics;

- (A) The person with vote-able right, whether directly or indirectly, more than 25 percent of the total vote-able shares of the company.
- (B) The person, who having the behavior, can control the appointment or removal of the directors of that company.
- (C) The person, who having the behavior, can control the person responsible for policy setting, management executives, or the operations of the company to comply with his/her order to determine management policies or the operations of the company.
- (D) The person who is operating in the company or is responsible for the operations of the company, having the behavior like an management executive including the one with any position which has the equivalent power and duties comparing to the said person of that company.

The shareholding of the issuers of the securities or subsidiaries shall include the shares held by the relevant parties.

"Related person" means the person or partnership that has relations with any person in any of the following characteristics:

- (A) Spouse of the said person.
- (B) Children who are not sui juris of the said person.
- (C) Ordinary partnership in which the said person or person under (A) or (B) is a partner.
- (D) The limited partnership in which the said person or person under (A) or (B) is a partner with unlimited liability or a limited liability partner with a combined shares of more than 30 percent of the total shares of the limited partnership
- (E) The limited company or public limited company in which the said person or person under (A) or (B) or the partnership under (C) or (D) collectively holds more than 30 percent of the total number of shares sold of that company or



- (F) The limited company or public limited company in which the said person or person under (A) or (B) or the partnership under (C) or (D) or the company under (E) hold a combined 30 percent of the total number of shares sold out of that company.
- (G) The juristic person in which the aforementioned person has the authorization to manage as a representative of the juristic person.

"Director with participation in management" means a director holding a management executive position or a director who is responsible for taking any action like management executive and shall include the authorized director unless it can be shown that it is a binding sign according to the list that the Board of Directors has already approved and is a joint signing with other directors.

"Significant shareholders" means the shareholder in any business holding of more than 10 percent of the total vote-able shares of that business. And the said shareholding shall include the shares held by related persons.

3 Composition and Appointment, and Qualifications

3.1 Composition and Appointment

- 3.1.1 The Audit Committee shall consist of at least three independent directors and at least one member must be knowledgeable and possess sufficient work experience in accounting or financial field to review reliability of financial statement.
- 3.1.2 The Board shall appoint independent directors of the Company as Audit Committee members. Any members of the Audit Committee, whose term expires, may be re-appointed by the Board.
- 3.1.3 The Audit Committee shall elect one member to take position as Chairman of the Audit Committee and present to the Board of Directors for acknowledgment.
- 3.1.4 The Corporate Internal Systems Audit Manager shall be designated as Secretary to the Audit Committee to provide support to the Audit Committee's proceedings, including setting up meeting appointments, preparing meeting agendas, distributing meeting documents, taking minutes of meeting, and other tasks as assigned by the Audit Committee.

The Company shall report the appointment of Audit Committee to the Stock Exchange of Thailand within three business days from the date of the Board of Directors passes a resolution of the appointment and report any changes of the Audit Committee to the Stock Exchange of Thailand, as required by the Stock Exchange of Thailand's regulations relating to reporting via electronic media according to the regulations of the Stock Exchange of Thailand.

3.2 Qualifications

The Audit Committee shall have the qualifications stipulated under the Public law, the Securities and Exchange Laws, the Stock Exchange of Thailand Requirements, and the Company's Independent Directors Qualification (as detailed in the attachment at the end of this document).

4. Term of Office and Termination

4.1 Term of Office

- 4.1.1 The term of office of each Audit Committee member is in accordance with the Board of Directors' term of office.
- 4.1.2 In the case of any Audit Committee member vacating the position, resulting in the insufficient number of the committee members, the Board shall appoint another director, who is fully qualified, to replace the resigning member not later than three months from the date of incomplete composition of the Audit Committee.

4.2 Termination from Office

- 4.2.1 Members of the Audit Committee shall immediately be terminated from the position upon;
- Death
 - Resignation
 - Vacating the position
 - The Board of Directors' resolution to vacate the position
 - Lack of qualifications of the Audit Committee member
- 4.2.2 In the case of any Audit Committee member resigning before completing the term of office, a written notice for resignation should be presented to the Company at least 30 days prior to the resignation, so that the Board can appoint a replacement director accordingly. The Company shall notify and present a copy of resignation letter to the Stock Exchange of Thailand.
- 3.2.3 In the case of the Audit Committee member being removed before completing the term of office, the Company shall report reasons for the removal to the Stock Exchange of Thailand accordingly.

