

(Translation)

Ref. No. HARN 009/2023

October 9, 2023

Subject: Connected transaction in renewal of office building lease agreement and warehouse building

To: Director and Manager
The Stock Exchange of Thailand

The Board of Directors of Harn Engineering Solutions Public Company Limited (the Company) at the meeting No.5/2023 on October 6, 2023 resolved to approve the Company to renew an office building lease agreement with Jainnopsiri Co.,Ltd. and renew a warehouse building lease agreement with Phraboriban Co.,Ltd. which has Mrs. Sirima Iamsakulrat and Mr. Jain Charnnarong as shareholders and the Directors of Jainnopsiri Co.,Ltd. and Phraboriban Co.,Ltd. The execution of such agreement is considered as connected transaction in the category 2 normal business-support transactions, under no general commercial conditions. According to the announcement of the Stock Exchange of Thailand regarding the disclosure of information and the operations of registered companies in the related parties' transaction in 2003. Details of transaction are as follows:

1. Date, month, year of entering into the transaction (Contract Date)

October 12, 2023

2. Characteristics and Details of Connected Transaction

Lessee : Harn Engineering Solutions Public Company Limited

Lessor : Jainnopsiri Company Limited and Phraboriban Company Limited

Relationship with the Company : Mrs. Sirima Iamsakulrat and Mr. Jain Charnnarong were connected persons because both of them are shareholders and the director of the Company, are shareholders and the director of Jainnopsiri Co.,Ltd., and Phraboriban Co.,Ltd., Representing the shareholding proportion as follows:

List of connected persons	Harn Engineering Solutions Public Company Limited		Jainnopsiri Company Limited		Phraboriban Company Limited	
	Shareholder	Director*	Shareholder	Director*	Shareholder	Director*
Ms.Sirima Iamsakulrat	14.01%	/	50.00%	/	99.99%	/
Mr.Jain Charnnarong	11.80%	/	50.00%	/	0.01%	/

* Directors and Authorized signatories, major shareholders

3. General characteristics and details of Related Parties Transaction

3.1 Leased agreement for area 6-floor office building, 559 Rama 9 Soi 13, Rama 9 Road, Bangkok, Huaykwang, Bangkok, used as head office, the Company leased from Jainnopsiri Co.,Ltd. (lessor/owner) has a total area of 14,353 square meters, divided into area in the building 6,594 square meters (If considering only the area that can be rented out or net leasable area has an area equal to 3,663.20 square meters), area 1 futsal field of 1,182 square meters, and parking area 6,577 square meters.

The leasing agreement period 4-months starting from January 1, 2024 to April 30, 2024. In which the Company is responsible for maintaining the office building, futsal field, parking lot, paying land and building tax and lease premise insurance and procurement of information systems including furniture and office furnishings.

The rental rate is Baht 257.41 per square meter per month (Previous rate was Baht 234) with the total value of the office building lease agreement Baht 942,942 per month (Only the net leasable area 3,663.20 square meters). The transaction size throughout the agreement 4-months to Baht 3,771,768.



- 3.2 Leased agreement for area warehouse building, 509 Soi Soonvijai, Bangkok, used as to store products, assemble, and maintain printers and equipment, the Company leased from Phraboriban Co.,Ltd. (lessor/owner) has a total area of 307.55 square meters. The leasing agreement period 6-months starting from November 1, 2023 to April 30, 2024. The rental rate is Baht 198 per square meter per month with the total value of the lease agreement Baht 60,895 per month. The transaction size throughout the agreement 6-months to Baht 365,370.
- 3.3 Criteria used to determine compensation / appraised value: The rental rate is the price agreed upon by the parties, as compared with rates estimated by experts at an appropriate rental rate, office rent Baht 500 per square meter and warehouse rent Baht 200 per square meter, is estimated by CPM Capital Company Limited according to the asset appraisal report No. A66GEN1964, dated October 2, 2023, which is a company that assesses the value of assets in the capital market and has been approved by the Securities and Exchange Commission according to the Notification of the Securities and Exchange Commission No. SorChor. 24/2555 regarding approval of asset valuation companies and major appraiser for capital market transactions.

4. Settlement

- 4.1 The rental rate for office building area Baht 942,942 per month, monthly payment in cash and Baht 2,000,000 deposit must be made on the day the agreement is sign.
- 4.2 The rental rate for warehouse building area Baht 60,895 per month, monthly payment in cash and Baht 150,000 deposit must be made on the day the agreement is sign.

