

5 August 2020

Subject: Clarification on conflict of interest management

To: President
The Stock Exchange of Thailand

Reference to Chiangmai Rimdoi Public Company Limited (“the Company”) had disclosed in the filing that the Board of Directors Meeting No.1/2017 (after transformation to PLC) on 20 April 2017, the Board of Directors has approved the policy not to further do waste business. To prevent conflicts of interest between the Company and the related company. And to prepare the Company to be listed on the Stock Exchange of Thailand. In this regard, the Company sell all assets related to the business of waste management services that are not being used. Including the sublease of land used to provide waste-related business services until the expiration of the lease agreement with the land owner for CRC Environmental Cure Company Limited (“CEC”), which operates business management services for waste and is a related company since there are directors and some major shareholders together.

Later, the Company decided to resume running the waste management business. It has been approved by the resolution of the Extraordinary General Meeting of Shareholders No.1/2019 on 12 June 2019. The Company would like to clarify that the decision to return to the waste management business mentioned above is the main purpose of normal business. Because the Company is of the opinion that the waste management business is still an interesting business. The management and personnel team have experience and expertise. There is not a high investment value in the project but can generate recurring income. And has an attractive return on investment. On the risks that the management is confident that they will be able to manage does not intend to compete with the CEC in anyway. Previously, the Board of Directors Meeting No.1/2017 (after transformation to PLC) on 20 April 2017 resolved to approve that the Company will no longer operate the business of waste management. Because the Company wants to make the structure of the Company's main business relating to construction work to be clear in the view of investors And for IPO preparation. After that, the Board of Directors Meeting No.2/2019 on 11 May 2019 jointly discussed and commented that the Company has experience in managing waste collection projects from past work. And have knowledge and expertise in this area of business management Therefore agreed to return to the garbage collection business as an opportunity to expand the Company's revenue base and reduce the risk of the construction business in another way. According to the Business Model that CRD uses as a strategy for waste management business, it focuses on using the experience of the management team to plan, coordinate, monitor, supervise and control the collection or disposal of waste. Whether they are employees of the company itself or employees of outsource. In this regard, the CEC's shareholding structure and management are as follows:

Shareholding Structure

Name of Shareholders	CRD (as 22 June 2020)	CEC (as 30 April 2020)	
Mr.Thirapat Chirapipat	161,350,000 Shares (32.27 %)	3,015 Shares	(30.15 %)
Mrs.Savitre Chirapipat*	37,450,000 Shares (7.49 %)	750 Shares	(7.50 %)
Mr.Kanok Srikanok	74,900,000 Shares (14.98 %)	1,500 Shares	(15.00 %)
Mr.Chalerm Sak Nimapan	50,000,000 Shares (10.00 %)	1,050 Shares	(10.50 %)
Mr.Thaveesak Nimaphan**	500,000 Shares (0.10 %)	1,000 Shares	(10.00 %)
Mr.Karn Apinyawatcharakul	-None- Share (0 %)	2,000 Shares	(20.00%)
Others	175,800,000 Shares (35.16 %)	685 Shares	(6.85 %)
Total	500,000,000 Shares (100.00 %)	10,000 Shares	(100.00 %)

*Spouse of Mr.Thirapat Chiraphiphat

**Brother of Mr.Chalerm Sak Nimapan

Management Structure

Name of Directors	CRD	CEC
Mr.Therdsak Kosaiyakanont	<ul style="list-style-type: none"> Chairman of the Board Member of the Nomination and Remuneration Committee Independent Director 	-
Mr.Prawat Siripatrodom	<ul style="list-style-type: none"> Vice Chairman of the Board Member of the Audit Committee Member of the Nomination and Remuneration Committee Independent Director 	-
Mr.Anant Sirisaengtaksin	<ul style="list-style-type: none"> Director Chairman of the Audit Committee Independent Director 	-
Mr.Pong-in Rakariyatham	<ul style="list-style-type: none"> Director Chairman of the Nomination and Remuneration Committee Independent Director 	-
Mrs.Narumon Kimpakorn	<ul style="list-style-type: none"> Director Member of the Audit Committee Independent Director 	-
Mr.Surapol Sriweraskul	<ul style="list-style-type: none"> Director 	-
Mr.Thirapat Chirapipat	<ul style="list-style-type: none"> Director Managing Director 	<ul style="list-style-type: none"> Director

