

Policy on Connected Transaction Procedures

Pruksa Holding Public Company Limited

Policy on Connected Transaction Procedures

1. Rationale

A connected transaction is a transaction that may cause a conflict of interest between a listed company and a connected person since the person can control a decision of such listed company and thus create a doubt whether the connected transaction is of maximum benefits to the listed company and its shareholders in general or whether it benefits the connected person. Therefore, the Policy on Connected Transaction Procedures is put in place to ensure transparency when making a decision to enter into a connected transaction and to ensure that the listed company has a means to properly eliminate a conflict of interest with honesty, integrity, reasons and independence within a proper ethical framework and to disclose information thoroughly, in line with the principle of good corporate governance, primarily for the interests of the Company and the shareholders as a whole.

According to Section 89/12 of the Securities and Exchange Act B.E. 2535 and its amendments (**“Securities Act”**), directors, executives or related persons can enter into a transaction with a listed company or its subsidiary (**“connected transaction”**) only in the event that the transaction has been approved by a shareholders’ meeting, except for connected transactions with the characteristics prescribed in Section 89/12 of the Securities Act.

On this matter, the Capital Market Supervisory Board has issued the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Criteria on Entering into a Connected Transaction dated 31 August 2008 (**“Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551”**) and determined that entering into a connected transaction shall comply with the Notification of the Board of Governors of the Stock Exchange of Thailand (Bor Jor/Por.22-01) Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions 2003, dated 19 November 2003 (**“Notification of the Stock Exchange Bor Jor/Por.22-01”**), *mutatis mutandis*.

Therefore, in considering the criteria on decision to enter into a connected transaction, it must be in line with the Securities Act in conjunction with the Notification of the Capital Market Supervisory

Board No. Tor Jor.21/2551 and the Notification of the Stock Exchange of Thailand Bor Jor/Por.22-01
(“Criteria on Connected Transactions”)

2. Objectives

- (1) To comply with Section 89/12 of the Securities Act, the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 and the Notification of the Stock Exchange of Thailand Bor Jor/Por.22-01.
- (2) To serve as operating guidelines in entering into connected transactions in accordance with the principle of good corporate governance.

3. Definition

“Connected transaction” means a transaction between Pruksa Holding Public Company Limited (“**the Company**”) or its subsidiary and the Company’s connected person or a transaction between its subsidiary and its connected person.

“Decision to enter into a transaction” means entering into or decision to enter into any contract or agreement, either directly or indirectly, to cause an acquisition or disposition of an asset, leasing or renting an asset, an offer or a receipt of service, an offer or a receipt of financial assistance, and an issuance of new securities, as well as creating rights or waiver of such rights to do such thing.

“Connected person” means the following

(1) an executive, major shareholder, person with controlling power or person to be nominated as an executive or person with controlling power of the Company or its subsidiary including a related person and close relative of such person.

(2) any juristic person whose major shareholder or person with controlling power is any of the following persons of the Company or its subsidiary:

2.1 an executive

2.2 a major shareholder

2.3 a person with controlling power

2.4 a person to be nominated as an executive or person with controlling power

2.5 a related person or close relative of the persons under 2.1 to 2.4

(3) any person whose behavior can be indicated as a person acting person or being under the influence of a person from (1) to (2) when making a decision, determining a policy, handling management or a significant operation or other persons that the Stock Exchange of Thailand deems as having behavior in the same manner.

(4) a related persons who is

4.1 a person who has controlling power of the Company's business under Section 89/1 of the Securities Act or a director of a juristic person with controlling power of the Company's business

4.2 the spouse, a minor child or adopted child of a director under 4.1

4.3 a juristic person that the person under 4.1 or 4.2 has controlling power over the business

4.4 any person who acts with understanding or agreement that if the Company enters into a transaction which provides financial benefits for such person, the following persons will also gain financial benefits. The said person shall be deemed as a related person for such particular transaction.

4. 4.1 a director of the Company

4.4.2 an executive of the Company

4.4.3 a person with controlling power over the Company's business

4.4.4 a director of the person with controlling power over the Company's business

4.4.5 the spouse, a minor child or adopted child of the person under 4.4.1, 4.4.2, 4.4.3 or 4.4.4

“Subsidiary” means

(1) a limited company or public company limited that the Company has controlling power over the business

(2) a limited company or public company limited over which the subsidiary under (1) has controlling power

(3) a limited company or public company limited that is under the chain of control, beginning from that under the control of the subsidiary under (2).

“Executive” means Chairman of the Executive Board and Group Chief Executive Officer (Group CEO), a person holding a position of the first four executive positions after the Chairman of the Executive Board and Group Chief Executive downward, or a person holding a position equivalent to the position of every person holding the first four executive positions (COO, CFO, Band #5), including persons holding accounting or finance executive positions at the level of department head upward or equivalent, and also means a director (BOD) under Section 89/1 of the Securities Act.