5. Duties and Responsibilities

The Audit Committee is assigned by the Board of Directors to perform the following duties:

- 5.1 Reviews the efficiency and effectiveness of the good corporate governance, risk management, and internal control processes.
- 5.2 Reviews the Company's financial reporting process to ensure its accuracy, credibility, and sufficient information disclosure by coordinating with the external auditors. The responsible executive is required to prepare quarterly and annually financial reports to comply with the

Thai Financial Accounting Standards and to promote the development of accounting systems to be comparable to the International Financial Accounting Standards.

- 5.3 Reviews the Company's compliance with laws governing securities and stock exchange, or requirements of the Stock Exchange of Thailand, and other policies, rules, regulations, charters, and laws applicable to the Company's business.
- 5.4 Reviews the Connected Transactions or the transactions that may lead to conflicts of interests and consider the information disclosure to ensure that they are in compliance with the laws and the Stock Exchange of Thailand's regulations.
- 5.5 Considers to select, nominate, re-elect, and terminate the Company's external auditors and to propose the auditors' remuneration to the Board of Directors before tabling to the shareholder's meeting for approval respectively. The Audit Committee, also, is to meet with the external auditor without executives at least once a year.
- 5.6 Reviews the anti-corruption self-assessment for certification process and sign by the Chairman of the Audit Committee
- 5.7 Find Facts and track progress of complaints that may imply fraud that the Audit Committee has received through the whistle blowing channels to ensure duly action.
- 5.8 Reviews and provides opinion on internal audit plan and system to meet internationally accepted methods and standards.
- 5.9 Considers the independence of the Internal Systems Audit Section including the adequacy of the budget and workforce of the Internal Systems Audit Section, and considers to approve the appointment and relocation of, and evaluates the annual performance of the Head of the Internal Systems Audit Section.
- 5.10 The Audit Committee may seek independent opinions from professional advisors or specialists in other fields when needed under the Company's expense with the approval from the Board of Directors. The employment of advisors or specialists must comply with the Company's regulations.
- 5.11 Chairman or members of the Audit Committee shall attend the shareholders' annual general meeting in order to clarify issues associated with the Audit Committee or appointment of the external auditors.
- 5.12 Approves the verification of quarterly financial statements before report to the Stock Exchange of Thailand.
- 5.13 Reports the operating results of the Internal Audit to the Board of Directors annually. Such report must include the Audit Committee's opinion on internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate.

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- 5.14 Approves the Audit Committee Charter before presenting to the Board of Directors for approval. The Committee shall review its charter at least once a year.
- 5.15 Prepares the Audit Committee's report signed by the Chairman of the Audit Committee. The report is to be disclosed in the Company's annual report in accordance with the requirement of the Stock Exchange of Thailand, and shall consist of at least the following information:
- 1) Opinion(s) on the accuracy and credibility of the Company's financial report;
 - 2) Opinion(s) on the adequacy of the Company's internal control system;
 - 3) Opinion(s) on the compliance with the law on the Securities and Exchange Commission, the Stock Exchange of Thailand's regulations, or laws applicable to the Company's business;
 - 4) Opinion(s) on the suitability of the external auditors;
 - 5) Opinion(s) on the transactions that may lead to conflicts of interests;
 - 6) The number of the Audit Committee's meetings and the attendance of such meetings of each committee member;
 - 7) Opinion(s) or overview comment gained from the Audit Committee's its performance or duties in accordance with the Committee Charter;
 - 8) Other reports which should be known to the shareholders and general investors under the roles and responsibilities as assigned by the Company's Board of Directors.
- 5.16 After the Audit Committee receives from the auditors the information on any suspicious circumstances that the director, manager or any person responsible for the Company's operation commits an offence under the Securities and Exchange Act, the Audit Committee is required to report the preliminary inspection to the Company's Board of Directors within 30 days from the date of the auditor's notification is received prior to reporting the Securities and Exchange Commission and The Stock Exchange of Thailand.
- 5.17 For the Audit Committee's duty, if it is found or suspected that there is any transaction or action that may materially affect the Company's financial condition and operating results, the Committee shall promptly report it to the Board of Directors for rectification in a timely manner.
- 1) A transaction which causes a conflict of interest;
 - 2) Any fraud, irregularity, or material defect in the internal control system;
 - 3) An infringement of laws or the Stock Exchange of Thailand's regulations, and any laws applicable relating to the Company's business.

If the Audit Committee reports to the Board of Directors on suspicious actions and discusses with the Board and executives on the rectification of such issue, when it is due time, as agreed by all involved. If the Audit Committee finds that the Board or executives fail to make corrective actions without a justifiable reason, any member of the Audit Committee may report such transaction or action directly to the Securities and Exchange Commission or the Stock Exchange of Thailand.

