



**Supalai Public Company Limited
Policy on Connected Transactions**

The Board of Directors has adopted the policies on connected transactions, regulations, process for consideration and approval of transactions as well as disclosure of information in accordance with the regulations and Notifications of the Committee of the Stock Exchange of Thailand Re Disclosure of Information and Operations of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) and the resolution of the Board of Directors' meeting No. 12/2555 held on 18 December 2012, which are as follows:

"Connected transactions" means any transaction between a listed company or a subsidiary and the listed company's connected persons; or any transaction between a subsidiary and its connected persons

"Agreement to enter into a transaction" means an entering or decision to enter into any contract or agreement, either directly or indirectly, in order to cause an acquisition or disposition of assets, leasing or renting of assets, provision or receipt of services, provision or receipt of financial assistance and an issuance of new securities, including the creation of rights or waiver of right to such acts.

"Connected person" means

(1) The management, major shareholders, controlling persons or persons to be nominated as the management member or persons with controlling power of a listed company or a subsidiary including related persons and close relatives of such persons.

(2) Any juristic person having a major shareholder or a person with controlling power as the following persons of a listed or a subsidiary company:

- (ก) Executives,
- (ข) Major shareholders,
- (ค) Persons with controlling power,
- (ง) Persons to be nominated as executives or persons with controlling power,
- (จ) Related persons and close relatives of persons from (a) to (d)

(3) Any person, by circumstances, can be indicated as an acting person or under a major influence of persons from (1) to (2) when making decision, adopting policy, handling management or operations; or other persons that the Stock Exchange of Thailand deems as being in the same circumstances.

"Executive" means directors, managers, or the persons holding the first four managerial positions after the manager, or every person who holds the position equivalent to the fourth managerial level and shall include the persons in accounting or financial line of work at the level of department manager or equivalent.

"Major shareholder" means a shareholder who directly or indirectly holds shares in any juristic person in a total amount exceeding 10 percent of the total shares with voting rights of that juristic person; such shareholding shall also include the shares held by related persons and close relatives.

"Person with controlling power" means shareholders or any persons who, by circumstances, can have significant influence in policy forming, managing or handling of operations of a company regardless of whether such influence derives from being shareholders or authorized persons under any contract or arrangement.

"Related persons" means persons or partnerships under Section 258 (1) to (7) of the Securities and Exchange Act B.E.2535 (1992),

- (1) Spouse of such person,
- (2) Minor children of such person,
- (3) Ordinary partnership in which such person or persons under (1) or (2) have been in partnership,
- (4) Limited partnership in which such person or persons under (1) or (2) have been in partnership with unlimited liability or with limited liability whose shares in total are more than thirty per cent of all of the shares of such limited partnership,
- (5) Limited company or a public limited company in which such person or persons under (1) or (2) or a partnership under (3) or (4) holds together more than thirty percent of all company shares sold or
- (6) Limited company or a public limited company in which such person or persons under (1) or (2) or a partnership under (3) or (4) or company under (5) holds together more than thirty percent of all company shares sold,
- (7) Juristic person in which persons under Section 246 and Section 247 could have the managing power as representatives of a legal entity.

"Close relatives" means persons related by blood or legal registration such as father, mother, spouse, siblings, children including spouses of the children.

"General trading conditions" means trading conditions under which the prices and the conditions are fair and do not cause misappropriation of benefits, including the trading conditions under which the prices and the conditions are as follows:

- (1) Being the prices and conditions which a listed company or a subsidiary receives from or offers to the general public,
- (2) Being the prices and conditions which a connected person offers to the general public,
- (3) Being the prices and conditions which a listed company can prove to be the prices and conditions that an entrepreneur of similar business offers to the general public.

"Normal business transaction" means trading transactions normally undertaken by a listed company or a subsidiary for the purpose of business operation.

"Transaction supporting normal business" means trading transactions undertaken by the general businesses of similar nature to that of a listed company or a subsidiary to support normal business transactions of their own company.