“Major shareholder” means a person holding shares directly or indirectly in any juristic person in excess of 10 percent of the total shares with voting rights of the juristic person. The shareholding includes the shares held by related persons and close relatives.

“Person with controlling power” means a person with controlling power over business under Section 89/1 of the Securities Act, which refers to a person with controlling power by

(1) holding shares with voting rights in a juristic person in excess of 50 percent of the total votes of the juristic person

(2) having controlling power over the majority of the votes of the shareholders’ meeting of the juristic person, either directly or indirectly, or for any other reason

(3) having controlling power over the appointment or removal of up to one half of the total number of directors, either directly or indirectly.

“Related person” means a person or partnership under Section 258 (1) to (7) of the Securities and Exchange Act B.E. 2535 and the amendments thereof, which comprises the following:

(1) the spouse

(2) a minor child

(3) an ordinary partnership of which such person or a person under (1) or (2) being a partner

(4) an ordinary partnership of which such person or a person under (1) or (2) being a partner with an unlimited liability or being a partner with a limited liability, holding shares in excess of 30 percent of the total number of shares of the limited partnership

(5) a limited company or public company limited in which such person or person under (1) or (2), or a partnership under (3) or (4), holds shares combined in excess of 30 percent of the total shares sold of the company or

(6) a limited company or public company limited in which such person or person under (1) or (2), a partnership under (3) or (4) or a company under (5), holds shares combined in excess of 30 percent of the total shares sold of the company

(7) a juristic person with a person under Section 246 and Section 247 being able to exercise management power in the capacity of a representative of the juristic person.

“Close relative” means a person with a relationship by blood or by registration, i.e., father, mother, spouse, sibling, and child, including the child’s spouse.

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

(1) the prices and conditions which the Company or its subsidiary receives from or offers to the general public

(2) the price and conditions which a connected person offers to the general public

(3) the price and conditions which the Company can prove to be the prices and conditions that an operator of similar business offers to the general public.

“Normal business transaction” means trading transactions normally undertaken by the Company or its subsidiary for the purpose of operating business.

“Normal business support transaction” means trading transactions undertaken by the general businesses of similar nature to that of the Company or its subsidiary for the purpose of supporting normal business transactions of the Company and its subsidiary.

4. Scope

This procedure is applicable to the entering into connected transactions, which can be divided into three cases as follows:

(1) When the Company or its subsidiary enters into a transaction with its executive, major shareholder, person with controlling power or person to be nominated as executive or person with controlling power, including a related person and close relative of such person

(2) When the Company or its subsidiary enters into a transaction with another company whose major shareholder or person with controlling power is an executive, person with controlling power, person to be nominated as executive or person with controlling power of the Company or its subsidiary, including a related person and close relative of such person.

(3) When the Company or its subsidiary enters into a transaction with any person who acts with understanding or agreement that if the Company enters into a transaction which provides financial benefits for such person, a director, executive, person with controlling power of the Company and a director of the person with controlling power of the Company's business, including the above-mentioned persons, will also gain financial benefits, specifically for the said transaction.

Type of connected transactions

There are six categories of connected transactions as follows:

- (1) normal business transactions
- (2) normal business supporting transactions
- (3) transactions regarding rental or lease of chattel that not exceeding three years
- (4) transactions relating to assets or services
- (5) transactions regarding offering or receipt of financial assistance
- (6) connected transactions other than transactions in (1)-(5).

5. Procedures regarding connected transactions

5.1 Collection of the name lists of persons and juristic persons who are connected persons

(a) The Company Secretary issues a confirmation letter to the directors and executives who are related under the definition to provide the shareholding details of their own and their

related persons and close relatives in other juristic persons as per the letter providing the name lists of related persons, close relatives, and juristic persons who are connected to the executives.

(b) The executives or persons who are connected persons shall report the information of transactions of their own and their respective father, mother, spouse, and minor child or adopted child, including the spouse of their child, to the Company Secretary immediately by email, when the transactions take place, or by sending a written report to the Company Secretary. After that, the Company Secretary will consider forwarding the information to the persons concerned for information and action in accordance with this policy.

The connected persons shall comply with this policy and must take as responsibility to the organization and comply with a good code of ethics and conduct.

(c) The Company Secretary sends the name lists of persons and juristic persons who are connected persons as per the lists obtained from the directors and executives above to the Purchasing Department, Contractor Recruitment Department, and Accounting Department for use as references in verifying the information/transactions, in case the Company or its subsidiary enters into connected transactions with the juristic persons.