5.18 Performs other duties as assigned by the Company's Board of Directors, with the consent of the Audit Committee.

Under its scope of duties and responsibilities, the Audit Committee is authorized to invite an executive, executive committee or any concerned persons to provide suggestions, to attend the meeting, or to deliver necessary information.

In its performance of duties, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Company's Board of Directors shall remain responsible to third parties for the operations of the Company.

As required by the Stock Exchange of Thailand's regulations relating to reporting via electronic media, the Company shall report the change(s) of the Audit Committee's scope of duties and responsibilities to the Stock Exchange of Thailand within three business days from the date of the Board of Directors passed a resolution of the change(s).

6. Meeting

6.1 Numbers of Meeting

6.1.1 The Audit Committee shall hold at least six meetings per annum.

6.1.2 The Chairman of the Audit Committee may convene a special meeting upon request by a member of the Audit Committee, the Corporate Internal Systems Audit Manager, the auditor, or the Chairman of the Board of Directors to consider any essential and necessary agenda.

6.2 Meeting Participants

5.2.1 Not less than half of all Audit Committee members shall participate in each meeting to constitute a quorum. The Chairman of the Audit Committee shall preside over a meeting.

5.2.2 In case the Chairman of Audit Committee is not present in the meeting or is unable to perform his/her duties, members of the Audit Committee shall elect a member to take position of a chairman in the meeting.



5.2.3 The Audit Committee may invite professional experts or lawyers to participate in a meeting as deemed necessary and appropriate.

5.2.4 The Secretary to the Audit Committee must participate in each meeting. In case the Secretary to the Audit Committee is unable to participate in the meeting, the Audit Committee shall assign a replacement person to participate and support the Audit Committee's proceedings.

6.3 Voting

6.3.1 The Audit Committee's resolution shall be passed by the majority votes of the Committee members who attend the meeting and cast their votes. One member shall have one vote. In case of a tied vote, the Chairman of the meeting can cast another vote in determining the vote result.

6.3.2 Any member of the Audit Committee who has any personal interest in any matter to be considered shall refrain from voting.

6.4 Minutes of Meeting taking

The Secretary to the Audit Committee or any designated person shall be in charge of taking minutes of the meeting.

7. Performance Evaluation

The Audit Committee shall, on a yearly basis, perform self-evaluation and report to the Board of Directors the evaluation result and performance difficulties, which may obstruct the Audit Committee from achieving the objectives.

8. Remuneration

The Audit Committee shall obtain appropriate remuneration according to the roles and responsibilities, as approved by the shareholders' meeting.

Announced on August 15, 2019

(Mr. Naris Srinual)

Chairman of the Board of Directors
Demco Public Company Limited

This Charter has been reviewed by the Audit Committee Meeting No. 5/2019 held on 23 July 2019.

This Charter has been approved by the Board of Directors Meeting No. 6/2019 held on 14 August 2019



Appendix: Audit Committee Charter

Attachment

Qualifications of the Audit Committee

- (1) Holding shares not exceeding 0.5 percent of the total number of shares with vote-able rights of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, including shares held by related persons of such independent director.
- (2) Neither being nor used to be an executive director, employee, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to taking the independent dictatorship.
- (3) Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child to other director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary company.
- (4) Neither having nor used to have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner which may interfere with his/her independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, affiliate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.

The term 'business relationship' under the first paragraph shall include any normal business transaction; rental or lease of immovable property; transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans; guarantee; providing assets as collateral; and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences.

- (5) Neither being nor used to be an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.

- (6) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.
- (7) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder.
- (8) Not undertaking any business in the same nature and in competition to the business of the Company or subsidiary company or not being a significant partner in a partnership or being an executive director, employee, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other Company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
- (9) Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as an independent director of the Company, the independent director may be assigned by the Board of Directors to make decision for the business operations of the Company, parent company, subsidiary company, associate company, subsidiary company in the same level, major shareholder or the controlling person of the Company which can be decided in the form of a collective decision (as if without the independent committee being considered as a member of management).

References:

- 1) Public Limited Companies Act, B.E. 2535, Section 68 / Section 86
- 2) Independent Directors Qualification as listed in the Corporate Governance and Code of Conduct Manual (Revision 4)
- 3) Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2551 on the Application for and Approval of Offer for Sale of Newly Issued Shares: Clause 16 (2) Qualification of Independent Directors / Clause 16 (3) (b) Audit Committee Members additional Qualification.