Characteristics of connected transactions can be divided into two categories as follows:

1. When a listed company, or its subsidiaries, decides to enter into a transaction with
 - (ก) Executives,
 - (ข) Major shareholders,
 - (ค) Related persons and close relatives of persons from (a) to (b)
2. When a listed company, or its subsidiaries, decides to enter into a transaction with another company of which the major shareholders or persons with controlling power are the executives, major shareholders, persons with controlling power or persons to be nominated to be executives or persons with controlling power of a listed company or its subsidiaries, including related persons or close relatives of such persons.

Types of connected transactions There are altogether six categories as follows:

- (1) Normal business transactions.
- (2) Transactions supporting normal business.
- (3) Transactions regarding leasing or leasing out real property not exceeding three years.

- (4) Transactions relating to assets or services.
- (5) Transactions regarding provision or receipt of financial assistance.
- (6) Connected transactions other than those in (1) to (6).

Table of Notification of The Stock Exchange of Thailand's Board of Governors

Re: Disclosure of Information and Practices of Listed Companies Concerning Connected Transactions.

Type of Connected Transactions	Transaction Value	Disclosure to The Stock Exchange of Thailand	Approval by the Board of Directors	Approval by the meeting of shareholders
1. Normal business transactions or transactions supporting normal business				
1.1) Normal business transactions with general trading conditions				
1.2) Transactions supporting normal business with general trading conditions, and the compensation value can be calculated from the assets or the underlying value. Unlimited transaction value	-	-	-	
1.3 Transactions supporting normal business with general trading conditions, and the compensation can not be calculated from the assets or the underlying value.	≤1 Million Baht or ≤ 0.03% of net tangible asset value, depending on whichever is higher.	-	-	-
>1 Million Baht but < 20 Million Baht or >0.03% Million Baht but < 3% of net tangible asset value,	/	-	-	

depending on whichever is higher.				
≥ 20 Million Baht or ≥ 3% of net tangible asset value, depending on whichever is higher.	/	/		
1.4 Normal business transactions or transactions supporting normal business without general trading conditions.	≤1 Million Baht or ≤ 0.03% of net tangible asset value, depending on whichever is higher.	-	-	-
>1 Million Baht but < 20 Million Baht or >0.03% Million Baht but < 3% of net tangible asset value, depending on whichever is higher.	/	/	-	
≥ 20 Million Baht or ≥ 3% of net tangible asset value, depending on whichever is higher.	/	/	/	
2. Transactions regarding leasing or leasing out real property not exceeding 3 years, and it cannot be shown that there are general trading conditions.	≤1 Million Baht or ≤ 0.03% of net tangible asset value, depending on whichever is higher.	-	-	-
<ul style="list-style-type: none"> >1 Million Baht but < 20 Million Baht or >0.03% Million Baht but < 3% of net tangible asset value, depending on whichever is higher. 	/	-	-	

3. Transactions relating to assets or services.	≤1 Million Baht or ≤ 0.03% of net tangible asset value, depending on whichever is higher.	-	-	-
>1 Million Baht but < 20 Million Baht or >0.03% Million Baht but < 3% of net tangible asset value, depending on whichever is higher.	/	/	-	
≥ 20 Million Baht or ≥ 3% of net tangible asset value, depending on whichever is higher.	/	/	/	

* In case it is a transaction where a listed company or subsidiaries and connected persons have jointly provided financial assistance to a juristic person of which shares are held by such listed company or subsidiaries and connected persons based on the proportion of stake they have in such juristic person according to the general trading conditions or better conditions. In such case, the listed company shall be exempted from requesting for an approval from the shareholders' meeting for that transaction.

* Connected transactions must be approved by the audit committee prior to submission to the board of directors of the company.