5.2 Consideration of connected transactions

(a) In case the Company or its subsidiary has to enter into a connected transaction with a connected person, trade conditions with fair prices and conditions, not causing misappropriation of benefits, must be considered. The quality and prices of the goods or services must be clearly up to standards. By comparing the Company's transactions with other juristic persons and the transactions with the directors, executives or connected persons, the prices or conditions must not differ.

(b) The connected transactions shall be reported to the Audit Committee for consideration and comments before proposing to the Board of Directors or a shareholders' meeting for approval, including disclosure of information to the Stock Exchange of Thailand, depending on the types and values of connected transactions, as shown in the table below.

Type of connected transaction	Transaction value	Disclosure to SET	Approval from the Board of Directors	Approval from the Shareholders
1. Normal business transactions or normal business supporting transactions 1.1 Normal business transactions with general trading conditions	Unlimited	-	As per resolution of the Board's meeting No.2/2007 on 11 May 2016	-
1.2 Normal business supporting transactions with general trading conditions and the return that can be calculated from assets or reference values.				
1.3 Normal business supporting transactions with general trading conditions and the return that cannot be calculated from assets or reference values	≤ 1 MB or $\leq 0.03\%$ of the net value of the tangible assets, whichever is higher	-	-	-
	> 1 MB but < 20 MB or $> 0.03\%$ but $< 3\%$ of the net value of the tangible assets, whichever is higher	✓	-	-
	≥ 20 MB or $\geq 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	-

1.4 Normal business transactions or normal business supporting transactions without general trading conditions	≤ 1 MB or $\leq 0.03\%$ of the net value of the tangible assets, whichever is higher	-	-	-
	> 1 MB but < 20 MB or $> 0.03\%$ but $< 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	-
	≥ 20 MB or $\geq 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	✓
2. Transactions regarding rental or lease of immovable property of not exceeding 3 years and general trading conditions not available	≤ 1 MB or $\leq 0.03\%$ of the net value of the tangible assets, whichever is higher	-	-	-
	> 1 MB but < 20 MB or $> 0.3\%$ but $< 3\%$ of the net value of the tangible assets, whichever is higher	✓	-	-
	≥ 20 MB or $\geq 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	-
3. Transactions relating to assets or services	≤ 1 MB or $\leq 0.03\%$ of the net value of the tangible assets,	-	-	-

	whichever is higher			
	> 1 MB but < 20 MB or > 0.03% but < 3% of the net value of the tangible assets, whichever is higher	✓	✓	-
	≥ 20 MB or ≥ 3% of the net value of the tangible assets, whichever is higher	✓	✓	✓
4. Transactions regarding offering or receipt of financial assistance 4.1 The Company or its subsidiary offering financial assistance to connected persons as follows:				
<ul style="list-style-type: none"> The connected person is a natural person. 	< 100 MB or < 3% of the net value of the tangible assets, whichever is lower	✓	✓	-
<ul style="list-style-type: none"> The connected person who is a juristic person in which the Company or its subsidiary holds shares at a proportion smaller than that of the 	≥ 100 MB or ≥ 3% of the net value of the tangible assets, whichever is lower	✓	✓	✓

other connected persons who are not the Company or its subsidiary (as the case may be) holds shares in that juristic person.				
4.2 Transactions regarding offering or receiving financial assistance other than 4.1	≤ 1 MB or $\leq 0.03\%$ of the net value of the tangible assets, whichever is higher	-	-	-
	> 1 MB but < 20 MB or $> 0.03\%$ but $< 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	-
	≥ 20 MB or $\geq 3\%$ of the net value of the tangible assets, whichever is higher	✓	✓	✓

6. Procedures in entering into connected transactions

This can be divided into cases as follows:

(a) In case of normal business transactions with general trading conditions, with prices available as references for operations to proceed under rules

For purchasing and according to the Company's regulations on delegation of powers, CFO shall collect all connected transactions arising in each month for reporting to the Audit Committee for information, as per the resolution of the Board of Directors' Meeting No.2/2016.

"The Company and its subsidiary may in the future have to enter into related transactions with their directors, executives or related persons, the Company has therefore asked for approval

in principle for the management to approve such transactions if these transactions have trade agreements in the same manner that a person of ordinary prudence would enter into agreement under the same circumstance that trade bargaining power is free of influence from the status of director, executive or related person.

In such case, the Company will prepare a summary report of transactions with a value of over Baht 3,000,000 (three million baht) each or a combined value of transactions entered into by a director, executive, or related person in excess of Baht 20,000,000 (twenty million baht) on a quarterly basis to the Board of Directors' Meeting in every quarter.