5. Size of Transactions

Entering into office building lease agreement and warehouse building is considered as acquisition of asset, according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 regarding the rules on significant transactions as an acquisition or disposal of assets, which has the highest transaction size equal to 0.65% of the total assets of Company (the total transaction size over the past 6 months)

Value of transaction size throughout the agreement	4,137,138	baht
Total asset value on June 30, 2023 (According to recent financial statement that has been reviewed by an auditor)	1,721,610,250	baht
Transaction size per total assets value of the Company	0.24%	

Transaction size of asset acquisition

$$\text{Value of benefit} = \frac{\text{Amount paid} \times 100}{\text{Total assets of Company}}$$

$$\text{Transaction size} = (\text{Baht } 4.14 \text{ million} \times 100) / \text{Baht } 1,721.61 \text{ million} \\ 0.24\% \text{ of total assets value of Company}$$

If the calculation above includes other assets acquired over the past 6 months, with a value of Baht 7,105,021 or equivalent to 0.41% (other assets Baht 7.11 million x 100 / total assets Baht 1,721.61 million), it will result in the total transaction size equal to 0.65% of the total assets value of Company, which is still less than 15%.

The transaction size of asset acquisition above is less than 15%. The Board of Directors is authorized to approve the operation and do not have to organize a shareholders' meeting to request approval according to the announcement of the marketing committee of The Stock Exchange of Thailand regarding disclosure of information and operations of registered companies in acquisition or disposal of assets 2004 ("Announcement of Acquisition or Disposal of Assets")

However, entering of such office building lease agreement and warehouse building is considered as connected transaction in the category 2 normal business-support transactions, under no general commercial conditions, which has the highest transaction size equal to 1.10% of the net tangible assets value, which more than 0.03% but less than 3% of the net tangible assets value as of June 30, 2023, a medium-sized transaction, the Company must seek approval from the Board of Directors meeting and disclose information about the transaction to the Stock Exchange of Thailand. According to the announcement of the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 regarding rules on connected transactions.

1.	Value of transaction size throughout the agreement	4,137,138	baht
2.	Connected transaction over the past 6 months	5,527,800	baht
	Total value of connected transaction	9,664,938	baht
	Net tangible assets value* total on June 30, 2023 (according to latest financial statement reviewed by an auditor)	878,955,124	baht
	Transaction size per net tangible assets) (Net Tangible Assets) NTA	1.10%	

* Net Tangible Asset: NTA calculated from total equity attributable to owners of the parent Baht 1,326,667,325 minus right of use assets Baht 77,615,441 (partly presented in investment property included) minus goodwill Baht 334,672,061 minus customer relationship Baht 5,752,441 minus Intangible assets Baht 13,084,696 minus deferred tax assets Baht 16,587,562 totally Baht 878,955,124.

Calculation of connected transaction size

$$\text{Transaction size} = \frac{\text{Value of transaction} \times 100}{\text{Net tangible assets of the Company}}$$

$$= \frac{(\text{Baht } 9.66 \text{ million} \times 100)}{\text{Baht } 878.96 \text{ million}}$$

$$= 1.10\% \text{ of Net tangible assets value of the Company}$$

6. Attending and voting in the meeting of interested directors

Mrs. Sirima Iamsakulrat and Mr. Jain Charnnarong, interested director, they did not attend the meeting and vote in consideration of the such agenda.

7. Reasonableness and benefits of the transaction to the Company

The previous Lease Agreement expires, the Board of Directors had considered that such connected transaction was reasonable and benefit for the Company, as compared with rates estimated by refer to the asset appraisal report. As resolved to approve to renew an office building lease agreement with Jainnopsiri Co.,Ltd. for a 4-months period to continue as the Company's office location for its business operation, include benefits in using the space according to the conditions under the lease agreement and approve to renew a warehouse building lease agreement with Phraboriban Co.,Ltd. for a 6-months period to continue as to store products, assemble, and maintain printers and equipment.

The office building and warehouse are essential parts for conducting business. Thus, the Board of Director is preparing to propose to the 2024 Annual Shareholders Meeting in April 2024 to consider approve the extension of the agreements before those contracts expired.

8. Opinions of the audit committee and/or the directors of the Company which are different from the opinions of the board of directors

- None -

Please be informed accordingly.

Yours Sincerely,

- Signed -

(Mr. Thammanoon Tripetchr)
Chief Executive Officer
Authorized to sign on behalf of the Company

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