Remark, see after table,

/ means listed companies have the duty to act according to details in column header marked with /

- means listed companies do not have the duty to act according to details in column header marked with -

Procedures for conducting transactions between each other or connected transactions

For connected transactions, according to the meaning of the Stock Exchange Of Thailand, the Company must comply with all the rules and regulations of the Stock Exchange of Thailand. The Company has set the procedures for conducting transactions between each other and connected transaction as follows

1. o consider doing connected transactions, the Company shall use the same criteria as that used with general customers and in accordance with the Company's normal lending procedures to support the company operation which must be fair and reasonable with maximum benefits to the Company. For example, if the Group requests for a loan, an interest rate charged must be the same rate applied to the third parties.

2. The evaluation of the transactions of assets or services according to the total value of consideration paid or received or book value or the market value of such assets or services, depending on whichever is higher.

3. If there are transactions between each other of the Company or the subsidiaries incurred to the person who may have a conflict of interest or stake or may have a conflict of interest in the future, the Company will require the Audit Committee's comments about the need and appropriateness of such transactions. If the Audit Committee has no expertise regarding such transactions, the Company shall arrange for an independent expert or internal auditor of the Company to provide their comment in order to support the decision making of the Board of Directors or shareholders, as the case may be.

4. If the Company has a transaction between each other or other connected transactions which are applicable to requirements of the Stock Exchange of Thailand, the Company must strictly comply with such requirements.

5. The Company is required to disclose transactions with potential conflicts of interest or connected transactions or transactions between the Company and subsidiaries according to the regulations issued by the Securities and Exchange Commission Thailand which disclosed in its annual registration statement and annual reports or any other reports, as the case may be. There shall also be disclosure of connected transactions to the Stock Exchange of Thailand in accordance with the rules of the Stock Exchange of Thailand as well as items related to the Company in accordance with accounting standards which must be disclosed in the notes to the financial statements being audited by the auditor of the Company.

Procedures for presentation of connected transactions to the Audit Committee

1. Connected transactions subject to the approval of the Board of Directors.

When there are small and medium connected transactions which are not in accordance with normal commercial terms and subject to the approving authority of the Board of Directors, the initial party must provide details on the necessity and reasonableness of the transactions in order to seek approval from the Audit Committee prior to submission to the Board of Directors for approval as per the following steps.

1.1 The initial party summarizes the transaction details and provides all relevant information to be proposed to the President of the Executive Committee.

1.2 President of the Executive Committee assigns the internal audit department to coordinate with Audit Committee to prepare the agenda for the meeting.

1.3 The internal audit department together with relevant departments prepare documents for the meeting with a summary of material matters for consideration by the Audit Committee.

1.4 Upon having the resolution from the Audit Committee meeting, the secretarial section will compile and submit to the Board of Directors for approval to further conduct such transaction.

1.5 The transactions must be disclosed in the annual registration statement and annual reports of the Company.

2. Connected Transaction subject to the approval of the Shareholders

In the case of a transaction that is subject to the approval of shareholders, the initial parties to the matter must present in details the necessity and reasonableness of the transaction in order to request an opinion from the Audit Committee prior to submission to the Board of Directors for approval and further presented to the general meeting of shareholders to approve the entering into transaction according the following steps.

2.1 The initial party summarizes the transaction details and provides all relevant information to be proposed to the President of the Executive Committee.

2.2 President of the Executive Committee assigns the internal audit department to coordinate with the Audit Committee to prepare the agenda for the meeting.

2.3 The internal audit department together with relevant departments prepare documents for the meeting including the summary of material matters for consideration by the Audit Committee.

2.4 Upon having the resolution from the Audit Committee meeting, the secretarial section will compile and submit to the Board of Directors for consideration and approval to further conduct such transaction.

2.5 Upon have the resolution from the Board of Directors, the secretarial section will prepare documents for meetings and for approval of the transaction by the shareholders. It must include adequate information for decision making and there must be a name list and number of shares of connected persons with no voting rights.

2.6 he transactions must be disclosed in the annual registration statement and annual reports of the Company.

Please be informed for your acknowledgement.

Notified on this 18th day of December 2012

Prateep Tangmatitham
(Dr.Prateep Tangmatitham)
Chief Executive Officer