Name of Directors	CRD	CEC
Mr.Chalernsak Nimapan	<ul style="list-style-type: none"> • Director • Deputy Managing Director 	-
Mr.Pattana Suwansaya	<ul style="list-style-type: none"> • Director • Deputy Managing Director 	-
Mr.Surasak Sirivirojanakul	<ul style="list-style-type: none"> • Director • Deputy Managing Director 	-
Miss.Thida Chumroenpurk	<ul style="list-style-type: none"> • Director 	-
Mr.Thaveesak Nimaphan	---	<ul style="list-style-type: none"> • Director • Managing Director

Therefore, Mr.Thirapat Chirapipat is the major shareholder which the proportion of 37.65% (including shares held by Mrs.Savitre Chirapipat) as well as be the director of CEC. However, Mr.Thirapat is the director which has the authority to sign to bind the juristic person as stated in CEC’s company certificate only, but is not involving in management of CEC. For other director of CEC, Mr.Thaveesak Nimaphan is the managing director and major management of CEC.

Furthermore, both the Company and CEC has agreements between them to be the management of the conflict of interest as follow:

1. The guideline for management of the conflict of interest for current businesses;

1.1 In 2015, the Company and CEC had agreed the waste collection and collection of waste collection fees contract for 4 districts in Chiang Mai Municipality; contract No.Jor 70/2558, 10 April 2015. The contract value is THB 568,500,000 (VAT inclusive) which 5 years of the contract period; from 1 July 2015 to 30 June 2020. Hence, the operate vehicle was under Chiang Mai Rimdoi – CRC Environmental Cure Joint Operation (the “JO”) which the ownership of 5% and 95% for the Company and CEC, respectively. Accordingly, the Company was responsible for project management as well as financial supporting to the JV by providing Letter of Guarantee as required in the contract. Furthermore, the Company must provide the credit facilities for operating expense and working capital for initial phase (which the JV had completed the repayment to the Company already). For compensation received by the Company, the JV has to pay for project management and compensate of financial support in the amount of 3% (VAT exclusive) from total operating revenue in each month. On the other hand, CEC was responsible for seeking the source of fund for using as working capital apart from the financial supported from the Company.

1.2 In 2019, according to the Company’s first right in the tender, it had awarded the contract of waste collection in Municipality of Lampang; the contract No.17/2563, 25 December 2020 which the contract size of THB 123,002,534.50 (VAT inclusive). The contract period is 57 months, from 1 January 2020 to 30 September 2024. According to the TOR, the used truck is acceptable rather than the new truck which

was the requirement in previous tenders. From the auction starting price, the contract could not be feasible with new trucks, therefore, the Company had established the auction for partner with completely available of facility (trucks) to join the project. Announcement was spready on our website, publishing on newspapers in Chiang Mai and Lumpang province. As a result, there was only CEC that qualified for all condition and had hired by CRD. The bid value by CEC which was approved from the Company's Board of Directors due to the appropriateness of price which lower than the auction starting price as well as profitability remained to the Company. It also was a specialty business that no have market price of this kind of service to compare. Moreover, the Board of Directors were seemed that the public auction activity is the suitable way to seek for fair price and condition. The tender's result was fair and appropriate to the Company even there were another bidder in involved.