(b) In case of connected transactions that require approval from the Board of Directors, the procedures must be as follows:

1. The department originating the transaction must provide details, necessity, and reasonableness of the transaction for submission to CFO for collection of the matter for submission to the Internal Audit Department on a monthly basis.

2. The Internal Audit Department in coordination with the Audit Committee prepares agenda items for a meeting.

3. CFO and/or the originating department propose the report to the meeting for the Audit Committee to consider.

4. The Internal Audit Department concludes the opinions of the Audit Committee in a summary and proposes it to the Company Secretary for preparing agenda items of a meeting of the Board of Directors. CFO and/or the originating department propose the matter to the Board of Directors for approval of entering into the connected transaction, with the director who has stakes in the connected transaction not attending the meeting and having no right to vote in the meeting.

5. The connected transaction is disclosed to the Stock Exchange of Thailand and included in the Company's annual information form (Form 56-1), with details as follows:

(a) The date of the agreement on the transaction with related parties.

(b) General description of the asset, service, offering or receipt of financial assistance related to the transaction. In case of the asset being securities in whole or in part, the name, type of business, nature of business, financial status in summary, and operating results, including the financial statements, of the issuer of the securities must be specified.

(c) The combined value and the criteria used in determining the transaction's value, the combined value of returns, method of payment in cash or asset exchange, conditions, interest rates, mode of payment, interests and collateral (if any).

(d) The name of the connected person who is a party, including the position of the connected person in the Company or the proportion of shareholding in the Company and the behavior indicating controlling power, as the case may be, as well as the characteristics of relationship of the juristic connected person with the executive, major shareholder, person with controlling power, person to be nominated as executive or person with controlling power in that juristic person, including related persons and close relatives of the person related to the juristic person and the name of the person.

(e) The characteristics and scope of the stake of the connected person in deciding to enter into the connected transaction

(f) In case of buying assets and offering financial assistance, specify the source of funds used and the adequacy of revolving funds. In case of borrowing, specify the conditions that may impact the right of shareholders, such as restrictions on dividend payment.

(g) The wording stating that the director who has a stake and/or the director who is a connected person not attending the meeting and having no right to vote in the meeting, in case the Company has a duty to seek approval for entering into the connected transaction from the Board of Directors.

(h) Opinions of the Board of Directors on decision to enter into the connected transaction regarding reasonableness and maximum benefits to the Company in comparison with transactions with independent outsiders, in case the Company has a duty to seek approval for entering into the connected transaction from the Board of Directors.

(i) Opinions of the Audit Committee and/or directors that differ from the opinions of the Board of Directors in (h).

(c) In case of connected transactions that require approval from a shareholders' meeting, the procedures must be as follows:

(1) The Company has a duty to issue a notice of shareholders' meeting to the shareholders in advance for at least 14 days of the date of the shareholders' meeting, with the notice of

shareholders' meeting being sent to the Stock Exchange of Thailand first for consideration of the adequacy of information at least five working days before sending it to the shareholders. The notice of shareholders' meeting shall at least contain the following information:

(a) Information according to the above details

(b) Information about the Company: Company profile and business operations in brief and a list of the first ten shareholders as at the share register book closing date, connected transactions in the past year and the current year until the latest quarter (if any), a summary table of financial statements in the past three years and the current year until the latest quarter, with management analysis of the financial positions and operating results of the past year and the current year until the latest quarter, and other information that may have significant impact on the decision of investors (if any).

(c) The wording stating that the person who has a stake and/or the person who is a connected person has no right to vote in the meeting, with the names and the numbers of shares of the shareholders who have no rights to vote being specified.

(d) Asset price appraisal by an independent appraiser (in case of acquisition or disposal of an asset with primary importance in the form of value of the asset such as immovable property).

(e) Opinions of an independent financial advisor on the reasonableness and benefits of the connected transaction to the Company, the fairness of the prices and conditions of the connected transaction, and whether the shareholders should resolve to approve or not approve the connected transaction, with reasons specified.

(f) Proxy form with at least the name of one director as the proxy of the shareholders.

(g) Opinions of the Board of Directors on the decision to enter into the connected transaction on its reasonableness and maximum benefits to the Company in comparison with a decision to enter into a transaction with an independent outsider.

(h) Opinions of the Audit Committee and/or directors that differ from the opinions of the Board of Directors in (h).

(2) To organize a meeting of the shareholders for approval of the decision to enter into the connected transaction, with a vote of at least three fourths of the shareholders who attend the meeting and have the right to vote, excluding the votes of the persons with a stake in the transaction.

Approved by the Audit Committee

Approved by the Board of Directors

Signed

Signed

(Dr. Piyasvasti Amranand)

(Dr. Pisit Leehtam)

Chairman of the Audit Committee

Chairman of the Board of Directors and Independent Director

9 May 2016

11 May 2016