1.3 According to the Company's first right in the tender, it had won the contract of waste disposal in Municipality of Lampang; the contract No.44/2563, 28 April 2020 which the contract size of THB 24,800,000 (VAT inclusive). The contract period is 53 months, from 1 May 2020 to 30 September 2024. The scope of work is in connect with clause 1.2 from Collecting to Disposing. After careful consideration on commercially and economic value, the Company had been hiring CEC as a outsource for this project due to availability of their facilities. The bid value by CEC which was approved from the Company's Board of Directors due to the appropriateness of price which lower than the auction starting price as well as profitability remained to the Company. Moreover, there were terms and conditions agreed by both parties which would be focuses CRD's beneficial as a first priority.

Hence, the transactions between CEC and the Company as mentioned in clause 1.1 to 1.2 had approved from the Audit Committee of the Company due to the appropriateness of price, terms and condition. However, the transaction mentioned in clause 1.3 will be considering in the coming Audit Committee Meeting in August 2020.

2. The guideline for management of the conflict of interest for new businesses in future

To increasing the business opportunity in the future, if CEC had known the new opportunity before the Company, CEC must first inform the Company of that opportunity. Consequently, the Company has the First Right of Refusal which give the right to always involving in the tender before CEC and CEC must not be involved in the tender which the Company participated. In case that the connected transaction appearing (i.e. hiring of outsourcing by the Company), both parties would be negotiating bases on fairness and appropriateness as similar as negotiation with another parties. The Company would be considering of its beneficial as well as its shareholders for first priority. Moreover, every transaction related to CEC must be approved by the Audit Committee before binding in any state of contingent. The Company will strictly follow the regulation related to connected transaction which the policy is stated below;

2.1 CEC must firstly inform every tender opportunity to CRD for involment considering adhered to the First Right of Refusal,

2.2 If CEC will involve in any tender, there would be co-signed by Mr.Thirapat Chirapipat and Mr.Thaveesak Nimaphan. Therefore, Mr.Thirapat has duty to firstly inform CRD to involvement considering adhered to the First Right of Refusal. If CRD had found that CEC has not follow the mentioned condition, it is considered to be the personal offense of Mr.Thirapat,

2.3 According to the tender regulation by the government agency, there would be a qualification of no mutual benefit between each participant. If CRD is involving in the tender, CEC could not be involved in that tender.

In the future, if CRD had won the contract in any areas including but not limited to Chiang Mai, nearby areas or any areas in Thailand and intend to hiring the outsourcing and/or subcontracting, CRD might consider to find the partner(s) for co-operating like the previous project for Municipality of Lampang with CEC. However, the conditions are that the hiring is a part of operation, not a whole as well as the qualifications must not require only the un-used truck.

3. The guideline for management of information that may cause conflict of interest;

3.1 The Company's directors which are also CEC's directors would not be involving in managing CEC's businesses,

3.2 The Company's directors which are also CEC's directors would not be attending and voting in the CEC's board of directors meeting with agendas relating to CEC's businesses and/or agendas that may cause conflict of interest between both parties,

3.3 The Company's directors which are also CEC's directors would not be disclosing and/or using CEC's confidential information for any parties benefit that may cause conflict of interest to CEC.

Even though both CRD and CEC have the same major shareholder, but other major shareholders in CEC has not hold any ownership in CRD. Moreover, both of their main businesses are differentiating; EPC for CRD and solely waste collection for CEC. Since the IPO period of CRD, the Company had divested the waste collection unit for making clearly perspective of contractor to the investors. However, there was an amount of waste collection tender open for private-operator in many areas and also the Company was qualified to participating due to its track record. Therefore, the Company had seemed it to be the expansion opportunity by returning into the waste business as mentioned previously.

The Company and CEC both mutually acknowledge the said guidelines and conditions. Thus, the Company's Board of Directors and Audit Committee had considered the mentioned issues and gave the opinion that the mentioned connected transaction is appropriate according to the normal and continued manner in business operating. The Company has preserving the interests of the Company and shareholders. Apparently, Board of Directors and Audit Committee would be continuing oversee the Company to comply with the related rules and regulations of the related transaction.

Please be informed accordingly.

Yours sincerely,

Chiangmai Rimdoi Public Company Limited



(Mr.Thirapat Chirapipat)

Managing Director